Daimler-Benz Worldwide Highlights

<table>
<thead>
<tr>
<th></th>
<th>1983</th>
<th>1984</th>
<th>Change in %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong> (in millions of D-marks)</td>
<td>40,005</td>
<td>43,505</td>
<td>+8.8</td>
</tr>
<tr>
<td>Domestic</td>
<td>15,177</td>
<td>14,682</td>
<td>−3.3</td>
</tr>
<tr>
<td>Foreign</td>
<td>24,828</td>
<td>28,823</td>
<td>+16.1</td>
</tr>
<tr>
<td><strong>Production (Vehicles)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cars</td>
<td>476,183</td>
<td>478,349</td>
<td>+0.5</td>
</tr>
<tr>
<td>Commercial Vehicles</td>
<td>210,281</td>
<td>210,929</td>
<td>+0.3</td>
</tr>
<tr>
<td>Domestic</td>
<td>157,418</td>
<td>143,101</td>
<td>−9.1</td>
</tr>
<tr>
<td>Foreign</td>
<td>52,863</td>
<td>67,828</td>
<td>+28.3</td>
</tr>
<tr>
<td><strong>Employees</strong> (at year-end)</td>
<td>184,877</td>
<td>199,872</td>
<td>+8.1</td>
</tr>
<tr>
<td>Domestic</td>
<td>151,273</td>
<td>158,043</td>
<td>+4.5</td>
</tr>
<tr>
<td>of which: Daimler-Benz AG</td>
<td>150,601</td>
<td>157,249</td>
<td>+4.4</td>
</tr>
<tr>
<td>Foreign</td>
<td>33,604</td>
<td>41,829</td>
<td>+24.5</td>
</tr>
<tr>
<td><strong>Personnel Expenses</strong></td>
<td>10,941</td>
<td>11,598</td>
<td>+6.0</td>
</tr>
<tr>
<td>(including old-age pension)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>3,567</td>
<td>3,592</td>
<td>+0.7</td>
</tr>
<tr>
<td>Depreciation Allowances</td>
<td>2,574</td>
<td>2,828</td>
<td>+9.9</td>
</tr>
<tr>
<td>Cash Flow</td>
<td>4,421</td>
<td>5,817</td>
<td>+31.6</td>
</tr>
<tr>
<td>Net Income</td>
<td>988</td>
<td>1,104</td>
<td>+11.7</td>
</tr>
<tr>
<td>Total Dividend Amount</td>
<td>355</td>
<td>356</td>
<td></td>
</tr>
<tr>
<td>Dividend per Share (in D-marks)</td>
<td>10.50</td>
<td>10.50</td>
<td></td>
</tr>
</tbody>
</table>

**Note:** Daimler-Benz worldwide comprises Daimler-Benz AG and those domestic and foreign companies in which Daimler-Benz AG's share interest, directly or indirectly, is more than 50%, and which are consolidated.
Daimler-Benz AG
Stuttgart

Annual Report 1984
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### Financial Statements of Daimler-Benz AG

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for the 89th Stockholders' Meeting

being held on Wednesday July 3, 1985 at 10 a.m.

1. Presentation of the audited financial statements as of December 31, 1984, the reports of the Board of Management and the Supervisory Board together with the consolidated financial statements and the consolidated annual report of the year 1984.

2. Resolution for the disposition of the unappropriated surplus.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>DM 364,561,810</td>
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</tr>
<tr>
<td>dividend on the eligible preferred share capilal of DM 1,921,500</td>
<td>DM 64,050</td>
</tr>
<tr>
<td>DM 10.50 dividend for each eligible common share of DM 50 par value</td>
<td>DM 355,482,390</td>
</tr>
<tr>
<td>Profit carried forward</td>
<td>DM 9,015,430</td>
</tr>
<tr>
<td>Unappropriated surplus</td>
<td>DM 364,561,810</td>
</tr>
</tbody>
</table>

3. Ratification of the Board of Management’s actions.

   Board of Management and Supervisory Board propose ratification.

4. Ratification of the Supervisory Board’s actions.

   Board of Management and Supervisory Board propose ratification.

The Supervisory Board proposes to elect Deutsche Treuhand-Gesellschaft AG, Wirtschaftsprüfungsgesellschaft, Frankfurt (Main), as independent auditors for the business year 1985.

6. Election to fill Supervisory Board vacancies.

Dr. rer. pol. Wilfried Guth, Frankfurt (Main), and Professor Dr. jur. Joachim Zahn, Munich, have indicated that they wish to resign their offices as members of the Supervisory Board effective July 3, 1985.

The Supervisory Board proposes in their place

Dr. rer. pol. Klaus Mertin, Frankfurt (Main),
member of the Board of Management of Deutsche Bank AG, and
Dr. jur. Johannes Semler, Oberursel,
member of the Board of Management of Mercedes-Automobil-Holding AG,
and elect them as members of the Supervisory Board representing stockholders, i.e. for the remaining term of the other Supervisory Board members.

Pursuant to Section 96 Sub-Section 1, Section 101 Sub-Section 1 of the Company Act and Section 7, Sub-Section 1, Paragraph 1 of the 3rd Codetermination Act, the Supervisory Board consists of ten Board members elected by the stockholders and ten Board members elected by the employees.

The stockholders’ meeting is not bound by the election proposals.
Supervisory Board (Aufsichtsrat)

Hermann J. Abs, Frankfurt (Main)
Honorary Chairman, Deutsche Bank AG
Honorary Chairman

Dr. rer. pol. Wilfried Guth, Frankfurt (Main)
Member of the Board of Management, Deutsche Bank AG
Chairman

Herbert Lucy, Mannheim *)
Chairman of the Labor Council, Daimler-Benz AG
Deputy Chairman

Dr. phil. Dr. rer. oec. h. c. Marcus Bierich, Stuttgart
Chairman of the Supervisory Board, Mercedes-Automobil-Holding AG
Chairman of the Board of Management, Robert Bosch GmbH

Willi Boehm, Kandel *)
Member of the Labor Council, Woerth Plant

Dr. rer. pol. Friedrich Karl Flick, Duesseldorf
Managing Partner, Friedrich Flick Industrieverwaltung KGaA

Helmut Funk, Stuttgart*)
Chairman of the Labor Council, Untertuerkheim Plant and Main Office

Richard Helken, Achim-Bierden*)
Chairman of the Labor Council, Bremen Plant

Dr. rer. pol. Alfred Herrhausen, Frankfurt (Main)
Member of the Board of Management, Deutsche Bank AG

Rudolf Kuda, Frankfurt (Main*)
Departmental Manager within the Board of Management, Metal Workers' Union

Hugo Lotze, Reinhardshagen*)
Chairman of the Labor Council, Kassel Plant

Dr. jur. Heribald Naerger, Munich
Member of the Board of Management, Siemens AG

Dr. rer. pol. Wolfgang Roeller, Frankfurt (Main)
Member of the Board of Management, Dresdner Bank AG

Alfred Schaible, Renningen*)
Chairman of the Labor Council, Sindelfingen Plant

Dr. jur. Roland Schelling, Stuttgart
Attorney at Law

Dr. jur. Walter Seipp, Frankfurt (Main)
Chairman of the Board of Management, Commerzbank AG

Franz Steinkuehler, Frankfurt (Main*)
Second Chairman, Metal Workers’ Union

Dipl.-Ing. Maria-Christine Fuertin von Urach, Stuttgart*)
Director

Diplom-Kaufmann Guenter Vogelsang, Duesseldorf

Bernhard Wurl, Mainz*)
Deputy Departmental Manager within the Board of Management, Metal Workers’ Union

Prof. Dr. jur. Joachim Zahn, Munich *)
Elected by the employees.
Board of Management (Vorstand)

Prof. Dr.-Ing. E. h. Werner Breitschwerdt, Stuttgart
Chairman

Dr. jur. Manfred Gentz, Stuttgart
Employment

Hans-Juergen Hinrichs, Stuttgart
Sales

Dr. rer. pol. Gerhard Liener, Stuttgart
Subsidiaries and Affiliated Companies

Dr.-Ing. E. h. Werner Niefer, Stuttgart
Production

Edzard Reuter, Stuttgart
Finance

Walter Ulsamer, Stuttgart
Materials Management

Dr.-Ing. Rudolf Hoernig, Stuttgart (deputy member)
(since May 3, 1984)
Research and Development

Dr.-Ing. Peter Sanner, Stuttgart (deputy member)
(since May 2, 1985)
Materials Management
Hier gab es ein Produkt- oder Stimmungsbild ohne Text oder Zahlen.
Es wurde in der PDF-Datei weggelassen, um eine nutzerfreundliche Dateigröße zu erreichen.

Here was a product or mood picture without text or figures.
It was omitted in the pdf file to improve the usability of the file size.
Economic Upturn in Most Industrial Countries

World trade expanded noticeably in 1984, the first time in four years. A major factor was the recovery of business in the Western industrialized countries, with the strongest stimulus coming from the U.S.A., where the economy grew at an extraordinary pace. Aside from Japan, the exporting countries of Western Europe profited most. The developing and newly-industrializing countries participated to varying degrees in the growth of world trade. While demand from the OPEC region continued to decline, the foreign trade activities of the still heavily indebted Central and South American countries were picking up again.

In the Federal Republic of Germany, business was clearly better in 1984 despite the lengthy labor disputes in the metalworking and printing industries. The chief promoter of growth was foreign demand. This is reflected in the higher German current account surplus, which increased from DM 10 billion to DM 18 billion. Exports were stimulated above all by the continuing strength of the U.S. dollar.

The ability of business to make capital investments rose as profits improved. This has created more favorable conditions for sustained economic growth and thus for a lessening of high unemployment, which is still depressingly high.

German Auto Industry: Labor Dispute and Unsettled Emissions Issue Retard Growth

The German auto industry in 1984 only partly profited from the general upturn. The seven-week labor dispute in the metalworking industry resulted in output and sales losses which could not be made up fully in the second half of the year. Foreign makers took advantage of the interruption in deliveries caused by the strike to increase their imports. Nonetheless, the German motor vehicle manufacturers ran up a trade surplus of DM 59 billion - compared with DM 54 billion in the previous year - owing to increased exports during the remainder of the year. This was chiefly the result of a rise in shipments of higher-priced cars. Towards the end of the year, domestic car business was affected by rapidly growing buyer reluctance caused by the endless discussion relating to the introduction of tougher pollution controls.

All adversities notwithstanding, the German auto industry invested about DM 9 billion in 1984, almost the same volume as the year before. The industry thus underscored its determination to raise its products to even higher standards and strengthen its competitiveness. At the same time, the auto industry was one of the few to create new jobs in 1984. Employment rose 20,900 to 679,400.

Daimler-Benz - Continued Growth Abroad

Daimler-Benz was also able to continue its growth in 1984. Along with higher car exports, this was due above all to the positive business trend at our production companies in North and South America. The growth achieved by these companies more than compensated for the further deterioration of the parent company's commercial vehicle business. Thus, the compensating effect provided by the wide-ranging activities and markets of our company proved its value once again.

Sales Up DM 3.5 Billion

Consolidated sales rose by 8.8 % to DM 43.5 billion in 1984. The total includes, for the first time, the value added by our subsidiary Mercedes-Benz of South Africa. It amounted to DM 7 billion, while Euclid of U.S.A. dropped out of the Daimler-Benz group (1983 sales about DM 4 billion). Domestic sales declined 3.3 %, to DM 14.7 billion; foreign sales rose 16.1 %, to DM 28.8 billion, which is 66.3 % of total sales (last year 62.1 %). The company's two large divisions had higher sales, but with some difference in the rate of growth. Car sales came to DM 23.2 billion, an increment of 10.6 %; by contrast, commercial vehicle sales increased 4.0 %, to DM 18.4 billion. The share of car business thus rose from 52.5 % to 53.4 %. Daimler-Benz AG alone had sales of DM 32.0 billion, almost matching the previous year's volume.

New mid-range Mercedes 200 D through 300 E - seven models with engines spanning a power range of 53 to 140 kW (72 to 190 hp). The 5- and 6-cylinder diesel engines and the 6-cylinder gasoline engines are completely new developments.
### Sales

(in millions of DM)

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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Daimler-Benz Group</td>
<td>19,051</td>
<td>21,303</td>
<td>23,496</td>
<td>24,236</td>
<td>27,367</td>
<td>31,054</td>
<td>36,661</td>
<td>38,905</td>
<td>40,005</td>
<td>43,505</td>
</tr>
<tr>
<td>Domestic</td>
<td>8,102</td>
<td>9,197</td>
<td>10,336</td>
<td>11,539</td>
<td>12,938</td>
<td>13,855</td>
<td>13,577</td>
<td>13,316</td>
<td>15,177</td>
<td>14,882</td>
</tr>
<tr>
<td>Foreign</td>
<td>10,949</td>
<td>12,106</td>
<td>13,160</td>
<td>12,687</td>
<td>14,429</td>
<td>17,199</td>
<td>23,084</td>
<td>25,589</td>
<td>24,828</td>
<td>28,623</td>
</tr>
<tr>
<td>of which: Exports by domestic companies</td>
<td>8,191</td>
<td>9,190</td>
<td>9,693</td>
<td>9,085</td>
<td>10,474</td>
<td>12,631</td>
<td>15,509</td>
<td>17,833</td>
<td>16,685</td>
<td>17,391</td>
</tr>
<tr>
<td>Value added by foreign subsidiaries</td>
<td>2,758</td>
<td>2,916</td>
<td>3,467</td>
<td>3,612</td>
<td>3,955</td>
<td>4,588</td>
<td>7,575</td>
<td>7,756</td>
<td>7,943</td>
<td>11,432</td>
</tr>
</tbody>
</table>

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**Diagram:**
- **Value added by foreign subsidiaries**
- **Exports by domestic companies**
- **Domestic**

---

10
Owing to the larger car shipments, the export share of sales increased to 54.4% compared to 52.4% in 1983, and was thus a good bit higher than the average of the last ten years, though still lower than the industry average of 58.1%.

Partly contrary trends were experienced in our chief markets in 1984. We raised deliveries to the neighboring European countries by 10% to DM 6.6 billion in the year under review. Europe thus continues to be our most important market for exports, albeit with differing trends in individual countries. The U.S.A. remains the largest single foreign market. We boosted the value of exports to the U.S. by 23.9% to DM 4.8 billion. Owing to the persistently poor condition of the truck markets in the Middle East and North Africa, our shipments to these regions fell again, by more than a third, to DM 2.6 billion.

Our foreign subsidiaries considerably extended the volume of business during 1984. The value added by them - after deducting intercompany sales - rose 43.9% to DM 11.4 billion (a consequence, too, of the dollar exchange rate trend) and reached 26.3% of consolidated sales, the highest share to date (last year: 19.9%). Our commercial vehicle manufacturing subsidiaries, in particular, showed strong growth, the only exception being Mercedes-Benz Espana, which suffered a further drop in sales due to market conditions. Our distribution companies, by means of which we establish our presence in all major markets, raised their sales by 18.1% in all.

**DM 5 Billion for the Future of the Company**

To ensure the future of our Company we again invested substantial funds in 1984. Expenditure for Research and Development was over DM 1.5 billion. A total of DM 3.4 billion was invested in fixed assets worldwide (DM 3.5 billion in 1983).

The interruption of production due to the labor dispute temporarily delayed the implementation of our medium-range capital spending program at home. Additions to fixed assets totaled DM 2.2 billion.
(DM 3.1 billion in previous year) and involved the following areas:

<table>
<thead>
<tr>
<th>Car</th>
<th>1983 in millions</th>
<th>1984 in millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cars</td>
<td>1.816</td>
<td>1.311</td>
</tr>
<tr>
<td>Commercial vehicles</td>
<td>778</td>
<td>463</td>
</tr>
<tr>
<td>Retail branches</td>
<td>91</td>
<td>64</td>
</tr>
<tr>
<td>Research &amp; Development</td>
<td>136</td>
<td>73</td>
</tr>
<tr>
<td>Other</td>
<td>17</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>2.638</td>
<td>1.918</td>
</tr>
</tbody>
</table>

Capital spending once again centered on the car division particularly in preparation for production of the new mid-range Mercedes (200 D to 300 E) in Sindelfingen and Untertuerkheim.

More than half of the investments in the commercial vehicle division went to improve, supplement and extend our vehicle and component ranges. Consolidation of all van and minibus production at the Duesseldorf plant was completed. Other major projects were the introduction of the medium-duty commercial vehicle engines at Mannheim and the activities in preparation for start-up of production of new heavy-duty automatic transmissions at the Gaggenau plant.

Of course, with our investments, we also use the opportunities for improvement of efficiency and cost-cutting to further increase our international competitiveness. During the year, we spent about DM 106 million - representing more than 5% of domestic spending in fixed assets - for environmental protection measures. The bulk went for waste air and water purification and waste disposal.

Our foreign subsidiaries invested a total of DM 1.2 billion in 1984 (DM .4 billion in 1983). The large increase is principally due to the expanding business volume of our leasing companies in the U.S.A. and Western Europe. Together, the production companies in North and South America and the distribution companies spent about DM .4 billion for the expansion and modernisation of their facilities. Moreover, the fixed assets of our new subsidiary Mercedes-Benz of South Africa were shown as additions for the year.

In 1984, we were again able to fully finance the world-wide investments with funds generated internally. Cash flow increased from DM 4.4 billion to DM 5.8 billion and exceeded capital investments by about a third. The already healthy balance sheet ratios improved even more. We continue to consider our financial position, liquidity and profitability satisfactory.
More Than 6,600 New Jobs at Home

At year-end, employment at Daimler-Benz AG had increased by 6,648 to 157,249. New hiring took place particularly in the car division at the Sindelfingen and Bremen factories.

To make up for production losses caused by the strike, a portion of new hiring was made earlier than originally planned. In the past ten years, we have created some 35,000 new jobs in the Federal Republic of Germany. We further increased openings for trainees to approximately 9,100 (previous year 8,800). Some 2,900 youngsters took up vocational training at Daimler-Benz AG in 1984, more than in any previous year.

Worldwide employment at year-end totaled 199,872 (previous year 184,877). About a third of the increase resulted from the first-time inclusion of our South African subsidiary. Our production companies in North and South America also hired additional personnel.

We Thank Our Employees

The 1984 labor negotiations were a hard test for the cooperative atmosphere in the Company. The prudence and thoughtfulness of all concerned, however, helped us to quickly return to a good relationship when production resumed. We thank all employees and their representatives on the plant and general labor councils as well as the management staff and their speakers for their willingness to make up for as much of the lost output as possible, and for their efforts particularly in coping with the numerous production start-ups.

Gratifying Earnings Once Again

Earnings in 1984 were affected by the 7-week production stoppage. Other adverse factors were the (market-induced) unsatisfactory utilization of domestic commercial vehicle production capacities and still keener competition. On the other hand, the car division favorably influenced earnings through the extraordinarily good capacity utilization rates and the expansion of exports particularly to the U.S.A. At the same time we benefited by the renewed exchange rate increase of the U.S. dollar versus the D-mark. The companies in North and South America also made a gratifying contribution to group earnings.
In the non-operating area, Daimler-Benz AG had net interest income (excess of interest income over interest expense) of DM 607 million (1983: DM 535 million) before taxes. Group net interest income came to DM 1.1 billion, but this figure includes interest earnings of subsidiaries in countries with high inflation rates; for the most part it merely compensated for the erosion of purchasing power in monetary assets.

Worldwide net income rose to DM 1,104 million (previous year DM 988 million). Net income at Daimler-Benz AG amounted to DM 711 million, the same as the year before; this year it included dividend income of DM 43 million from Mercedes-Benz do Brasil.

Cars:
U.S. Market Motor for Rise in World Car Output

Worldwide car output rose in 1984 by 2.2% to 30.9 million units, which almost matched the record of 1978.

The increment results almost exclusively from the sharp rise in car demand in the U.S.A. A total of 10.4 million cars - 13.2% more than 1983 - were sold in 1984 in this largest car market in the world. As in the previous year, the pickup of sales primarily benefited the U.S. manufacturers, who raised their market share from 74% to 76.5%.

There was again a high demand particularly for large cars. Import car sales increased by 2.2% to a new high of 2.4 million units. The Voluntary Restraint Agreement of the Japanese exporters, limiting sales to about 1.8 million cars annually, prevented any larger advance. The share of German makes rose to 14.1% (11.7% in 1983). They especially profited from the rising demand for up-scale high-technology cars.

The Japanese car market, a hard market for imports to break into, declined slightly in 1984, to 3.1 million

Proposal for Application of Unappropriated Surplus

Overall results permitted us to increase the Group’s retained earnings by DM 879 million. Pursuant to Section 58 of the Company Act, DM 355 million were transferred from net income to retained earnings. We consider this broadening of the Company's equity base as the principal prerequisite which will enable us to successfully meet domestic and foreign competition for cars and commercial vehicles in the future.

We propose to our shareholders to pay once again, a dividend of DM 10.50 for each common share of DM 50 par value.

The new diesel refinement: engine compartment encapsulation makes the new mid-range Mercedes diesel models appreciably quieter. This too is a tangible contribution to further reducing pollution.
units. Japanese exports, however, increased 4.6% to 4.0 million units despite unchanged import quotas for Japanese cars in a number of important markets. With 7.1 million cars, the Japanese makers managed to repeat the previous year’s production volume, but Japan now takes second place again to the U.S.A. in the international output statistics. Simultaneously, however, Japanese car production abroad, at .7 million units (1983: .6 million), gained further significance.

West European car sales totaled 10.2 million. The 3% drop is mostly attributable to the strong decline in France (-12.9%). But, with Italy the exception, 1984 sales were down from the previous year in other volume markets, too. Net West European exports of .5 million cars to overseas markets, especially the U.S.A., were on a par with 1983. With 10.7 million units in all, West European manufacturers built about 4% fewer cars than the previous year. Accordingly, their share of world output fell to 35% (1983: 37%).

**German Car Market Slightly Down**

Demand on the German car market continued strong in the first months of 1984. Following the interruption by the labor dispute, buyer reluctance occasioned by the political debate on more stringent car emission controls prevented continuation of the positive market development at the beginning of the year.

New car registrations in Germany were down 1.4% to 2.39 million units. Sellers of foreign makes, particularly from Japan, took advantage of the strike-induced inventory shortages of the domestic makers to increase their market share from 24.4% to 26.7%. Imports, including German car models manufactured abroad, took 34.3% of new car registrations (previous year 32.0%). The trend to more sophisticated cars continued in the German market.

In 1984, demand for used cars was also brisk. 5.7 million title transfers (5.5 million in 1983) represented an all-time high.

**Car Exports Exceed Previous Year’s High Volume**

With exports of 2.2 million cars, the German auto industry slightly exceeded the previous record volume of 1982. More cars were delivered, especially to the U.S.A., but also to several European countries. New, attractive models from German manufacturers along with currency-related competitive advantages (increase in exchange rate of dollar vis-a-vis D-mark) supported the export effort.

During the second half of 1984 the German car industry was able to make up about a third of the production loss of approx. 400,000 cars which resulted from the labor dispute. Unit output in 1984 thus declined 3.2% to 3.75 million.
## Car Production

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</thead>
<tbody>
<tr>
<td>Total Production</td>
<td>350,098</td>
<td>370,348</td>
<td>401,255</td>
<td>393,203</td>
<td>422,159</td>
<td>429,078</td>
<td>440,778</td>
<td>458,345</td>
<td>476,183</td>
<td>478,349</td>
</tr>
<tr>
<td>of which: S-Class, SEC- and SL-models</td>
<td>68,757</td>
<td>73,098</td>
<td>85,108</td>
<td>83,107</td>
<td>84,957</td>
<td>84,993</td>
<td>95,804</td>
<td>105,093</td>
<td>114,589</td>
<td>104,646</td>
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<tr>
<td>Mid-range Class</td>
<td>280,341</td>
<td>297,260</td>
<td>316,147</td>
<td>310,086</td>
<td>337,202</td>
<td>344,085</td>
<td>344,974</td>
<td>348,602</td>
<td>251,757</td>
<td>178,357</td>
</tr>
<tr>
<td>of which: T-Series</td>
<td>5</td>
<td>10,581</td>
<td>26,405</td>
<td>27,230</td>
<td>26,251</td>
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<td>4,850</td>
<td>10,837</td>
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4) Models 190–190 E 2.3–16 and 190 D.
At Daimler-Benz, the favorable trend in cars continued in spite of all difficulties. Due to the production loss, however, we could not take full advantage of the continued good demand for our cars in 1984. Despite full capacity operation, we succeeded by the end of 1984 in recovering a good third of the 65,000 units lost to the strike. This was done by getting the new car factory in Bremen on stream very quickly, instituting special measures and adding new jobs earlier than scheduled. Our original goal of 520,000 units had become unachievable, but we were able to build 478,349 cars, somewhat more than the year before (476,183).

In the new car factory in Bremen, start-up of production went off smoothly despite the interruption caused by the labor dispute. Sindelfingen and Bremen together manufactured 195,346 190 models in 1984 (1983: 109,837). The close coordination of production proved successful in every way.

By raising daily output a total of 20 % compared to year-end 1983, we also built 178,357 (previous year 251,757) medium-size cars and 104,646 (previous year 114,589) S-Class as well as SL and SEC models. The export share of car output increased in 1984 to 52.5 %. Our market share of 9.8 % was slightly less than the previous year (10.1 %). The reason for the decline was our endeavor to quickly supply our foreign organization with cars upon resumption of production so as to counter the risk of a permanent loss of sales, which is particularly great in foreign markets. Shipments of Mercedes-Benz cars abroad increased by a total of 5.5 % to 251,268 units.

We delivered a total of 107,250 cars to European markets in the year under review, consolidating our competitive position there. Deliveries to Sweden (+40 %), Italy (+29 %), the Netherlands (+21 %) and the United Kingdom (+9 %) were especially gratifying.

In the U.S.A. we sold 79,222 cars (+7.5 %). The Compact Class just introduced there in the fall of 1983 accounted for a third of sales. To the Japanese market, where it is very difficult for foreign cars to gain a foothold, we delivered 6,110 cars or about 19 % more than the previous year.
New Mid-Range Mercedes Sets Standards

In November of 1984, Daimler-Benz introduced seven new mid-range models (four gasoline, three diesel versions) which replace models 200 D through 280 E. We are convinced we have achieved significant progress in engineering, safety and environmental protection with the new model range, 200 D through 300 E. The shape of the car meets requirements with regard to noise suppression and drag reduction without sacrificing comfort, quality and active and passive safety. All gasoline-engine models have fuel consumption under 10 1/100 km (23.5 mpg minimum), all diesel models under 8 1/100 km (29.4 mpg minimum) based on the “Euro-Mix” cycle. The unanimously favorable assessments of the car and the already strong, steady demand for it prior to the official market launch strengthen our belief that the technological advances embodied in these cars will be honored by the market.

Optimal Emission Control Concept

To further improve the environmental acceptability of our cars we have developed a clear-cut, technically optimized emission control concept. We offer Mercedes customers the opportunity to make purchase decisions now, which will prove themselves right in future, too.

Our concept is based on catalytic converter systems of the second generation which, in contrast to the catalysts used in the U.S.A. until now, are designed for unleaded premium-grade fuel. The equally economical and performance oriented, high compression principle of the engines can only be retained with catalysts like these, adapted to European traffic conditions. Since unleaded premium gasoline is not presently available in sufficient quantities in Europe, a new ignition and air fuel mixture system makes it possible to also use unleaded regular gasoline if necessary. Of course, our customers can also choose to have their cars prepared for installation of the catalyst at a later time. In addition, it is possible to retrofit Mercedes cars already on the road with catalytic converters without oxygen sensor control. These emission control alternatives will become available as options for all gasoline models in the course of 1985.

