DAIMLER

Annual Financial Report 2014.

Contents.

DAIMLER

Annual Report 2014.

Key Figures.

Daimler Group

	2014	2013	2012	14/13
Amounts in millions of euros				% change
Revenue	**129,872**	117,982	114,297	+10 [1]
Western Europe	**43,722**	41,123	39,377	+6
thereof Germany	**20,449**	20,227	19,722	+1
NAFTA	**38,025**	32,925	31,914	+15
thereof United States	**33,310**	28,597	27,233	+16
Asia	**29,446**	24,481	25,126	+20
thereof China	**13,294**	10,705	10,782	+24
Other markets	**18,679**	19,453	17,880	-4
Investment in property, plant and equipment	**4,844**	4,975	4,827	-3
Research and development expenditure [2]	**5,680**	5,489	5,644	+3
thereof capitalized	**1,148**	1,284	1,465	-11
Free cash flow of the industrial business	**5,479**	4,842	1,452	+13
EBIT [3]	**10,752**	10,815	8,820	-1
Value added [3]	**4,416**	5,921	4,300	-25
Net profit [3]	**7,290**	8,720	6,830	-16
Earnings per share (in €) [3]	**6.51**	6.40	6.02	+2
Total dividend	**2,621**	2,407	2,349	+9
Dividend per share (in €)	**2.45**	2.25	2.20	+9
Employees (December 31)	**279,972**	274,616	275,087	+2

1 Adjusted for the effects of currency translation, revenue increased by 12%.
2 For the year 2013, the figures have been adjusted due to reclassifications within functional costs.
3 For the year 2012, the figures have been adjusted, primarily for effects arising from application of the amended version of IAS 19.

Cover photo: Mercedes-Benz Future Truck 2025.
The Future Truck 2025 provides a glimpse of the future of goods transport. It conserves resources, reduces emissions, maximizes traffic safety and increases connectivity in road traffic. This spectacular study from Mercedes-Benz is far more than a distant vision: It is planned to put the truck on the road within ten years. Many of its technological components are already available and ready for use. The brain of the Future Truck 2025 is the "Highway Pilot," whose fascinating capabilities were demonstrated in autonomous driving on the autobahn in July 2014. The complete design and technology study had its world premiere at the IAA Commercial Vehicles Show in 2014.

Daimler's Divisions >
Facts and Figures 2014 >

Divisions.

	2014	2013	2012	14/13
Amounts in millions of euros				% change
Mercedes-Benz Cars				
EBIT [1]	**5,853**	4,006	4,391	+46
Revenue	**73,584**	64,307	61,660	+14
Return on sales (in %) [1]	**8.0**	6.2	7.1	.
Investment in property, plant and equipment	**3,621**	3,710	3,495	-2
Research and development expenditure [2]	**4,025**	3,808	3,863	+6
thereof capitalized	**1,035**	1,063	1,125	-3
Unit sales	**1,722,561**	1,565,563	1,451,569	+10
Employees (December 31) [3]	**129,106**	96,895	98,020	+33
Daimler Trucks				
EBIT [1]	**1,878**	1,637	1,695	+15
Revenue	**32,389**	31,473	31,389	+3
Return on sales (in %) [1]	**5.8**	5.2	5.4	.
Investment in property, plant and equipment	**788**	839	989	-6
Research and development expenditure [2]	**1,188**	1,171	1,197	+1
thereof capitalized	**34**	79	180	-57
Unit sales	**495,668**	484,211	461,954	+2
Employees (December 31) [3]	**82,743**	79,020	80,519	+5
Mercedes-Benz Vans				
EBIT [1]	**682**	631	543	+8
Revenue	**9,968**	9,369	9,070	+6
Return on sales (in %) [1]	**6.8**	6.7	6.0	.
Investment in property, plant and equipment	**304**	288	223	+6
Research and development expenditure [2]	**293**	329	371	-11
thereof capitalized	**68**	139	137	-51
Unit sales	**294,594**	270,144	252,418	+9
Employees (December 31) [3]	**15,782**	14,838	14,916	+6
Daimler Buses				
EBIT [1]	**197**	124	-221	+59
Revenue	**4,218**	4,105	3,929	+3
Return on sales (in %) [1]	**4.7**	3.0	-5.6	.
Investment in property, plant and equipment	**105**	76	82	+38
Research and development expenditure [2]	**182**	187	222	-3
thereof capitalized	**11**	3	23	+267
Unit sales	**33,162**	33,705	32,088	-2
Employees (December 31)	**16,631**	16,603	16,901	+0
Daimler Financial Services				
EBIT [1]	**1,387**	1,268	1,293	+9
Revenue	**15,991**	14,522	13,550	+10
New business	**47,912**	40,533	38,076	+18
Contract volume	**98,967**	83,539	79,986	+18
Investment in property, plant and equipment	**23**	19	23	+21
Employees (December 31)	**8,878**	8,107	7,779	+10

1 For the year 2012, the figures have been adjusted, primarily for effects arising from application of the amended version of IAS 19.
2 For the year 2013, the figures have been adjusted due to reclassifications within functional costs.
3 As of 2014, including the numbers of employees previously counted under “Sales & Marketing Organization.” see page 111

Daimler Worldwide.

	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Sales Organization Automotive Businesses	Daimler Financial Services
Europe						
Production locations	11	7	3	7	–	–
Sales outlets	–	–	–	–	4,039	30
Revenue (in millions of euros)	30,595	9,962	7,817	2,690	–	6,488
Employees	111,633	34,830	13,868	14,802	–	5,095
NAFTA						
Production locations	1	14	1	1	–	–
Sales outlets	–	–	–	–	1,502	4
Revenue (in millions of euros)	16,955	12,159	1,029	292	–	7,963
Employees	7,268	21,357	190	450	–	1,646
Latin America (excluding Mexico)						
Production locations	1	2	1	2	–	–
Sales outlets	–	–	–	–	639	2
Revenue (in millions of euros)	729	2,630	499	980	–	323
Employees	136	11,376	1,674	1,289	–	427
Africa						
Production locations	1	1	–	1	–	–
Sales outlets	–	–	–	–	384	1
Revenue (in millions of euros)	1,417	1,092	131	88	–	226
Employees	5,435	1,158	17	–	–	268
Asia						
Production locations	2	3	–	2	–	–
Sales outlets	–	–	–	–	2,162	9
Revenue (in millions of euros)	22,385	5,901	302	125	–	754
Employees	3,901	13,693	–	90	–	1,248
Australia/Oceania						
Production locations	–	–	–	–	–	–
Sales outlets	–	–	–	–	260	2
Revenue (in millions of euros)	1,534	636	190	41	–	237
Employees	733	329	33	–	–	194

Notes: Unconsolidated revenue of each division (segment revenue).
The employees previously reported under “Sales & Marketing Organization” are included in the employee numbers for the respective divisions as of 2014.

Mercedes-Benz Cars	Mercedes-Benz	AMG
	MAYBACH	smart
Daimler Trucks	Mercedes-Benz	FREIGHTLINER
	FUSO	WESTERN STAR
	Thomas BUILT BUSES	BHARATBENZ
Mercedes-Benz Vans	Mercedes-Benz	FREIGHTLINER
Daimler Buses	Mercedes-Benz	SETRA
Daimler Financial Services	Mercedes-Benz Bank	moovel
	Mercedes-Benz Financial	CAR 2GO
	Daimler Truck Financial	

Contents.

Information guidance system

Refers to an illustration or a table in the Annual Report

Refers to additional information on the Internet

Cross-reference within the Annual Report

Refers to a Daimler publication

Clean. Safe. Connected.

Clean. Safe. Connected.

That's the future of the automobile – and that's what we stand for at Daimler. As a pioneer of automotive engineering, we are continually working to shape the future of mobility. Our thoughts and actions are guided by the principle of sustainability. We have already reached many milestones on the road to emission-free and accident-free driving. Intelligent connectivity offers us additional and completely new opportunities to shape the mobility of tomorrow. We plan to use these new technologies to keep our loyal customers satisfied, gain new markets and customers, continue along our path of profitable growth and create sustained value.

Clean.

Clean mobility. Daimler is on the “road to emission-free driving.” To this end, we have created an environmental roadmap that focuses on further efficiency enhancements to combustion engines, needs-based hybridization and locally emission-free electric vehicles with batteries or fuel cells.

First plug-in hybrid with the three-pointed star: the S 500 PLUG-IN HYBRID[1].

A pioneer for efficiency.

Exemplary efficiency = superior performance. Daimler offers proof of this equation with the S 500 PLUG-IN HYBRID[1], a model that once again underscores the Group's leading role in the electrification of premium vehicles. The new luxury sedan from Mercedes-Benz makes a big impression not only with its state-of-the-art hybrid concept but also with the innovations and exclusive appointment details of the S-Class. The centerpiece of the model's plug-in technology is a new high-voltage lithium-ion battery that can be charged externally – using a household power socket, for example. The first luxury sedan certified as belonging to the "three liters per 100 km" category is the third hybrid in the S-Class series and a further key element on the road to emission-free mobility. The first S 500 PLUG-IN HYBRID[1] models were delivered to customers in 2014.

Inspired by F1. Knowledge gained with the Formula 1 drive system was incorporated into the new Mercedes-Benz S 500 PLUG-IN HYBRID[1]. This automobile sets benchmarks for efficiency, dynamic handling and comfort.

1 S 500 PLUG-IN HYBRID: fuel consumption in l/100 km combined 2.8; CO_2 emissions in g/km combined 65; electricity consumption in kWh/100 km 13.5.

“The S 500 PLUG-IN HYBRID[1] is not only the most efficient hybrid in the luxury segment but also the most intelligent. Its predictive operating strategy regulates the interaction between the electric motor and the combustion engine and adjusts it in line with the traffic situation, the route ahead and the battery-charge state.”

From left to right: Dr. Uwe Keller (Project Manager Hybrid Drive), Thomas Ulrich (Hybrid System Testing), Harald Maurer (Head of S-Class Testing)

2.8 l
per 100 km

The S 500 PLUG-IN HYBRID[1] delivers pure driving pleasure with an impressive system output of 325 kW (442 hp), exemplary fuel consumption of 2.8 liters/100 km and CO_2 emissions of 65 g/km.

A+
efficiency class

Use of the electric motor significantly reduces both fuel consumption and CO_2 emissions. The model's top efficiency class rating of A+ is therefore well deserved.