Our diesel cars today already have very low pollutant emissions - nitrogen oxides, hydrocarbons and carbon monoxide - which gasoline engine cars can only match with catalytic converters. Still this year we will be offering diesel cars whose particulate emissions already meet the tough standards which will be compulsory in the U.S.A. in 1987. The early decision to develop cars with cleaner emissions has had the effect that already in 1985 Daimler-Benz has at its disposal a broad range of such cars.

Commercial Vehicles: Keener Competition in the Higher Weight Classes

International commercial vehicle business in 1984 showed very different trends, both by weight classes and regions. The competition in the truck classes over 6 tons GVW became even stiffer in the European manufacturers' traditional markets. Inadequate utilization of production capacities with rising unit costs on the one hand and unsatisfactory revenues on the other characterize the industry's earnings situation. Additional burdens come from safety standards and licensing laws, which often differ strongly from country to country, and from country-specific production codes. Market potential in Middle Eastern countries took another large dip so that the commercial vehicle offerings concentrated even more on Western Europe.

Worldwide output in 1984 went up 14 %, to 11.2 million commercial vehicles, solely due, however, to a considerable expansion in small vans and pickups which are derived from large-scale car production in the U.S.A. and Japan. In the medium and heavy-duty truck class (6 tons GVW and above), West European output dropped 3 %, to 293,000 units.

German Commercial Vehicle Business Down at Home and Abroad

Domestic commercial vehicle sales slowed down appreciably again in 1984. New vehicle registrations
declined 9.5% to 130,497. Heavy-duty trucks (16 tons and up) and buses were particularly affected. Also, sales of vans up to 6 tons, with about 83,000 units, did not come up to the previous year's volume (92,000).

Here, too, inventory shortages of the German manufacturers due to the labor dispute provided additional market opportunities to foreign makers. The imports' share of the overall domestic market rose to 23% (1983: 19.3%).

Exports by the German commercial vehicle industry - a mainstay of employment between 1980 and 1982 - fell another 6.1% in 1984 to 155,662 vehicles. The heavy-duty truck business in Middle Eastern countries continued to be poor. In Western Europe, the temporary delivery problems of the German manufacturers resulted in cancelled orders and thus losses of market share which are very difficult to regain in this hotly contested business.

As a consequence of the further contraction of demand, domestic output declined for the fourth year in a row, by 7.8% to 255,298 commercial vehicles. 61.0% of production was exported (previous year 59.9%).

When comparing the output figures with those of earlier years it should be noted that since 1983 these figures have been broken down into completely built-up vehicles and kits for assembly abroad. The latter have not been included in the export figures since that time.

**Daimler-Benz:**

**Commercial Vehicle Business Difficult**

Daimler-Benz was also affected by the difficult situation in the international commercial vehicle markets. New registrations of our vehicles at home were down 12.8% to 55,769. In the area of heavy-duty trucks, next to the discontinuation of the government investment incentives at the end of 1983, it was above all the low construction activity which made itself felt unfavorably. Our new vehicle registrations in this segment declined 16.1% to 11,300 units. We sold 27,523 of our vans (2 to 6 tons gross vehicle weight) in Germany in the year under review (previous year 31,372). With sales of 15,266 light and medium trucks we surpassed the level of last year (14,421). This was attributable particularly to the success of our new light "Woerth" truck range (6.5 to 13 tons).

Our export shipments were down 11.0% in 1984 to 82,290 commercial vehicles. Owing to the diminished purchasing power of the OPEC countries, particularly sales of heavy-duty trucks in this region slowed down even more. The decline could be only partially offset by larger deliveries to a few West European countries, mainly France and the United Kingdom. Daimler-Benz attained a market share of 25% (1983: 26%.

The new series of light trucks (6.5 to 13 tons GVW) offer more payload and more transport capacity. The new trucks were well received in the marketplace thanks to modern engineering, comprehensive equipment and great economy.
Commercial Vehicle Production

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<td>229,302</td>
<td>247,756</td>
<td>248,100</td>
<td>239,702</td>
<td>258,875</td>
<td>279,535</td>
<td>275,380</td>
<td>250,079</td>
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<td>Domestic</td>
<td>180,005</td>
<td>193,204</td>
<td>187,298</td>
<td>173,101</td>
<td>188,772</td>
<td>203,041</td>
<td>196,076</td>
<td>187,044</td>
<td>157,418</td>
<td>143,101</td>
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<td>of which: Delivery vans</td>
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<td>to 4 tons</td>
<td>29,975</td>
<td>41,878</td>
<td>40,257</td>
<td>47,333</td>
<td>51,815</td>
<td>53,353</td>
<td>53,200</td>
<td>44,795</td>
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<td>over 4 to 6 tons</td>
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<tr>
<td>over 6 to 8 tons</td>
<td>15,924</td>
<td>18,658</td>
<td>18,228</td>
<td>18,746</td>
<td>17,141</td>
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<td>23,721</td>
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<td>31,280</td>
<td>22,393</td>
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<td>16 tons and up</td>
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<td>9,764</td>
<td>9,545</td>
<td>9,300</td>
<td>10,150</td>
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<td>13,200</td>
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<td>Exports from domestic plants</td>
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<td>97,022</td>
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<tr>
<td>Foreign</td>
<td>49,297</td>
<td>54,552</td>
<td>60,802</td>
<td>66,601</td>
<td>67,695</td>
<td>69,827</td>
<td>72,849</td>
<td>56,469</td>
<td>47,201</td>
<td>62,296</td>
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*) Kits destined for production abroad, starting with 1984, no longer shown in total production figures; Figures for 1983 were made comparable subsequently.
1982: 23 %) in Western Europe in trucks over 6 tons gross vehicle weight.

In our domestic factories we had to cut back commercial vehicle production to 143,101 units (previous year 157,418). In addition, the number of vehicle kits produced for foreign factories decreased to 18,122 from 27,332 the year before. Nonetheless, we managed to maintain the continuity of employment by assigning employees of the truck plants to car factories, which were running at capacity.

**Bus Business as Difficult as Before**

Demand for buses in the Federal Republic of Germany contracted again in 1984. The short-lived revival of sales the year before was largely the result of investment tax credits. Private bus operators, who accelerated purchases in 1983, were slow to order in 1984. Public bus companies moreover were barely investing owing to budget constraints. The domestic bus market shrunk 29.3 %, to 3,771 units. Exports fell 21.4%, to 6,387 units.

Accordingly, Daimler-Benz had to cut back output of buses and bus chassis in the domestic factories by almost a third, to 5,186 units. The profit picture in the labor-intensive bus department continued to be unsatisfactory in 1984.

**Unimog and MB-trac with Declining Sales and Output**

Demand for Unimog and MB-trac was poor overall. Sales at home dropped to 5,582 units (previous year 6,225). Again, exports declined considerably to 3,474 units (previous year 4,718). To adjust to the trend we had to cut back output to 9,190 units (previous year 10,800). The inadequate utilization of capacity impaired earnings.

**Cross-Country Vehicle Sales Decline Further**

Domestic sales of Mercedes-Benz cross-country vehicles were down 13.6 % in the year under review, to...
1,994 units. Exports, on the other hand, rose 22 % to 3,934, the result of a large-scale order from Norway which will favorably influence exporting activities in 1985 as well. In all, output of cross-country vehicles, assembled on a job order basis at Steyr-Daimler-Puch AG in Graz, Austria, slipped 2.3 % to 5,532 units.

Healthy Rise in Commercial Vehicle Output at Our Foreign Plants

Our commercial vehicle companies in North and South America profited from improved market conditions and sharply increased sales and output. Mercedes-Benz do Brasil was able to raise output by 31.7 % to 29,311 units. It was helped by the favorable export opportunities to North America and to our affiliate in Indonesia. Mercedes-Benz Argentina built 4,299 commercial vehicles (+10.8 %). The strong revival of the commercial vehicle business in the U.S.A. was most favorable for our Freightliner subsidiary, whose
output rose 71.8% to 20,568 heavy-duty trucks. Mercedes-Benz Espana was confronted with generally poor market conditions again in 1984. Production had to be reduced by 10.6% to 8,203 vans.

Owing to the overall satisfying growth of our foreign subsidiaries, who boosted their output by about a third, we were able to offset the decline at the domestic factories so that worldwide output totaling 210,929 commercial vehicles slightly exceeded the previous year's volume of 210,281.

New Products in the Commercial Vehicle Range

In 1984, we launched our new light "Woerth" trucks (6.5-13 tons GVW) in domestic and foreign markets. They replaced our proven LP range. In this segment we offer vehicles in four performance categories with 135 different models and 1,800 special versions for every conceivable transportation need. The resultant strengthening of our competitive position brought about tangible increases in sales and output in Mercedes-Benz construction vehicles: Daimler-Benz has - also for difficult off-road operations - a comprehensive range of powerful commercial vehicles for the most varied applications.

1984. Trade journalists from 13 countries voted our new truck range "Truck of the Year 1985" by a large margin over the one that placed second.

In the fall, we introduced the successor to our O 305 bus, the new O 405 series, which again includes an articulated unit and an intercity bus in addition to the intra-city bus. At our Brazilian subsidiary, the O 370 went into production as the basic model of an entirely new and independent family of buses. New in the product line of Mercedes-Benz do Brasil is the L 1932, a heavy-duty truck, and in the upper-medium range the LPS 1525, which will mainly be sold in the USA as a class 7 truck. Some parts for these trucks are supplied by our Woerth plant.

Larger Volume of Business with Industrial Engines and Vehicle Components

We managed to boost sales of industrial engines and vehicle components by 9% to DM 315 million. The increase was achieved mostly through higher exports. Domestic business was only slightly better than the previous year. Declining demand from manufacturers of special-purpose vehicles could be more than offset by larger deliveries of engines for agricultural machinery manufacturers, generator and pump set makers as well as forklift builders. Within our line of diesel engines, with outputs ranging from 17 kW (23 hp) to 452 kW (615 hp), the powerful 400-series engines were the best sellers.
Good Prospects for Continued Business Improvement

In the first months of 1985 the upward trend of the world economy continued. The United States of America provides further more a strong impetus to the economies of Western Europe and Japan despite a slightly slower tempo of growth. At the same time, rising demand in the industrial countries will improve the economic situation of developing and newly industrializing countries.

The strength of the U.S. dollar undoubtedly attracts imports which has a favorable impact on the world economy. But there are risks involved. In the U.S.A. itself, domestic industry comes under increasing competitive pressure from foreign suppliers. The U.S. export business loose important foreign markets. In isolated instances this has already led to massive demands for government intervention and measures against imports. Import duties and surcharges, however, would be of no advantage to American industry in the long run but rather would impede free world trade to the detriment of all.

German Economy on Expansion Course

In the Federal Republic of Germany, exports continue to be the main pillar of recovery. However, with improved capacity utilization, domestic demand for capital goods also picks up. Pent-up demand and success in consolidating public finances lead us to expect heavier investment activity in this area, too. The generally favorable economic trend, plus the fact that demographic indicators point to a zero increase or even a reduction in the number of youngsters entering the work force in the medium term, improves conditions for a gradual easing of the still difficult labor market situation.

German Auto Industry Reliant on International Competitiveness

As of April, 1985, a new working hour arrangement became effective in the metalworking industry. It opens a way to reconciling the wishes of employees with the needs of companies. One result is that the shortening of working hours does not curtail utilization of the capital-intensive facilities. This is especially important because German industry is subject to growing competitive pressures from the remarkable productivity gains of foreign competitors and the rising cost of labor at home. The momentarily favorable exchange rates must not blind us to this fact.

The shorter working hours place additional burdens on the highly export-oriented German auto industry which already has high labor costs by international standards. To counter this, modern manufacturing technology must be employed increasingly. In addition, the product too must be adapted to ever new and higher standards. In this respect, the German auto industry in many cases has a veritable pace-setting role to play, for without an advantage in engineering and quality we would not be able to survive in the long run.

German cars have a reputation throughout the world for being especially safe and efficient. We owe this reputation to the high standard of engineering and quality of our cars. In this connection, we should by no means underestimate the fact that our cars continually demonstrate on the German Autobahns (highways) their performance capability and great safety edge. With a general speed limit, the superior engineering and safety which we offer would be less credible to foreign buyers. Considering the risks involved for the German car industry’s competitiveness, the speed limit issue should be dealt with not emotionally, but rationally, weighing all relevant aspects, i.e. both the ecological aspects and the transportation and employment aspects.

An important contribution to bringing this discussion down to earth is the large-scale test initiated by the federal government to study the influence of highway speed limits on pollution levels.
Engineering Solutions for Environmental Protection

For the auto industry, environmental protection for many years has been a central task for which it has developed solutions of a high technical standard. Thus, in the past fifteen years the nitrogen oxide emissions of newly registered cars in the Federal Republic of Germany have been reduced by about a third, and other pollutants even appreciably more. Based on present knowledge, further drastic improvement is only possible through the use of catalytic emission control systems. The German manufacturers excel in this technology. For several years it has been used in cars destined for the U.S.A. and Japan.

Political Agreement on Cleaner Car Emissions Called For

The difficulties facing the introduction of cars with cleaner emissions were, therefore, not a question of technical know-how but primarily one of reaching political agreement as regards an uniform concept for the entire European Community. The Council of Ministers found a compromise at the end of March, 1985, but only after a long, hard struggle. We welcome the fact that an European settlement could be reached and serious political and economic conflicts within the European Community avoided. Less satisfactory, however, is the fact that the introduction of unleaded gasoline is not compulsory until 1989. Moreover, the emission standards will not be decided upon until mid-1985. It is only hoped that in Germany, the uncertainty created in the car purchaser’s mind will now be overcome. Nevertheless, the uncertainty about the future of the German car market has possibly never been greater than now. The fact that general buyer reluctance has not yet led to drastic employment cuts during the course of the year is due solely to current export opportunities.

Daimler-Benz 1985: Innovation Input in New Car Models Ensures Continued Growth

At Daimler-Benz, domestic car demand has been extraordinarily brisk in contrast to the general trend. Domestic and foreign orders since the start of 1985 have been well above our enlarged production capacities. The fact that we have not been affected by the uncertainty in the

The new standard city bus O 405 for intra-city transportation. It can carry 100 passengers. The new series also includes the standard articulated bus O 405 G and the standard bus O 402.
German car market is attributable above all, to our clear-cut emissions concept. The newly developed second catalyst generation, specifically tailored to European conditions permitting use of both lead-free regular and premium gasoline, offers a future oriented way for gasoline cars. With our diesel cars, having a fifty-year tradition at Daimler-Benz, we have a wide range of not only highly fuel efficient but also very environmentally compatible cars which enjoy growing customer interest. Moreover, our new diesel cars are convincing by their distinctly improved noise characteristics.

Last but not least, our strength in the marketplace is based on the fact that with the start-up of our new mid-range Mercedes we have never had such a comprehensive and up-to-date car line. The technological progress in our cars is not just reflected in individual components but in the whole design. With every model we replace, we endeavor to step into a new technical dimension. In car making, particularly, the extraordinarily high financial stakes involved in development and capital spending for new models demand concepts which are accepted by the market over a period of many years. We have designed our cars so that they not only meet the requirements of today but also measure up to future requirements. This understanding calls for continual reassessment of new technologies.

It is often overlooked that progress in car making is far more than substituting new for conventional techniques. Genuine progress is only achieved by matching new technologies with the conventional in such a way that the vehicle becomes even more functional, efficient and safe.

Daimler-Benz has also practiced this approach by using microelectronics in the car. Examples are the anti-lock braking system and airbag, which have been part of large-scale production for some time. Wheel slip control systems which prevent drive wheel spin are also only possible with the aid of microelectronics. They are currently in preparation. Our modern catalytic converter technology, too, with the multifunctional ignition and air fuel mixture system, could not be realized without high quality electronics.

Microelectronics open up creative new prospects not only in the product but also, and in particular, in development and manufacture. Without the use of CAD (computer-aided design) and CAM (computer-aided manufacturing) systems, the high standards attained by our cars today would be unthinkable. In addition, the new technology helps us to make work easier for people. At the same time it enables greater flexibility of production. This not only means improvement of productivity and product quality; it also prepares us to cope with ever faster changes in the marketplace.

For further quantitative and qualitative growth, we shall continue to cultivate and improve the exclusivity and the classic qualities of the Mercedes: advanced engineering, well balanced features, top quality and long term value retention. High customer loyalty, like the growing number of new Mercedes customers, is confirmation to us that the engineering progress embodied in our products and our model policy are honored by the market. For 1985, we plan an output of more than 540,000 cars. The more than 60,000 unit increase must be thought of as extending over two years because of strike-caused output losses in 1984. But we are not turning away from our goal of accomplishing growth at steady rates, because that is a prerequisite for maintaining the high quality standard of our cars.

Commercial Vehicle Markets Under Competitive Pressure Worldwide

Commercial vehicle business worldwide has become considerably more difficult in the last few years. Demand, particularly from Middle Eastern markets, will hardly pick up in 1985, and no change in the current situation can be expected in the medium term owing to the political and economic problems in this region. Reduced market volume contrasts on the supply side with under-utilized capacities of the European manufacturers. The struggle for market shares should become even stiffer in the coming years, especially since new producers from third-world countries are pushing into the traditional markets. Many manufacturers are thus seeking opportunities to reduce the market pressures by cooperating with other companies or deepening
already existing supply relationships. The influencing of competition by governments, through subsidies or direct equity investments, does not eliminate the industry’s problem. On the contrary, it interferes with market mechanisms and, therefore, impairs the industry’s ability to overcome the difficulties by its own efforts.

In the German commercial vehicle market, new registrations in 1985 should again come up to the 1983 volume following the decline of last year. Growth can only be expected in vans and light trucks. It is exactly in these classes that the competing importers enjoy price advantages and systematically strive to translate them into larger market shares. So it is all the more important to counter them with vehicles designed to demanding standards.

The heavy-duty truck business is unlikely to improve because of the continuing low building activity. No boost can be expected from commercial vehicle exports in 1985 either.

MB-trac 1500 - the most powerful model from the line of all-wheel-drive farm tractors, driven by 48 to 110 kW (65 to 150 hp) engines. Versatile and particularly economical.
Daimler-Benz 1985: Persisting Difficulties in Commercial Vehicle Business

Daimler-Benz has also been affected by the contraction of international markets. For 1985 we anticipate a certain increase of demand for our light trucks at home and in Western Europe. Heavy-duty truck sales chiefly in the OPEC region will decline once more so that we will have to adjust production schedules for our Woerth trucks. All in all, we will be able to maintain commercial vehicle output in the domestic factories at 1984 levels. A scheduled increase in the production of vehicle kits for assembly abroad will help to stabilize employment.

Most of our foreign production companies are, also in 1985, enjoying more favorable market conditions than the parent company at home. In South America, Mercedes-Benz do Brasil expects a renewed rise in output and sales. The U.S. subsidiary Freightliner plans another increase in production. Only Mercedes-Benz Espana cannot count on a short-term improvement of the tight market situation. Measures initiated to modernize and extend the van range are designed to strengthen our competitive position in Spain over the medium term.

The addition of a new product for a particular segment of the light van market, which had not previously been served by the Daimler-Benz group, has opened up new perspectives for Mercedes-Benz Espana. This is a small vehicle with a payload of up to 800 kg. It is based on a restyled L 300 developed jointly by Daimler-Benz and Mitsubishi Motor Corporation. The new light van will be equipped with a Daimler-Benz diesel engine.

In the tough international commercial vehicle business we will take advantage of every opportunity to open up new markets. In this endeavor, the worldwide presence of our sales organization is an invaluable asset, just as it is for the long-range safeguarding of sales. The further improvement of the quality of service and parts supply along with the expansion of transport advisory services in the area of business management are of special significance here. In addition, as the world's largest truck manufacturer in comparison to our competitors, we are in an especially favorable position to systematically carry on our intensive efforts in technological innovation and product renewal in the future.

Our goal is to steadily improve the economy, utility value and quality of our commercial vehicles based on high, sophisticated technology and to offer suitable, made-to-measure solutions for every application. At the same time, to the extent possible, we want to systematize the great number of different models in our program, using modular design principles. We consider this an important prerequisite for flexibly reacting to market requirements and, simultaneously, be able to manufacture cost efficiently.

The past successes in building a worldwide manufacturing system encourage us to continue to coordinate our international commercial vehicle activities based on an integral, global concept. The opportunities thus gained for cost reduction and market access will be increasingly utilized.

Capital Spending Still at a High Level

With the start of production of the new medium-size Mercedes in Sindelfingen, the expansion of the Bremen plant into a second car assembly plant, and the concentration of domestic van production in Dusseldorf, we have completed major capital spending projects in connection with the long-term optimization of the Company's production system. Our medium-range planning nonetheless provides for investments of substantially more than DM 2 billion annually in Germany over the coming years. The investment goals continue to be the strengthening of international competitiveness, the maintenance of steady growth, and thus job security. We intend to achieve this by adding to and renewing our car and commercial vehicle lines as well as introducing new technologies and setting up flexible manufacturing systems. At the same time we are concentrating on counteracting the cost increases through rationalization, mechanization and work flow improvements. We are also placing increased emphasis on environmental protection, both in the products as to production.
MTU Group - Sensible Addition to Daimler-Benz

With the purchase of MAN.’s interest in Motoren- und Turbinen-Union Muenchen GmbH in the spring of 1985, we appropriately complemented our car and engine business, while picking up traditions that go back to the turn of the century. Moreover, the affiliation of the MTU group with the Daimler-Benz group provides us the opportunity to broaden the basis of our company with new, sophisticated technologies whose significance will continue to grow. The research and development work on high-technology systems at the MTU companies in Munich and Friedrichshafen provide a solid foundation for this.

Continuous, Stable Development

Daimler-Benz will respond to the ever faster change in markets with even greater flexibility in all parts of the company. Our broadly based and thorough research and development work also serves this purpose, as does the increased use of flexible manufacturing facilities and techniques. In our model policy we intend to adhere to the traditional Mercedes characteristics - outstanding engineering and quality, advanced safety and ride comfort paired with fuel efficiency and low pollution.

Based on the skills and dedication of our employees and an overall policy equally directed towards progress and stability, we intend not only to continue on our present path but also to open up new fields of activity. With the achievements of 1984 we took another important step to bolster our financial position and so further enhanced the prerequisite for successfully mastering the tasks ahead.

Daimler-Benz: Trends in First Three Months of 1985

In the first quarter of 1985, Daimler-Benz raised car output by 10.4 % to 145,531 units. In the commercial vehicle division, 37,119 (last year 41,297) vehicles were manufactured along with 9,510 (last year 7,429) vehicle kits for assembly of Mercedes commercial vehicles abroad. Production by our companies in North and South America, South Africa and Spain increased by 3,000 units in all, to 18,300 commercial vehicles. Group sales in the first three months of 1985 were up 15 % to DM 12.1 billion. Sales of Daimler-Benz AG itself rose 8 % to DM 8.8 billion.
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Research and Development

In the nearly one hundred year history of the automobile, the most recent period more than any other has been characterized by deep, rapid change in technological demands. In the reduction of fuel consumption - a priority task following the oil price crises of the seventies - remarkable results have been achieved which should not be jeopardized by the current emphasis on environmental protection. Daimler-Benz always strives to achieve technical solutions which meet the two important goals without jeopardizing accomplishments in other areas such as safety and utility value. Thus, we developed second-generation catalytic converter systems adapted to European traffic conditions in order to retain the high-compression engines with their optimized fuel efficiency, which are designed to use unleaded premium-grade gasoline. This is the cornerstone of our comprehensive and clear cut emission control concept, which enables our customers to make purchase decisions which will prove themselves right in the future, too.

Differing National Standards and Certification Rules Render Development Work Difficult

To the detriment of all, practically no progress was made in 1984 in harmonizing the different vehicle standards and certification requirements from country to country. Isolated national actions and conflicting legislation seriously impede development work. To serve all markets, it is necessary to design and build numerous variants of individual models to comply with the different standards with respect to limit values, test cycles and test procedures. Variety is not only pointless in this area but is extremely expensive and also binds valuable engineering development capacities.

To give an example, new test procedures and emission standards for commercial vehicle engines were put into effect in the U.S.A. in 1984. They require the use of far more costly testing facilities which had to be developed specifically for this purpose.

Federal Republic of Germany with Europe’s Most Stringent Emission Standards

In the course of 1984, the government of the Federal Republic of Germany gave definite shape to its thoughts on introducing low-emissions cars, saying that from 1989 onward (1988 onward for cars with engines bigger than two liters) new gasoline cars would have to comply with the current U.S. emission standards. Since the European Community already has uniform emissions standards, the Community’s Council of Ministers had to find a compromise that takes into account the possibilities and interests of all member countries.

With the present state of the art, the more stringent standards for cars with gasoline engines can only be met with catalytic converters. These have to be run on unleaded gasoline. Daimler-Benz pointed out very early that with the transition to catalyst technology a substantial rise in fuel consumption would be inevitable unless high compression engines continued to be used. However, the high compression technology calls for lead-free premium-grade fuel, which initially would not be available in Europe quickly and widely enough and in sufficient quantity.

Daimler-Benz: Catalytic Converters of the Second Generation

We therefore combined the second generation three-way catalysts, which we offer as optional equipment, with a multifunctional ignition and air fuel mixture system that permits operating on unleaded regular-grade gasoline as well.

Our customers, who would like to purchase such a car but currently still have to use leaded fuel because of the far too limited supply of unleaded fuel, will have the option to purchase a car without the lead sensitive parts. These can be installed later at a Mercedes-Benz service shop when unleaded fuel is adequa-
tely available to suit the customer’s requirements.

Our emission control concept also places a high premium on the particularly economical diesel cars which are also more compatible with the environment. In the course of this year, we will be able to introduce diesel engines which even comply with the stringent particulate emission standards which will not become mandatory in the U.S.A. until 1987.

More Than DM 1.5 Billion for Research and Development

In the year under review we spent over DM 1.5 billion for Research and Development. More than 10,000 employees in the engineering and testing departments are engaged in improving and renewing our products and adapting them to constantly changing conditions. The process and materials engineering departments of the factories also contribute to our development projects. Only through the combination of high technology and commensurate production techniques can the high quality standards of our products be realized.

We invested DM 73 million in the continued expansion of our testing and inspection facilities. One focal point was the completion in Unter­tuerkheim of a new building with modern, efficient facilities, where major research departments have now been brought together.

Data processing is increasingly being employed to speed up projects and to get better results in development work. It also has applications in engineering, test stand process control and assessment of test data.

Delay in Construction of Boxberg Test Track

We urgently require a sufficiently large capacity in test tracks in order to comply with the ever greater volume of specific national vehicle standards and certification rules. Our current test track in Untertuerkheim, built in the sixties for a smaller model range and fewer regulations, no longer is adequate to the wide range of products we have today. We have been forced to test drive on public roads despite the risks involved.

Construction of the planned testing grounds in Boxberg can begin as soon as Daimler-Benz acquires those tracts of land which could not be purchased until now. This requires land and condemnation proceedings, which the public authorities have scheduled this spring. But the opponents of the project are still trying to delay its progress.

Car Program: New Mid-Range Mercedes Class 200 D through 300 E

The launching of the new mid-range Mercedes 200 D through 300 E in December of 1984 marked the completion of a seven-year development project. This model series was developed from scratch. It embodies a large number of innovations and represents a distinct improvement in all important areas. The range was extended by attractive variants.

The 5- and 6-cylinder diesel engines and the 6-cylinder gasoline engines are completely new designs
in the engine range, which comprises outputs from 53 to 140 kW (72 to 190 hp). The 6-cylinder gasoline engines in the 260 E and 300 E are now only available with fuel injection. They were derived from the proven basic design of the 4-cylinder engines in the 200 and 230 E. The suspension is distinguished from the previous models by a new axle system whose principle has already been proven in the Compact Class. They represent the state of the art in regard to active safety and comfort.

New materials and material combinations permitted weight reductions of 80 to 135 kg depending on model, while keeping interior room the same. Owing to the lower vehicle weight, a lower aerodynamic drag coefficient, and transmissions and rear axles adapted to the engine characteristics. These models are vastly superior to their predecessors in fuel consumption and performance. Standard equipment has been added to and improved.

Extended Commercial Vehicle Range

In the spring of 1984 we introduced our newly developed light "Woerth" trucks. These vehicles, which have a higher transportation utility owing to advanced technology, were initially offered with gross vehicle weights ranging from 6.5 to 11 tons. In the course of the year, a 13-ton version was added. We thus have over 135 different models in four performance classes and 1,800 special versions. The series continues to have two cab versions.

New Buses For Local Transit

In the year under review, we organized a transit symposium which comprehensively dealt with the applications of buses in local public transportation. On this occasion, the new O 405, successor to our present city bus O 305, was introduced. The complete family of buses, along with the regular bus, again includes an articulated bus and a suburban bus. The development objectives for the new bus series were mainly the enhancement of passenger comfort, reduction of operating costs and improvement of safety. Our intention was to further enhance the bus' attractiveness for public transit.
Track-Guided Buses Providing Trouble-Free Service

In Essen, the project involving track-guided buses - an element of our O-Bahn transit system - made further progress. Currently, 25 buses, including 21 track-guided articulated 0305 G, are providing trouble-free daily service. Together with the Essen transportation authority, we intend to set up another route for track-guided bus use with a length of 4 km.

In Adelaide, Australia, 4.5 km of the planned 12 km O-Bahn route have now been completed. Twenty buses with track-guidance equipment have already been delivered. Since the first part of the track is not destined for use until 1986, the buses are operating on normal roads until O-Bahn service commences.

Development Work of Our Foreign Subsidiaries

Mercedes-Benz do Brasil has concluded development work of the 0370, a separate all-new family of buses, and has since begun with the production of the bus. The series includes 2- and 3-axle buses designed to meet the special requirements of the South American market. Under the national energy program, alcohol and gas engines are offered as standard equipment in buses and trucks along with diesel engines. In the Class 6 and 7 light and medium trucks, which are exported to North America, our subsidiary has, for the first time, included in its model offering a forward-control cab, for which parts are supplied by our Woerth plant.

At Freightliner in the U.S.A., work to adapt Daimler-Benz components to the Freightliner model range continued according to plan. Production of a new mid-length CBE truck in Class 8 has since commenced.

In South Africa, Mercedes-Benz engines are manufactured under licence at our affiliated company Atlantis Diesel Engine (ADE). Legislation requires South African truck makers to use only these engines in their commercial vehicles. At our Development division in Stuttgart we are conducting extensive tests to ensure the proper functioning of our engines in trucks of other makes.

More special-feature vehicles have been developed from our standard product range for NAW-Nutzfahrzeuggesellschaft Arbon & Wetzikon AG, the commercial vehicle makers in Switzerland. In close cooperation with this affiliate we are also developing buses for special applications.

Future-Oriented Research Work

Research concentrates on promising materials, technologies and processes. Ceramics and composite fibers have great potential in our view. Technologies permitting their use in volume production must be developed.

However, particular importance is attached to the application of microelectronics. This technology makes it possible to integrate many individual functions in an overall system and create new applications.
The new track-guided standard city bus O 405 on the company’s test track in Rastatt - an element of the versatile Mercedes-Benz-O-Bahn system.

For instance, we have developed fleet information systems for vehicle monitoring and organization of customer operations. Computer aided, co-functioning diagnostic units in the vehicle and the workshop help improve service and enhance fleet safety and economy.

We are determined to pursue the course on which we embarked with the anti-lock braking system, to use electronics meaningfully to improve safety.

The driving simulator installed at the Berlin-Marienfelde factory, controlled by a powerful computer system, has now passed the first functional tests. With this simulator we can study not only the vehicle but also the operator and gain important knowledge in the field of traffic safety.

New Materials and Alternative Propulsion Systems in Motor Vehicle Manufacture

Research activities in the area of materials and alternative energy sources were methodically continued. In the area of ceramics we researched particularly the function of gas turbine components. First test runs in vehicles under realistic traffic conditions have confirmed their practicability, but extensive research is still required.

The hydrogen-powered vehicles were developed further to study the applications of this power source under realistic conditions. In October of 1984, five 280 TE’s, which run on a hydrogen-gasoline mixture, and five exclusively hydrogen-propelled 310 vans began test runs under an agreement with the Federal Ministry for Research and Technology.

Flexible Production for Testing

Our development division uses flexible production facilities to provide our testing departments with the required prototype parts on short notice. This speeds up the development process and improves the results. The designer’s exacting demands on manufacturing tolerances call for new measuring techniques, in close operation with production, development and testing.

Thus, one modern procedure permits measuring and rating the surface quality of precision parts and controlling production accordingly without ever touching the surface itself. A measuring system which can be integrated in the production lines assures a 100 % quality control. It is already used in engine valve production at the Bad Homburg factory.
The worldwide purchasing volume of Daimler-Benz in 1984 came to more than DM 25 billion. The increase of over DM 2 billion in the value of our purchases of raw materials and factory supplies, and of capital goods and services was solely the result of heavier ordering by our foreign subsidiaries. Purchases of manufactured parts and of capital goods for our domestic factories totaled DM 18.6 billion, slightly lower than the DM 18.7 billion of last year.

The close cooperation with our suppliers was made vividly clear, even to the general public, by the selective strike at suppliers. Within three days of the start of the strike we had to shut down the main assembly lines in the car and commercial vehicle plants for lack of parts. Despite the burdens created both for us and our suppliers by this extraordinary situation we shall continue the systematic pursuit of our goal of perfecting the flow of materials.

Noticeable Reduction of Inventories

The progress achieved in the last few years in optimizing inventories of purchased parts designated for production has led to a remarkable decrease in the average amount of capital tied up in inventories and has thus reduced costs. In comparison to the expenditures for materials, which have grown with production, inventories of raw materials and factory supplies remained almost unchanged.

We are endeavoring to achieve further inventory reductions, both at our company and at our suppliers, through refined scheduling and management systems, more use of telecommunications and the use of standardized, up-to-date handling and storage techniques. The additional flexibility which this provides will benefit our international competitiveness.

We have taken a first step in establishing an optimized logistical system in close cooperation with the supplier of car seats for our compact 190 series. The factories of our suppliers operate at the same rate as our car plants in Sindelfingen and Bremen, with which they have data communication links. The suppliers can thus manufacture and deliver...
the seats in the sequence in which they are needed in assembly. So neither we nor the supplier need an inventory of finished seats.

**Allowance for Social Aspects in Ordering**

In the year under review we again favored underdeveloped regions and especially deserving organizations in placing our orders, focusing on Berlin’s industry and social institutions. In the Boxberg area more than 400 jobs and training positions were created in the past few years through the placement of orders and relocation of suppliers there.

As planned, we continued the streamlining of the purchasing organization which began in 1983. Supported by effective market research tools, we further deepened the relationships with internationally competitive suppliers on the basis of continuity and longstanding.

The rise in the price of materials was slower in 1984 than in the years before. World market prices for aluminium, which skyrocketed in 1983, steadied at high levels. The same was true for rubber products. Value analyses and further steps by suppliers to raise their productivity have run counter to the continuing price rises for materials.

**Smooth Delivery to Assembly Line**

The start-up of production of the new car series and the new light trucks, and the adjustment of production schedules to market requirements were all achieved on a timely basis. These start-ups and the resumption of production following the strike, which was additionally impeded by concurrent vacation period shutdowns at some suppliers, demanded extraordinary sacrifices and flexibility on the part of all suppliers, carriers and service firms. We would like to take the opportunity here to thank them for this and for the fine job done in supplying the production plants at traditionally high quality levels.

A concept for optimized logistics has been realized in close cooperation with our supplier of seats for the compact series at the new Bremen car factory. From delivery at the plant, the complete seats go directly to the assembly line without intermediary storage.
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Production

Maintaining the international competitiveness of our company requires consistently high quality and product reliability which are as indispensable as the use of up-to-date, cost effective production techniques. To be able to meet these goals in the future, we have reorganized the production structures of our domestic factories over a period of several years. The commercial vehicle assembly plants, numbering five plants at one time, have now been combined into two, Woerth and Duesseldorf. This has given us sufficient flexibility for satisfying market requirements in the van sector, too. The car division was enlarged by the assembly capacity of the Bremen factory. Apart from that, our efforts were directed at improving productivity, flexibility and quality, and to the efficient use of energy and environmental protection. The flexible design of the production facilities enables us at our Sindelfingen car plant to vary, to a certain degree, output of the 201 and 124 models within overall capacity limits, in response to fluctuations in demand.

Car Plants: Bremen Production Quickly Raised to Capacity

At our new Bremen factory, we rapidly raised unit output of the 190, assembly of which had begun at the start of 1984. Already by October, we attained daily output of more than 450 compact cars utilizing all available resources. The Bremen plant thus made an important contribution to recovering output lost by the strike.

At Sindelfingen, despite the strike-related problems, we ensured that production of the new mid-range Mercedes could start up in September of 1984. Our model-flexible facilities for integrated body manufacture in Sindelfingen will also enable us to build the new series in rapidly increasing numbers.

Commercial Vehicle Plants: New Product Series and Assembly Lines

In our commercial vehicle plants, in the year under review, we invested substantial resources for the lowering of production costs and for the start-up of new model series.
In Woerth, the last light truck of the LP line rolled off the assembly line in 1984. In twenty years of production we built more than 300,000 of these trucks. Our new generation of medium-duty trucks from 6.5 tons to 13 tons gross vehicle weight has, in the meantime, been fully integrated into the production process at Woerth. With its variety of models and configurations based on the largest possible number of identical parts, the new line fulfills the demand of efficient production while satisfying varied market requirements.

This goal was also served by concentrating van production in Düsseldorf. Moreover, it allows production flexibility within the two van ranges, which is particularly important in this market segment.

At the Mannheim factory, we put new bus making facilities into operation in 1984. With a system of modern conveyors and lifts, we can, on five assembly lines, produce buses (8 tons GVW and above) more economically and in even better quality, but with less strain on the workers.

At the Gaggenau factory, the 250,000th Unimog since production commenced in 1951 rolled off the assembly line, a remarkable number for such a special purpose vehicle.

In our components and parts plants we made further progress in modernizing production facilities and optimizing production flow.

In Gaggenau, we now have a new flexible transfer line with CNC stations for precision machining of truck transmission housings. At the Berlin factory, we concentrated on starting up parts production for our new car engines. We started operations there of a new production line for crankshafts. At the Kassel factory, front axle assembly was reorganized for greater versatility in view of an enlarged variety of models. Production of rocker arms and hydraulic valve tappets for the new car engines was taken up in Bad Homburg. New technologies, like the laser machine for welding tappets, guarantee production at optimum cost in conjunction with maximum precision.

At the Hamburg parts plant, the prerequisites for flexible, efficient parts
production were further improved. Through the pilot use of a more refined production control system we were able to increase the precision in coordinating deliveries with our other domestic factories.

Quality of Manufacture Further Improved

The safeguarding of quality manufacture was the main concern of our factories. In the paint shops, in particular, decisive improvements in the quality of the surface finish of our vehicles could be achieved. In rust-proofing of car bodies and commercial vehicle cabs, nozzles individually adapted to body cavities along with computer controlled wax dosage provide for complete anti-corrosion protection. Increased automation in painting is an essential contribution to environmental protection because of the optimal use of paint materials. At the same time, it eliminates burdensome jobs for the workers in favor of demanding control and inspection functions.

New Job Station Layouts Lighten Workload

In the selection and use of new production equipment we ensure that jobs are created which give responsibility and satisfaction. Our new assembly lines offer more work stations which operate independently of line speed. This means more latitude and more change of pace for employees. Line interlinking devices and large numbers of mobile and stationary lifts relieve workers of heavy manual labor.

Environmental Protection and Energy Conservation in Production

Along with the goals of high manufacturing quality, ergonomic workplace design and efficiency improvements, environmentally safe production techniques are acquiring growing significance. Substantial savings of primary energy resulted from reclamation of heat from exhaust air, e.g. in the foundries and paint shops.
In Bremen, with cooling towers and multiple use of process water in closed-loop systems, we have reduced water consumption by 50% in the past ten years despite the doubling of production. Reclamation of process water was an important factor in the installation of a central system for thickening sandy sludge at the Mannheim foundry. In the paint shops we appreciably reduced the use of solvents through increased employment of paint systems rich in non-volatile matter and of electrostatic painting processes. Still, residues in production cannot be completely avoided. But modern techniques, particularly in air and water treatment enable safe disposal of wastes in our factories.

Modern Manufacturing Technologies
Also at Our Foreign Subsidiaries

At our foreign production companies, too, the emphasis was on measures to further improve quality. We intend to ensure that Mercedes vehicles all over the world continue to be distinguished by high quality standards.

In the year under review, Mercedes-Benz do Brasil began operating its first cataphoretic immersion painting system. Anti-corrosion protection for commercial vehicles can be appreciably improved with this advanced process. Flexible production facilities for the new 0 370 bus series were set up at the Campinas factory. With the completion of a testing room for measuring heavy-duty diesel truck engine emissions the prerequisites have been created which, also in the future, will enable us to export diesel engines from Brazil to our North American commercial vehicle plant in Hampton, Virginia.

At the Mt. Holly factory of our U.S. subsidiary Freightliner we have, for the first time, begun production of welded steel cabs in a new cab shell line. This is designed to open up a new segment of the heavy-duty commercial vehicle market.

Major projects in the foreign car plants include the assembly of the new mid-size Mercedes in South Africa, Indonesia and Malaysia. Commercial vehicle projects include production facilities for engines in Indonesia, trucks in Turkey and vans in India.
The seven-week work stoppage hit Daimler-Benz during a phase of rising demand for cars. Our delivery ability - an important element of our market strategy - was severely crippled. But thanks to the understanding of our customers and the flexibility of our worldwide sales organization, harmful consequences of a lasting nature were largely avoided. We also consider it a sign of our customers' trust that demand for our cars is not affected by the general buyer reluctance in the German car market. We will continue to do everything to live up to this trust.

On the commercial vehicle side, next to the launching of our new light "Woerth" trucks, major emphasis was placed on the accelerated expansion of our consulting and other services as part of our overall sales package. We offer our customers, to an ever greater extent, comprehensive purchasing and profitability consultancy, information on applications, and training in all transportation and fleet-related matters.

After-sales service, particularly important to the sales business, was further improved at home and abroad by extending the express parts services, the repair and emergency service systems, as well as the overall availability of service facilities.

Regular maintenance and repair of customer vehicles in our service shops contribute substantially to the value retention of cars.

New Market Segment Opened with Our Compact Class

In 1984, we introduced our compact 190 series all over the world - to the Japanese market last - and won a great many customers for Mercedes-Benz.

The entry into a completely new market segment placed high demands on the sales organization. We adjusted to the new, extended range of customers in a variety of ways, i.e. with changed sales soliciting methods, expansion of our sales and showroom facilities, more test drive offers and increased acceptance of non-MB trade-ins.

Developing and Cultivating Markets with Long-Term Growth Potential

In addition to actively cultivating our traditional markets we are paying increasing attention to regions with promises for the future. We see long-term growth potential for Daimler-Benz especially in the Southeast Asian area. We have thus stepped up our activities in this region which has been dominated by Japanese manufacturers up to now. In Indonesia we introduced a new truck model and our cross-country vehicle. In Singapore we concentrated our sales and service activities for the Southeast Asian region, establishing a Daimler-Benz office. In the People's Republic of China in 1984, we deepened our commitments by increasing vehicle deliveries, expanding our central service shop in Peking and assigning sales and service person-
nel. Moreover, we further strengthened our business relations with that country by continuing discussions about possible joint ventures.

Our policy of long-term market cultivation again proved successful particularly in the sharply recessive markets of the Middle East, for it creates a preference, especially in troubled phases, for the seller who does not just exploit short-term sales opportunities but who, for many years, has substantially participated in developing the country's infrastructure through the systematic establishment of service and parts systems. This fundamental concept is also applied in Africa and South America. We see a growing need for transportation there in future, too.

Planning market presence long-range, providing a comprehensive range of services in the local market and, where necessary, involving the products of our foreign subsidiaries, contributes to safeguarding our strong market position worldwide, now and in future.

Sales Organization in Traditional Markets Further Extended

An efficient field organization, which covers the entire market and one which is tailored to its requirements, is of crucial importance in maintaining direct contact with and comprehensively serving the end user. In the United Kingdom, all administrative departments and the central parts depot for Mercedes-Benz (United Kingdom) Ltd. were relocated and combined in Milton Keynes, north of London.

In 1984, the first computer-controlled container conveying system for Mercedes-Benz replacement parts was put into operation at the regional supply depot in Hannover.

In Sweden, occasioned by a change in ownership of our Swedish general distributor, measures were initiated to better adapt distribution channels to the particular conditions in that country.

For optimal supply to our customers we continued our efforts at home and abroad in establishing central parts depots and close-to-the-customer dealer parts stores. The pilot regional depot set up in Hanover last year turned out to be a success. With the installation of a process controlled container conveyor system we were able to achieve greater operating efficiency, higher parts availability and turnover rates.

New central parts depots were established in Schlieren, Switzerland, New Jersey and Maryland, U.S.A., and Sydney, Australia.

Our overall supply network consists of 183 wholesale and import warehouses plus the central factory depots Sindelfingen (for cars) and Woerth (for commercial vehicles). The service shops and retail stores are all supplied by them. Our parts range currently comprises about 260,000 separate items.

Our entire sales organization was further enlarged in 1984. The sales and service system with distribution companies, retail branches, general distributors and independent
dealers has more than 5,900 outlets throughout the world. A total of 125,000 employees work in sales.

**Financing as Instrument to Promote Sales**

We stepped up our activities in the area of sales financing. The American financing unit Mercedes-Benz Credit Corporation extended its operations to Canada in 1984, so that we can now offer comprehensive vehicle financing throughout the North American market. Financing and leasing agreements for 10,200 (previous year 5,200) vehicles were concluded. The value of new business increased by 95% to the equivalent of DM 1.2 billion. Car leasing was significantly involved in the growth.

The business of Mercedes-Benz Financement of France continued to grow in the year under review. Leases and financing were arranged for 13,800 vehicles. The total financing and leasing volume increased by 48% to the equivalent of DM 756 million. Mercedes-Benz Finance Belgium S.A. and the Italian company Merfina S.p.A. also were able to strengthen their market position in the financing and leasing business.

Our subsidiary Mercedes-Leasing-GmbH, Stuttgart, kept up its gratifying growth. Lease and vehicle sales revenue rose 12% to DM 359 million. Leases were arranged for 7,944 vehicles in all at an investment of DM 280 million. The company expects further growth in its leasing business both in cars and commercial vehicles in future.

**Quality of Service Further Improved**

Our goal is to constantly improve our sales and service package, the prerequisite for which is careful training of all sales and service departments, as well as intensification of direct contact with the customer.

Our market policy includes plans for the redesigning of Mercedes-Benz facilities which are geared to still higher standards as regards quality of our offering, closeness to customers and facility appearance. At the beginning of 1985, we dedicated the new building of our retail branch in Freiburg. For this purpose, DM 35 million were invested, an important step towards better customer service in this area.

Apart from substantial investments in plant and equipment at our factory retail branches, we have particularly expanded our service offerings - body repair and paint work, and the used car business.
### Daimler-Benz Domestic

<table>
<thead>
<tr>
<th>Main Office Area</th>
<th>Scope of Activities, Principal Products</th>
</tr>
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<tbody>
<tr>
<td>Sindelfingen</td>
<td>Body and assembly plant for cars, central spare parts depot for cars, engine production, axle and transmission fabrication, foundry, forging, testing</td>
</tr>
<tr>
<td>Untertuerkheim</td>
<td>Production of engine valves, train components</td>
</tr>
<tr>
<td>Bad Homburg</td>
<td>Production of truck and industrial engines, body and assembly plant for buses, foundry</td>
</tr>
<tr>
<td>Mannheim</td>
<td>Truck assembly including cab construction, central spare parts depot for commercial vehicles</td>
</tr>
<tr>
<td>Gaggenau</td>
<td>Body and assembly plant for Unimog and MB-tract, production of commercial vehicle transmissions and planetary gear axles</td>
</tr>
<tr>
<td>Duesseldorf</td>
<td>Body and assembly plant for vans and mini-buses, production of steering units for cars and trucks</td>
</tr>
<tr>
<td>Kassel</td>
<td>Production of commercial vehicle axles</td>
</tr>
<tr>
<td>Berlin-Marienthal</td>
<td>Parts manufacture for car and commercial vehicle engines, production of small components and production of commercial vehicle engines</td>
</tr>
<tr>
<td>Hamburg</td>
<td>Manufacture of chassis parts and small components for cars and commercial vehicles</td>
</tr>
<tr>
<td>Hanomag-Hanschel GmbH, Hannover</td>
<td>Spare parts depot, stamping parts for commercial vehicles</td>
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<tr>
<td>Holzindustrie Bruchsal GmbH, Bruchsal</td>
<td>Sawmill, wood processing</td>
</tr>
<tr>
<td>Engine Plants</td>
<td>MTU Muenchen: Aircraft engines, gas turbines</td>
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<tr>
<td></td>
<td>MTU Friedrichshafen: High-speed, high-performance diesel engines</td>
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<td></td>
<td>MTU Maintenance, Langenhagen: Repair of civilian aircraft engines</td>
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#### Mercedes-Benz Sales and Service Outlets

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<th>Type</th>
<th>Number</th>
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<td>Retail branches</td>
<td>96</td>
</tr>
<tr>
<td>Large agents</td>
<td>28</td>
</tr>
<tr>
<td>Agents</td>
<td>443</td>
</tr>
<tr>
<td>Franchised service workshops</td>
<td>590</td>
</tr>
</tbody>
</table>

### Daimler-Benz Abroad

#### Production and Assembly

<table>
<thead>
<tr>
<th>Type</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production plants</td>
<td>16</td>
</tr>
<tr>
<td>Assembly plants</td>
<td>25</td>
</tr>
<tr>
<td>Licenses</td>
<td>6</td>
</tr>
</tbody>
</table>

#### Mercedes-Benz Sales and Service Outlets

<table>
<thead>
<tr>
<th>Type</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution companies</td>
<td>21</td>
</tr>
<tr>
<td>Retail stores</td>
<td>470</td>
</tr>
<tr>
<td>Independent importers</td>
<td>120</td>
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<tr>
<td>Agents</td>
<td>41</td>
</tr>
<tr>
<td>Dealers/sub-agents</td>
<td>3,375</td>
</tr>
<tr>
<td>Franchised service workshops</td>
<td>699</td>
</tr>
</tbody>
</table>
Hier gab es ein Produkt- oder Stimmungsbild ohne Text oder Zahlen.
Es wurde in der PDF-Datei weggelassen, um eine nutzerfreundliche Dateigröße zu erreichen.

Here was a product or mood picture without text or figures.
It was omitted in the pdf file to improve the usability of the file size.
The year 1984 was marked by contract disputes over working hours which, in the metalworking industry, led to a bitter seven-week strike, and a much longer strike in the printing industry. In special arbitration, the contract parties in the metalworking industry agreed among other things to a shorter regular workweek as of April 1, 1985. On a factory average, the workweek will be 38.5 hours, but individual working hours can range from 37 to 40 hours. The presently existing machine times are to remain unchanged. The stipulation regarding individual working hours had to be settled on this basis at the local level for the first time. In addition, wage and salary increases and the framework for early retirement were agreed upon.

Daimler-Benz: Internal Agreements on Early Retirement and Shorter Working Hours

At the beginning of November, 1984, we concluded an internal agreement which laid down the ground rules for early retirement as provided for in the Union agreement which became effective October 1, 1984. Under the agreement a fixed number of employees who are at least 58 years of age have, under certain conditions, the right to early retirement.

During the early part of 1985, and after much difficult bargaining, specific working hours were agreed to for each of our factories. All members of management and a number of other employees will continue to work 40 hours per week. Other employees, particularly those who themselves desired a shorter workweek, received 37-hour contracts. The majority have a 38.5 hour individual workweek. For the employees in production especially, the difference between the unchanged machine times and the personal working hours will be balanced by free shifts. For other employees the time will be made up within the flex-time system.

With the settlement of weekly working hours, following agreement on early retirement, Daimler-Benz took the second and decisive step of putting the arbitration ruling into practice. The agreements take into account both company and employee interests, allowing sufficient flexibility and also meeting the exigencies of labor market policy.

Although new ground was broken with the contract stipulations and the local agreements based on them, applying them in practice involved great effort. The introduction on April 1, 1985, went off without any major difficulties.

Constructive Cooperation with Labor Councils

The labor council elections in March of 1984 ended, for the most part, in the endorsement of the incumbents. Despite the contract dispute and the long strike, the cooperation with the plant and retail branch general labor councils was characterized on both sides by a desire for accommodation. This is underscored by the arrangements on early retirement and working hours reached at Daimler-Benz in fulfillment of the contract agreements.

Noticably Higher Employment

Daimler-Benz worldwide employment rose in 1984 from 184,877 to 199,872, and at Daimler-Benz AG from 150,601 to 157,249.