1 S 500 PLUG-IN HYBRID: fuel consumption in l/100 km combined 2.8; CO_2 emissions in g/km combined 65; electricity consumption in kWh/100 km 13.5.

We are electrifying the premium segment. The S 500 PLUG-IN HYBRID[1] is a further milestone in Daimler's hybrid strategy. Following the S 400 HYBRID[2] and the S 300 BlueTEC HYBRID[3], this extraordinary luxury sedan embodies the ultimate in hybrid technology.

Green light for environmentally friendly hybrids. Daimler is shaping future mobility by combining combustion engines with electric drive systems. Hybrid concepts help reduce fuel consumption and enhance performance. Hybrids also use braking energy to generate electricity to charge the vehicle's battery; this offers the greatest potential for lower fuel consumption. In the S 500 PLUG-IN HYBRID[1], an innovative high-voltage lithium-ion battery and a state-of-the-art braking energy recovery system ensure maximum energy recuperation.

Forward-looking plug-in hybrids. Along with braking energy recuperation, the groundbreaking S 500 PLUG-IN HYBRID[1] also features an onboard charger that enables the vehicle to be recharged using a wallbox or any conventional household socket. The next step on the road to the perfect plug-in hybrid will be inductive wireless charging.

Pioneer for a sustainable hybrid strategy. In 2009, we introduced the Mercedes-Benz S 400 HYBRID[2] – the world's first hybrid production vehicle with a lithium-ion battery. For quite some time, this predecessor of the S 500 PLUG-IN HYBRID[1] was the most economical luxury sedan with a gasoline engine. With worldwide sales of approximately 20,000 units, it was also the most successful hybrid in its class.

Now Daimler is continuing its hybrid offensive. All in all, we plan to launch ten plug-in hybrid models on the market by 2017.

140 km/h

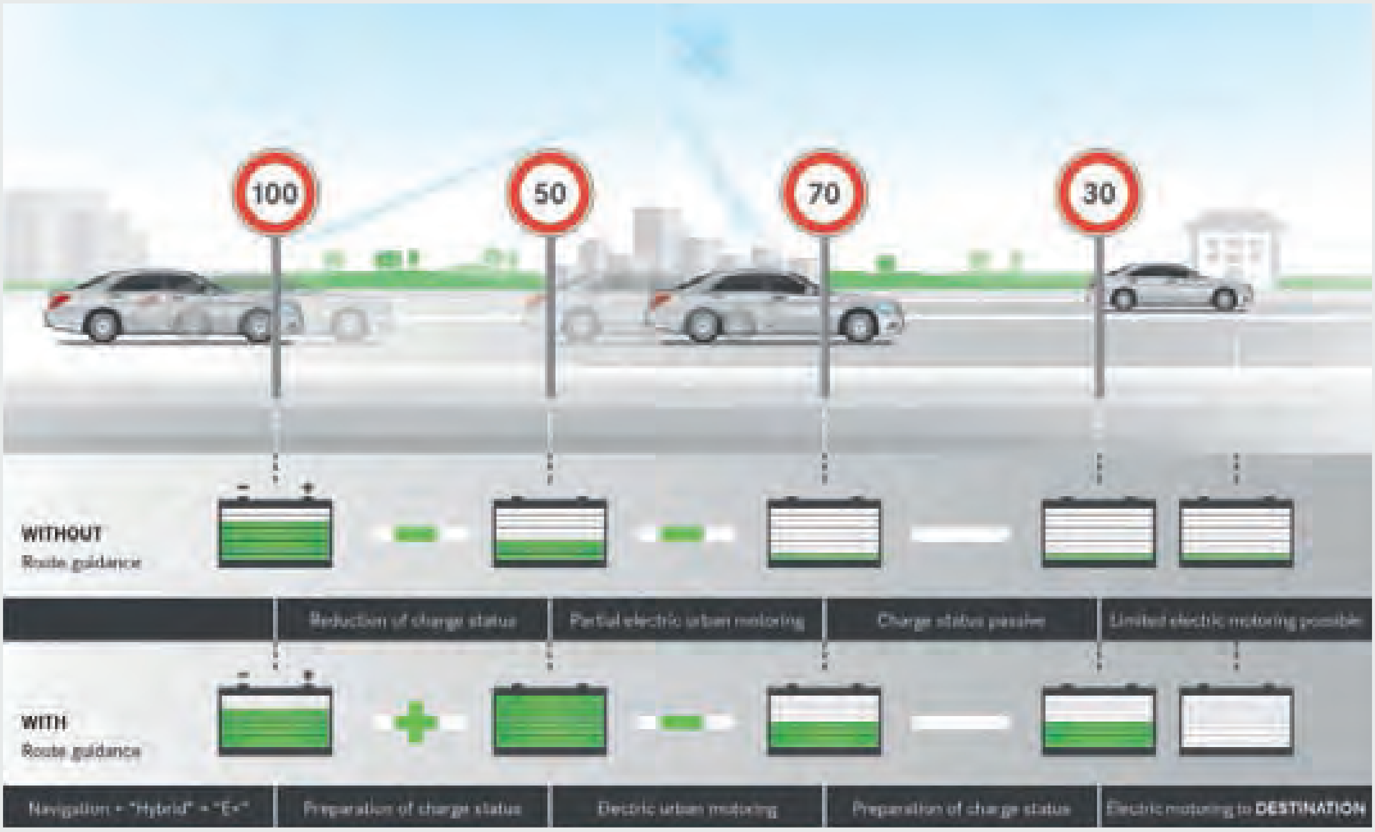
With a top speed of 140 km/h in the pure electric driving mode, these vehicles will make upper-range driving performance a reality in the hybrid segment.

1 S 500 PLUG-IN HYBRID: fuel consumption in l/100 km combined 2.8; CO_2 emissions in g/km combined 65; electricity consumption in kWh/100 km 13.5.
2 S 400 HYBRID: fuel consumption in l/100 km urban 7.4-6.6/extra-urban 6.5-6.1/combined 6.8-6.3; CO_2 emissions in g/km combined 159-147.
3 S 300 BlueTEC HYBRID: fuel consumption in l/100 km urban 4.8-4.7/extra-urban 4.6-4.3/combined 4.7-4.4; CO_2 emissions in g/km combined 124-115.

2 h

The high-voltage battery of the S 500 PLUG-IN HYBRID[1] can be recharged in just two hours – using a wallbox (400V/16A), for example. In the future, inductive charging technology will make it possible to recharge batteries without cables or sockets, as shown above.

Route-based operating strategy.



Efficiency at the push of a button. The intelligent strategy employed in the S 500 PLUG-IN HYBRID[1] enables automatic selection of the ideal combination of combustion engine and electric motor based on the battery-charge state, the traffic situation or the route ahead, depending on the driver's preference. Interaction between the hybrid drive components can also be regulated manually.

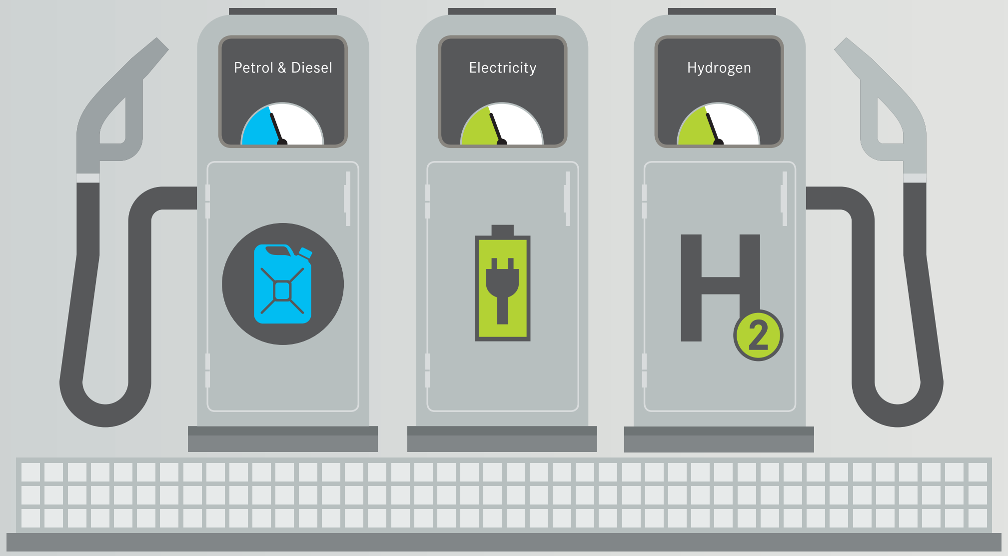
The route-based operating strategy selects for the driver an operating sequence optimally aligned with the route ahead. Once the destination has been entered into the COMAND Online navigation system, battery charging and discharging processes are selected to ensure optimal energy utilization throughout the trip. One of the goals of the operating strategy is to use the energy in the battery going uphill and then recharge the battery through recuperation on downhill stretches. In addition, the operating system will charge the battery as much possible before the vehicle reaches a city so as to ensure the car can drive electrically and emission-free on city streets. COMAND Online also provides predictive data on route profiles and speed limits.

Our environmental roadmap.

We are optimizing our combustion engines.
The most effective way to reduce fuel consumption and emissions is to systematically improve the efficiency of combustion engines, because they will be the backbone of mobility also in the future.

We are improving efficiency through hybridization.
By combining combustion engines with electric motors, we are achieving further significant reductions in fuel consumption and emissions. We're doing this with our modular hybrid system for cars and commercial vehicles.

We are a pioneer for emission-free drive systems.
Our electric vehicles with batteries or fuel cells ensure not only locally emission-free mobility but also pure driving pleasure.



Milestones on the way to emission-free mobility.

By 2017	**10 new plug-in hybrid models.** Within the framework of Daimler's comprehensive hybrid strategy, Mercedes-Benz will launch a total of ten vehicles with plug-in hybrid technology by 2017.
2014	**S 500 PLUG-IN-HYBRID[1].** The world's first certified "three liters per 100 km" luxury sedan achieves fuel consumption values that were considered unattainable in the upper-range segment just a few years ago. This record efficiency requires no sacrifices in terms of performance, comfort or vehicle range. **B-Class Electric Drive[2].** The first premium electric vehicle in the compact segment was initially introduced in the US and then in Europe. The Mercedes of electric cars offers the comfort, quality and safety that are typical of vehicles with the star. **129 g/km CO_2 emissions.** The highest levels of efficiency in all segments. We have reduced the CO_2 emissions of our fleet of vehicles sold in Europe to 129 g/km. More than 100 Mercedes-Benz models have an efficiency class rating of A+ or A and over 60 models emit less than 120 g CO_2/km.
2013	**Euro VI commercial vehicle fleet.** Innovative drive systems continually make our trucks, vans and buses even cleaner and more economical and efficient. Daimler was the first manufacturer to offer a complete range of Euro VI commercial vehicles – even before the new emission standards went into effect. **E 300 BlueTEC HYBRID[3].** The forward-looking combination of a four-cylinder diesel engine and an electric motor makes this E-Class one of the most efficient models in its segment – and a milestone in terms of economy, sustainability and comfort.
2012	**smart fortwo electric drive[4].** The third generation of the environmentally friendly city car celebrates its premiere. Today, the smart electric drive is on the road in 18 countries worldwide and is in constant use in the car2go car-sharing program. It's also available as a convertible – the only electric one on the market.
2011	**B-Class F-Cell[5].** During the Mercedes-Benz F-CELL World Drive, three electric cars equipped with fuel cells ready for series production clocked up 30,923 km in 125 days. This emission-free "journey around the world" impressively demonstrated the technology's suitability for everyday use. **Mercedes-Benz Actros.** It's the most economical and therefore most environmentally friendly truck in its class. So it's not surprising that the Actros made history with fuel consumption of 25 l/100 km during the 10,000-km "Record Run."

1 S 500 PLUG-IN HYBRID: fuel consumption in l/100 km combined 2.8; CO_2 emissions in g/km combined 65; electricity consumption in kWh/100 km 13.5.
2 B-Class Electric Drive: electricity consumption in kWh/100 km weighted 17.9-6.6; CO_2 emissions combined 0 g/km.
3 E 300 BlueTEC HYBRID: fuel consumption in l/100 km urban 4.1-3.9/extra-urban 4.1-3.8/combined 4.1-3.8; CO_2 emissions in g/km combined 109-99.
4 smart fortwo electric drive: electricity consumption in kWh/100 km 15.1; CO_2 emissions in g/km 0.0.
5 B-Class F-CELL: H_2 consumption in kg/100 km 0.97; CO_2 emissions in g/km 0.0.

On the road efficiently and emission free.

Clean mobility requires an intelligent combination of combustion engine, hybrid and electric drive. In line with our claim to leadership in green technologies, we continue to develop and produce different kinds of vehicles with customized drive-systems. That's how we are meeting the mobility requirements of today and tomorrow in all areas of road transport.

www.mercedes-benz.com/en/mercedes-benz/efficiency

Efficient technologies inspired by motorsport. Learn more about our new developments and how they are being implemented in Mercedes-Benz production vehicles.

Safe.

Safe mobility. Billions of people are on the move worldwide every day. Daimler is working to make the mobility of the future as safe as possible for all of them. Our primary goal is to ensure that accidents never happen to begin with. As a pioneer in the field of safety, we are moving forward on the “road to accident-free driving.”

The first journey taken by a self-driving truck: the Mercedes-Benz Future Truck 2025.

Hands off the wheel.

At the wheel here is the technology of the future, which is already a reality at Daimler today. At the IAA Commercial Vehicles 2014, the Mercedes-Benz Future Truck 2025 study offered a visually fascinating and technically feasible preview of the future of freight transport. The Future Truck 2025 marks a revolution in road freight transport, traffic infrastructure, the truck-driving profession and the freight forwarding industry, and is thus a key component of the transport system of tomorrow. The vehicle was designed to ensure the highest degree of road safety and efficiency, and it will also help to further reduce fuel consumption. Thanks to the "Highway Pilot" with networked sensors and cameras, the driver can simply turn control of the truck over to an autonomous high-tech system. This capability was successfully demonstrated by a prototype on the autobahn.

Video.
The spectacular world premiere of the Highway Pilot system on the A14 highway in Germany.

Outstanding safety. The eye-catching appearance of the Mercedes-Benz Future Truck 2025 underscores the vehicle's unique technological capabilities. The self-driving truck also marks a major step away from traditional trucks and towards the autonomous transport vehicles of tomorrow. With its aerodynamically optimized design, the truck's cab exudes maximum calm and power. Cameras have replaced the exterior mirrors, and classic elements such as headlights seem to be missing at first glance. LED lamps in the bumpers light up after the engine is started, indicating that the Future Truck 2025 is ready to roll. The truck's lights turn white when the prototype is driven manually. When the truck is driving autonomously, the color of the lights changes to a pulsating blue to clearly indicate the vehicle's operating mode to other road users.

Innovative design for the cockpit as well. Displays, a touchpad and a tablet computer replace familiar instruments and switches in the Future Truck 2025. Long-haulage trucks from Mercedes-Benz already feature a visual separation between living and driving areas. In the future, the cab will also include a workplace for autonomous driving phases. It will be possible to move the seat back completely and turn it 45 degrees to face into the cab space.

The Highway Pilot keeps the truck in its lane more precisely than any driver can. When it is driving autonomously, the Future Truck 2025 will enable drivers to work in a completely new way.

A revolution on the road. In the summer of 2014, auto industry specialists and journalists from around the world witnessed the cutting-edge capabilities of the Highway Pilot in a camouflaged prototype of the Future Truck 2025. Although a driver was sitting at the steering wheel, the Highway Pilot drove the vehicle all by itself.

“Avoidance of human error at the wheel will reduce danger and accidents. Traffic will flow more calculably and safely. The traffic system will become more flexible and infrastructure will be utilized more effectively. The Future Truck 2025 will facilitate a quantum leap in terms of safety and efficiency.”

Hans Luft, Daimler Wörth plant, Truck Testing

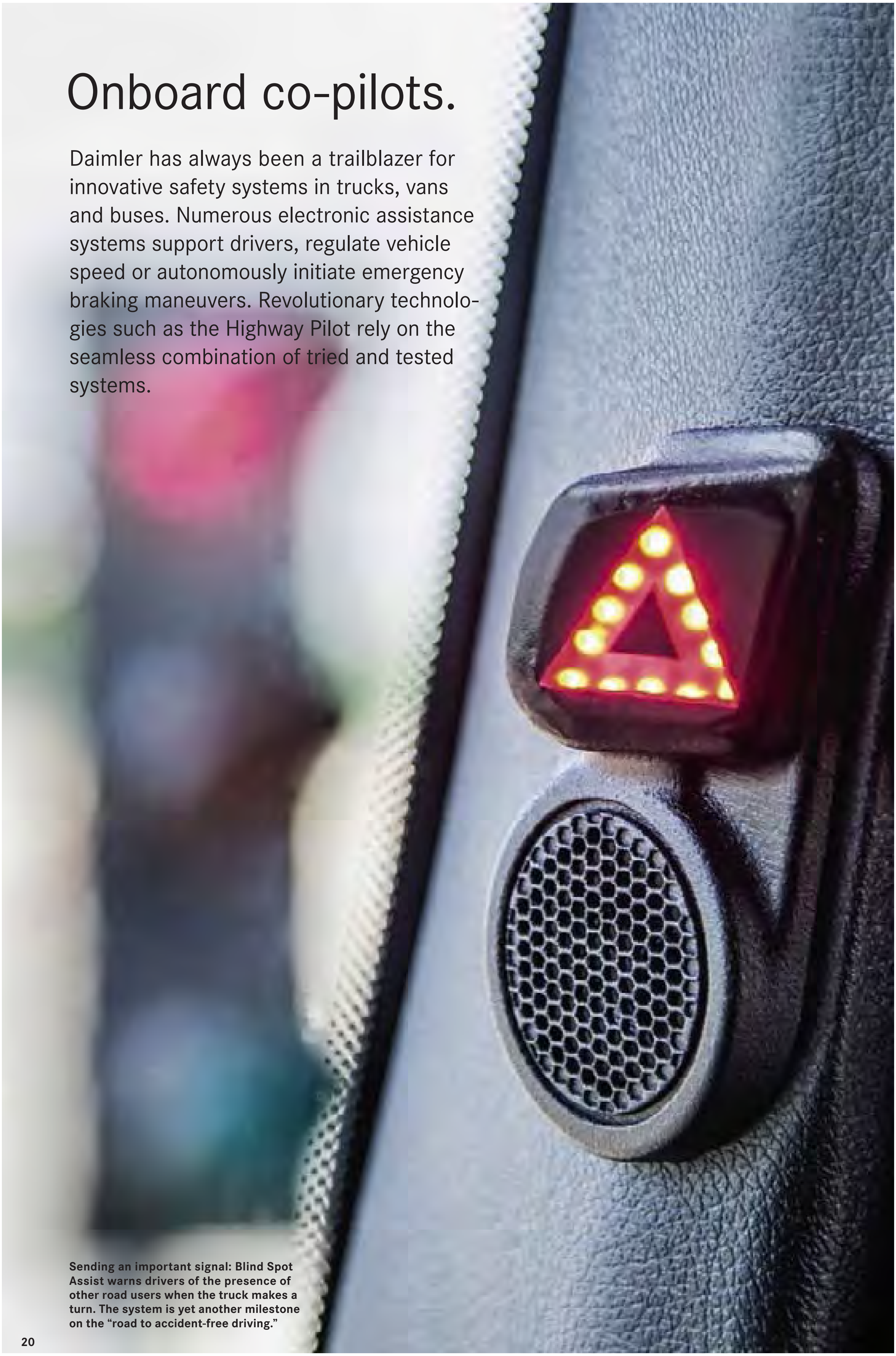
Highway Pilot activated — technology takes the wheel. It’s a vision that the automotive pioneer Daimler has put on the road. Back in 2013, Mercedes-Benz Cars became the world’s first automaker to prove that autonomous driving is possible in cities and on country roads with the Mercedes-Benz S 500 INTELLIGENT DRIVE research vehicle. That car’s groundbreaking technology was also incorporated into the Mercedes-Benz Future Truck 2025. In a further milestone for autonomous driving systems, the fascinating technology in the Future Truck 2025 demonstrated its capabilities in real traffic situations in the summer of 2014. This success was particularly noteworthy because it was achieved with existing and near-production technologies such as Proximity Control Assist and Active Brake Assist.