Owing to the favorable trend in the car sector, we were able to hire 6,600 additional employees in Germany in 1984, especially at the enlarged Bremen plant. By year-end, 157,249 people were employed at our domestic factories. To realize the higher targets for car sales in 1985 and to partly make up for the output lost due to the strike, some of the additional personnel needed as of April 1, 1985 were already hired during 1984. The commercial vehicle factories, by contrast, continued to have employment problems. We provided compensating employment through temporary assignment of workers to the car plants (approximately 550 on average throughout the year).
Employees

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Daimler-Benz Group</td>
<td>149,742</td>
<td>155,003</td>
<td>163,302</td>
<td>167,165</td>
<td>174,431</td>
<td>183,532</td>
<td>188,039</td>
<td>185,687</td>
<td>184,877</td>
<td>199,872</td>
</tr>
<tr>
<td>Foreign</td>
<td>123,145</td>
<td>127,016</td>
<td>132,214</td>
<td>135,275</td>
<td>142,164</td>
<td>146,323</td>
<td>149,096</td>
<td>149,116</td>
<td>151,273</td>
<td>158,043</td>
</tr>
<tr>
<td>Domestic</td>
<td>26,597</td>
<td>27,985</td>
<td>31,088</td>
<td>31,890</td>
<td>32,267</td>
<td>37,209</td>
<td>38,443</td>
<td>36,569</td>
<td>33,804</td>
<td>41,829</td>
</tr>
<tr>
<td>Daimler-Benz AG</td>
<td>122,775</td>
<td>126,652</td>
<td>131,807</td>
<td>134,437</td>
<td>141,401</td>
<td>145,532</td>
<td>148,361</td>
<td>148,411</td>
<td>150,601</td>
<td>157,249</td>
</tr>
<tr>
<td>Main Office</td>
<td>6,533</td>
<td>6,726</td>
<td>7,220</td>
<td>7,849</td>
<td>8,180</td>
<td>8,810</td>
<td>9,487</td>
<td>9,644</td>
<td>9,662</td>
<td>9,931</td>
</tr>
<tr>
<td>Plants</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Sindelfingen</td>
<td>30,955</td>
<td>33,232</td>
<td>34,359</td>
<td>34,558</td>
<td>36,551</td>
<td>37,194</td>
<td>38,353</td>
<td>38,594</td>
<td>39,212</td>
<td>41,300</td>
</tr>
<tr>
<td>Bremen</td>
<td>4,099</td>
<td>4,293</td>
<td>4,727</td>
<td>5,994</td>
<td>6,571</td>
<td>6,515</td>
<td>6,309</td>
<td>8,567</td>
<td>7,884</td>
<td>10,254</td>
</tr>
<tr>
<td>Bad Nauheim</td>
<td>692</td>
<td>715</td>
<td>736</td>
<td>767</td>
<td>814</td>
<td>855</td>
<td>861</td>
<td>882</td>
<td>864</td>
<td>893</td>
</tr>
<tr>
<td>Mannheim</td>
<td>12,800</td>
<td>12,901</td>
<td>13,383</td>
<td>13,584</td>
<td>14,053</td>
<td>14,619</td>
<td>14,521</td>
<td>14,423</td>
<td>14,152</td>
<td>14,194</td>
</tr>
<tr>
<td>Woerth</td>
<td>6,887</td>
<td>6,430</td>
<td>6,853</td>
<td>6,774</td>
<td>9,622</td>
<td>10,192</td>
<td>11,055</td>
<td>10,891</td>
<td>10,767</td>
<td>10,743</td>
</tr>
<tr>
<td>Gaggenau</td>
<td>6,680</td>
<td>6,608</td>
<td>8,966</td>
<td>8,860</td>
<td>9,177</td>
<td>9,354</td>
<td>9,707</td>
<td>9,822</td>
<td>9,739</td>
<td>9,662</td>
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<tr>
<td>Dusseldorf</td>
<td>4,401</td>
<td>4,572</td>
<td>4,664</td>
<td>4,921</td>
<td>4,954</td>
<td>5,118</td>
<td>5,088</td>
<td>5,151</td>
<td>5,488</td>
<td>6,404</td>
</tr>
<tr>
<td>Kassel</td>
<td>3,838</td>
<td>3,931</td>
<td>4,089</td>
<td>3,969</td>
<td>4,086</td>
<td>4,341</td>
<td>4,369</td>
<td>4,297</td>
<td>4,062</td>
<td>4,177</td>
</tr>
<tr>
<td>Hamburg</td>
<td>1,736</td>
<td>2,184</td>
<td>2,265</td>
<td>2,385</td>
<td>2,475</td>
<td>2,535</td>
<td>2,673</td>
<td>2,557</td>
<td>2,513</td>
<td>2,479</td>
</tr>
<tr>
<td>Retail branches</td>
<td>14,705</td>
<td>14,693</td>
<td>15,157</td>
<td>15,727</td>
<td>16,673</td>
<td>17,182</td>
<td>16,972</td>
<td>16,533</td>
<td>16,343</td>
<td>16,375</td>
</tr>
</tbody>
</table>
In the year under review, almost 2,900 youngsters took up job training at Daimler-Benz AG. This was a further contribution by us to ease the continuing difficult labor market conditions for youngsters leaving school.

The increase in employment in foreign countries is mostly attributable to the improved employment situation at Mercedes-Benz do Brasil. More than 2,500 employees were added to the work force. In addition, Mercedes-Benz of South Africa, with about 5,400 employees, was included in the group employment figures for the first time.

Domestic Employee Structure

Of the people employed by Daimler-Benz AG at year-end 1984, 108,905 were wage earners, 39,210 salary earners and 9,134 apprentices.

The average employee age at that time was 39, with an average length of service of 12.5 years. At year-end, 21,029 employees had been with the company for 25 years or more. In the year under review, 3,022 employees were honored for 25 years of service while 276 employees celebrated their 40th and 8 their 50th anniversaries with the company.

The number of foreign workers declined by 2,322 to 26,894. A total of 1,625 employees, mostly of Turkish origin, resigned and had their social security contributions and company pension rights paid out under a federal law encouraging return to their home countries. The large percentage of foreign workers (19% of the entire workforce), who continue to be employed at Daimler-Benz, obligate us to keep up our systematic effort to integrate them into the company workforce.

The employment quotas imposed by the law pertaining to the severely handicapped were again met by Daimler-Benz in 1984. In addition, we placed another DM 13 million worth of orders with workshops for the handicapped.

Personnel Expenses and Company Benefits

The following table shows the change in personnel expenses of Daimler-Benz AG. Personnel expenses exclusive of old-age pensions accounted for 26.6% of total sales (previous year 26.3%; compare table on page 78). Wages, salaries and social security levies increased by .9%, to DM 8,548 million.

Wage and salary increases of 3.3% retroactive to July 1, 1984.

Workers must know functions and interrelationships of new production methods inside and out. Instruction on an automatic assembly line at the Untertuerkheim plant.
were agreed upon in all bargaining regions of the metalworking industry. Employees received a retroactive lump-sum payment of DM 250 for the three preceding months under the terms of the contract.

The shorter workweek, averaging 38.5 hours company-wide, took effect on April 1, 1985. Wages and salaries were raised by 2% at the same time. In accordance with the labor contract, the hourly wages of all wage earners were directly raised by another 3.9% in connection with the reduction of working hours. Salary earners working 38.5 hours a week receive the same monthly pay but working 40 hours a week, which is equivalent to an indirect salary increase of 3.9%.

Medical and social security contributions rose again in 1984 due to an increase in the taxable wage base. The actual contribution rates for old-age and unemployment insurance remained unchanged. In its attempt to consolidate the social security system, the government has also made certain one-time payments to employees, which were previously exempt, now subject to social security contributions.

The average Christmas bonus and special remuneration for each eligible employee, excluding trainees, increased to DM 3,042 (previous year DM 2,951). Total payments increased from DM 420 million to DM 447 million.

In accordance with the labor agreement, employees received DM 624 for capital-forming investment purposes. Employees could make use of personal funds to take advantage of an additional investment of DM 312 as provided for by the Fourth Capital Formation Law. As in previous years, we voluntarily contributed another DM 156 per employee. Moreover, employees were able to again acquire either one Daimler-Benz share or, for the first time, one or two shares of Mercedes-Automobil-Holding AG at preferential rates. A total of 77,690 Daimler-Benz employee shares and 10,811 shares of Mercedes-Automobil-Holding AG were thus issued. Since 1973, our employees have purchased more than 494,000 employee shares. Each employee was allowed to put DM 312 into company debt certificates, of which 13,198 employees took advantage. Loans totaling about DM 38 million

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Summary of Personnel Expenses - Daimler-Benz AG

<table>
<thead>
<tr>
<th>Category</th>
<th>1983</th>
<th>1984</th>
<th>Change in %</th>
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</thead>
<tbody>
<tr>
<td>Wages and Salaries (base expenditure)</td>
<td>4,770</td>
<td>4,697</td>
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<tr>
<td>Paid Vacation and Other Time Off</td>
<td>1,778</td>
<td>1,869</td>
<td>4.6</td>
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<tr>
<td>Normal paid vacation (union contract)</td>
<td>728</td>
<td>786</td>
<td></td>
</tr>
<tr>
<td>Additional paid vacation</td>
<td>356</td>
<td>384</td>
<td></td>
</tr>
<tr>
<td>Holiday pay</td>
<td>200</td>
<td>196</td>
<td></td>
</tr>
<tr>
<td>Wage and salary continuation pay during illness</td>
<td>342</td>
<td>333</td>
<td></td>
</tr>
<tr>
<td>Other time off and convalescence</td>
<td>152</td>
<td>161</td>
<td></td>
</tr>
<tr>
<td>Social Levies</td>
<td>1,134</td>
<td>1,162</td>
<td>2.3</td>
</tr>
<tr>
<td>Medical and social security contributions</td>
<td>1,042</td>
<td>1,092</td>
<td></td>
</tr>
<tr>
<td>Contributions to employee trade associations</td>
<td>73</td>
<td>76</td>
<td></td>
</tr>
<tr>
<td>Contributions to Pension Insurance Association</td>
<td>19</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>Special Payments</td>
<td>540</td>
<td>533</td>
<td>1.8</td>
</tr>
<tr>
<td>Christmas and special remuneration</td>
<td>420</td>
<td>447</td>
<td></td>
</tr>
<tr>
<td>Formation of personal capital</td>
<td>120</td>
<td>106</td>
<td></td>
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<tr>
<td>Pay During Training Periods 1)</td>
<td>237</td>
<td>263</td>
<td>11.0</td>
</tr>
<tr>
<td>Social Services 1)</td>
<td>191</td>
<td>196</td>
<td>2.6</td>
</tr>
<tr>
<td>Deduct-amounts included twice</td>
<td>-154</td>
<td>-167</td>
<td>-3.6</td>
</tr>
<tr>
<td>Personnel Expenses (without old-age pensions)</td>
<td>8,496</td>
<td>8,584</td>
<td>1.0</td>
</tr>
<tr>
<td>Old-Age Pensions</td>
<td>770</td>
<td>990</td>
<td>28.6</td>
</tr>
<tr>
<td>Total Personnel Expenses</td>
<td>9,266</td>
<td>9,574</td>
<td>3.3</td>
</tr>
<tr>
<td>of which: shown under “other expenses”</td>
<td>27</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td>Personnel Expenses as shown in “Statement of Income”</td>
<td>9,239</td>
<td>9,539</td>
<td>3.2</td>
</tr>
</tbody>
</table>

1) Without allocated overhead.
were given to employees to help them build or purchase 1,695 apartments or homes. Loans have totaled over DM 293 million in the last ten years. Under the company pension plan 36,176 pensioners, surviving spouses and children received DM 174 million in current benefits. More than 3,200 former employees had vested pension rights at the end of 1984. We helped some 5,500 employees with one-time assistance payments. To cover future benefits, we allocated DM 990 million to pension reserves or to the Daimler-Benz Provident Fund. For the purpose of providing capital funds to cover company pension obligations, a portion of the vested pension and disability benefits was transferred from the Daimler-Benz Provident Fund to Daimler-Benz AG on November 1, 1980. This portion was increased from 40 to 50% in 1984. In addition, we lowered the interest rate assumption used in calculating pension obligations from 4.25% to 3.5%.

Work Conditions, Employment of New Technologies

In the course of expanding and reorganizing production, especially for the production start-up of the compact series and the medium-size Mercedes, a large portion of the facilities had to be re-tooled. Work stations and working conditions of many employees were improved in the process. In planning, we strive to strike a balance between technical and economic requirements and consideration for employees.
Learning with future-oriented office systems. Commercial apprentices in the new training center of the Gaggenau factory. In all, 9,134 (previous year 8,824) apprentices and trainees were employed at Daimler-Benz AG in 1984.

Work methods engineering has the responsibility for preventing undesirable consequences affecting employee work or health. In this, we endeavour to take into account the latest advances in ergonomics.

We take a special interest in older workers and workers who can no longer perform at peak efficiency. In 1984, we summarized our goals and requirements in a set of "principles concerning the employment of older and performance-impaired employees" as regards personnel practices, training, personnel management as well as methods design. Increasingly, new technologies are being put to use in factory shops and offices. We consider them a challenge to a people-oriented design of job processes and contents. We are increasing our activities in providing employees with the skills to meet future requirements.

Growing Importance of Preventive Medicine

A total of 33 plant physicians and 137 trained medical workers were employed by the company health service at the end of 1984. To this must be added private physicians under contract to our retail branches and sub-branches. Work centered on continued improvements in medical care for employees which, apart from personal counseling, in particular, involved preventive measures within the scope of the physical examinations required by law and company policy as well as cooperation in workplace design.

The number of accidents per million productive man-hours rose to 66.4 in 1984 (63.5 in 1983). Thus, the steady decline in accident rates in the past years has not continued. We are responding to this trend with specific prevention programs. The 7.3 % average absentee rate due to illness (based on nominal man-hours) was lower than in 1983. The rate for wage earners declined by .3 percentage points to 8.5 % while the rate for salaried employees increased by .2 points to 4.1 %.

More and More Suggestions

Employees submitted 17,200 suggestions for improvements under the company suggestion program (previous year 16,500). A total of DM 3.7 million was paid out in awards. These figures clearly reflect the willingness of our employees to critically examine their work environment. The further development of the suggestion program is an important goal for the future.

Training Geared to Company Needs

By raising training capacity once more - Daimler-Benz had 9,134 apprentices and trainees at the end of 1984 (previous year 8,824) - we endeavored to meet the demand of the present baby-boom generation for training opportunities. Our annual recruiting capacity in occupational training has almost doubled in the past ten years. We have thus
expanded the volume of training far beyond our own requirements for skilled employees. About 86% of the approximately 2,500 young people who completed training last year were given jobs. Of the rest, many were headed for advanced training or entered family businesses. However, it was oftentimes impossible to place these employees immediately in jobs commensurate with their training.

At year-end, 172 students attending the Vocational Academy had training contracts with Daimler-Benz. Ten years following its start as an experimental model and two years after its incorporation in the educational system of the state of Baden-Wuerttemberg, the Academy has established itself as an alternative to university training.

We again went to great lengths to offer career improvements to our employees and management staff in 1984. Some 59,000 took part in in-house and outside courses, including about 8,400 who went for advanced management training. Continuing technical training for workers acquires growing significance against the background of technological change. We feel it is especially important to initiate activities to help employees accept the new technologies from the start.

The training programs of the major departments, which were expanded last year and which are geared to specific departmental needs, were an important contribution to learning new skills.

Also, in 1984, substantial resources were invested in educational facilities to improve opportunities for vocational training and adult education. At the Gaggenau factory, the new facility for the training department was completed. At the end of 1984, more than 2,400 youngsters were undergoing training in 22 training centers operated by our foreign subsidiary and affiliated companies and distributors, mostly in newly-industrializing and developing countries.
In 1984, our foreign subsidiaries and affiliates made significant contributions to the growth of the group. In countries where we hold ownership interests in commercial vehicle manufacturing companies we were able to defend and partly even improve our overall market position. The structural adjustments and product renewal activities, which had been initiated in the previous years, have had positive effects. Our companies in North and South America successfully took advantage of the improved sales opportunities in their markets. The flexibility and competitiveness demonstrated by our production and distribution companies confirms our expectations of gaining additional sales if recovery continues in these countries.

Consolidated Companies
Larger Contribution to Group Profits

Sales of companies included in consolidation increased by 32% in 1984, to DM 22.3 billion. Of this amount, DM 7.6 billion (previous year 4.6 billion) were accounted for by our manufacturing companies. The growth mostly resulted from the expansion of business in the U.S.A. The sales by distribution companies rose from DM 12.3 billion to DM 14.7 billion. Here again, the growth centered around the U.S.A. The results of operations at the individual companies varied widely. Their contributions to consolidated net income - converted from local currency to D-marks and thus subject to exchange fluctuation - increased to DM 402 million (DM 285 million in 1983).

Again in 1984, our policies at home and abroad were in accord with the "OECD Rules for Multinational Companies".

Consolidated Companies With Their Own Manufacturing Facilities

Mercedes-Benz do Brasil

Brazil's economy grew by more than 4% in real terms in 1984, setting a positive trend after an unusually long and severe recession. The impetus came most of all from sharply higher exports, but in the meantime
also spilling over into the domestic market. However, the inflation rate of over 200% remains a large obstacle to lasting recovery. The favorable balance of trade achieved in 1984 (and expected to be on about the same scale in the coming years) has somewhat alleviated the country’s huge foreign debt problems.

Mercedes-Benz do Brasil S.A., Sao Bernardo do Campo, increased its sales by 27% to 31,423 commercial vehicles. Losses of market share in Brazil were accepted temporarily in favor of substantially higher exports. With home sales of 23,621 commercial vehicles, the company maintained its leading position with a market share of 44% (previous year 50%) for trucks and 84% (previous year 86%) for buses. Exports, 7,802 units (previous year 2,244), more than tripled in 1984. The chief customers were our subsidiaries in the U.S.A. and Indonesia.

The workforce was increased by 2,542 to 13,398, mainly by rehiring former employees.

Sales - converted to D-marks - rose 42% to DM 1.8 billion. Company earnings improved because of the more favorable utilization of capacity and the long-range financing and liquidity policies. Capital investments for modernizing and supplementing the product line and further streamlining production were made according to schedule.

Our subsidiary expects higher sales in 1985 owing to the continuing recovery in Brazil and continued favorable demand for exports.

The foreign manufacturing and assembly companies with Daimler-Benz ownership manufactured commercial vehicles and engines:

<table>
<thead>
<tr>
<th>Ownership</th>
<th>1983 Units</th>
<th>1984 Units</th>
<th>Change in %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Commercial Vehicles</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consolidated companies</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mercedes-Benz do Brasil, Brazil</td>
<td>100.0</td>
<td>22,256</td>
<td>29,311</td>
</tr>
<tr>
<td>Mercedes-Benz Argentina, Argentina</td>
<td>100.0</td>
<td>3,881</td>
<td>4,299</td>
</tr>
<tr>
<td>Freightliner Corp., USA</td>
<td>100.0</td>
<td>11,969</td>
<td>20,588</td>
</tr>
<tr>
<td>Mercedes-Benz Truck Comp., Inc., USA</td>
<td>100.0</td>
<td>2,320</td>
<td>4,685</td>
</tr>
<tr>
<td>Mercedes-Benz (Australia), Australia</td>
<td>100.0</td>
<td>925</td>
<td>1,310</td>
</tr>
<tr>
<td>Mercedes-Benz España, Spain</td>
<td>64.2</td>
<td>9,172</td>
<td>8,203</td>
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<tr>
<td>Mercedes-Benz of South Africa, Republic of South Africa</td>
<td>50.1</td>
<td>3,817</td>
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<td>Other affiliated companies</td>
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<tr>
<td>ANAMMCO, Nigeria</td>
<td>40.0</td>
<td>2,551</td>
<td>1,958</td>
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<td>OTOMARSAN, Turkey</td>
<td>36.0</td>
<td>1,550</td>
<td>1,485</td>
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<td>P.T. German Motor Manufacturing, Indonesia</td>
<td>33.3</td>
<td>2,202</td>
<td>1,901</td>
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<td>National Automobile Industry, Saudi Arabia</td>
<td>26.0</td>
<td>5,192</td>
<td>3,139</td>
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<td><strong>Industrial Engines and Engines for Equipment Manufacturers</strong></td>
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<td>Consolidated companies</td>
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<tr>
<td>Mercedes-Benz do Brasil, Brazil</td>
<td>100.0</td>
<td>7,955</td>
<td>12,893</td>
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<td>Mercedes-Benz Argentina, Argentina</td>
<td>100.0</td>
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<td>Mercedes-Benz España, Spain</td>
<td>64.2</td>
<td>4,514</td>
<td>2,544</td>
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<td>Other affiliated companies</td>
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<td></td>
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<tr>
<td>Iranian Diesel Engine Manufacturing, Iran</td>
<td>30.0</td>
<td>21,383</td>
<td>24,960</td>
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</table>

The commercial vehicle factory of Mercedes-Benz Argentina in Gonzales Cartan outside Buenos Aires. More than 2,000 workers were employed here at the end of 1984. Output was 4,299 trucks and buses (+10.8%) and 2,098 industrial engines (+22.7%).
## Principal Subsidiary and Affiliated Companies - Summary

Net sales for our foreign subsidiaries were converted at average annual exchange rates; changes in currency relations resulted in significant variances, sometimes preventing comparability.

Inclusive of the figures of MTU Maintenance GmbH and of AG Kuehnle, Kopp & Kausch.

Sales for business years 1983/84 and 1982/83 respectively.

These companies manufacture commercial vehicles under their own trademark; they do have, however, licenses for some Daimler-Benz components.

### Subsidiary Companies

<table>
<thead>
<tr>
<th>Subsidiary Companies</th>
<th>Ownership in %</th>
<th>Sales in millions of DM 1983</th>
<th>Sales in millions of DM 1984</th>
<th>Employees at year-end 1983</th>
<th>Employees at year-end 1984</th>
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<td><strong>Manufacturing Companies</strong></td>
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<td>Mercedes-Benz do Brasil S.A., São Bernardo do Campo</td>
<td>100.0</td>
<td>1,306.1</td>
<td>1,848.9</td>
<td>10,856</td>
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<td>Sociedade Técnica de Fundições Gerais S.A., São Paulo (100 %)</td>
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<td>71.7</td>
<td>96.9</td>
<td>1,397</td>
<td>1,941</td>
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<td>Mercedes-Benz Argentina S.A., Buenos Aires</td>
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<td>402.9</td>
<td>546.0</td>
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<td>Freightliner Corp., Portland/Oregon (Group)</td>
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<td>1,969.9</td>
<td>3,647.1</td>
<td>4,867</td>
<td>6,059</td>
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<td>Mercedes-Benz España S.A., Madrid (Group)</td>
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<td>597.4</td>
<td>529.1</td>
<td>3,992</td>
<td>3,487</td>
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<tr>
<td>Mercedes-Benz of South Africa (Pty.) Ltd., Pretoria Car Distributors Assembly (Pty.) Ltd., East London (100 %)</td>
<td>50.1</td>
<td>1,554.1</td>
<td>1,860.8</td>
<td>4,834</td>
<td>5,415</td>
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<td>Holzindustrie Bruchsal GmbH, Bruchsal</td>
<td>100.0</td>
<td>78.2</td>
<td>75.8</td>
<td>438</td>
<td>457</td>
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<tr>
<td><strong>Distribution Companies</strong></td>
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<td></td>
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<tr>
<td>Mercedes-Benz of North America, Inc., Montvale/New Jersey</td>
<td>100.0</td>
<td>6,035.3</td>
<td>7,576.1</td>
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<td>1,910</td>
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<td>Mercedes-Benz Canada, Inc., Toronto (100 %)</td>
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<td>479.0</td>
<td>720.0</td>
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<td>835</td>
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<td>Mercedes-Benz (Australia) Pty. Ltd., Mulgrave/Melbourne (Group)</td>
<td>100.0</td>
<td>1,099.8</td>
<td>1,229.4</td>
<td>1,042</td>
<td>1,056</td>
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<td>Mercedes-Benz (United Kingdom) Ltd., Milton Keynes</td>
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<td>769.6</td>
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<td>Mercedes-Benz Nederland B.V., Utrecht (Group)</td>
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<td>634.3</td>
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<td>1,022</td>
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<td>Mercedes-Benz Belgium S.A./N.V., Brussels (Group)</td>
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<td>108.0</td>
<td>73.0</td>
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<tr>
<td>Mercedes-Benz Hellas S.A., Athens</td>
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<td>181.3</td>
<td>1,878.3</td>
<td>2,528</td>
<td>2,486</td>
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<tr>
<td>SOFIDEL S.A., Rocquencourt Mercedes-Benz France S.A., Rocquencourt (100 %)</td>
<td>99.5</td>
<td>695.9</td>
<td>819.8</td>
<td>724</td>
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<tr>
<td>Mercedes-Benz Italia S.p.A., Rome</td>
<td>88.5</td>
<td>474.5</td>
<td>478.4</td>
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<tr>
<td>Mercedes-Benz (Schweiz) AG, Zurich</td>
<td>51.0</td>
<td>2,297.7</td>
<td>2,400.7</td>
<td>14,316</td>
<td>14,387</td>
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</tbody>
</table>

### Affiliated Companies

<table>
<thead>
<tr>
<th>Affiliated Companies</th>
<th>Ownership in %</th>
<th>Sales in millions of DM 1983</th>
<th>Sales in millions of DM 1984</th>
<th>Employees at year-end 1983</th>
<th>Employees at year-end 1984</th>
</tr>
</thead>
<tbody>
<tr>
<td>MTU Motoren- und Turbinen-Union München GmbH, Munich</td>
<td>50.0</td>
<td>2,379.7</td>
<td>2,400.7</td>
<td>14,316</td>
<td>14,387</td>
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<tr>
<td>MTU Motoren- und Turbinen-Union Friedrichshafen GmbH, Friedrichshafen (83.8 %)</td>
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<td>Anambra Motor Manufacturing Comp. Ltd. (ANAMMCO), Enugu</td>
<td>40.0</td>
<td>331.8</td>
<td>277.7</td>
<td>1,086</td>
<td>878</td>
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<td>Otobüs ve Motorlu Araçlar Sanayii A.S., Istanbul</td>
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<td>261.1</td>
<td>266.7</td>
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<td>1,954</td>
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<td>P.T. German Motor Manufacturing, Jakarta</td>
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<td>175.5</td>
<td>212.3</td>
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<td>1,486</td>
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<td>363.8</td>
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<td>Iranian Diesel Engine Manufacturing Comp., Tabriz</td>
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<td>231.5</td>
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<td>Bajaj Tempo Ltd., Poona</td>
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<td>17,405</td>
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<td>Tata Engineering and Locomotive Comp. Ltd., Bombay</td>
<td>12.4</td>
<td>51.0</td>
<td>365.6</td>
<td>473</td>
<td>322</td>
</tr>
</tbody>
</table>

1) Net sales for our foreign subsidiaries were converted at average annual exchange rates; changes in currency relations resulted in significant variances, sometimes preventing comparability.

2) Inclusive of the figures of MTU Maintenance GmbH and of AG Kuehnle, Kopp & Kausch.

3) Sales for business years 1983/84 and 1982/83 respectively.

4) These companies manufacture commercial vehicles under their own trademark; they do have, however, licenses for some Daimler-Benz components.
SOFUNGE, Brazil

SOFUNGE SA, Sao Paulo, a wholly-owned subsidiary of Mercedes-Benz do Brasil SA, supplies castings to the Brazilian motor vehicle industry. The company profited from the pickup of the motor vehicle market and more than doubled its output of castings compared with the previous year (about 42,000 tons in 1984). Employment rose 39 %, to 1,941.

Converted to D-marks, sales increased by 35 % to DM 97 million. The capital investments made in the past years to modernize the casting and melting operations resulted in a disproportionately large improvement in profits compared to sales.

Mercedes-Benz Argentina

After a slight business pickup, Argentina's economic activities dropped again in the second half of the year. The inflation rate (consumer price index) rose from 434 % in 1983 to 688%. Car sales were up 12 %, commercial vehicle sales 30 %.

Mercedes-Benz Argentina sold 4,369 commercial vehicles (+ 9 %), almost all on the domestic market. The company's share of the Argentinian commercial vehicle market was 54 % (previous year 55 %). The expansion of output permitted raising employment by 10.7 % to 2,076.

Sales, converted to D-marks, went up 36 % to DM 546 million. The company, which had already shown a profit again in 1983, noticeably improved the results of operation.

Freightliner, U.S.A

The strong economic upturn in North America produced a sharp rise in demand for commercial vehicles. Heavy-duty truck sales, in particular, increased in the U.SA to 138,000 units (previous year 82,000). With 134,000 unit sales (previous year 106,000) the U.S. market for mediums also grew significantly.