On the road today in the truck of tomorrow. A route of around 30 kilometers with alternating stretches of open road and slow-moving traffic. Just a normal trip? Far from it, as the journey was taken by a camouflaged prototype of the Mercedes-Benz Future Truck 2025, which drove itself along the A14 highway near Magdeburg in Germany. During the trip, the “driver” did everything but drive, performing tasks such as order scheduling, checking e-mails and reserving parking spaces. This revolutionary achievement was made possible by the Highway Pilot system. The “brain” of the Future Truck 2025 consists of radar sensors, a stereo camera, three-dimensional maps and a system that allows the truck to communicate with other road users and road infrastructure.

The Future Truck 2025 pays attention and makes space. After the driver turns on the highly intelligent system, he or she can let go of the steering wheel. The long-haulage truck continues to travel at the desired speed, maintains a safe distance to the vehicle ahead and stays precisely in its lane. The Future Truck 2025 also reacts to unanticipated events. For example, it smoothly adjusts its speed if the traffic ahead slows down or comes to a halt. If an emergency vehicle approaches from the rear, the truck automatically moves over to make space and then returns to the center of the lane. Still, even in the cockpit of the future, the driver remains completely in control. For example, he or she can disengage the Highway Pilot and resume control of the vehicle at any time by hitting the brake or the gas pedal or simply pushing a button.

Onboard co-pilots.

Daimler has always been a trailblazer for innovative safety systems in trucks, vans and buses. Numerous electronic assistance systems support drivers, regulate vehicle speed or autonomously initiate emergency braking maneuvers. Revolutionary technologies such as the Highway Pilot rely on the seamless combination of tried and tested systems.



Sending an important signal: Blind Spot Assist warns drivers of the presence of other road users when the truck makes a turn. The system is yet another milestone on the "road to accident-free driving."

Blind Spot Assist makes turns and lane changes even safer. Now that assistance systems can prevent, lessen or warn of accidents that could result from rear-end collisions or a truck veering off the road, researchers have turned their attention to potential dangers that arise during turns. Whether it's cyclists or pedestrians – things can get dangerous for other road users if truck drivers can't see them. The innovative Blind Spot Assist system from Mercedes-Benz uses radar sensors to monitor the entire side of the truck and can reliably warn drivers of potential hazards during turns. In addition, the system monitors the tracking pattern of the semitrailer during a turn and will issue a warning if its sensors detect a stationary obstacle such as a set of traffic lights. Blind Spot Assist also supports drivers when they change lanes. Following extensive practical testing, Blind Spot Assist will go into series production sometime in the next few years.

Blind Spot Assist is an important step on the road to the transport system of the future and underscores our role as a pioneer for achieving the highest degree of safety in road transport.

A positive trend: Despite the fact that road freight transport has increased, accidents involving trucks have declined sharply – thanks to state-of-the-art assistance systems whose development is being driven by Daimler in particular.

Active Brake Assist ABA 3: emergency braking for stationary obstacles as well. A sudden obstacle after a curve, a sudden traffic jam – such hazards require extreme alertness on the part of truck or bus drivers, as well as the ability to respond quickly. ABA 3 can save lives in such situations, including the lives of other road users. That's why as of late 2015, legislation will require all newly registered coaches to be equipped with an emergency braking assistance system. The Mercedes-Benz Travego Safety Coach is the world's first coach to be equipped with the latest generation of Active Brake Assist before the legislation goes into effect. The predecessor generation, ABA 2, was already able to initiate a braking maneuver when there was a risk of a collision with slower vehicles ahead or with stationary obstacles. The new Active Brake Assist 3 prevents imminent collisions with a stationary object by automatically bringing the vehicle to a standstill. This forward-looking safety technology from Daimler helps to prevent accidents and significantly reduce the severity of those accidents that do occur.

Crosswind Assist enhances driving safety and eases the strain on drivers. Crosswind Assist is yet another safety system with which Daimler is setting new standards in the van segment. Since 2013, Mercedes-Benz has been the only van manufacturer to offer such a system as standard in a Sprinter-class van. Last year, it also became the first automaker to offer it in a Vito-class model. The system's sensors register the effect side wind gusts have on the vehicle when it is crossing bridges or passing other cars, for example. ESP (Electronic Stability Program) then brakes the wheels facing the wind gust. This significantly reduces sideways movement and noticeably eases the strain on drivers. The feeling of safety and comfort is thus enhanced and inappropriate driver reactions in heavy winds are prevented.

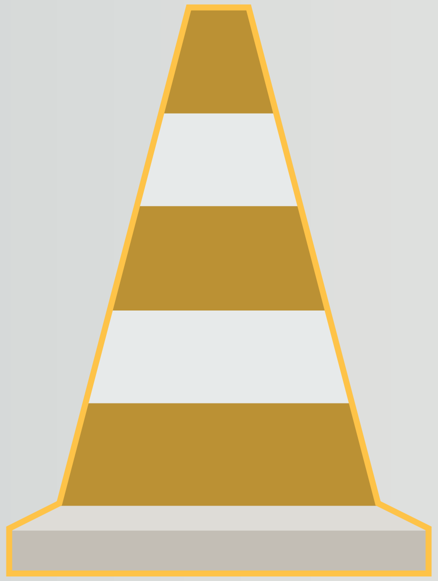
Crosswind Assist keeps the van safely in its lane even in heavy winds.

Our road to accident-free driving.

An integrated safety concept. Avoiding danger, permanently easing the strain on drivers, providing active assistance in difficult situations and offering optimal protection to all road users – these are the four pillars of our “road to accident-free driving.”

A safety pioneer. We don’t just build automobiles, we also continually enhance safety with innovative protection systems. Daimler engineers are often ahead of their time in this field.

Intelligent vehicle systems and autonomous driving. We equip vehicles with “senses” by connecting various systems to ensure comprehensive protection for vehicle occupants and all other road users.



Milestones on the way to accident-free driving.

By 2017	**Further advances in autonomous driving.** Step by step, partially autonomous driving will become possible also at higher speeds. Further steps will incorporate overtaking procedures and highly autonomous highway driving. Autonomous parking functions will also be available and the prospect of parking without anyone sitting in the vehicle will be within reach. **Blind Spot Assist.** This driver assistance system reliably warns truck drivers of potential hazards during turns in critical situations where visibility is limited. This important innovation is also one of the safety technologies included in the Future Truck 2025.
2015	**Active Brake Assist ABA 3 in buses.** The latest generation of the emergency braking assistance system also initiates an automatic emergency braking maneuver when it encounters stationary obstacles. The Mercedes-Benz Travego Safety Coach is equipped with this system and thus ensures greater safety than is required by current legislation.
2014	**MULTIBEAM LED headlights.** In its new CLS-Class model, the trailblazing Mercedes-Benz brand offers a precision LED matrix module that provides even better light quality and even greater safety at night. **Highway Pilot.** Networked assistance systems and improved radar sensors enable this system to carry out the world’s first autonomous truck journey at normal speeds and in realistic highway traffic situations.
2013	**S 500 INTELLIGENT DRIVE.** Mercedes-Benz becomes the world’s first automaker to send a self-driving test vehicle into 21st-century traffic along the historical route once driven by Bertha Benz. **DISTRONIC PLUS with Steering Assist and Stop & Go Pilot.** Introduced for the first time in the new S-Class, the assistance system helps to maintain a safe distance to the vehicle in front and a position in the center of the lane. This substantially eases the burden on the driver, especially on long stretches and when driving in slow-moving traffic. **Crosswind Assist.** Reduces the sideways movement caused by strong wind gusts and has been standard equipment in the new Mercedes-Benz Sprinter since the large van’s market launch, making the Sprinter unique in its segment.
2012	**Active Brake Assist ABA 3 in trucks.** The third-generation emergency braking assistance system brings the Mercedes-Benz Antos and Actros trucks to a standstill to prevent collisions also with stationary obstacles. This either completely prevents rear-end collisions or else reduces their severity.
2011	**Collision Prevention Assist.** The new B-Class is the only vehicle in the compact segment worldwide that comes with a radar-based collision warning system with an adaptive braking assistance feature. The system protects against rear-end collisions at speeds of between 30 and 250 km/h. The B-Class thus sets a new standard for safety in its segment.
2010	**Active Blind Spot Assist.** This system supports safe lane changes. If the system detects a vehicle in the exterior mirror’s blind spot, it first issues a visual warning and an acoustic signal. If the driver fails to react, the system will then brake the vehicle autonomously. **Active Lane Keeping Assist.** This system was initially introduced in upper-range Mercedes-Benz models. It engages whenever the driver inadvertently drives onto a continuous line to the right or left of the vehicle. It keeps the vehicle in its lane by autonomously braking the wheels on the other side of the vehicle while simultaneously warning the driver with a visual signal and an acoustic alarm.

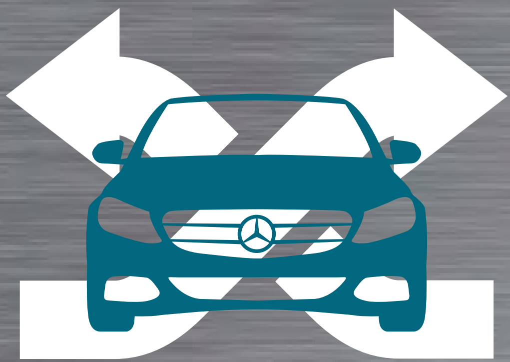
Redefining safe driving.

Safety will remain extremely important in the future as well. For this reason, we are focusing on driver assistance systems and autonomous driving functions up to and including the groundbreaking use of real-time digital information via augmented reality systems. In this way, we are making the interaction between our vehicles and their drivers more intuitive, more personal and safer.

www.daimler.com/technology-and-innovation

Safer driving without any sacrifice of comfort or driving pleasure.
You can learn more about autonomous driving and Intelligent Drive here.

Connected.



Networked mobility. Life and the working world are becoming more mobile and more digital. At the same time, flexible and economical forms of mobility are needed. Daimler is meeting the requirements of its customers and defining a new digital driving culture with state-of-the-art information technologies, online communication systems and automotive services.

As varied and flexible as the lives of our customers: our innovative portfolio for networked mobility.

Digital DriveStyle made by Daimler: mobile and online.

Welcome to the digital lifestyle.

Mobility means personal freedom and a good quality of life. More and more people, especially in rapidly growing cities and regions, want to be able to move around comfortably in a climate-friendly manner. Customizable transport solutions that can be compared and accessed via the Internet are very much in demand. And drivers also want to be “always on” while on the road – so that they can call up traffic information in real-time or communicate with friends and business partners, for example.

Because Daimler aims to actively shape the mobility of the future, we align our forward-looking technologies with the needs of our customers.

Among other things, we are working to connect vehicles with one another, with traffic infrastructure, with the services we offer and with other mobility service providers. Together with well-known partners, we are also looking to establish the infrastructure necessary for efficient networked mobility. As an industry trailblazer, we are opening up new perspectives for mobility and helping people reach their destinations as efficiently and conveniently as possible.

This is my way! Seamless mobility.

7:45 a.m.

My B-Class is being serviced today. **Mercedes assist me** has ensured that the whole process will run smoothly from the beginning. The dealership has reminded me of my appointment – just one more thing I don't have to worry about remembering.

10:15 a.m.

An employee from the dealership picks up the car at my office. I'll still be able to get to my meeting with customers without any problems, though.

10:30 a.m.

The smart that I booked with **car2go** is already waiting for me a block away. As a registered user, I can simply get in and go. The best thing about all this is that I can use a smartphone app to open the blue-and-white smart fortwo that's waiting for me.

11:10 a.m.

I park my **car2go** at a charging station right near my business partner's office. That's it – I'm done! The station will recharge the battery for the next user – without me having to pay anything. I walk the rest of the way, enjoy the sunshine and call a friend I'd like to meet this evening.

5:00 p.m.

After the meeting, I decide on the spur of the moment to take a taxi so that I can look through some documents again in peace and quiet. I use the **moovel** smartphone app to order a car from **mytaxi**, and I can also pay for the trip with my phone afterwards.

5:45 p.m.

I arrive back at my office and shortly afterwards someone from the dealership shows up to bring my car back. Now I can leave the office in my freshly serviced **B-Class**.

6:15 p.m.

I get into the car, plug in my iPhone, put on my favorite songs and take off! **COMAND online** tells me there's a minor traffic jam at the train station, so I'm able to avoid it.

7:30 p.m.

My **B-Class** shows me the way to a parking space near a popular shopping area. I'm meeting a friend and we're going for a stroll.

Making the mobile lifestyle even better: Mercedes me.

In an effort to meet the individual requirements of our customers, we develop innovative services that make access to the fascinating world of Mercedes even more personal and attractive. For example, Mercedes me brings together all current and future services related to our automobiles – everything from vehicle purchases and financing to maintenance and flexible mobility solutions. All of these services can be accessed via a digital platform on the Internet or physically in our unconventional Mercedes me stores.

The best for me. Mercedes me is dedicated to this principle and therefore links a unique range of customized services and thrilling experiences with the private and working worlds of our customers.

Mercedes move me offers access to intelligent mobility solutions. The moovel mobility app links up various mobility options from different service providers and shows customers the best way to get from A to B. Our own services such as car2go, car2go black and the mytaxi ordering service are supplemented by strategic partnerships with other mobility service providers like as the Flixbus long-distance bus company.

Mercedes connect me enables people to connect with their own vehicle at any time and from any location. All that's needed is a mobile-phone connection, which is established via an integrated communication module. The module is a standard feature in selected Mercedes-Benz models. The services include accident, maintenance and breakdown management, an emergency call system, and telediagnosis. An optional feature allows a smartphone to be used to turn on the car heater, localize the parked vehicle and display how much fuel there is in the tank.

Mercedes assist me is a personalized and customized service for Mercedes-Benz drivers. Among other things, it ensures online access to customer service centers around the clock, and includes an automatic appointment-scheduling feature.

Mercedes finance me simplifies access to the tailored automotive financial services provided by Daimler Financial Services. The portfolio offered ranges from flexible financing solutions to personalized leasing plans and the right insurance policy for every customer's dream car.

Mercedes inspire me offers an interesting look at research and development at Mercedes-Benz and also presents reports on innovations and mobility solutions. Customers can join a community to learn about new ideas and to formulate their own, and they can also talk with experts or obtain support. More and more services and experiences are being developed for Mercedes inspire me that go beyond traditional vehicle-related issues to include events, travel and lifestyle topics.

www.mercedes.me/en

First Mercedes me store in Hamburg. Mobility meets lifestyle.

Mercedes me premiered at the 2014 Geneva Motor Show as a completely new type of automotive service. It allows customers and other people interested in the brand to discover the exciting aspects of the personalized Mercedes-Benz world wherever and whenever they want to.

The first Mercedes me store opened in the summer of 2014 in the vibrant Inner Alster Lake section of Hamburg. The store presents interactive brand and product experiences on an area of 550 square meters. Visitors can obtain information about the Mercedes-Benz brand, vehicle models and services by using touchscreens and configuration tools or through conversations with staff members. The store's centerpiece is a lounge and bistro area, and the facility also features an exhibition space for art exhibits, readings and concerts.

Plans call for the number of such Mercedes-Benz stores in exclusive inner-city locations to be significantly increased between now and 2020.

Augmented reality is transforming windshields into intelligently networked displays that provide additional digital information about actual conditions on the route ahead of the vehicle. Drivers can focus on other important matters and arrive at their destination in a more relaxed state.

Seeing, hearing, getting one's bearings: Our vehicles are already linked to the digital world in a manner that lends them senses, leading to noticeably greater comfort and safety and a better quality of life. Our first step here was Intelligent Drive, which brings all of our assistance systems together. The pioneering autonomous journeys made by the S 500 INTELLIGENT DRIVE and the Future Truck 2025 were further milestones in networked mobility. The use of augmented reality will enable Daimler to open up new dimensions in driving in the future as well.

Augmented reality provides drivers with more information in the right place and at the right time. Directional arrow signs that appear in front of the vehicle, superimposed house numbers, information about available parking spaces or local places of interest – navigation can be easy and fun, even if you're in an unfamiliar city. Augmented reality (AR) opens up new possibilities for reducing the strain on drivers even further while also offering them a more enjoyable driving experience.

Onboard computers and sensors use geopositioning and Internet data to enhance the driver's field of vision by projecting relevant digital information onto the windshield in real-time. Networked assistance systems are one component of AR that is already available in Mercedes-Benz production cars.

Trailblazer for a new era of intelligent mobility.

Car-to-X expands drivers' horizons – and makes overall traffic flows smoother and safer. Daimler recognized the enormous potential of Car-to-X communication at an early stage and has been a driving force behind the development of this technology for some years. As a result, we have launched various research projects and are participating in the important Car-to-X communication projects worldwide. As a founder member of the Car 2 Car Communication Consortium, we are working to create a car-to-car communication system standardized throughout Europe. In addition, we are a project leader in field tests of car-to-X communication in practical use, and thus a pioneer of complete-coverage data exchange systems.

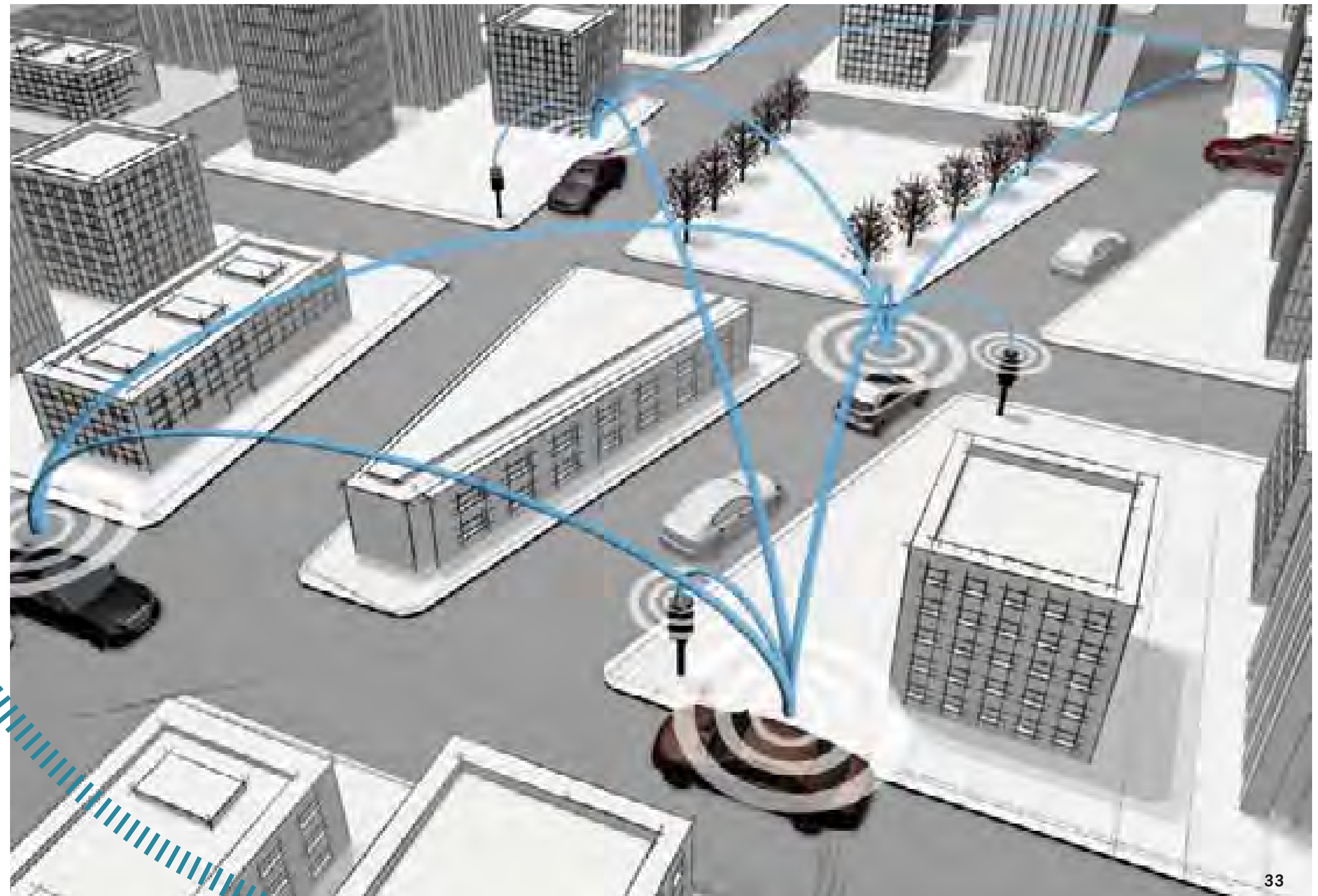
Top priority: data protection in connected vehicles.