Owing to an improved product range and keen sales efforts, Freightliner succeeded in strongly expanding heavy-duty truck sales in the U.S.A. and Canada, for a combined increase of 71 %, to 20,516 units.

Despite a step-by-step increase of daily output, the company could not entirely satisfy the demand for heavy-duty trucks. Consequently, its U.S. market share declined slightly to 12.8 % (previous year 13.4 %), while its Canadian market share was further increased to 12.8 % (previous year 10.4 %).

Sales of the medium-duty Mercedes-Benz trucks assembled in Hampton, Virginia, from components imported from Brazil went up 42 %, to 4,453 units. In this hotly contested market segment (diesel and gasoline trucks) we just about maintained our market share, at 2.6 %. Effective January 1, 1985,
Freightliner took over Canadian sales of medium-duty trucks from Mercedes-Benz Canada.

The Freightliner group was able to raise employment to 6,059 (previous year 4,867) owing to the substantial increase in sales and output. Group sales rose 66% on a dollar basis. Converted to D-marks, sales were up 85% to DM 3.6 billion. The company’s success in improving efficiencies and the high rate of capacity utilization substantially contributed to satisfactory earnings.

We expect commercial vehicle markets in North America to decline in 1985 due to deregulation of the trucking industry. By adding to its product line, Freightliner is endeavoring to strengthen its market position even more. In the further development of the heavy-duty line, jointly with the parent company in Stuttgart, it will become possible for the first time to use certain components from the Woerth line in Freightliner trucks. We shall successively supplement our medium-duty conventionalals with COE models to serve this growing market segment. This product policy is our response to a further stiffening of competition brought about by the gradual entry of Japanese manufacturers.

### Mercedes-Benz Espana

The Spanish commercial vehicle market declined in 1984 for the fourth year in a row. The van market, in which Mercedes-Benz Espana is substantially involved, declined 8%. At the same time, the conquest of market shares by other European manufacturers, which had already been observed the year before, continued. The market share of imported vans reached 21% (1983: 15%).

By contrast, the domestic manufacturers had a 14% drop in sales. This trend points to the great difficulties which have to be overcome by the automobile industry in Spain, especially in the light of that country’s entry into the Common Market.

The output of Mercedes-Benz Espana was cut back 11% to 8,203 vans. The market share fell to 38% (previous year 41%). The sales of imported Mercedes vehicles, which had risen continually over the past years despite heavy import duties, dropped for the first time below the previous year’s level in anticipation of Spain’s imminent membership in the Common Market.

In the spring of 1985, modernization of the current range of light vans was initiated. It is also planned to round out the range at the bottom end. The smaller vehicle, with payloads to 800 kg, will be jointly designed by Daimler-Benz and Mitsubishi on the basis of the successor model to the L 300 van, and will go into production at the Vitoria plant of Mercedes-Benz Espana at the end of 1987.

### Mercedes-Benz of South-Africa

In March, 1984, Mercedes-Benz of South Africa became a member of the Daimler-Benz Group. Our equity ownership amounts to 50.1%.

The South African economy was backpedaling again by mid-1984. This trend must be expected to continue in 1985. The further slide in the price of gold, the third year of unrelenting drought, and the measures taken by the government to fight rising inflation have adversely affected the course of business. The automobile industry, which is highly dependent on imported parts, was burdened by a drop in the exchange rate of the South African currency. Contrary to original expectations, demand for cars declined.

Our subsidiary succeeded, however, in boosting sales of Mercedes cars to 15,944 units (previous year 12,956) and in enlarging the market share to 5.7%. Also, sales of the Honda models, manufactured under license, increased by 7% to 10,549 (previous year 9,864).

In a no-growth commercial vehicle market in South Africa, our sales of 4,362 commercial vehicles were slightly higher than the previous year (4,313). The company defended its position in the GVW class over 7.5 tons, capturing about 25% of the market. Sales, converted to D-marks, increased by 7% to DM 1.7 billion. Earnings were once again satisfactory. The difficult situation of the economy...
as a whole, which is likely to grow worse in 1985, may also impair business at Mercedes-Benz of South Africa.

Distribution Companies

Mercedes-Benz of North America and Mercedes-Benz Canada

The car market also profited from the vigorous economic expansion in the U.S.A. Our North American distribution companies Mercedes-Benz of North America, Inc., Montvale, U.S.A., and Mercedes-Benz Canada, Inc., Toronto, increased sales to dealers by 15 % to 85,965 cars (previous year 74,444). Our compact 190 series played a large part in this increase, but demand for S-Class cars, coupes and SL roadsters also grew. Owing to the renewed preference of American customers for gasoline cars, the diesel car market again contracted by about a fourth. This trend was also felt by us. However, Mercedes diesel cars still are of great significance to our U.S. business, accounting for 49 % of sales (1983: 73 %). We expect higher car sales in North America in 1985.

Considerable resources were employed again in 1984 to strengthen the sales and service network. The parts depots in New Jersey and Maryland and the service school in Montvale have already begun operating. The retail store and workshop building in Hollywood is still under construction. Completion is scheduled for the summer of 1985.

Sales of both companies increased by 13 % in the U.S.A. and by 11 % in Canada. Converted to D-marks, consolidated sales went up 26 %, to DM 7.6 billion. The expansion of business and the favorable dollar exchange rate again resulted in gratifying earnings.

Mercedes-Benz Credit Corporation, U.S.A.

In 1984, Mercedes-Benz Credit Corporation, Norwalk, Connecticut, which offers sales financing for heavy-duty Freightliner trucks, medium-duty Mercedes trucks and Mercedes cars, expanded its loan and leasing business by 89 % to $ 593 million (DM 1.9 billion). The growing importance of the car leasing business, which was only taken up in 1983, was a major factor in the expansion. The company’s dollar profits were satisfactory in 1984.

As of October, 1984, MB-Credit also offers financing for heavy-duty Freightliner trucks in Canada through a newly established subsidiary. It is planned to extend financing to Mercedes vehicles as well in the course of 1985.

Mercedes-Benz France

The French car market continued to decline in 1984. New car registrations totaling 1.8 million units were about 13 % less than in 1983. With the keen demand for our cars unchanged, Mercedes-Benz France only sold 20,658 cars (previous year 21,012) because of the strike-induced delivery shortfall. The compact series, which was expanded by the 190 D, accounted for 51 % of all our cars sold in France. New truck registrations
Our subsidiary Mercedes-Benz of North America was the sponsor of the New York Marathon in October, 1984. In the foreground a 300 TD with time display.

(2 tons GVW and up) declined another 8% in 1984. Contrary to the market trend, sales of our distribution company were up 4%, to 15,397 trucks. Our market share went to 11.4% (previous year 10.4%). Converted to D-marks, sales of Mercedes-Benz France rose 4%, to DM 1.9 billion. The company's profit situation remained unsatisfactory in 1984 because of fierce price competition in the commercial vehicle market.

Mercedes-Benz United Kingdom

Following the strong growth of the previous years the U.K. car market declined by 2.3% in 1984, to 1.75 million units. In contrast, Mercedes-Benz (United Kingdom) extended its position in the car market. Despite temporary inventory shortages, our car sales in the U.K. increased by 15.1% to 16,031 units. Instrumental to this success was the 190 series which had only been introduced at the end of 1983. It accounted for about 25% of our car sales.

Truck registrations (2 tons GVW and up) rose again slightly, by .6% to 169,000 units. Importers boosted their share of the market to 41% (previous year 39.5%). Our subsidiary approximated the previous year's result with sales of 11,082 commercial vehicles.

The heavy-duty truck market above all was characterized by fierce competition as to price and selling.

Sales increased by 12% to the equivalent of DM 1.2 billion. Earnings improved over the previous year.

The new central parts depot in Milton Keynes, situated between London and Birmingham, began operation at the turn of the year 1983/84. Since then, the main offices have also relocated there.

Mercedes-Benz Nederland

The car market in the Netherlands grew only slightly in 1984. The trend to smaller cars continued. Despite this, Mercedes-Benz Nederland B.V., Utrecht, increased sales by 22% to 9,965 units. Owing to the effects of the strike, not all opportunities for sales could be exploited.

In the traditionally strong diesel car market of the Netherlands the new 190 D was an important supplement to our range.

The truck market (2 tons GVW and up) grew 22%. The structural shift to heavy-duty vehicles, which had already been observed in 1983, continued in 1984. Aided by the introduction of the new generation of trucks from 6.5 tons to 13 tons, Mercedes-Benz commercial vehicles sales went up 14%, to 6,280 units despite fierce price competition.

Sales, converted to D-marks, increased 15%, to DM 770 million. The results of operations were again satisfactory.
Mercedes-Benz Belgium

The Belgian car market has stabilized in 1984. Mercedes-Benz Belgium SA/N.V., Brussels, could not avail itself of all opportunities for sales due to supply problems, but our car sales, 11,234 units, were distinctly higher than in 1983 (10,373). Again in 1984, the truck market showed no signs of growth. We faced a further stiffening of competition there. With 3,052 unit sales, the company sold 9 % fewer trucks than the year before. The market share for trucks of 2 tons GVW and up declined from 15.7 % to 14.3 %. Sales rose to DM 634 million (1983: DM 606 million), but are not entirely comparable with 1983, as sales financing activities had been transferred in the interim to the company’s own financing unit, Mercedes-Benz Finance Belgium. The results of operations were satisfactory.

Mercedes-Benz Italy

Following three years of no growth, the Italian economy had a small upturn which favorably influenced car business too. The overall car market grew by 3.4 %. Mercedes-Benz Italia S.p.A., Rome, was able to raise its sales 20 %, to 14,660 cars. Our compact 190 series enjoyed great popularity.

Whereas the Italian commercial vehicle market in 1984 was still dull, unit sales of Mercedes-Benz climbed 3 %, to 4,500. The truck market in Italy continues to be characterized by keen price competition.

Sales in local currency increased 22 %. In D-mark terms, sales were up 18 %, to DM 820 million. The results of operations were better than the previous year but are still not satisfactory because of the pressure on earnings in the commercial vehicle business.

Mercedes-Benz Switzerland

The Swiss car market declined 2.3 % in 1984. New car registrations totaled 267,488. Contrary to this trend, Mercedes-Benz (Schweiz) AG, Zurich, expanded sales by about 11 % to 5,300 cars, despite strike-induced shortages. The compact 190 series accounted for more than half of our sales in Switzerland. Demand for commercial vehicles picked up a little for the first time in two years. Our subsidiary managed to increase van sales, but had to take a drop in overall sales by 1 % to 2,839 units. Sales revenue was the equivalent of DM 478 million, on a par with 1983 (DM 475 million). Despite the stiff competition in the commercial vehicle market, earnings were once again satisfactory.

Mercedes-Benz Australia

In Australia, the general economic upswing also stimulated the motor vehicle market. Car sales were up 10 %, commercial vehicle sales 19%. Mercedes-Benz (Australia) Pty. Ltd., Mulgrave/Melbourne, consolidated its leadership in the luxury car market and extended its share of the heavy-duty truck market. A total of 3,198 cars (+15 %) and 1,522 commercial vehicles (+42 %) were sold. The growth in the commercial vehicle sector was the result also of deliveries of Unimogs under a major contract, in addition to the increased demand for trucks.

Group sales increased by 50 % to the equivalent of DM 720 million. Results of operations were satisfactory.
Mercedes-Benz Hellas

Mercedes-Benz Hellas S.A., Athens, has also been affected by the unchangingly difficult business situation in Greece. Even though only 214 (previous year 263) Mercedes cars were sold, our market share increased in the category in which we compete. Sales of vans and trucks were down from 676 to 501 units.

Sales revenue in local currency fell 22%. Converted to D-marks, revenue was down 32% to DM 73 million. The company’s profit picture remained unsatisfactory.

Other Affiliated Companies

MTU Companies

The MTU Group - MTU Motoren- und Turbinen-Union Muenchen GmbH, MTU Motoren- und Turbinen-Union Friedrichshafen GmbH, MTU Maintenance GmbH, Hannover-Langenhagen, and Aktiengesellschaft Kuehnle, Kopp & Kausch (KKK), Frankenthal - had consolidated sales in 1984 of DM 2.4 billion, about the same as in 1983 but with different trends at the respective companies. The companies are involved in development and production of large aircraft engines, heavy-duty diesel engines, as well as turbochargers and industrial blowers.

At MTU Muenchen, development and production facilities for jet engines again operated at full capacity. The growing significance of the civilian engine business was reflected
by incoming orders in 1984. The essential development activities of the coming years will revolve around this promising high-technology business.

At MTU Friedrichshafen, the unfavorable economic situation of many buyer countries resulted in a slight contraction of demand for diesel engines following an extended period of growth. To maintain the high level of sales thus far attained, the company has systematically continued its efforts to streamline production further and open up new markets.

MTU Maintenance once more successfully enlarged its range of maintenance and repair services for civilian aircraft engines and expanded sales revenue and workforce appreciably.

The business of AG Kuehnle, Kopp & Kausch was influenced by the favorable trend in the turbocharger division, while sales of fans, compressors and steam turbines hovered at the level of the previous year. Year-end order inflow indicated a pickup of demand for large blowers.

At home, the MTU Group had 14,387 employees at year-end (previous year 14,316). With an order backlog totaling about DM 4 billion, which will take several years to work off, employment for 1985 is ensured.

After due provision for income taxes, the MTU Group paid DM 14 million for 1984 to each of the two current shareholders, Daimler-Benz and M.A.N., in accordance with the profit and loss transfer agreement.

As already reported, Daimler-Benz acquired on March 14, 1985 MAN.'s 50 % ownership interest in MTU Muenchen GmbH.

Deutsche Automobilgesellschaft

Deutsche Automobilgesellschaft mbH, Hannover, carried on its research and development work in the areas of electrical engineering and electrochemical storage systems in 1984. Daimler-Benz AG and Volkswagenwerk AG each own half of the company.

The results of past research in the field of industrial batteries are utilized by DAUG-Hoppecke Gesellschaft fuer Batteriesysteme mbH, which is jointly owned by Deutsche Automobilgesellschaft and Accumulatorenwerke Hoppecke Carl Zoellner & Sohn GmbH & Co. KG, Brilon. Production of the novel nickel-cadmium batteries for stationary applications, taken up in 1983, was expanded as planned.

Earnings were shared equally by both partners in accordance with the profit and loss transfer agreement.

NAW Nutzfahrzeuggesellschaft, Switzerland

In its first full year of business, NAW Nutzfahrzeuggesellschaft Arbon & Wetzikon AG, while steadily extending the model offering, delivered 765 (previous year 348) special purpose vehicles, assembled, converted and equipped for Daimler-Benz on the basis of the Mercedes heavy-duty truck line. In addition, NAW assembled 577 (previous year 192) Saurer heavy-duty cross-country trucks for customers in Switzerland.

In the bus field, the work begun in 1983 on bus chassis specially tailored to Swiss requirements was successfully continued. Several models have gone into production. NAW also began supplying the first

Mercedes-Benz tank trucks supplying Australia's interior. The extraordinary climatic and geographic conditions demand particularly sturdy and powerful trucks.
chassis for small line-haul buses and touring coaches, which are new in the Mercedes-Benz bus range.

The company had 436 employees at the end of 1984 (previous year 380). Sales rose to the equivalent of DM 84 million (previous year DM 38 million). Results of operations were positive allowing offset of the prior year’s start-up costs.

ANAMMCO, Nigeria

The measures initiated by the new Nigerian government to stabilize the critical economic situation made it increasingly difficult to supply industry with materials and, therefore, also handicapped production at Anambra Motor Manufacturing Company Ltd. (ANAMMCO). The market for commercial vehicles of over 5 tons GVW declined in this situation from a total of about 7,000 units in 1983 to about 4,000 in 1984. Despite a drop in sales of 44 % to 1,940 commercial vehicles, ANAMMCO maintained its market share at 48 %.

Sales revenue decreased to the equivalent of DM 278 million (previous year DM 322 million). Nevertheless, results of operations were break-even. Due to Nigeria’s strong dependence on world oil market trends, an improvement of the general economic situation should not be expected in 1985.

NAI, Saudi Arabia

In Saudi Arabia, too, economic growth was impeded by further dwindling of oil revenues.

In 1984, National Automobile Industry Company Ltd. (NAI) had to cut back assembly of Mercedes commercial vehicles by 40 % to 3,139 units. We defended our market share even though sales of imported, completely built-up vehicles also declined. The company’s sales - converted to D-marks - declined by only 28 % to DM 366 million, owing to the shifting of demand towards heavy-duty commercial vehicles. However, a profit deterioration, in comparison to last year, could not be prevented.

Because of the situation on the oil markets, a business upturn of any sizeable dimensions cannot be expected in 1985.

OTOMARSAN, Turkey

The continuing political stability and the liberalization of economic policy together with the remarkably successful exporting activities have bolstered confidence in the Turkish economy.

The trend was up in the commercial vehicle market, but sales of locally manufactured vehicles were temporarily handicapped by large imports of used vehicles.

Ototobus ve Motorlu Araclar Sanayii A.S. (OTOMARSAN), Istanbul, again operated at full capacity, selling 1,526 buses (previous year 1,501). Due to the high cost of financing, domestic sales were down 20 %, but were compensated for by higher exports.

Sales in local currency increased by 49 %. Converted to D-marks, the increase was 2 %, to DM 267 million. Results of operations were once again satisfactory.

The number of shareholders could be increased concurrent with the expansion of OTOMARSAN’s activities, i.e. production of medium and heavy-duty trucks and diesel engines, the raising of production capacity for buses and takeover of the distributorship function for the entire range of Mercedes-Benz products. The capital stock - Daimler-Benz AG continues to own 36 % - was increased from TL 550 million to TL9 billion (about DM 64 million). The intention is to raise the capital stock to TL 12 billion. Meanwhile, OTOMARSAN has begun expanding the Aksaray plant. The commencement of vehicle and engine production is scheduled for the beginning of 1986. Upon takeover of the general distributorship function, OTOMARSAN began importing and selling cars at the start of 1985.

IDEM, Iran

The Gulf War has impeded Iranian foreign trade and slowed the country’s industrial growth. Output by the licensees producing Mercedes-Benz commercial vehicles continued at high levels, so that the sales of diesel engines manufactured under license by our affiliate Iranian Diesel Engine Manufacturing Company (IDEM) in Tabriz were boosted another 18 % to 24,802 units.

Sales in local currency rose 20 %, and in D-marks by 28 % to DM 376 million. The gratifyingly high capacity
utilization again resulted in a profit. A gradual expansion of production capacities in line with the long-range market trend is planned.

**German Motor, Star Motors and Star Engines Indonesia**

The Indonesian economy suffered from low oil exports again in 1984. The automobile market hovered at the level of the previous year. In the commercial vehicle business, demand for small vans increased, but sales of light and medium-duty commercial vehicles declined again, by 19%.

Our Indonesian affiliates P.T. German Motor Manufacturing, Wanaherang (assembly and manufacture), and P.T. Star Motors Indonesia, Jakarta (import and marketing), were less strongly affected by these trends. Their sales declined merely 8% to 1,830 commercial vehicles owing to the success of the newly introduced truck models. Car sales increased 20% to 758 units.

Sales revenue rose 21% to the equivalent of DM 212 million (previous year DM 176 million). The company almost broke even despite stiff competition in the commercial vehicle market.

P.T. Star Engines Indonesia, included in consolidation for the first time, took up assembly of Mercedes engines in the 62 kW to 125 kW power range (85 hp to 170 hp) in the spring of 1985 as planned. This provides the essential prerequisites for strengthening our position in this major Southeast Asian market while observing Indonesia's industrialization rules.

**FAP FAMOS, Yugoslavia**

The Yugoslavian economy in 1984 was burdened to a far larger degree than in previous year by stability measures, import restrictions and currency controls. The motor vehicle industry was not always ensured a steady supply of materials. Our joint venture partner FAP FAMOS, Belgrade, consequently had to reduce output to 4,705 commercial vehicles (previous year 5,453), but more or less maintained its market share.

Sales in local currency increased 68%. Sales, converted to D-marks, came to DM 572 million (previous year 567 million). Results of operations were positive.

**Daimler-Benz Austria**

Daimler-Benz Oesterreich Vertriebsgesellschaft mbH, Salzburg, of which we own 50%, coordinates for our vehicles the sales activities of the Austrian provincial distributors. The company takes direct responsibility, however, for bus sales to end users.

Following the repeal in 1983 of depreciation limitations, which caused a strong increase in car sales, particularly of Mercedes-Benz cars, demand for cars normalized in 1984.

Our deliveries to Austria declined by 16% to 7,182 cars due also to strike-related shortages. Our share of the overall market came to 3.3% as in the year before. With the market for commercial vehicles showing practically no growth, our deliveries of trucks (2 tons GVW and up) rose by 7.7% to 3,076 units.
Principal Subsidiaries and Affiliated Companies
<table>
<thead>
<tr>
<th>Domestic</th>
<th>Foreign</th>
</tr>
</thead>
<tbody>
<tr>
<td>MTU Motoren- und Turbinen-Union Muenchen GmbH München</td>
<td>Anambra Motor Manufacturing Co. Ltd. (ANAMMCO) Enugu/Nigeria</td>
</tr>
<tr>
<td>DM 156,600,000</td>
<td>N124,000,000</td>
</tr>
<tr>
<td>50% owned</td>
<td>40% owned</td>
</tr>
<tr>
<td>83.8% owned</td>
<td></td>
</tr>
<tr>
<td>MTU Motoren- und Turbinen-Union Friedrichshafen GmbH Friedrichshafen</td>
<td>National Automobile Industry Company Ltd. (NAI) Jeddah/Saudi Arabia</td>
</tr>
<tr>
<td>DM 50,000,000</td>
<td>SR 70,000,000</td>
</tr>
<tr>
<td>26% owned</td>
<td>(DM 61.6 million)</td>
</tr>
<tr>
<td>MTU Maintenance GmbH Langenhagen</td>
<td>Otobüs ve Motorlu Araçlar Sanayii Anonim Sirketi (OTOMARSAN) Istanbul/Turkey</td>
</tr>
<tr>
<td>DM 30,000,000</td>
<td>TL 8,000,000,000</td>
</tr>
<tr>
<td>100% owned</td>
<td>(DM 64.0 million)</td>
</tr>
<tr>
<td>36% owned</td>
<td></td>
</tr>
<tr>
<td>AG Kühne, Kopp &amp; Kausch Frankenthal</td>
<td>P.T. German Motor Manufacturing Jakarta/Indonesia</td>
</tr>
<tr>
<td>DM 14,000,000</td>
<td>Rp 5,103,000,000</td>
</tr>
<tr>
<td>61.6% owned</td>
<td>(DM 14.9 million)</td>
</tr>
<tr>
<td>33.9% owned</td>
<td></td>
</tr>
<tr>
<td>Deutsche Automobilgesellschaft mbH Hannover</td>
<td>P.T. Star Motors Indonesia Jakarta/Indonesia</td>
</tr>
<tr>
<td>DM 5,000,000</td>
<td>Rp 845,720,000</td>
</tr>
<tr>
<td>50% owned</td>
<td>(DM 2.5 million)</td>
</tr>
<tr>
<td>49% owned</td>
<td></td>
</tr>
</tbody>
</table>

| 12 Housing companies of which: Stralsprengl Wohnbaustatt GmbH Spremberg | |
| DM 44,280,000 | |
| 50% owned | |
| DM 7,000,000 | |
| 50% owned | |
| Wohnbau Gaggenau GmbH Gaggenau | |
| DM 5,000,000 | |
| 50% owned | |

| Foreign | |
|---------| |
| Iranian Diesel Engine Manufacturing Company (IDEM) Tabriz/Iran | |
| IR 2,000,000,000 | |
| (DM 67.1 million) | |
| 50% owned | |
| Tata Engineering and Locomotive Corp. Ltd. (TELCO) Bombay/India | |
| IR 542,000,000 | |
| (DM 132.4 million) | |
| 12.4% owned | |
| Bajaj Tempo Ltd. Poona/India | |
| IR 31,955,658 | |
| (DM 8.1 million) | |
| 26.3% owned | |
| Daimler-Benz Oesterreich Vertriebgesellschaft mbH Salzburg/Austria | |
| ES 1,000,000 | |
| (DM 1 million) | |
| 50% owned | |
| NAW Heizfahrzeuggesellschaft Arbit & Wellis AG Arbon/Switzerland | |
| CHF 10,000,000 | |
| (DM 16.2 million) | |
| 40% owned | |

- Manufacturing or assembly companies
- Distribution and service companies
- Real estate, finance and holding companies
- Other companies
- Capital converted into DM at year-end exchange rates
- On March 14, 1985, Daimler-Benz purchased from MAN their 50% share in MTU Muenchen
- Ownership interest 61.6% of voting stock (DM 7,000,000)
- New additions or changes
Hier gab es ein Produkt- oder Stimmungsbild ohne Text oder Zahlen.
Es wurde in der PDF-Datei weggelassen, um eine nutzerfreundliche Dateigröße zu erreichen.

Here was a product or mood picture without text or figures.
It was omitted in the pdf file to improve the usability of the file size.
Financial Statements Daimler-Benz AG
Balance Sheet

Asset and Capital Structure

Capital expenditures amounted to DM 2.1 billion. After deducting depreciation allowances and fixed assets disposals/retirements, property, plant and equipment and financial assets declined DM .2 billion to DM 5.8 billion; they represent 30 % (last year 33 %) of total assets. Current assets rose DM 1.5 billion to DM 13.7 billion; the increase was about equally distributed between receivables and other assets, including marketable securities.

Stockholders’ Equity - consisting of capital stock, retained earnings and 40 % of special equity reserves - rose DM .4 billion to DM 5.6 billion. This increase was largely due to the transfer to retained earnings of half of the net income for the year. The ratio of stockholders’ equity to total capitalization remained unchanged at 29 %. Included in borrowed capital are provisions which increased to DM 9.5 billion (last year DM 8.4 billion); in relation to total capitalization, they amount to 49 % (last year 46 %). This increase pertained primarily to the pension provisions and to the provision for pre-retirement obligations.

Fixed Asset Coverage

The ratio of stockholders’ equity to fixed assets improved to 96 % (last year 88%) on account of opposing trends for both items. Inventories and substantial portions of current assets continue to be financed by long and medium-term borrowed capital. Assets

Fixed Assets

Fixed assets declined DM .3 billion, to DM 4.6 billion. Additions amounted to DM 1.9 billion (including small amounts relating to the absorption of Rohtex AG). In contrast, depreciation and disposals amounted to DM 2.2 billion. As in the previous year, fixed assets are valued at acquisition or manufacturing costs, reduced by accumulated depreciation. The opportunities for special tax-deductible accelerated depreciation allowances were fully utilized, mostly in connection with Section 7d of the Income Tax Act and Section 82d of the Income Tax Regulation (environmental protection, and research and development investments), Section 14 of the Berlin Development Law and Section 3 of the Zonal Border Area Development Law. Investment tax credits earned were used to reduce the relevant acquisition costs. The acquisition costs of in-house-produced fixed assets include direct materials, direct labor and manufacturing overhead (exclusive of depreciation and administrative costs).

Scheduled depreciation allowances were calculated generally using the following useful lives: 17 to 25 years for buildings, 10 to 17 years for site improvements, 3 to 10 years for machinery and plant, 2 to 10 years for factory and office equipment. Machinery used for multishift operations was depreciated using correspondingly lower useful lives.