Connected services and intelligent traffic systems use information from the vehicle's surroundings as well as data relating to the road ahead. All of this data has to be protected to ensure the safety of the driver and the vehicle.

In the connected vehicle, we see data protection as customer protection. This is why we prioritize our customers' freedom of decision: We inform customers through various media about which data is used for which purposes, and offer them the possibility to decide for themselves whether to pass on their data or not. Daimler has extremely high standards also with regard to data security: We protect data and vehicle systems against manipulation and misuse at a high level of IT technology in order to keep ahead of all conceivable dangers.

Daimler is leading the way here, for example by organizing the first "Connected Driving and Data Protection" specialist conference, which attracted well-known representatives from business, science, associations and government agencies for an exchange of ideas in the fall of 2014.

Whether it's a traffic jam that appears suddenly behind a curve, or black ice up ahead, Car-to-X systems enable data sharing between vehicles and infrastructure. Drivers thus receive extremely precise information about hazards in their direct vicinity and some distance away.



Pioneering mobility concepts.

car2go black Fully automated, smartphone-based car-sharing system with Mercedes-Benz cars in the pilot cities of Berlin and Hamburg. **mytaxi** The taxi-ordering app enables a direct connection between taxi driver and passenger. **car2go** Flexible urban mobility made by Daimler – now operating at 29 locations worldwide. **moovel** combines the mobility services of various companies in one app. **Car-to-X communication** Wireless exchange of data among vehicles and between vehicles and traffic infrastructure. **FleetBoard** Telematics system for managing transport, travel times, costs and fuel consumption. **CharterWay** services for the procurement, servicing and management of commercial vehicles. **COMAND Online** Integrated multimedia system with Internet access for all audio, telephone, and navigation functions.

Mobilizing people and cities.

We are shaping the mobility of the future with passion and an innovative spirit to ensure that people can get to their destinations in a convenient, economical and environmentally friendly manner. Our vehicles and mobility concepts skillfully bring together the requirements of our customers with the complete range of options available in the digital world.

www.daimler.com/technology-and-innovation/mobility-services-and-connectivity

Socially connected and always up to date on the road.
Scan the QR code to learn more about this topic.

The crosswalk is a laser projection from the F 015. The research vehicle uses light signals and voice output to communicate with passengers and other road users, thus becoming a social partner in the traffic environment.

Harbinger of a mobility revolution: Mercedes-Benz F 015 Luxury in Motion.

The Future Has Begun.

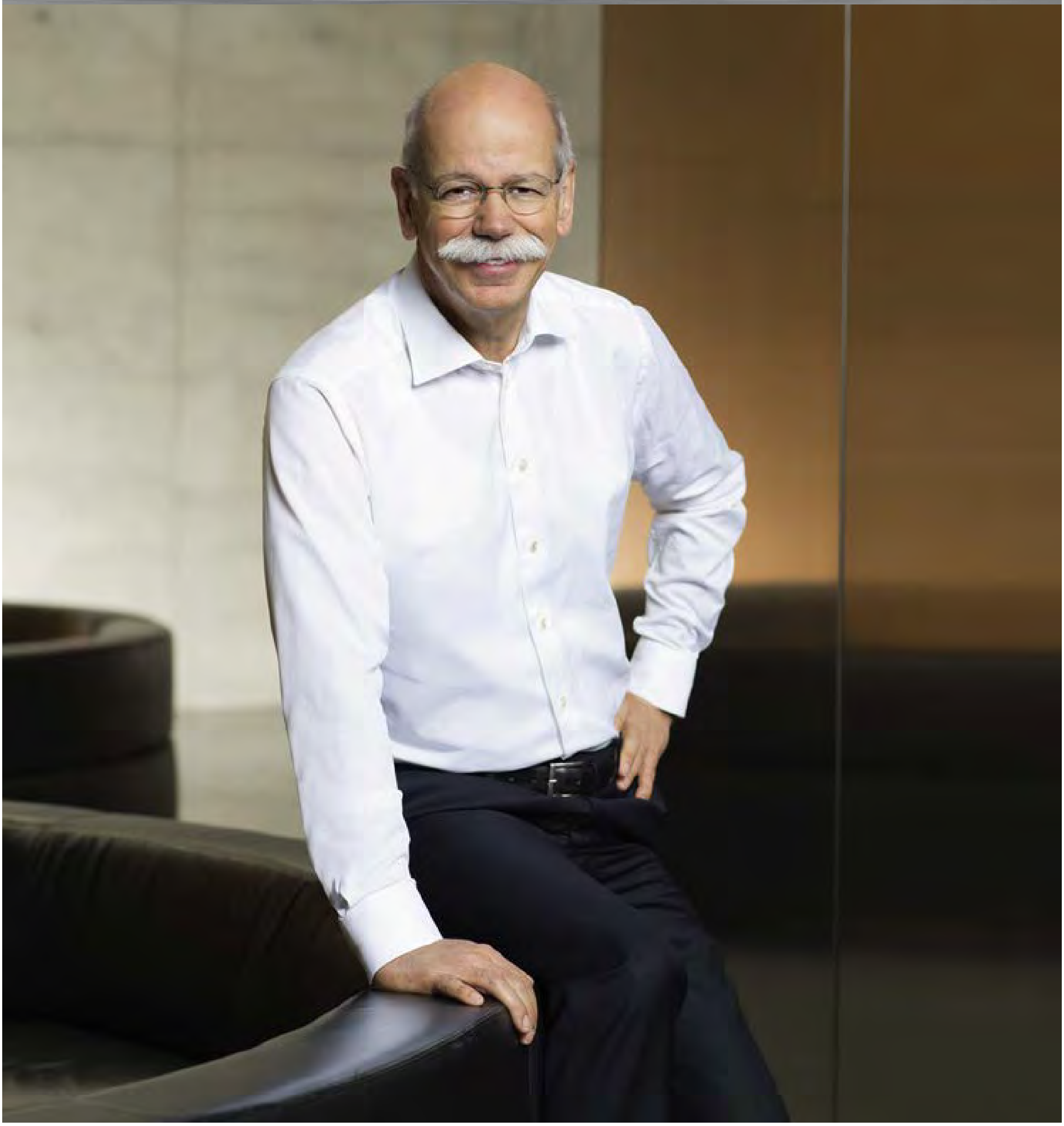
The F 015 Luxury in Motion brings today's drivers many of the aspects of the personal mobility of tomorrow. The visionary research vehicle is our response to a rapidly changing world in which the most coveted luxuries will be private space and time for oneself. The autonomously driving luxury sedan of the future will become a valuable personal retreat in the urban traffic environment. During a trip, passengers are able to relax, talk or work in four lounge chairs arranged in pairs facing each other. The ability to continually exchange information between the vehicle, passengers and the outside world ensures a high level of safety and a fascinating degree of comfort. Equipped with a forward-looking F-CELL PLUG-IN HYBRID drive system, the F 015 Luxury in Motion has an operating radius of approximately 1,100 kilometers that can be driven fully electrically without any local emissions.

www.mercedes-benz.com/en/mercedes-benz/innovation/

Find out how autonomous driving will change our society and transform the automobile into a mobile living space.

We are on track.

"In the coming years, we want to further strengthen what has traditionally differentiated Daimler from the competition: exceptional quality and technological leadership. At the same time, we intend to achieve a level of profitability that is unprecedented at this company."



Stuttgart, February 2015

Dear Shareholders,

In last year's season, our Silver Arrows won everything that was to be won in Formula 1 racing: the drivers' championship and the constructors' championship. That's a fantastic achievement – for which our drivers and our engineers in Brackley, Brixworth and Stuttgart worked with great determination and perseverance. But it isn't just our motorsport colleagues who in recent years have made good progress step by step, but the entire Daimler Group.

2014 was a very good year for Daimler. That is to the credit of our approximately 280,000 employees around the world, and they have therefore earned the special gratitude of the entire Board of Management. Never before have so many customers decided in favor of our vehicles: We sold more than 2.5 million of them. As a result, we generated total revenue of 129.9 billion euros – 10 percent more than in the previous year. The Group's EBIT amounted to 10.8 billion euros. And our EBIT from the ongoing business increased at almost three times the rate of revenue growth to 10.1 billion euros. So we achieved what we promised you: profitable growth.

At the Annual Shareholders' Meeting, the Board of Management and the Supervisory Board will propose an increase in the dividend to 2.45 euros per share. With this proposal, we are letting our shareholders participate in the company's success and at the same time expressing our confidence that Daimler can achieve even more.

Mercedes-Benz Cars made the main contribution to last year's excellent results. With unit sales of 1.72 million vehicles, we sold more cars than ever before. This is our fourth record year in succession. Our compact cars were an important driver of unit sales – thanks also to the new GLA. In addition, we also sold more S-Class automobiles in 2014 than ever before in the history of this model series. We focused last year not only on the new products, but also on the expansion of our international production network. Our new C-Class was a milestone in this respect: In less than six months, we started production of this car on four continents. It is now produced in parallel in Germany, the United States, South Africa and China.

But 2014 was also the year of smart at Daimler. Two new models were presented simultaneously: the fortwo and the forfour. smart retains its unique maneuverability, but it is now even more comfortable and even safer. The new smart models are also a good demonstration of our cooperation with Renault-Nissan. They show that synergies in development and an absolutely independent automobile character are not incompatible.

At Daimler Trucks, we are today more broadly and strongly positioned than ever before with our six own brands and 54 models. In addition, we have trucks that we produce and distribute in joint ventures with local partners. This allows us to offer appropriate products to our customers in every region of the world. The most exciting new vehicles from Daimler Trucks last year definitely included the Mercedes-Benz Future Truck 2025: This study demonstrates how autonomous driving will revolutionize goods transport – it will become safer, more efficient and more connected. In business terms, the year 2014 differed widely from region to region for Daimler Trucks. In Europe and Latin America, political uncertainty had a negative impact on market development. But we profited from very good demand for trucks in Japan and North America. In India, we have built up a new brand within a very short time under the name BharatBenz – with new products, a new production site and a new sales network. Our next step is to enter the Indian bus market, which is why we are investing in a new bus plant in Chennai, to be completed in 2015.