Movable property with a useful life of 4 years or more is depreciated using the declining-balance method. We change from the declining-balance method to the straight-line method of calculating depreciation when the equal distribution of the remaining net book value over the remaining useful life leads to higher depreciation amounts. Assets of small value are expensed in the year of acquisition.

Depreciation on 1984 additions, including transfers from construction in progress and advance payments relating to property, plant and equipment, and capitalized in prior years, was as follows:

<table>
<thead>
<tr>
<th>Additions, including transfers in millions of DM</th>
<th>Depreciation in millions of DM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land with office, factory and other buildings and leasehold rights</td>
<td>374</td>
</tr>
<tr>
<td>Land with dwellings</td>
<td>5</td>
</tr>
<tr>
<td>Buildings and land owned by others</td>
<td>63</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>976</td>
</tr>
<tr>
<td>Factory and office equipment</td>
<td>869</td>
</tr>
<tr>
<td>Construction in progress and advance payments relating to buildings and plants</td>
<td>289</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,872</strong></td>
</tr>
</tbody>
</table>
Daimler-Benz has recorded leasehold rights in favor of third parties who have built factory and office buildings for our plants and retail branches on land owned by the company. As of December 31, 1984, there were 15 (last year 14) leasing agreements for buildings and improvements; payments for such leases amounted to DM 17 million (last year DM 15 million).

**Investments in Subsidiaries and Affiliated Companies**

The balance sheet amount of investments in subsidiaries and affiliated companies rose DM 74 million to DM 1,052 million. Additions for the year amounted to DM 195 million of which DM 32 million were accounted for by domestic companies, mostly due to a capital stock increase at Mercedes-Leasing-GmbH, Stuttgart. Foreign companies accounted for DM 163 million, largely due to capital stock increases at Mercedes-Benz Espana S.A., Madrid, Mercedes-Benz of South Africa (Pty) Ltd., Pretoria, and Otomarsan Otobus ve Motorlu Areolar Sanayii A.S., Istanbul. The absorption of Rohutex AG, Stuttgart, by Daimler-Benz AG lead to a reduction in this account of DM 24 million.

Unchanged from last year, investments in subsidiaries and affiliated companies were valued according to the lower-of-cost-or-market principle. The investment write-down of DM 97 million pertained to our Spanish companies.

**Inventories**

Inventories increased immaterially by DM 36 million to DM 2,934 million. The DM 119 million reduction in finished goods, and goods purchased for resale was more than offset by a DM 155 million increase in raw materials and manufacturing supplies. The increase in the last item was also due to the scheduled increase of car production for 1985.

The methods of inventory valuation remained unchanged. Raw materials and manufacturing supplies were valued at the lower of cost or market. Finished goods were valued including direct materials, direct labor and applicable manufacturing overhead. Reasonable deductions were made especially for obsolescence due to design changes or after longer storage periods.

**Receivables**

Receivables rose DM 745 million to DM 4,170 million. The increase related mostly to receivables from affiliated companies (including notes receivable from affiliated companies) as a result of expanded business volume between related companies. We have reduced the amount of non-interest bearing receivables by discounting them to maturity. In valuing our receivables we have again made allowance for all known risks.

**Cash and Temporary Investments in Securities**

Cash and temporary investments in securities rose DM 187 million, to DM3,251 million. Additional liquid funds were invested in short and medium-term debt instruments, which represent by far the single largest item in the balance sheet caption "Other Assets".

**Treasury Stock**

For the purpose of issuing shares under the employee stock purchase plan, a total of 50,000 shares (with a par value of DM 2.5 million = .15 % of total common stock) was purchased during the year at an average price of DM 600 a share, namely 2,000 shares in January and 48,000 shares in February.

In November, 77,690 shares (with a par value of DM 3.9 million = .23% of total common stock) were sold to our employees at a preferential purchase price of DM 260 a share. As of December 31, 1984, we held 30,265 shares (with a par value of DM 1.5 million = .09 % of total common stock) which had been purchased in 1984. The shares were valued at DM 8.9 million.
Balance Sheet Structure - Daimler-Benz AG

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance Sheet Total</strong></td>
<td>6,718</td>
<td>14,845</td>
<td>16,324</td>
<td>17,933</td>
<td>19,339</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and receivables(*)</td>
<td>2,649</td>
<td>7,561</td>
<td>7,824</td>
<td>9,078</td>
<td>10,578</td>
</tr>
<tr>
<td>Inventories</td>
<td>1,722</td>
<td>2,943</td>
<td>3,121</td>
<td>2,898</td>
<td>2,934</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>2,347</td>
<td>4,341</td>
<td>5,379</td>
<td>5,957</td>
<td>5,827</td>
</tr>
<tr>
<td><strong>Stockholders' Equity and Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term liabilities</td>
<td>2,798</td>
<td>5,655</td>
<td>6,173</td>
<td>6,387</td>
<td>6,060</td>
</tr>
<tr>
<td>Medium- and long-term liabilities</td>
<td>1,772</td>
<td>4,819</td>
<td>5,429</td>
<td>6,292</td>
<td>7,661</td>
</tr>
<tr>
<td>Stockholders' equity</td>
<td>2,158</td>
<td>4,371</td>
<td>4,722</td>
<td>5,254</td>
<td>5,618</td>
</tr>
</tbody>
</table>

*) Reduced by the lump-sum allowance for doubtful accounts.
Other Assets

The increase of DM 561 million, to DM 3,234 million, was mainly due to investments of liquid funds in short- and medium-term time deposits and similar debt instruments. Moreover, this balance sheet caption includes interest receivables, claims for added-value tax refunds, receivables from leasing customers and receivables from profit and loss pooling agreements, etc.

Stockholders' Equity, and Liabilities

Capital Stock and Retained Earnings

Capital stock, at DM 1,699 million, is unchanged from last year. On July 1, 1981, the shareholders approved an authorized share capital of DM 350 million. There still remains a balance of DM 180 million which may be used through June 30, 1986.

According to the information received by us under Section 20, Sub-Section 1 of the Company Act, "Deutsche Bank Aktiengesellschaft", Frankfurt am Main, and "Mercedes-Automobil-Holding Aktiengesellschaft", Frankfurt am Main, each own more than 25% of our capital stock.

Retained earnings allocated for treasury stock was reduced DM 9.0 million, matching the balance sheet value of the treasury stock.

An amount of DM 355.5 million was allocated from net income to non-allocated retained earnings.

Special Equity Reserve

Of the special equity reserve totaling DM 338 million, DM 191 million pertain to reserves allowed under Section 3, Sub-Section 1 of the Foreign Investment Act (losses from foreign subsidiaries), DM 100 million to reserves allowed under Section 1, Sub-Section 1 of the Income Tax Act for Developing Countries, and DM 45 million to reserves for price increases allowed under Section 74 of the Income Tax Regulations.

Lump-Sum Allowance for Doubtful Accounts

The general credit risk at home and abroad has been considered on a country-specific scale of 4% to 10%. Risk has diminished overall on account of the improved receivables structure. Accordingly, the lump-sum allowance for doubtful accounts was reduced DM 7 million to DM 150 million.

Provisions for Old-Age Pensions

The increase in provisions for old-age pensions, by DM 854 million to DM 5,219 million, was caused by varying and contrary factors. Changing the basis of computation to the new actuarial tables of Heubeck meant higher obligations for old-age pensions and disability benefits on the one hand and lower obligations for survivor benefits on the other. Because of the differing structure of our old-age pension benefits, the obligations at Daimler-Benz AG declined DM 120 million, while they increased DM 290 million at the Daimler-Benz Provident Fund. In order to fully provide actuarially also for these obligations, Daimler-Benz AG has taken over a like amount of obligations from the Provident Fund, namely, in the form of a further increase of its portion in the entitlements to old-age pension and disability benefits. Moreover, the interest rate used in the computation of benefits under our plan was reduced from 4.25% to 3.5%; this required an amount of DM 363 million. All our pension provisions are now uniformly based on an interest rate of 3.5% and are calculated using the entry age normal method. After receipt of DM 50 million from Daimler-Benz AG, the assets of the Daimler-Benz Provident Fund amounted to DM 2.8 billion.
Provision for Deferred Maintenance

For maintenance planned in the reporting year but not carried out, we have made a provision of DM 126 million.

Other Provisions

These provisions, which rose DM 266 million to DM 4,157 million, are primarily for our worldwide warranty obligations and for legal and litigation risks. Moreover, they cover obligations in the social benefit area (including liabilities for company pre-retirement arrangements), possible losses inherent in pending business transactions, investments in affiliated companies and outstanding tax assessments.

Long-Term Liabilities

Long-term liabilities increased DM 17 million to DM 157 million; new loans and loan repayments amounted to DM 35 million and DM 18 million, respectively. The new borrowings pertained to low-interest loans which are available under the Berlin Tax Incentive Laws. Scheduled principal repayments will amount to DM 24 million in 1985.

Other Liabilities

Other liabilities declined slightly, by DM 81 million to DM 3,488 million. Lower "trade payables" are more than offset by higher "other liabilities".

Contingent Liabilities

Discounted notes receivable totaled DM 17 million. Pledges given for domestic and foreign affiliated companies amounted to DM 176 million.

Existing payment guarantees totaled DM 28 million; they were given in favor of creditors in connection with the 1970-DM bond issue and the 1982-lfr bond issue of Daimler-Benz Finanz-Holding S.A., Luxemburg.

The obligation arising from stock subscriptions and guarantees given by cooperatives owned by subsidiaries amounted to DM 19 million.

We are jointly and severally liable for two non-incorporated companies which have profit and loss pooling agreements with controlling companies.

Under the assumption that the proposed dividend is ratified by the shareholders at the annual meeting, the remunerations of the members of the Board of Management amounted to DM 7,255,269. Disbursements to former members of the Board of Management or their survivors totaled DM 3,994,423. Disbursements to members of the Supervisory Board totaled DM 1,160,520 (including value-added tax).
Statement of Income

Total Revenue

Total revenue at DM 32.1 billion, despite the labor dispute, remained nearly unchanged from last year.

Cost of Materials, etc.

Cost of raw materials, manufacturing supplies and of goods purchased for resale, amounting to approximately DM 15.9 billion, were slightly below the level of last year (DM 16 million). This was largely due to a decline in the more material-intensive commercial vehicle production. Of opposite effect were the small rise in car manufacturing and the cost increases for materials.

Excess Income over Losses from Affiliated Companies

Net income from affiliated companies was as follows:

The increase in excess income was largely due to the dividend of Mercedes-Benz do Brasil.

Net Interest Income

Interest income of DM 659 million (last year DM 586 million) less interest expense of DM 52 million (last year DM 51 million) resulted in net interest income of DM 607 million (last year DM 535 million). The increase was due to the favorable liquidity situation and the higher average level of interest rates during the year.

Income from Dissolution of Reserves

The increase by DM 252 million, to DM 439 million was principally due to the fact that the latest court decisions by the Federal Treasury Court required to a large extent the dissolution of reserves for vocational training. The other dissolutions pertained to various reserves and were on about the same level as last year.
Expense Structure in Terms of Total Revenue - Daimler-Benz AG

(in millions of DM)

<table>
<thead>
<tr>
<th>Total Revenue</th>
<th>1975</th>
<th>1982</th>
<th>1983</th>
<th>1984</th>
</tr>
</thead>
<tbody>
<tr>
<td>Material expense</td>
<td>8,523</td>
<td>15,957</td>
<td>16,000</td>
<td>15,922</td>
</tr>
<tr>
<td>Wages, salaries and social security levies</td>
<td>4,292</td>
<td>8,108</td>
<td>8,498</td>
<td>8,548</td>
</tr>
<tr>
<td>Expenses for old-age pension</td>
<td>340</td>
<td>742</td>
<td>770</td>
<td>990</td>
</tr>
<tr>
<td>Other expenses less other income</td>
<td>1,220</td>
<td>1,361</td>
<td>1,488</td>
<td>1,620</td>
</tr>
<tr>
<td>Depreciation allowances</td>
<td>818</td>
<td>1,007</td>
<td>2,202</td>
<td>2,178</td>
</tr>
<tr>
<td>Taxes based on income and on net assets</td>
<td>911</td>
<td>2,648</td>
<td>2,501</td>
<td>2,123</td>
</tr>
<tr>
<td>Net income</td>
<td>310</td>
<td>687</td>
<td>710</td>
<td>711</td>
</tr>
<tr>
<td>of which: Additions to retained earnings (net)</td>
<td>(108)</td>
<td>(337)</td>
<td>(355)</td>
<td>(355)</td>
</tr>
<tr>
<td>Dividends</td>
<td>(202)</td>
<td>(350)</td>
<td>(355)</td>
<td>(356)</td>
</tr>
</tbody>
</table>
Other Income

This summary item, which decreased to DM 158 million (last year 191 million), comprises, inter alia, profits from the sale of securities, recoveries of prior-year write-offs of individual customer accounts, allocations of administrative expenses and rental income.

Personnel Expenses Including Old-Age Pension

Wages, salaries and social security levies at DM 8.5 billion were only slightly higher than last year. The labor dispute had its effect here as it did in the nearly unchanged total revenue figure. Additional expenses were largely caused by the increase in employment by 6,648 employees during the course of the year and by the 3.3% union-negotiated increase, effective July 1, 1984.

It is true that expenses for old-age pension and support payments to dependents rose DM 220 million, to DM 990 million; however, when taking into account the above-mentioned dissolution of the reserve for vocational training, which also belongs in the personnel and social area, the addition to the pension provision did not, in fact, have an adverse effect on income.

Taxes on Income and on Net Assets

Taxes on income and on net assets decreased by DM 378 million to DM 2.123 billion, largely as a result of the tax-deductible provisions for pre-retirement benefits.

Other Expenses

This summary expense item comprises, as heretofore, administrative and selling expenses including sales commissions, freight-out and packaging, rental and lease expenses, and additions to provisions which by law must be classified here. The new provision for pre-retirement benefits is the main reason for the increase in "other expenses". This expense item rose DM 405 million to DM 2.823 billion.

Net Income and Unappropriated Surplus

Net income for the year, amounting to DM 711 million, includes no "inflationary profits" as we have calculated it.

For the reporting year, income was charged with DM 363 million, pursuant to Section 160, Sub-Section 2, Clause 5 of the Company Act. It resulted from the reduction in the interest rate assumption that was used in calculating the amount of the pension provisions under our pension benefit rules.

Out of net income for the year, an amount of DM 355.5 million was transferred to unallocated retained earnings. The unappropriated surplus, amounting to DM 364.5 million, is to be distributed to the shareholders in the amount of DM 355.5 million, and DM 9 million is to be carried forward into the new year.
The annual financial statements as of December 31, 1984, show an unappropriated surplus of DM 364,561,810.

It is proposed to the Annual Meeting of Stockholders that the unappropriated surplus be applied as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 1/3 % dividend on the eligible preferred share capital of DM 11,921,500</td>
<td>DM 64,050</td>
</tr>
<tr>
<td>DM 10.50 dividend for each eligible common share of DM 50 par value</td>
<td>DM 355,482,330</td>
</tr>
<tr>
<td>Dividend amount</td>
<td>DM 355,546,380</td>
</tr>
<tr>
<td>Profit carried forward</td>
<td>DM 9,015,430</td>
</tr>
<tr>
<td>Unappropriated surplus</td>
<td>DM 364,561,810</td>
</tr>
</tbody>
</table>

Stuttgart-Untertuerkheim, March 29, 1985

The Board of Management
In the Supervisory Board meetings of the past year, in numerous individual meetings, and by means of written and verbal reports, we have been informed in detail and have consulted with the Board of Management on the state of the corporation and on principal matters of corporate policy. In particular, these discussions centered on employment trends, results of operations and on medium and long-range corporate plans including capital spending policy. Furthermore, we discussed important business transactions and made business decisions which by law or bylaws had to be submitted to us for approval.

We have examined the financial statements, the annual report, and the recommendations for the payment of dividends. The financial statements as of December 31, 1984, the annual report and the accounting principles used were verified by the Deutsche-Treuhand-Gesellschaft AG, Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, and have been found to be in accordance with the books and with the pertinent legal requirements. The Supervisory Board has noted the result of the audit with approval.

The result of the examinations made by the Supervisory Board and the auditors has shown no cause for question. The Supervisory Board has reviewed the consolidated financial statements, the consolidated annual report and the report of the auditors. The financial statements of the corporation, as submitted by the Board of Management, are hereby ratified and approved, and we concur with the recommendations of the Board of Management regarding the application of the unappropriated surplus.

Two former members of the Board of Management of Daimler-Benz AG, Professor Dr.-Ing. E.h. Dipl.-Ing. Fritz Nallinger and Dr. oec. h.c. P.G. Staelin passed away on June 4, 1984, and February 19, 1985, respectively.

Professor Fritz Nallinger, member of the Board of Management from 1940 to 1965, was one of the great designers who set decisive standards for the evolution in automobile manufacture. Through his outstanding engineering achievements he contributed importantly to the international reputation of the Mercedes marque, and thus to our company. He will be remembered by all who worked with him and knew him.

Dr. Rolf P. G. Staelin had belonged to the Board of Management from 1948 to 1977. With great personal involvement and profound market knowledge, the deceased had decisively contributed to the reconstruction of our company and to the expansion of our sales organization. Open minded and aware of the feelings of others, he enjoyed in-house trust and respect. We shall always honor the memory of the deceased.

In the Board meeting of May 2, 1985, Dr. jur. Manfred Gentz, here-tofore deputy member of the Board of Management, was made a full member as of that date.

Concurrently, Dr.-Ing. Peter Sanner was made deputy member of the Board of Management. Together with Mr. Walter Ulsamer, he is responsible for "materials management".

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Stuttgart-Untertuerkheim, May 1985

The Supervisory Board

Chairman
## Balance Sheet of Daimler-Benz AG

### Assets

#### Fixed Assets, and Financial Assets

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Property, Plant and Equipment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>with residential buildings</td>
<td>10,061,991</td>
<td>4,544,565</td>
<td>-38,800</td>
<td>592,577</td>
<td>966,435</td>
<td>13,008,744</td>
</tr>
<tr>
<td>without buildings</td>
<td>1,830,433</td>
<td>-</td>
<td>-</td>
<td>248,470</td>
<td>1,381,963</td>
<td>1,062,409</td>
</tr>
<tr>
<td>Machinery and plant</td>
<td>1,363,112,223</td>
<td>642,414,255</td>
<td>+333,673,477</td>
<td>9,399,872</td>
<td>958,846,100</td>
<td>1,359,953,883</td>
</tr>
<tr>
<td>Factory and office equipment</td>
<td>501,190,814</td>
<td>787,655,966</td>
<td>+81,528,326</td>
<td>8,120,300</td>
<td>873,233,710</td>
<td>488,441,098</td>
</tr>
<tr>
<td>Construction in progress and advance payments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>relating to buildings and plants</td>
<td>700,847,603</td>
<td>275,850,617</td>
<td>-565,153,319</td>
<td>-22,234,566</td>
<td>389,310,335</td>
<td>700,848</td>
</tr>
<tr>
<td></td>
<td>4,871,300,748</td>
<td>1,871,455,609</td>
<td>-86,678,844</td>
<td>2,080,965,957</td>
<td>4,595,121,554</td>
<td>4,871,301</td>
</tr>
<tr>
<td><strong>Financial Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments in subsidiaries and affiliated companies</td>
<td>978,031,949</td>
<td>195,558,437</td>
<td>-23,996,937</td>
<td>97,383,816</td>
<td>1,052,209,833</td>
<td>978,032</td>
</tr>
<tr>
<td>Investments in long-term securities</td>
<td>106,630,197</td>
<td>70,161,674</td>
<td>-1,847,891</td>
<td>-174,943,940</td>
<td>106,630</td>
<td></td>
</tr>
<tr>
<td>Loans made for a term of at least four years</td>
<td>1,025,340</td>
<td>3,972,759</td>
<td>-113,683</td>
<td>-4,864,416</td>
<td>1,025,340</td>
<td></td>
</tr>
<tr>
<td>of which secured by mortgage DM 807.185 (last year DM 814.323)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,085,687,486</td>
<td>269,692,670</td>
<td>-25,958,551</td>
<td>97,383,816</td>
<td>1,232,037,999</td>
<td>1,085,687</td>
</tr>
<tr>
<td></td>
<td><strong>5,956,988,232</strong></td>
<td><strong>2,141,158,479</strong></td>
<td><strong>-92,637,395</strong></td>
<td><strong>2,178,349,773</strong></td>
<td><strong>5,827,159,543</strong></td>
<td><strong>5,956,988</strong></td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Inventories</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Raw materials and manufacturing supplies</td>
<td>773,574,575</td>
<td></td>
<td></td>
<td></td>
<td>707,785</td>
<td></td>
</tr>
<tr>
<td>Work in process</td>
<td>745,674,610</td>
<td></td>
<td></td>
<td></td>
<td>696,844</td>
<td></td>
</tr>
<tr>
<td>Finished goods, and goods purchased for resale</td>
<td>946,900,461</td>
<td></td>
<td></td>
<td></td>
<td>1,056,592</td>
<td></td>
</tr>
<tr>
<td>Spare parts</td>
<td>456,883,674</td>
<td></td>
<td></td>
<td></td>
<td>428,865</td>
<td></td>
</tr>
<tr>
<td><strong>Other Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advance payments to suppliers other than for fixed assets</td>
<td>46,689,253</td>
<td></td>
<td></td>
<td></td>
<td>36,430</td>
<td></td>
</tr>
<tr>
<td>Receivables for goods sold and services rendered</td>
<td>1,712,634,775</td>
<td></td>
<td></td>
<td></td>
<td>1,628,487</td>
<td></td>
</tr>
<tr>
<td>of which receivables maturing in more than one year</td>
<td>DM 30,361,909 (last year DM 22,897,179)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes receivable</td>
<td>730,692,999</td>
<td></td>
<td></td>
<td></td>
<td>449,619</td>
<td></td>
</tr>
<tr>
<td>of which: from affiliated companies</td>
<td>DM 640,581,196 (last year DM 309,064,515)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>discountable at German Federal Reserve Bank maturing in more than one year</td>
<td>DM 21,189,034 (last year DM 24,833,744)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Checks</td>
<td>190,150</td>
<td></td>
<td></td>
<td></td>
<td>1,455</td>
<td></td>
</tr>
<tr>
<td>Cash on hand, in German Federal Reserve Bank and in post office checking accounts</td>
<td>3,144,400,305</td>
<td></td>
<td></td>
<td></td>
<td>1,391,941</td>
<td></td>
</tr>
<tr>
<td>Cash in banks</td>
<td>1,404,050,306</td>
<td></td>
<td></td>
<td></td>
<td>1,267,756</td>
<td></td>
</tr>
<tr>
<td>Temporary investments in securities</td>
<td>1,643,755,297</td>
<td></td>
<td></td>
<td></td>
<td>1,678,756</td>
<td></td>
</tr>
<tr>
<td>Treasury stock</td>
<td>8,928,175</td>
<td></td>
<td></td>
<td></td>
<td>17,944</td>
<td></td>
</tr>
<tr>
<td>Receivables from affiliated companies</td>
<td>1,726,784,174</td>
<td></td>
<td></td>
<td></td>
<td>1,347,214</td>
<td></td>
</tr>
<tr>
<td>Receivables from members of the Board of Management etc. (Section 89 of the Company Act)</td>
<td>11,835,263</td>
<td></td>
<td></td>
<td></td>
<td>11,890</td>
<td></td>
</tr>
<tr>
<td>Other current assets</td>
<td>3,233,625,106</td>
<td></td>
<td></td>
<td></td>
<td>2,672,224</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>10,722,584,198</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>9,227,415</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Prepaid and Deferred Charges</strong></td>
<td>5,356,113</td>
<td></td>
<td></td>
<td></td>
<td>7,735</td>
<td></td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>19,489,134,374</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>18,090,023</strong></td>
<td></td>
</tr>
</tbody>
</table>

---

Note: All values are in DM (German Marks).
### Stockholders' Equity and Liabilities

**Balance Dec 31, 1984**

<table>
<thead>
<tr>
<th></th>
<th>DM</th>
<th>Thousand DM</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital Stock</strong></td>
<td>33,935,460</td>
<td>1,698,094,500</td>
</tr>
<tr>
<td>Common stock</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preferred stock</td>
<td>38,430</td>
<td>1,921,500</td>
</tr>
<tr>
<td>in special cases of Section 17 of the bylaws</td>
<td>1,152,900</td>
<td>1,922</td>
</tr>
<tr>
<td><strong>Retained Earnings, as Allocated</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allocated under statute</td>
<td>189,869,450</td>
<td>1,698,095</td>
</tr>
<tr>
<td>Balance at beginning of period</td>
<td>688,466</td>
<td>168,869</td>
</tr>
<tr>
<td>Capital contributed for shares in excess of par value</td>
<td>89,015,430</td>
<td>3,249,111,125</td>
</tr>
<tr>
<td><strong>Allocated for treasury stock</strong></td>
<td>17,943,605</td>
<td>3,604,576,005</td>
</tr>
<tr>
<td>Balance at beginning of period</td>
<td>9,015,430</td>
<td>17,944</td>
</tr>
<tr>
<td>Transfer to net income</td>
<td>8,928,175</td>
<td>17,944</td>
</tr>
<tr>
<td><strong>Unallocated</strong></td>
<td>3,249,111,125</td>
<td>3,436,825</td>
</tr>
<tr>
<td>Balance at beginning of period</td>
<td>355,466,380</td>
<td>295,626</td>
</tr>
<tr>
<td>Transfer from net income</td>
<td>3,604,576,005</td>
<td>3,249,111,125</td>
</tr>
<tr>
<td><strong>Special Equity Reserves</strong></td>
<td>114,700,000</td>
<td>157,100</td>
</tr>
<tr>
<td>Reserves pursuant to Section 3 of the Foreign Investment Law, Section 1 of the Tax Law with respect to Developing Countries, Section 6b of the Income Tax Act, Section 74 of the Income Tax Regulations, Subsection 35 of the Income Tax Guidelines</td>
<td>114,700,000</td>
<td>157,100</td>
</tr>
</tbody>
</table>

**Lump-Sum Allowance for Doubtful Accounts**

- **Provisions**
  - Old-age pensions: 5,219,433,944
  - Deferred maintenance: 128,200,000
  - Other: 4,156,787,880
  - Total: 9,502,421,374

**Liabilities With a Term of at Least Four Years**

- **Liabilities to banks**
  - DM 145,009,178 (last year DM 131,879,368)
  - Other liabilities: 11,745,163
  - Due within four years
    - DM 84,966,430 (last year DM 73,481,981)
- **Total: 156,754,341**

**Liabilities to the Daimler-Benz Unterverzierungskasse (Provident Fund) GmbH, Stuttgart**

- **Other liabilities**
  - Accounts payable-trade: 1,505,982,993
  - Notes payable: 2,169,000
  - Advance payments received: 178,829,349
  - Accounts payable to affiliated companies: 52,831,573
  - Other liabilities: 1,748,195,916
  - Total: 3,487,978,831

**Deferred Credits**

- **Total: 3,194,542**

**Unappropriated Surplus**

- **1984**
  - DM 364,561,810
- **1983**
  - DM 355,253

**Total Stockholders’ Equity and Liabilities**

19,489,134,374

18,090,023
Statement of Income of Daimler-Benz AG

Stuttgart-Untertuerkheim, March 29, 1985

Daimler-Benz Aktiengesellschaft
Board of Management
Breitschwerdt Hinrichs Liener
Niefer Reuter Ulsamer
Gentz Hoemig

1984

<table>
<thead>
<tr>
<th>Sales</th>
<th>DM</th>
<th>1983</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decrease of work in process and finished goods inventories including spare parts</td>
<td>16,624,714</td>
<td>186,484</td>
</tr>
<tr>
<td>Other capitalized in-house output</td>
<td>136,455,981</td>
<td>147,530</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>32,091,667,843</td>
<td>32,139,324</td>
</tr>
<tr>
<td>Cost of raw materials and manufacturing supplies and of goods purchased for resale</td>
<td>15,922,193,095</td>
<td>15,996,663</td>
</tr>
<tr>
<td>Excess of Total Revenue Over Cost of Raw Materials etc.</td>
<td>16,169,474,748</td>
<td>16,139,961</td>
</tr>
</tbody>
</table>

| Income transferred from affiliated companies under profit and loss pooling agreements | 19,418,444 | 9,348 |
| Income from investments in affiliated companies | 82,688,996 | 51,590 |
| Income from other financial investments | 11,328,880 | 10,070 |
| Other interest and similar income | 956,987,147 | 586,364 |
| Gain from disposal of fixed assets | 12,558,191 | 31,239 |
| Gain from reduction of lump-sum allowance for doubtful accounts | 7,400,000 | 7,900 |
| Gain from dissolution of provisions | 438,264,737 | 167,394 |
| Gain from dissolution of special equity reserves | 29,514,023 | 30,155 |
| Other income | 158,244,212 | 191,211 |

| of which extraordinary DM 54,812,227 (last year DM 48,749,504) | 1,619,404,650 | 1,105,271 |

| Wages and salaries | 7,366,761,361 | 7,334,250 |
| Social security levies | 1,181,696,281 | 1,134,014 |
| Expenditures for old-age pension and support payments to dependants | 990,156,510 | 770,191 |
| Depreciation of fixed assets | 2,080,965,557 | 2,093,287 |
| Write-down of financial assets | 973,383,816 | 108,965 |
| Losses from reduction in value of or from sale of current assets, excluding inventories | 52,491,429 | 68,801 |
| Losses from disposal or fixed assets | 29,065,863 | 6,920 |
| Interest and similar charges | 51,893,357 | 51,271 |

| Taxes | 2,160,502,493 | 2,569,421 |
| of which payments for prior years which were covered by other provisions | 6,956,095 | 6,70 |
| of which charged to controlled subsidiary companies | 2,153,446,398 | 2,098,408 |
| DM | 30,195,580 | |
| DM | 2,123,350,618 | |
| b) other | 6,961,711 | 2,569,421 |
| Losses transferred from affiliated companies under profit and loss pooling agreements | 1,812,829 | 750 |
| Additions to special equity reserves | 72,135,272 | 38,415 |
| Other expenses | 2,823,181,614 | 16,877,666,618 |
| Net Income | 711,012,760 | 710,506 |
| Withdrawal from "retained earnings allocated for treasury stock" | 9,015,430 | |
| 720,026,190 | |
| Transfer from net income to: | |
| Retained earnings allocated under statute | 3,796 |
| Retained earnings allocated for treasury stock | 5,181 |
| Unallocated retained earnings | 355,466,380 | 355,466,380 |
| Unappropriated Surplus | 385,255,810 | |

In 1984, pension payments to retirees and payments to the Daimler-Benz Provident Fund GmbH for current obligations amounted to DM 161,063,494. In the following five years, payments— not considering adjustment obligations pursuant to Section 16 of the Corporation Pension Law —will in all likelihood be made amounting to 102%, 109%, 117%, 125%, 134% of this amount.