The focus at Mercedes-Benz Vans in 2014 was on the launch of the new generation of mid-size vans. For private customers, we put the new V-Class and the travel and leisure vehicles of the Marco Polo product series on the market. On the commercial side, the new Vito was launched. The attractive product range brought the vans division record unit sales of 295,000 vehicles, an increase of 9 percent compared with 2013.

We can also be satisfied with the development of Daimler Buses. The measures taken for more growth and efficiency are showing their effects. We were able to raise the division's earnings forecast as the year progressed. We significantly surpassed the EBIT of 2013 already after the first three quarters of the year – although unit sales did not quite match the prior-year level.

For Daimler Financial Services, 2014 was the most successful year yet. We concluded more new financing agreements than ever before. Our car-sharing provider car2go is the market leader and is already profitable at some of its locations. For Daimler, car sharing is not just a concept, but a business model. DFS is also first class as an employer: In the "Great Place to Work" study, our financial services division is the first German company to be ranked amongst the world's top 25 employers.

All of these achievements are the result of a clear strategy and its consistent implementation. And we will continue in exactly the same way in 2015.

By the end of this year, Mercedes-Benz Cars will launch a total of eight new or upgraded car models, half of which will be SUVs, including the new GLE Coupe. China will continue to play a major role for our profitable growth. We want to increase our unit sales there to well over 300,000 cars – two thirds of them will also be produced in China in the coming years.

China is an important market also for Daimler Trucks: Together with our Chinese partner Foton and the truck brand Auman, we intend to grow rapidly there in the coming years. In India, we will expand our product portfolio in the second half of the year with a new BharatBenz heavy-duty truck. We are systematically developing our platform strategy in order to protect our globally leading position. In the past, the platform concept mainly focused on the powertrain – we are now applying it to the entire vehicle.

moovel is also a kind of platform, with which we utilize the opportunities on the interface between mobility and mobile Internet. Using the app, it is possible not only to compare various mobility options such as car2go, bus, train or taxi, but also to book them and pay for them. Just recently, the use of moovel was extended to business trips. Our mobility services already have a customer base of significantly more than one million customers.

The bottom line is that also in the coming years, we want to further strengthen what has traditionally differentiated Daimler from the competition, exceptional quality and technological leadership for example. At the same time, we aim to reach a level of profitability that is unprecedented at this company. To get there, we are implementing structural changes in all our divisions. This will give us more "water under the keel" to secure our growth strategy over the long term also against headwinds. And it will also make sure we have the financial resources to continue investing in what we do best and where it pays off the best: in fascinating products and technologies.

Sincerely yours,

Dieter Zetsche

We implement our strategy effectively.

In recent years, we have implemented our strategy consistently and with great determination. Step by step, we are putting the individual components together into a coherent whole. Our new vehicle models are extremely successful in their markets. The signs are pointing towards growth at all of our divisions, and we are on schedule with our efficiency-enhancing programs. In addition, we have strengthened our leading position in the areas of safety and fuel efficiency as well as with autonomous driving. On this basis, we intend to continue our profitable growth in the coming years.

A | To Our Shareholders.

The Board of Management.

Dieter Zetsche | 61
Chairman of the Board of Management
Head of Mercedes-Benz Cars
Appointed until December 2016

Wolfgang Bernhard | 54
Daimler Trucks and Buses
Appointed until February 2018

Christine Hohmann-Dennhardt | 64
Integrity and Legal Affairs
Appointed until February 2017

Wilfried Porth | 56
Human Resources and Labor Relations Director &
Mercedes-Benz Vans
Appointed until April 2017

Hubertus Troska | 54
Greater China
Appointed until December 2020

Bodo Uebber | 55
Finance & Controlling, Daimler Financial Services
Appointed until December 2019

Thomas Weber | 60
Group Research & Mercedes-Benz Cars Development
Appointed until December 2016

Since January 1, 2015:
Ola Källenius | 45
Mercedes-Benz Cars Marketing & Sales
Appointed until December 2017

Report of the Supervisory Board.

Dear Shareholders, the Supervisory Board dealt in detail with the strategic and operational development of the Daimler Group in nine meetings during the 2014 financial year.

In the year 2014, the Supervisory Board performed its tasks as defined by the law, the Articles of Incorporation and the rules of procedure, and continually advised and supervised the Board of Management on the management of the company. It examined whether the annual company financial statements, the annual consolidated financial statements, the combined management report for the Company and the Group, and the other financial reporting were in conformance with the applicable requirements. In addition, the Supervisory Board passed resolutions on numerous business matters for which its consent was required following careful reviews and consultations. Those matters included investment planning, capital changes at companies of the Group, investments, divestments and the conclusion of contracts with particular importance for the Group. The Board of Management informed the Supervisory Board about a large number of transactions not requiring the Supervisory Board's consent and the two boards discussed those matters together, for example the further development of strategic programs in the various divisions and the status of various cooperation projects. Together with the Board of Management, the Supervisory Board held intensive and detailed discussions on the information and assessments that were material for its decisions and recommendations.

During the reporting period, the Board of Management regularly informed the Supervisory Board about all significant key financials of the Group and the divisions. In addition, it continually provided information to it on important topics such as return on equity and the Group's liquidity situation, the development of sales and procurement markets, the general economic situation in the main sales markets and developments in the area of financial services. The Supervisory Board dealt in detail also with the share-price development and its causes as well as with the expected effects of strategic projects on the share-price development. Additional topics included the further development of the product portfolio and securing the Group's long-term competitiveness. Furthermore, the Supervisory Board dealt with fundamental questions of corporate planning including financial, investment, sales and personnel planning, current developments at companies of the Group, revenue development, the situation of the Company and the divisions, and the ongoing implementation of measures to secure future-oriented, sustainable mobility.

The positive results of the growth strategy implemented by the Board of Management and expressly supported by the Supervisory Board increasingly became very apparent: Daimler successfully continued along its path of profitable growth in financial year 2014. The newly presented products were extremely well received by the market and the broad geographical spread of our activities had a very positive and stabilizing effect, especially in the commercial vehicles business. Daimler made further good progress also in the important Chinese market. The Group's unit sales and revenue reached new historic records. As announced in early 2014, earnings from the ongoing business increased significantly. This was due also to the successful implementation of the efficiency programs at all the divisions, which significantly improved the cost position. In addition, the adjustment of the investment portfolio with the sale of the equity interests in Rolls-Royce Power Systems Holding GmbH and Tesla Motors, Inc. resulted in substantial capital gains and cash inflows, which were applied to further strengthen the Group's core business.

Cooperation between the Supervisory Board and the Board of Management. The meetings of the Supervisory Board featured intensive and open exchanges of information and opinions. The Supervisory Board arranged an executive session in each of its meetings to be able to discuss topics in the absence of the Board of Management. No member of the Supervisory Board attended fewer than half of the meetings in the past financial year.

The members of the Supervisory Board regularly prepared for upcoming resolutions on the basis of documentation that had been provided in advance by the Board of Management. They were supported by the relevant committees and intensively discussed the actions and transactions upon which decisions were to be taken with the Board of Management. The members of the Supervisory Board attended such courses of training and further training regarded as necessary for the performance of their tasks. In this context, the meetings of the Supervisory Board dealt with issues of fundamental importance for the Group such as the macroeconomic situation of key sales markets or new products and forward-looking technologies. In addition, the Supervisory Board meetings were regularly prepared in separate discussions with the members of the Board of Management of the members representing the employees and the members representing the shareholders.

Dr. Manfred Bischoff, Chairman of the Supervisory Board.

The Board of Management informed the Supervisory Board with the use of monthly reports and risk reports about the most important indicators of business development and existing risks, and submitted the interim financial reports to the Supervisory Board. Deviations from the planning were explained in detail to the Supervisory Board. The Supervisory Board was kept fully informed of specific matters also between its meetings. In addition, the Chairman of the Board of Management informed the Chairman of the Supervisory Board in regular discussions about important developments and about those matters that were to be submitted to the Supervisory Board to pass resolutions on or to take note of.

As required in individual cases, for example in cases of special urgency, the members were requested to pass resolutions in writing, following consultation with its Chairman. For the preparation of such proposed resolutions, comprehensive and conclusive documentation was distributed to the members of the Supervisory Board. Furthermore, the members of the Board of Management were available for a bilateral exchange of opinions and to answer any questions.

Topics discussed at the Supervisory Board meetings in the year 2014. In the meeting of the Supervisory Board held on January 28, 2014, the personnel changes in the Board of Management explained on page 50 were discussed and decided upon.

In a meeting attended by the external auditors in early February 2014, the preliminary key figures of the annual company and consolidated financial statements for 2013 and the dividend proposal to be made at the 2014 Annual Shareholders' Meeting were discussed. The preliminary key figures for the year 2013 and the proposal on the appropriation of profit were announced at the Annual Press Conference on February 6, 2014.

In the Supervisory Board meeting held on February 18, 2014, the Supervisory Board first decided on the personnel changes in the Board of Management described on page 50. Subsequently, it dealt with the annual company financial statements, the annual consolidated financial statements and the combined management report for Daimler AG and the Daimler Group, each of which had been issued with an unqualified audit opinion by the external auditors, as well as with the reports of the Audit Committee and the Supervisory Board, the corporate governance report, the remuneration report and the proposal on the appropriation of profit. In preparation, the members of the Supervisory Board were provided with comprehensive documentation. The Audit Committee and the Supervisory Board dealt with those documents in detail and discussed them intensively in the presence of the external auditors. Following the final results of the review by the Audit Committee and its own review, the Supervisory Board declared its agreement with the results of the audit carried out by the external auditors, determined that no objections were to be raised, and approved the financial statements and the combined management report as presented by the Board of Management. The company financial statements of Daimler AG for the year 2013 were thereby adopted. On this basis, the Supervisory Board consented to the proposal made by the Board of Management on the appropriation of distributable profit. In addition, the Supervisory Board approved the Report of the Supervisory Board, the Corporate Governance Report and the Remuneration Report, as well as its proposed decisions on the items of the agenda for the 2014 Annual Shareholders' Meeting.

Also in the meeting on February 18, 2014, the Supervisory Board received detailed information on the topic of "Future Mobility." Some of the main aspects of this topic were urbanization, demographic developments, the digital revolution and autonomous driving. Furthermore, the Supervisory Board approved a capital increase for the Group subsidiary Daimler India Commercial Vehicles. Finally, it dealt with aspects of Board of Management remuneration and approved the other board memberships and sideline activities of the members of the Board of Management as presented in the meeting.