Frankfurt (Main), April 17, 1985

Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftspruefungsgesellschaft
Dr. Mueller
Dr. Koschinsky
Wirtschaftspruefer Wirtschaftspruefer
(independent auditors)
Consolidated Financial Statements
Companies Included in Consolidation and Principles of Consolidation

Companies included in Consolidation

The consolidated financial statements basically include all domestic and foreign subsidiaries in which Daimler-Benz AG (hereinafter referred to as DBAG) has a direct or indirect stock ownership of more than 50%. The consolidated financial statements, as submitted and including DBAG, comprise 18 (last year 19) domestic companies and 95 (last year 85) foreign companies (see page 92). During the year, the following changes took place:

In Germany, Rohtex AG fuer Textilrohstoffe was absorbed by DBAG.

Abroad, Mercedes-Benz of South Africa, with thirteen subsidiaries, was added. Also added were one previously independent dealership in Spain, one in the Netherlands, and one finance company in Canada. Moreover, P.T. Star Engines Indonesia was consolidated for the first time. In the course of selling the assets of Euclid, three subsidiaries were also sold. Two previously independent dealerships were merged with Mercedes-Benz Belgium. One realty company of Daimler-Benz Holding AG, Zurich, was dissolved after having transferred the tangible fixed assets to Mercedes-Benz France. The assets of Freightliner Liquidating Corporation have been transferred to Freightliner Corporation. Sofidel S.A. sold one dealership.

As in previous years, we did not consolidate certain foreign companies that had no or only negligible business activities. These companies had no transactions which would have had a material effect on the corporation's consolidated financial statements. The following companies (Provident Funds) which are providing old-age pension benefits to our employees were not included in consolidation as they are not considered subsidiaries under the law (Section 18, Sub-Section 1, Clause 1 of the Company Act):

Daimler-Benz Unterstuetzungs-kasse GmbH, Stuttgart
Holzindustrie Bruchsal Unterstuetzungskasse GmbH, Bruchsal
Bruehler Unterstuetzungsgesellschaft mbH der Wuerttembergischen Baumwoll-Spinnerei und -Weberei bei Esslingen a.N., Esslingen a.N.

Principles of Consolidation

Classification and Valuation

The individual domestic financial statements included in the consolidation were classified in compliance with the statutory requirements of the Company Act, and were certified by our outside auditors. As in prior years, the individual foreign financial statements - which were prepared and certified in accordance with the laws of the respective countries - have, for consolidation purposes, been reclassified to conform to the presentation requirements of the Company Act, and have been valued according to methods uniformly applied to all consolidated companies. This resulted in changes when compared to the national results.

Currency Translation

The accounts of foreign subsidiaries are translated into D-marks on the basis of historical exchange rates for fixed assets at the time of acquisition, and at year-end exchange rates for current assets, borrowed capital and unappropriated surplus. Stockholders’ equity in D-marks is the remaining difference between translated assets less translated liabilities and appropriated surplus.

Because of foreign exchange fluctuations between balance sheet dates of individual local currencies in relation to the D-mark, changes in the D-mark net equity occur when its amount differs from the amount of fixed assets translated at historical exchange rates. Because portions of current assets are also financed with equity capital at some foreign subsidiaries, they produce negative translation differences - largely from the high devaluations of the South American currencies vis-a-vis the D-mark - and positive translation differences from revaluations, particularly of the US-dollar vis-a-vis the D-mark. This left a substantial negative translation difference which was, as in prior years, charged to profit and loss, and thus neutralized the high inflationary profits, notably those of our South American companies.

Revenues and expenses are translated at average annual exchange rates (exception: fixed asset depreciation charges, gains and losses from fixed asset disposals which are determined on the basis of historical rates). Net income, addi-
tions to retained earnings and appropriated surplus on the other hand are converted and shown at the year-end rate. The resulting translation difference was also reflected in the income statement.

Capital Consolidation

Capital consolidation was affected in accordance with principle of "First Consolidation": the parent's acquisition costs are eliminated against the relevant share capital and retained earnings at acquisition. The differences resulting from the elimination are shown in the balance sheet as "Cost of Investments in Consolidated Subsidiaries in Excess of or Below Book Value at Acquisition".

Profits earned by foreign subsidiaries after date of acquisition plus the unappropriated surplus for 1984 - excluding minority interests - are added to retained earnings. Thus, the unappropriated surplus of DM 365 million in the consolidated financial statements is identical to the unappropriated surplus of DBAG.

Other Eliminations

Intercompany receivables and payables between subsidiary companies have been eliminated, intercompany profits in fixed assets and inventories were likewise eliminated. Write-downs for the decline in asset values of subsidiaries and intercompany valuation adjustments and provisions have been eliminated in consolidation. These income-effecting elimination measures have increased retained earnings overall.

The consolidated income statements are presented on a fully consolidated, detailed basis pursuant to Section 332 of the Company Act; i.e. intercompany sales and intercompany earnings were eliminated against the relevant cost of sales and expenses, respectively.

Asset and Capital Structure

DBAG's share in the Group's assets and capital is unchanged and represents approximately two-thirds.

As compared to last year, the "Group's total assets" increased 15.3%, to DM 28.6 billion (DBAG +7.7 %). The stronger increase for the Group is due, on the one hand, to more companies being included in consolidation, and on the other, to the translation of foreign balance sheets from the national currency to D-mark. This is because the internal value and external value of some larger subsidiaries showed opposing trends.
Balance Sheet Structure - Daimler-Benz-Group

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance Sheet Total</strong>)</td>
<td>17,203</td>
<td>20,112</td>
<td>22,696</td>
<td>24,635</td>
<td>28,418</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and receivables*)</td>
<td>8,250</td>
<td>9,504</td>
<td>10,898</td>
<td>12,114</td>
<td>14,860</td>
</tr>
<tr>
<td>Inventories</td>
<td>4,473</td>
<td>4,817</td>
<td>5,040</td>
<td>4,778</td>
<td>5,310</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>4,480</td>
<td>5,791</td>
<td>6,958</td>
<td>7,743</td>
<td>8,228</td>
</tr>
<tr>
<td><strong>Stockholders’ Equity and Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term liabilities</td>
<td>7,074</td>
<td>8,327</td>
<td>9,225</td>
<td>9,554</td>
<td>10,431</td>
</tr>
<tr>
<td>Medium and long-term liabilities</td>
<td>4,933</td>
<td>5,710</td>
<td>6,768</td>
<td>7,534</td>
<td>9,457</td>
</tr>
<tr>
<td>Stockholders’ equity</td>
<td>5,196</td>
<td>6,075</td>
<td>6,703</td>
<td>7,547</td>
<td>8,530</td>
</tr>
</tbody>
</table>

*) Reduced by the lump-sum allowance for doubtful accounts.
Fixed assets rose 6.3%, to DM 8.2 billion; they now amount to 29% of total assets, and are slightly less than last year’s 31%.

Stockholders’ equity (capital stock, surplus and retained earnings, minority interests and 40% of special equity reserves) increased to DM 8.5 billion (last year DM 7.5 billion). The equity ratio to total capitalization remains unchanged at 30%.

Borrowed capital amounted to DM 19.9 billion (last year DM 17.1 billion). As in the previous year, about half pertained to provisions.

The “Statement of Changes in Financial Position” of the Daimler-Benz Group gives an overview of the sources and application of funds. The continuing large investments in fixed assets, and a major portion of the increase in current assets, could be financed through internally generated funds. The cash flow of DM 5,817 million (net income, depreciation charges, additions to long and medium-term provisions plus change in the lump-sum allowance for bad debts) is largely identical to the funds generated internally.

**Assets**

**Fixed Assets**

Fixed assets rose DM 338 million, to DM 7,537 million, i.e. after additions of DM 3,373 million, and depreciation charges and disposals totaling DM 3,035 million. Capital investments in Germany accounted for about two-thirds of the total, mainly DBAG and Mercedes-Leasing GmbH. Abroad, the addition of Mercedes-Benz of South Africa and the investment activities of our North American leasing company had a bearing.

**Investments in Affiliated Companies**

The amount of DM 320 million shown in the consolidated balance sheet comprises stock ownership in companies which are not included in consolidation. They include MTU Motoren- und Turbinen-Union Muenchen GmbH which was still shown at the end of 1984 at 50%, Allgemeine Verwaltungsgesellschaft fuer Industriebeteiligung mbH, Muenchen and our manufacturing company in Turkey (OTOMARSAN).

**Inventories**

The increase in the Group’s inventories by DM 532 to DM 5,310 million was largely due to the first-time inclusion of Mercedes-Benz of South Africa. DBAG accounts for about half of the total inventory figure.

**Receivables**

Trade and notes receivables rose DM 598 million, to DM 4,398. Particularly the recurring expansion of the leasing and financial activities of Mercedes-Benz Credit Corporation and the sales improvement of Freightliner Corporation and Mercedes-Benz do Brasil, had a bearing on the increase in receivables.

**Cash and Temporary Investments in Securities**

The DM 1,146 million increase in cash and temporary investments in securities to DM 6,307 million took place mostly at DBAG and our North American subsidiaries. Further liquid funds were invested in short- and medium-term debt instruments which, as in prior years, are shown under “Other Assets”; they represent by far the largest single item there.

**Stockholders’ Equity and Liabilities**

**Capital Stock and Retained Earnings**

The capital stock in the consolidated balance sheet is identical to the capital stock of DBAG, and at DM 1,699 million is unchanged from last year.

Paid-in-surplus increased by DM 1 million, to DM 10 million. This addition was due to capital contributions in excess of par value in connection with DBAG's 1983 capital stock increase.

**Cost of Investments in Consolidated Subsidiaries Below Book Value at Acquisition**

This amount represents the difference between the cost of investment in subsidiaries and their book value at the time of acquisition. Offsetting the debit amounts (cost in excess of book value) of DM 75 million (last year DM 89 million) against the credit amounts (cost below book value) of DM 96 million (last year
DM 92 million) resulted in a net credit of DM 21 million (last year DM 3 million).

The debit amounts represented acquisition costs in excess of book value. The credit amounts arose largely with the purchase of our South American subsidiaries in the 1950's, when portions of the contractual capital stock increase were paid for with tangible fixed assets (particularly machinery and equipment).

The increase in the credit amounts, by DM 18 million, was largely due to the removal of a debit amount, after Rohtex AG was absorbed by DBAG.

The consolidated retained earnings comprise the retained earnings of DBAG and proportionate retained earnings, unappropriated surplus or deficits earned or incurred by subsidiaries included in consolidation. Moreover, elimination amounts affecting income are debited or credited here.

Minority Interests in Subsidiaries

This balance sheet caption comprises outside third-party ownership in the net equity and unappropriated surplus and deficit of consolidated companies. The increase in minority interests, by DM 67 million to DM 143 million, originated mainly from the first-time inclusion of Mercedes-Benz of South Africa in which third parties own 49.9 % of net equity.

Special Equity Reserves

The special equity reserves, which are set up pursuant to applicable national tax regulations, rose DM 43 million, to DM 407 million. Of this amount, DBAG accounted for DM 338 million, and Mercedes-Benz France for DM 57 million.

Lump Sum Allowance for Doubtful Accounts

The lump-sum allowance for doubtful accounts, amounting to DM 208 million (last year DM 192 million), covers the general credit risk at home and abroad, and is computed at 3 % to 10 % of total receivables. The percentages are different from country to country.

Provisions

Provisions rose altogether by DM 1,803 million, to DM 11,349 million. Of this amount, DM 5,414 million pertain to pension provisions, of which about 96 % was provided for by DBAG. Daimler-Benz AG accounts for about 71 % of the other provisions because obligations and risks with worldwide consequence - e.g. warranty obligations and litigation risks - are provided for by the parent company. Moreover, this caption includes obligations in the social benefit area, outstanding tax assessments and possible losses inherent in pending business transactions.

Long-Term Liabilities

Liabilities with a maturity of more than four years rose DM 119 million, to DM 894 million. They are attributable mostly to our European and North American companies.

Other Liabilities

The increase in these short-term liabilities, by DM 887 million to DM 7,005 million, is solely due to foreign companies, about half of which is derived from the first-time inclusion of Mercedes-Benz of South Africa. Liabilities to banks pertain nearly exclusively to our foreign subsidiaries.

Contingent Liabilities

Apart from the obligations shown for DBAG, there are no significant contingent liabilities for companies included in consolidation for obligations arising from stock subscriptions, for liabilities arising from capital subscriptions in "Close Corporations" (Section 24 of the GmbH Act) and for guarantees of cooperatives owned by consolidated companies. Payment guarantees for subsidiary companies totaled DM 90 million. One foreign subsidiary has given customary payment guarantees within the scope of its sales financing activities.
Consolidated Statement of Income

Net Sales

Consolidated net sales increased 8.8%, to DM 43.5 billion (last year DM 40 billion); see details on page 9.

Cost of Materials, etc.

The increase in the cost of raw materials, factory supplies and of goods purchased for resale, by 11.9% to DM 22.7 billion, exceeds the 8.8% sales rise. Reflected here is the effect of the increased, material-intensive commercial vehicle production of our subsidiaries in North and South America.

Net Interest Income

The difference between interest income of DM 1,534 million (last year DM 1,705 million) and interest expense of DM 406 million (last year DM 389 million) resulted in net interest income of DM 1,128 million (last year DM 1,316 million). The DM 188 million decrease had different reasons: the increase in net interest income of DM 72 million at DBAG is contrasted by a DM 260 million decline at our subsidiaries. This decline was due to the fact that we eliminated, for the first time, the inflationary profits inherent in the interest income earned by Mercedes-Benz do Brasil and Mercedes-Benz Argentina, both of which are situated in high-inflation countries, with the charges resulting from the currency translation of internally generated liquidity. Because the comparable expense was shown under “Other Expenses” last year, interest income in 1984 is only conditionally comparable with last year’s figure. Through this change, the largest portion of inflationary profits included in interest income has been eliminated.

Other Income

Other income combined under this caption rose to DM 681 million (last year DM 515 million); it includes, inter alia, profits from sale of securities, credits from receivables previously written off, and income from leases and rentals. Moreover, it includes foreign exchange gains from purchase and payment transactions originating abroad.

Personnel Expenses Including Old-Age Pension

Wages, salaries and social security levies rose 4.1%, to DM 10.5 billion (last year DM 10.1 billion). This was largely due to the increase of our workforce by about 15,000 employees to nearly 200,000. Old-age pension and support payments to dependents increased DM 242 million to DM 1,125 million, largely at DBAG.

Taxes on Income and on Net Assets

Tax expenses declined DM 236 million, to DM 3,027 million, whereby the reduction in DBAG’s financial statements, as explained there, was greater than the increase at some foreign subsidiaries.

Other Expenses

This summary caption rose DM 251 million, to DM 4,803 million. It encompasses mainly administrative and selling expenses including sales commissions, additions to provisions, freight-out, packaging, rental and lease expenses, and charges for currency translations other than the inflationary portion of interest which was netted in interest income.

Consolidated Net Income

Consolidated net income is made up as follows:

<table>
<thead>
<tr>
<th></th>
<th>1983 in millions of DM</th>
<th>1984 in millions of DM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income of DBAG</td>
<td>710</td>
<td>711</td>
</tr>
<tr>
<td>Less intercompany dividends, etc.:</td>
<td>-169</td>
<td>-197</td>
</tr>
<tr>
<td>Net income of domestic subsidiaries</td>
<td>692</td>
<td>654</td>
</tr>
<tr>
<td>Net income of foreign subsidiaries after elimination of intercompany dividends</td>
<td>285</td>
<td>402</td>
</tr>
<tr>
<td>Other elimination measures</td>
<td>-3</td>
<td>+34</td>
</tr>
<tr>
<td>Consolidated net income</td>
<td>988</td>
<td>1,104</td>
</tr>
</tbody>
</table>
Companies Included in Consolidation

Domestic Companies
Daimler-Benz Aktiengesellschaft, Stuttgart
Maschinenfabrik Esslingen AG, Esslingen a.N.
Pöcher & Meffert GmbH, Stuttgart
Daimler-Benz-Wohnungsbau GmbH, Stuttgart
Mercedes-Leasing GmbH, Stuttgart
Holzindustrie Bruchsal GmbH, Bruchsal
Industrie- und Handelsbeteiligungen GmbH, Stuttgart
Mercedes-EDV-Beratung GmbH, Weinheim
Industriebetrieb Rheinland-Pfalz mbH, Stuttgart
Hanomag-Henschel GmbH, Hannover
Daimler-Benz Grundstücksgesellschaft Hamburg mbH, Sitz Stuttgart
Daimler-Benz Grundstücksgesellschaft Bremen mbH, Sitz Stuttgart
Autohaus Braun GmbH i. L., Nuernberg
Hans Braun GmbH, Nuernberg
Daimler-Benz Services GmbH, Stuttgart
Mercedes-Versicherungsdienst GmbH, Stuttgart

Foreign Companies
Mercedes-Benz do Brasil S.A., São Bernardo do Campo/Brazil
Sociedade Tecnica de Fundicoes Gerais SA, São Paulo/Brazil
Mercedes-Benz Argentina S.A., Buenos Aires/Argentina
Mercedes-Benz Espana S.A., Madrid/Spain
Comercial Mercedes-Benz SA., Madrid/Spain
Distribucion y Talleres Mercedes-Benz SA, Madrid-Barajas/Spain
Daimler-Benz of North America Holding Company, Inc., New York/USA
Freightliner Corporation, Portland/USA
Comercial Metco, Inc., Portland/USA
Mercedes-Benz Truck Company, Inc., Portland/USA
as well as one sales company, one finance company and two realty companies
Mercedes-Benz of North America, Inc., Montvale/USA
Mercedes-Benz Canada, Inc., Toronto/Canada
as well as one service company, one realty company and two realty companies
Mercedes-Benz Credit Corporation, Norwalk/USA
Mercedes-Benz Credit of Canada, Inc., Norwalk/USA
Daimler-Benz Property Administration, Inc., Cleveland/USA
Daimler-Benz Property Administration in Cleveland, Inc., Cleveland/USA
Daimler-Benz Domestic and International Sales Corporation, Inc., Cleveland/USA
Euclid Belgium S.A., Brussels/Belgium
Mercedes-Benz do Brasil S.A., São Bernardo do Campo/Brazil
Sociedade Tecnica de Fundicoes Gerais SA, São Paulo/Brazil
Mercedes-Benz Argentina S.A., Buenos Aires/Argentina
as well as one finance company and one realty company
Mercedes-Benz Espana S.A., Madrid/Spain
Comercial Mercedes-Benz SA., Madrid/Spain
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Mercedes-Benz Argentina S.A., Buenos Aires/Argentina
as well as one finance company and one realty company
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Daimler-Benz Property Administration in Cleveland, Inc., Cleveland/USA
Daimler-Benz Domestic and International Sales Corporation, Inc., Cleveland/USA
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Mercedes-Benz of North America, Inc., Montvale/USA
Freightliner Corporation, Portland/USA
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Mercedes-Benz Truck Company, Inc., Portland/USA
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Mercedes-Benz Credit of Canada, Inc., Norwalk/USA
Daimler-Benz Property Administration, Inc., Cleveland/USA
Daimler-Benz Property Administration in Cleveland, Inc., Cleveland/USA
Daimler-Benz Domestic and International Sales Corporation, Inc., Cleveland/USA
Euclid Belgium S.A., Brussels/Belgium
Mercedes-Benz of South Africa, Johannesburg/Republic of South Africa
as well as eleven realty companies
P.T. Star Engines Indonesia, Jakarta/Indonesia
SOFIDEL S.A., Rocquencourt/France
Mercedes-Benz France S.A., Rocquencourt/Paris
as well as nine retail companies and seven realty companies
Mercedes-Benz (United Kingdom) Ltd, Milton Keynes/United Kingdom
as well as one realty company and four realty companies
Daimler-Benz Holding Belgium SA/N.V., Brussels/Brussels
Mercedes-Benz Belgium SA/N.V., Brussels/Brussels
as well as three realty companies
Mercedes-Benz Finance Belgium SA/N.V., Brussels/Brussels
Mercedes-Benz Italia S.P.A., Rome/Italy
Daimler-Benz (Australia) Pty. Ltd., Mulgrave/Australia
Mercedes-Benz (Australia) Pty. Ltd., Mulgrave/Australia
as well as one realty company and two realty companies
Mercedes-Benz Hellas S.A., Athens/Greece
Daimler-Benz Holding AG, Zurich/Switzerland
Mercedes-Benz Nederland B.V., Utrecht/Netherlands
Bedrijfswagencentre Van Gorp B.V., Rotterdam/Netherlands
as well as one realty company
Mercedes-Benz (Schweiz) AG, Zurich/Switzerland
as well as one realty company and four financing companies
AGAM Financing B.V., Utrecht/Netherlands
as well as one finance company and two service companies
UBG-Beratungsgesellschaft mbH, Graz/Austria

1) Some of the subsidiaries are included on the basis of “Group” statements.
2) Formerly: Euclid, Inc., Cleveland/USA
3) Formerly: Euclid Belgium, Inc., Cleveland/USA
4) Formerly: Euclid International Sales Corporation, Cleveland/USA

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Comparison of Balance Sheets as of December 31, 1983 and 1984 (abridged)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed Assets, and Financial Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>7,199</td>
<td>7,537</td>
<td>4,871</td>
<td>4,595</td>
</tr>
<tr>
<td>Investment in affiliated companies</td>
<td>308</td>
<td>320</td>
<td>978</td>
<td>1,052</td>
</tr>
<tr>
<td>Other long-term financial assets</td>
<td>236</td>
<td>371</td>
<td>108</td>
<td>180</td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td>17,084</td>
<td>20,398</td>
<td>12,133</td>
<td>13,662</td>
</tr>
<tr>
<td>Inventories</td>
<td>4,778</td>
<td>5,310</td>
<td>2,898</td>
<td>2,934</td>
</tr>
<tr>
<td>Receivables</td>
<td>3,800</td>
<td>4,398</td>
<td>3,425</td>
<td>4,170</td>
</tr>
<tr>
<td>Cash and marketable securities</td>
<td>5,161</td>
<td>6,307</td>
<td>3,064</td>
<td>3,251</td>
</tr>
<tr>
<td>Other current assets</td>
<td>3,345</td>
<td>4,383</td>
<td>2,746</td>
<td>3,307</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>24,827</td>
<td>28,626</td>
<td>18,090</td>
<td>19,489</td>
</tr>
</tbody>
</table>

**Stockholders’ Equity and Liabilities**

<table>
<thead>
<tr>
<th>Stockholders’ Equity, Minority Interests and Special Equity Reserves</th>
<th>1983</th>
<th>1984</th>
<th>Daimler-Benz AG 1983</th>
<th>Daimler-Benz AG 1984</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Stock Daimler-Benz AG</td>
<td>1,699</td>
<td>1,699</td>
<td>1,699</td>
<td>1,699</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>5,615</td>
<td>6,494</td>
<td>3,437</td>
<td>3,784</td>
</tr>
<tr>
<td>Paid-in surplus, difference of cost of investment in subsidiaries and book value at acquisition, minority interests</td>
<td>88</td>
<td>174</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Special equity reserves (40 %)</td>
<td>145</td>
<td>163</td>
<td>116</td>
<td>135</td>
</tr>
<tr>
<td><strong>Lump-Sum Allowance for Doubtful Accounts</strong></td>
<td>192</td>
<td>208</td>
<td>157</td>
<td>150</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
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<td>Provisions</td>
<td>9,546</td>
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<td>Long-term liabilities</td>
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<td>Liabilities to Provident Funds</td>
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<td>Other liabilities and deferred credits</td>
<td>6,355</td>
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<td>3,694</td>
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<tr>
<td>Unappropriated surplus</td>
<td>355</td>
<td>365</td>
<td>355</td>
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<tr>
<td><strong>Total Stockholders’ Equity and Liabilities</strong></td>
<td>24,827</td>
<td>28,626</td>
<td>18,090</td>
<td>19,489</td>
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Consolidated Balance Sheet

### Assets

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<td><strong>Property, Plant, Equipment and Intangible Assets</strong></td>
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<td>Land and equivalent titles</td>
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<td>without buildings</td>
<td>50,912,069</td>
<td>4,850,028</td>
<td>+16,344,275</td>
<td>592,583</td>
<td>4,188,543</td>
<td>67,325,246</td>
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<td>Buildings on land owned by others</td>
<td>35,315,239</td>
<td>846,560</td>
<td>–18,110,825</td>
<td>248,470</td>
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<td>18,802,504</td>
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<td>Machinery and plant</td>
<td>55,305,413</td>
<td>19,143,343</td>
<td>+4,470,560</td>
<td>975,206</td>
<td>6,821,783</td>
<td>71,119,327</td>
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<td>Factory and office equipment</td>
<td>1,315,663,036</td>
<td>1,855,064,151</td>
<td>+1,222,622,369</td>
<td>110,193,740</td>
<td>1,369,416,811</td>
<td>1,793,577,005</td>
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<td>Construction in progress and advance payments relating to buildings and plants</td>
<td>841,755,893</td>
<td>473,265,044</td>
<td>–766,226,231</td>
<td>2,328,538</td>
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<td>524,231,602</td>
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<td>Franchises, trademarks, licenses and similar rights</td>
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<td>120,731</td>
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<td>243,187</td>
<td>65,000</td>
<td>167</td>
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<td>7,198,716,251</td>
<td>3,373,388,757</td>
<td>–209,420,683</td>
<td>2,825,335,503</td>
<td>7,537,348,822</td>
<td>7,198,716</td>
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<td><strong>Financial Assets</strong></td>
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<td>Investments in long-term securities</td>
<td>125,130,827</td>
<td>107,769,057</td>
<td>–</td>
<td>4,675,106</td>
<td>2,767,538</td>
<td>228,457,240</td>
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<td>Loans made for a term of at least four years of which secured by mortgage</td>
<td>110,551,479</td>
<td>63,366,993</td>
<td>–</td>
<td>28,550,068</td>
<td>61,192</td>
<td>145,307,212</td>
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<td>DM 101,910,109 (last year DM 86,172,935)</td>
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<td>544,055,290</td>
<td>218,431,585</td>
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<td>58,680,902</td>
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<td>7,742,771,541</td>
<td>3,591,820,442</td>
<td>–278,101,645</td>
<td>2,828,164,233</td>
<td>8,228,326,105</td>
<td>7,742,771</td>
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<td><strong>Current Assets</strong></td>
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<td>Inventories</td>
<td>5,309,968,618</td>
<td>4,778,171</td>
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<td><strong>Other Current Assets</strong></td>
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<td>Advance payments to suppliers other than for fixed assets</td>
<td>92,466,712</td>
<td>47,868</td>
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<td>Receivables for goods sold and services rendered</td>
<td>4,091,322,686</td>
<td>3,458,814</td>
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<tr>
<td>Notes receivable from which receivables maturing in more than one year</td>
<td>DM 759,271,450 (last year DM 527,931,002)</td>
<td>306,437,716</td>
<td>343,423</td>
<td>–</td>
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<tr>
<td>Notes receivable from which receivables maturing in more than one year at German Federal Reserve Bank</td>
<td>DM 693,384 (last year DM 21,189,034)</td>
<td>306,437,716</td>
<td>343,423</td>
<td>–</td>
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<tr>
<td>Notes receivable from which receivables maturing in more than one year at German Federal Reserve Bank</td>
<td>DM 9,899,656 (last year DM 12,838,314)</td>
<td>306,437,716</td>
<td>343,423</td>
<td>–</td>
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<td>Checks</td>
<td>13,822,605</td>
<td>10,260</td>
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<td>Cash on hand, in German Federal Reserve Bank and in post office checking accounts</td>
<td>27,852,304</td>
<td>11,754</td>
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<td>Cash in banks</td>
<td>3,352,662,112</td>
<td>2,064,729</td>
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<td>Temporary investments in securities</td>
<td>2,913,071,212</td>
<td>2,174,692</td>
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<td>Treasury stock of the parent company</td>
<td>Par value DM 1,513,250 (last year DM 2,897,750)</td>
<td>8,928,175</td>
<td>17,944</td>
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<td>Receivables from members of the Board of Management etc. (Section 89 of the Company Act)</td>
<td>13,650,416</td>
<td>12,264</td>
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<td>Other current assets</td>
<td>4,238,038,279</td>
<td>3,235,629</td>
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<td>15,058,282,217</td>
<td>12,276,597</td>
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<td><strong>Prepaid and Deferred Charges</strong></td>
<td>28,963,873</td>
<td>29,305</td>
<td>–</td>
<td>–</td>
<td>–</td>
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<tr>
<td><strong>Total Assets</strong></td>
<td>28,625,517,613</td>
<td>24,826,744</td>
<td>–</td>
<td>–</td>
<td>–</td>
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</table>
## Stockholders' Equity and Liabilities

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<tr>
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<tbody>
<tr>
<td></td>
<td>DM</td>
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<tr>
<td><strong>Capital Stock of Daimler-Benz AG</strong></td>
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<tr>
<td>Common stock</td>
<td>33,935,460 votes</td>
<td>1,696,773,000</td>
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<td>Preferred stock</td>
<td>38,430 votes</td>
<td>1,921,500</td>
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<tr>
<td>in special cases of Section 17 of the bylaws</td>
<td>1,152,990 votes</td>
<td>1,922</td>
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<tr>
<td></td>
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<td>1,998,694,500</td>
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<td><strong>Surplus and Retained Earnings</strong></td>
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<tr>
<td>Paid-in surplus(^1)</td>
<td></td>
<td>9,996,909</td>
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<td>Cost of investments in consolidated subsidiaries below book value at acquisition</td>
<td>21,342,141</td>
<td>2,570</td>
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<td>Retained earnings(^2)</td>
<td>6,494,314,962</td>
<td>5,615,441</td>
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<td>8,525,564,012</td>
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<tr>
<td><strong>Minority Interests for Shares Held by Outsiders</strong></td>
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<tr>
<td>of which: share in profits</td>
<td>DM 39,593,039</td>
<td>6,519,280</td>
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<tr>
<td>share in losses</td>
<td>DM 80,777,884</td>
<td>52,145,537</td>
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<td></td>
<td>142,444,923</td>
<td>76,009</td>
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<tr>
<td><strong>Special Equity Reserves</strong></td>
<td>407,117,086</td>
<td>363,709</td>
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<tr>
<td>Pursuant to Section 3 of the Foreign Investment Law, Section 1 of the Tax Law with respect to Developing Countries, Section 6b of the Income Tax Act, Section 74 of the Income Tax Regulations, Subsection 35 of the Income Tax Guidelines, and Belgian, French, Italian, Dutch and Austrian regulations</td>
<td></td>
<td></td>
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<tr>
<td><strong>Lump-Sum Allowance for Doubtful Accounts</strong></td>
<td>207,550,856</td>
<td>191,929</td>
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<td><strong>Provisions</strong></td>
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<td>Old-age pensions</td>
<td>5,414,064,823</td>
<td>4,531,586</td>
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<td>Deferred maintenance</td>
<td>143,152,139</td>
<td>136,267</td>
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<td>Other</td>
<td>5,791,696,614</td>
<td>4,678,656</td>
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<td>11,348,913,572</td>
<td>9,946,489</td>
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<td><strong>Liabilities With a Term of at Least Four Years</strong></td>
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<td>Bonds</td>
<td>41,016,715</td>
<td>56,593</td>
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<tr>
<td>Liabilities to banks</td>
<td>438,681,683</td>
<td>385,474</td>
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<tr>
<td>of which secured by mortgage</td>
<td>DM 168,526,736</td>
<td>157,474,594</td>
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<td>Other liabilities</td>
<td>414,233,712</td>
<td>331,126</td>
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<tr>
<td>of which secured by mortgage</td>
<td>DM 123,904,203</td>
<td>74,950,264</td>
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<td>Due within four years</td>
<td>DM 395,643,283</td>
<td>429,754,919</td>
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<td>893,932,280</td>
<td>775,195</td>
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<td><strong>Liabilities to Provident Funds (parent and subsidiary companies)</strong></td>
<td>9,176,043</td>
<td>57,105</td>
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<td><strong>Other Liabilities</strong></td>
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<td>Accounts payable-trade</td>
<td>2,410,416,724</td>
<td>2,122,715</td>
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<td>Notes payable</td>
<td>609,111,536</td>
<td>213,593</td>
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<td>Bank loans</td>
<td>1,096,319,014</td>
<td>1,043,785</td>
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<td>Advance payments received</td>
<td>312,494,594</td>
<td>285,065</td>
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<tr>
<td>Liabilities to affiliated companies</td>
<td>7,757,147</td>
<td>17</td>
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<tr>
<td>Other liabilities</td>
<td>2,569,207,424</td>
<td>2,113,587</td>
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<td>7,005,216,439</td>
<td>6,118,812</td>
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<tr>
<td><strong>Deferred Credits</strong></td>
<td>22,155,139</td>
<td>19,429</td>
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<tr>
<td><strong>Unappropriated Surplus</strong></td>
<td>384,561,810</td>
<td>355,253</td>
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<tr>
<td><strong>Total Stockholders' Equity and Liabilities</strong></td>
<td>28,625,517,613</td>
<td>24,826,744</td>
</tr>
</tbody>
</table>

\(^1\) Corresponds to capital contributed for shares in excess of par value; it is included at DBAG in "retained earnings allocated under statute".

\(^2\) Inclusive of "retained earnings allocated under statute" (without capital contributed for shares in excess of par value) of DM 160,561,007 (last year DM 160,561,007) and retained earnings allocated for treasury stock of DM 8,526,172 (last year DM 17,043,008) of DBAG.
Consolidated Statement of Income

Stuttgart-Untertuerkheim, March 29, 1985
Daimler-Benz Aktiengesellschaft
Board of Management
Breitschwerdt Hinrichs Liener
Niefer Reuter Ulsamer
Gentz Hoernig

The consolidated financial statements and the reports relating thereto, which we have examined with due care, comply with the statutory requirements.
Frankfurt (Main), April 17, 1985
Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftspruefungsgesellschaft
Schnicke Dr. Koschinsky
Wirtschaftspruefer Wirtschaftspruefer
(independent auditors)
Tables and Graphs
# Daimler-Benz Highlights

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<td><strong>Number of Employees (at year-end)</strong></td>
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<td>Daimler-Benz-Group</td>
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<td>of which: Domestic</td>
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<td>Foreign</td>
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<td>Daimler-Benz AG</td>
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<td><strong>Production</strong></td>
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<td>Cars</td>
<td>350,098</td>
<td>370,348</td>
<td>401,255</td>
<td>393,203</td>
<td>422,159</td>
<td>429,078</td>
<td>440,770</td>
<td>458,345</td>
<td>476,183</td>
<td>478,349</td>
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<td>of which: Diesels</td>
<td>156,608</td>
<td>157,685</td>
<td>165,819</td>
<td>175,915</td>
<td>201,854</td>
<td>207,731</td>
<td>200,480</td>
<td>206,188</td>
<td>166,300</td>
<td>167,671</td>
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<td>Share of total production in %</td>
<td>44.8</td>
<td>42.6</td>
<td>41.3</td>
<td>44.7</td>
<td>47.8</td>
<td>48.4</td>
<td>45.5</td>
<td>45.0</td>
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<td>Commercial Vehicles*)</td>
<td>229,302</td>
<td>247,756</td>
<td>248,100</td>
<td>239,702</td>
<td>258,975</td>
<td>279,535</td>
<td>275,380</td>
<td>250,079</td>
<td>210,281*</td>
<td>210,929</td>
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<td>of which: domestic plants*)</td>
<td>180,005</td>
<td>193,204</td>
<td>187,288</td>
<td>173,101</td>
<td>188,772</td>
<td>203,041</td>
<td>196,076</td>
<td>187,044</td>
<td>157,418*</td>
<td>143,101</td>
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<td>plus kits</td>
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<td>-</td>
<td>-</td>
<td>2,508</td>
<td>6,667</td>
<td>6,455</td>
<td>5,668</td>
<td>5,662</td>
<td>5,552</td>
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<tr>
<td>Cross-country vehicles</td>
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<td>-</td>
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<td>-</td>
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<td>-</td>
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<tr>
<td>Foreign plants</td>
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<td>54,552</td>
<td>60,802</td>
<td>66,601</td>
<td>67,695</td>
<td>69,827</td>
<td>72,849</td>
<td>56,469</td>
<td>47,201</td>
<td>62,296</td>
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<tr>
<td><strong>Sales (in millions of DM)</strong></td>
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<td>Daimler-Benz-Group</td>
<td>18,051</td>
<td>21,303</td>
<td>23,495</td>
<td>24,246</td>
<td>27,307</td>
<td>31,054</td>
<td>36,601</td>
<td>38,905</td>
<td>40,005</td>
<td>43,565</td>
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<td>of which: Domestic</td>
<td>8,102</td>
<td>9,197</td>
<td>10,338</td>
<td>11,539</td>
<td>12,938</td>
<td>13,855</td>
<td>13,577</td>
<td>13,316</td>
<td>15,177</td>
<td>14,862</td>
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<td>14,429</td>
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<td>25,589</td>
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<td>10,682</td>
<td>11,082</td>
<td>12,285</td>
<td>14,088</td>
<td>16,572</td>
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<td>21,012</td>
<td>23,245</td>
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<td>11,056</td>
<td>11,662</td>
<td>12,109</td>
<td>13,848</td>
<td>15,818</td>
<td>18,882</td>
<td>18,659</td>
<td>17,653</td>
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<td>20,012</td>
<td>20,584</td>
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<td>29,084</td>
<td>31,124</td>
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<td>11,522</td>
<td>12,887</td>
<td>13,845</td>
<td>13,579</td>
<td>13,300</td>
<td>15,311</td>
<td>14,591</td>
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<td>9,148</td>
<td>9,691</td>
<td>9,062</td>
<td>10,467</td>
<td>12,627</td>
<td>15,505</td>
<td>17,824</td>
<td>16,688</td>
<td>17,381</td>
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<td>50.0</td>
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<td>44.6</td>
<td>47.7</td>
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<td>57.3</td>
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<td>10,363</td>
<td>10,622</td>
<td>11,775</td>
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<td>18,133</td>
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<td>13,737</td>
<td>13,983</td>
<td>13,067</td>
<td>11,899</td>
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<td>693</td>
<td>754</td>
<td>861</td>
<td>943</td>
<td>951</td>
<td>1,020</td>
<td>979</td>
<td>1,038</td>
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**Investments and Depreciation Allowances (in millions of DM)**

| Daimler-Benz-Group |      |      |      |      |      |      |      |      |      |      |
| Investments | 1,096 | 906 | 1,140 | 1,498 | 1,969 | 2,140 | 3,114 | 3,626 | 3,567 | 3,592 |
| of which: in property, plant and equipment |      |      |      |      |      |      |      |      |      |      |
| Domestic | 911 | 740 | 892 | 1,239 | 1,718 | 1,663 | 2,233 | 3,004 | 3,047 | 2,166 |
| Foreign | 120 | 124 | 195 | 207 | 187 | 194 | 800 | 423 | 417 | 1,208 |
| in financial assets | 55 | 44 | 53 | 52 | 84 | 83 | 81 | 199 | 103 | 218 |
| Depreciation Allowances | 884 | 917 | 918 | 1,013 | 1,342 | 1,447 | 1,688 | 2,273 | 2,574 | 2,828 |
| of which: in property, plant and equipment |      |      |      |      |      |      |      |      |      |      |
| Domestic | 834 | 830 | 772 | 850 | 1,162 | 1,272 | 1,379 | 1,975 | 2,292 | 2,342 |
| Foreign | 47 | 68 | 129 | 151 | 151 | 152 | 254 | 290 | 275 | 483 |
| write down of financial assets | 3 | 19 | 17 | 12 | 29 | 13 | 55 | 8 | 7 | 3 |

**Daimler-Benz AG**

| Investments in property, plant and equipment | 869 | 697 | 832 | 1,133 | 1,560 | 1,520 | 1,954 | 2,701 | 2,617 | 1,871 |
| Equity investments (net) | 9 | 26 | 104 | 48 | 47 | 100 | 120 | 271 | 305 | 172 |
| Depreciation allowances of property, plant and equipment | 786 | 785 | 726 | 504 | 1,034 | 1,189 | 1,258 | 1,623 | 1,993 | 2,081 |

---

*) Kits destined for assembly abroad, from 1984 on no longer included in total production; figures for 1983 subsequently made comparable.

Note: "Daimler-Benz-Group" comprises Daimler-Benz AG plus domestic and foreign companies, in which Daimler-Benz direct or indirect investment is more than 50%, and which are consolidated.
### Daimler-Benz AG

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</thead>
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<tr>
<td>Total Revenue</td>
<td>16,414</td>
<td>18,312</td>
<td>20,407</td>
<td>20,645</td>
<td>23,736</td>
<td>26,714</td>
<td>29,461</td>
<td>31,410</td>
<td>32,139</td>
<td>32,092</td>
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<tr>
<td>Cost of raw materials etc.</td>
<td>8,523</td>
<td>9,080</td>
<td>10,279</td>
<td>10,055</td>
<td>11,748</td>
<td>14,462</td>
<td>15,216</td>
<td>15,857</td>
<td>16,000</td>
<td>15,922</td>
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<td>Personnel Expenses (including old-age pension)</td>
<td>4,632</td>
<td>5,205</td>
<td>5,868</td>
<td>5,972</td>
<td>6,701</td>
<td>7,297</td>
<td>8,260</td>
<td>8,850</td>
<td>9,238</td>
<td>9,539</td>
</tr>
<tr>
<td>Average cost per employee (in D-marks)</td>
<td>38,108</td>
<td>41,833</td>
<td>45,183</td>
<td>46,765</td>
<td>48,679</td>
<td>50,956</td>
<td>56,345</td>
<td>59,991</td>
<td>62,344</td>
<td>61,713</td>
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<tr>
<td>Average total revenue per employee (in D-marks)</td>
<td>150,400</td>
<td>174,774</td>
<td>175,423</td>
<td>184,950</td>
<td>185,231</td>
<td>200,058</td>
<td>212,916</td>
<td>216,895</td>
<td>207,621</td>
<td></td>
</tr>
<tr>
<td>Taxes on income, and on net assets</td>
<td>911</td>
<td>1,378</td>
<td>1,715</td>
<td>1,840</td>
<td>2,130</td>
<td>1,345</td>
<td>2,476</td>
<td>2,648</td>
<td>2,501</td>
<td>2,123</td>
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<tr>
<td>Net Income</td>
<td>310</td>
<td>392</td>
<td>445</td>
<td>474</td>
<td>540</td>
<td>570</td>
<td>608</td>
<td>687</td>
<td>710</td>
<td>711</td>
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<tr>
<td>In % of total revenue of Daimler-Benz AG</td>
<td>1.9</td>
<td>2.1</td>
<td>2.2</td>
<td>2.3</td>
<td>2.3</td>
<td>2.1</td>
<td>2.1</td>
<td>2.2</td>
<td>2.2</td>
<td>2.2</td>
</tr>
</tbody>
</table>

Included in personnel expenses:
- Christmas and special remuneration: 146 176 213 232 280 328 364 396 420 447
- Formation of personal capital: 73 73 73 77 79 102 105 108 120 106
- Expenses for old-age pension: 340 427 503 435 439 1,860 688 742 770 990

### Total Expenditures to Employees for Special Social Purposes

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</thead>
<tbody>
<tr>
<td>Amount</td>
<td>559</td>
<td>676</td>
<td>789</td>
<td>744</td>
<td>798</td>
<td>2,110</td>
<td>1,157</td>
<td>1,246</td>
<td>1,310</td>
<td>1,543</td>
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### Dividends (paid or proposed)

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</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>202</td>
<td>225</td>
<td>228</td>
<td>243</td>
<td>248</td>
<td>270</td>
<td>297</td>
<td>304</td>
<td>350</td>
<td>355</td>
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</tbody>
</table>

1) Liability reserves of a long- and medium-term nature, long-term liabilities, and liabilities to Provident Funds.
2) Excluding of extraordinary expenses for old-age pension in the amount of DM 1,406 million.
3) Restructuring of old-age pension with tax-deductible extraordinary addition to pension reserves.
4) Excluding dissolution of provision in the amount of DM $0 million. This amount was previously set up for underfunding in the Provident Fund.
5) 50% dividend entitlement of the new common shares as a result of the capital stock increase in December (1 for 7 issued at par).
6) Dividend and bonus.
7) Full dividend entitlement of the new common shares as a result of the capital stock increase in December (1 for 8 issued at par).
8) For our stockholders who are liable for income taxes in the Federal Republic of Germany.
9) Allowing for capital stock increase (dividend retroactively adjusted).
10) Full dividend entitlement of the new common shares as a result of the capital stock increase in December (1 for 8 issued at par).
### Sales and Production

#### Cars

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<tr>
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<td>2,106</td>
<td>2,312</td>
<td>2,661</td>
<td>2,664</td>
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<td>2,426</td>
<td>2,330</td>
<td>2,158</td>
<td>2,427</td>
<td>2,394</td>
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<td>of which: Domestic products</td>
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<td>1,812</td>
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<td>2,073</td>
<td>2,016</td>
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<td>1,638</td>
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<td>214</td>
<td>214</td>
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<td>241</td>
<td>239</td>
<td>225</td>
<td>225</td>
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<tr>
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<td>500</td>
<td>542</td>
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<td>607</td>
<td>639</td>
<td>590</td>
<td>520</td>
<td>592</td>
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<tr>
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<td>1,837</td>
<td>1,939</td>
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<td>188</td>
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<td>226</td>
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<td>251</td>
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<td><strong>Production</strong></td>
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<td>401</td>
<td>393</td>
<td>422</td>
<td>429</td>
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<td>458</td>
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<td>478</td>
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<td><strong>Export Share of Production in %</strong></td>
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#### Commercial Vehicles

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<td>240</td>
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<td>280</td>
<td>275</td>
<td>250</td>
<td>210</td>
<td>211</td>
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<td><strong>Export Share of Production in %</strong></td>
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<td>67.1</td>
<td>58.7</td>
<td>57.5</td>
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</tbody>
</table>

1) Figures of Daimler-Benz are inclusive of Unimog vehicles and MB-trac.
2) Kits destined for assembly abroad, from 1984 on, no longer included in total production; figures for 1983 subsequently made comparable.
### Cars

#### New Car Registrations

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<td>+24.4</td>
<td>+9.8</td>
<td>+10.8</td>
<td>+4.0</td>
<td>−1.5</td>
<td>−7.5</td>
<td>−4.0</td>
<td>−7.5</td>
<td>+12.6</td>
<td>−1.4</td>
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<tr>
<td>of which: Domestic products</td>
<td>+27.4</td>
<td>+14.6</td>
<td>+11.6</td>
<td>+2.9</td>
<td>−3.0</td>
<td>−11.3</td>
<td>−2.6</td>
<td>−6.0</td>
<td>+12.2</td>
<td>−4.4</td>
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#### Exports

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#### Production

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### Commercial Vehicles

#### New Commercial Vehicle Registrations

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#### Exports

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#### Production

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Car Production of Leading Countries 1964-1984

Share of world production in %

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<th>U.S.A.</th>
<th>Japan</th>
<th>Federal Republic of Germany</th>
<th>France</th>
<th>Italy</th>
<th>U.S.S.R.</th>
<th>Spain</th>
<th>United Kingdom</th>
<th>Brazil</th>
<th>Sweden</th>
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<td>10.0</td>
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Export share of production in %

<table>
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<th>Year</th>
<th>Western Europe</th>
<th>U.S.A.</th>
<th>Japan</th>
<th>Federal Republic of Germany</th>
<th>France</th>
<th>Italy</th>
<th>U.S.S.R.</th>
<th>Spain</th>
<th>United Kingdom</th>
<th>Brazil</th>
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</table>

Legend:
- Western Europe
- U.S.A.
- Japan
- Federal Republic of Germany
- France
- Italy
- U.S.S.R.
- Spain
- United Kingdom
- Brazil
- Sweden
- Fed. Rep. of Germany
- France
- United Kingdom
- Italy
- Sweden
- Spain
- U.S.S.R.
- Japan
- U.S.A.
- Brazil
### Car Industry of Leading Countries

<table>
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<tr>
<th>Country</th>
<th>Worldwide production (in thousands of units)</th>
<th>Percentage changes as compared to prior year</th>
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<td>Exports</td>
<td>1,476</td>
<td>1,873</td>
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<td>955</td>
<td>1,381</td>
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<tr>
<td>to U.S.A.</td>
<td>374</td>
<td>335</td>
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<tr>
<td>Production</td>
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<td>3,521</td>
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<tr>
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<td>1,873</td>
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<td>Imports</td>
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<td>675</td>
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<td>511</td>
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<td>88</td>
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<td>Production</td>
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<tr>
<td>Production</td>
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<td>6,376</td>
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<tr>
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*) Some figures are partly estimated.
Truck Production of Leading Countries 1964-1984
### Commercial Vehicle Industry of Leading Countries

Note: Comparability is limited because of strongly varying definitions of "commercial vehicles" from country to country, and the differing structure of model offerings.

1. Some figures are partly estimated.
2. Kits destined for assembly abroad, from 1984 on, no longer included in total production; figures for 1983 subsequently made comparable.

**Worldwide production**

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<td>176</td>
<td>149</td>
<td>124</td>
<td>144</td>
<td>130</td>
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<td>323</td>
<td>334</td>
<td>383</td>
<td>346</td>
<td>316</td>
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<td>116</td>
<td>127</td>
<td>132</td>
<td>116</td>
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<td>140</td>
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<td>70</td>
<td>79</td>
<td>83</td>
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<td>375</td>
<td>349</td>
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Truck Production of Leading Countries 1974-1984
(over 6 tons gross vehicle weight)

1 Countries included: Western Europe, U.S.A., Japan, Argentina, Brazil, Mexico, India.
2 Mercedes-Benz do Brasil.
3 Kits destined for assembly abroad, from 1984 on, no longer included in total production; figures for 1983 subsequently made comparable.
Truck Industry of Leading Countries
(over 6 tons gross vehicle weight)

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<th>1975</th>
<th>1980</th>
<th>1981</th>
<th>1982</th>
<th>1983</th>
<th>1984</th>
<th>Percentage changes as compared to prior year</th>
</tr>
</thead>
<tbody>
<tr>
<td>New registrations</td>
<td>76</td>
<td>80</td>
<td>54</td>
<td>41</td>
<td>34</td>
<td>42</td>
<td>+ 6 + 2 −32 −25 −16 +23</td>
</tr>
<tr>
<td>Production</td>
<td>64</td>
<td>80</td>
<td>62</td>
<td>34</td>
<td>26</td>
<td>36</td>
<td>+ 0 +14 −22 −45 −24 +37</td>
</tr>
<tr>
<td>of which: Mercedes-Benz do Brasil</td>
<td>29</td>
<td>30</td>
<td>31</td>
<td>19</td>
<td>14</td>
<td>19</td>
<td>+16 + 3 −20 −39 −28 +37</td>
</tr>
</tbody>
</table>

1 Some figures are estimated.
2 Kits destined for assembly abroad, from 1984 on, no longer included in total production; figures for 1983 subsequently made comparable.
3 7 tons and above.
4 6.35 tons and above (factory sales).