On March 7, 2014, the Supervisory Board discussed and approved the transfer to the partner Rolls-Royce Holdings plc. of the 50% equity interest held by Daimler AG in Rolls-Royce Power Systems Holding GmbH.

One of the items on the agenda of the Annual Shareholders' Meeting held on April 9, 2014 was the election of three members of the Supervisory Board representing the shareholders. In its constitutive meeting straight after the Annual Shareholders' Meeting, the Supervisory Board elected Joe Kaeser as a member of the Audit Committee. This and other decisions on the composition of the committee are presented on page 50 under "Personnel changes in the Supervisory Board."

In another meeting at the end of April 2014, the Supervisory Board consented to the expansion of the cooperation with Nissan in the compact-car segment. Amongst other things, it approved investments in a joint production facility with Nissan in Mexico. Subsequently, the Supervisory Board decided on the successor to Erich Klemm in the positions of Deputy Chairman of the Supervisory Board and member of the committees of the Supervisory Board. Details are provided on page 50 under "Personnel changes in the Supervisory Board."

In June, the Supervisory Board passed a resolution in written circulated form on the provision of health care for the active and retired employees of a US company of the Group, Daimler Trucks North America.

Following discussion of the course of business and the results of the second quarter, in its meeting in July, the Supervisory Board received detailed information on the current development of Daimler in China and subsequently consented to a capital increase at the Chinese subsidiary Mercedes-Benz Auto Finance Ltd. In this meeting, the Supervisory Board also discussed an extension of the strategic cooperation with Renault-Nissan and approved that project. The Supervisory Board also dealt with the agenda of its strategy workshop in 2014.

During the two-day strategy workshop at the Mercedes-Benz plant in Bremen, as in the previous strategy meetings, the Supervisory Board received information on the strategic goals of Daimler AG and the divisions, as well as on the stage of their implementation so far. The starting point was an assessment of the markets and the automotive environment in the year 2025. The Supervisory Board dealt in detail with the expected changes in structural conditions, in particular in the areas of geopolitics and industrial policy, emission legislation and sustainability in the automotive industry. Other important subjects for discussion included connectivity, autonomous driving, big data and the challenges of so-called Industry 4.0. On the basis of the future scenario deemed to be likely, the Supervisory Board then dealt with the Group's objective for the year 2025 and – derived from that – the objectives of the various divisions. The main points for discussion included the objectives of the divisions Daimler Trucks and Daimler Buses as well as Mercedes-Benz Cars. In connection with Daimler Trucks and Buses, the topics discussed were model policy, production network, new competitors from the emerging markets, opportunities in new sales markets and emission-free driving for city buses. With regard to Mercedes-Benz Cars, the discussions focused on the product portfolio and platform strategy, the global production network, material-cost efficiency and supplier quality, innovation strategy and the Best Customer Experience program.

In October 2014, the Supervisory Board consented in written circulated form to the termination of the hedge of the price of the shares held in Tesla and to the sale of those shares. In another resolution passed in written circulated form in October, the Supervisory Board decided on the basis of a recommendation by the Audit Committee on the restructuring of the real-estate portfolio in Germany and consented to the planned project.

In the meeting held in December 2014, the Supervisory Board first decided on the changes in the Board of Management described on page 50. Subsequently, the Supervisory Board dealt in detail on the basis of comprehensive documentation with the operational planning for the years 2015 and 2016. This included discussion of existing opportunities and risks as well as the Group's risk management. Subsequently, the Supervisory Board dealt with the optimization of the sales network and the structure of Daimler's own sales-and-service centers in Germany, and consented to the sale of some of those centers. In addition, the Supervisory Board approved contributions to the German pension fund assets to secure the employees' retirement benefits.

Also in the meeting in December, on the basis of a recommendation by the Nomination Committee, the members of the Supervisory Board representing the shareholders decided to propose to the Annual Shareholders' Meeting that Dr. Paul Achleitner be reelected to the Supervisory Board with effect as of the end of the Annual Shareholders' Meeting held on April 1, 2015 and until the end of the Annual Shareholders' Meeting that decides on ratification of the actions in the year 2019. Other topics dealt with in the December meeting were corporate governance, as detailed below, and Board of Management remuneration in light of the recommendations of the German Corporate Governance Code. Finally, the Supervisory Board dealt with the probable main topics of the year 2015.

Corporate governance. During the year 2014, the Supervisory Board was continually occupied with standards of good corporate governance.

The Supervisory Board is convinced that effective work in the Supervisory Board in terms of good corporate governance requires two things: On the one hand, its members must have high levels of specialist expertise. On the other hand, diversity amongst the members in terms of internationality, gender, experience and cultural background must reflect the Group's size and internationality. Both of these requirements are fulfilled at Daimler. For the purpose of appropriate participation by women and to secure appropriate internationality amongst its members, the Supervisory Board has set itself targets in accordance with the recommendations of the German Corporate Governance Code, which the Nomination Committee takes into consideration with its recommendations to the Supervisory Board as does the Supervisory Board itself with the election proposals that it makes to the Annual Shareholders' Meeting. Details of the Supervisory Board's targets and of the stage of target achievement are presented on pages 182 ff. of the Corporate Governance Report.

The members of the Supervisory Board of Daimler AG are obliged to disclose conflicts of interest – especially those that might arise due to an advisory or board function for a customer, supplier or creditor of Daimler or for other third parties – to the entire Supervisory Board. In fulfilment of the relevant recommendations of the German Corporate Governance Code, the Supervisory Board provides information on any conflicts of interest that occur and on how they were dealt with in its report to the Annual Shareholders' Meeting.

There were no indications of any actual conflicts of interest in 2014. Purely as a precaution, in light of her well-known membership of the board of directors of General Electric Company, Andrea Jung did not participate on March 7, 2014 in the consultations and resolution on the sale to the partner Rolls-Royce Holdings plc. of Daimler's 50% equity interest in Rolls-Royce Power Systems Holding GmbH, in order to avoid any possible conflict of interest. Apart from that, there were no indications of any potential conflicts of interest during the reporting period.

In its meetings in July and December, the Supervisory Board slightly updated the wording of the rules of procedure of the Supervisory Board and its committees, and in December approved the 2014 declaration of compliance with the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG). With the exceptions explained in the declaration, all the recommendations of the Code have been complied with and continue to be complied with.

The Supervisory Board arranged for an externally moderated efficiency review to be carried out in 2014, thus fulfilling the requirements of its rules of procedure and of the German Corporate Governance Code. The results of the efficiency review, with which the Supervisory Board dealt intensively in its meeting in mid-February 2015, confirm that there is very good and constructive collaboration within the Supervisory Board and with the Board of Management.

Corporate Governance at Daimler is described in detail in the Corporate Governance Report on pages 182 ff and in the Remuneration Report on pages 118 ff of this Annual Report.

Report on the work of the committees

The **Presidential Committee** convened five times last year. It dealt primarily with corporate governance topics and questions of remuneration, as well as with personnel matters of the Board of Management. As in previous years, compliance targets constituted part of the individual target agreements of the members of the Board of Management. Once again, additional non-financial targets were also included as criteria in the target agreements. For the past financial year, they were in the areas of employee and customer satisfaction, diversity, and the further development and permanent establishment of integrity.

The **Audit Committee** met six times in 2014. Details of those meetings are provided in a separate report of that committee. see pages 176 ff

The **Nomination Committee** convened twice in 2013. Among other matters, it prepared recommendations for the Supervisory Board's proposals to the Annual Shareholders' Meeting 2014 on candidates for election. The election proposals give due consideration not only to the defined qualifications for the specific position, but also to the recommendations of the German Corporate Governance Code. The Nomination Committee had already made its recommendations in 2013 for the election proposals to be made to the Annual Shareholders' Meeting in 2014.

As in previous years, the **Mediation Committee**, a body required by the provisions of the German Codetermination Act (MitbestG), had no occasion to take any action in 2014.

The chairmen of the committees informed the members of the Supervisory Board about the activities of the committees and their decisions, in each case in the Supervisory Board meeting following such decisions.

Personnel changes in the Supervisory Board. With effect as of the end of the Annual Shareholders' Meeting on April 9, 2014, Gerard Kleisterlee, Lloyd G. Trotter and Dr. Bernhard Walter stepped down from the Supervisory Board. The Annual Shareholders' Meeting elected Dr. Bernd Bohr, Joe Kaeser and Dr. Bernd Pischetsrieder as members of the Supervisory Board representing the shareholders until the end of the Annual Shareholders' Meeting that decides on ratification of the actions for the year 2018. The election proposals made by the Supervisory Board to the Annual Shareholders' Meeting were based on recommendations made by the Nomination Committee.

After the departure of Dr. Bernhard Walter as a member and the longstanding Chairman of the Audit Committee, in its constitutive meeting straight after the Annual Shareholders' Meeting, the Supervisory Board elected Joe Kaeser as a member of the Audit Committee representing the shareholders. Furthermore, the members of the Audit Committee elected Dr. Clemens Börsig as the Chairman of that Committee.

On April 30, 2014, Erich Klemm stepped down from his positions as a member and Deputy Chairman of the Supervisory Board. Ergun Lümali had already been elected to replace Erich Klemm in the election of members of the Supervisory Board representing the employees held in 2013. Ergun Lümali therefore became a member of the Supervisory Board as of May 1, 2014 without the need for another election or resolution. Due to the departure of Erich Klemm, his successors in the positions of Deputy Chairman and member of the committees had to be elected. Effective as of May 1, 2014, the Supervisory Board elected Michael Brecht as its Deputy Chairman. Michael Brecht succeeds to Erich Klemm also as a member and Deputy Chairman of the Mediation Committee and the Presidential Committee. The Supervisory Board elected Dr. Sabine Maaßen to the Audit Committee as Erich Klemm's successor representing the employees with effect as of May 1, 2014. The members of the Audit Committee elected Michael Brecht as the Chairman of that Committee.

Jürgen Langer stepped down from the Supervisory Board as of December 31, 2014. With effect as of January 1, 2015 Michael Bettag was appointed by the court to the Supervisory Board as his successor representing the employees.

Personnel changes in the Board of Management. In the Supervisory Board meeting held on January 28, 2014, the appointment of Andreas Renschler as a member of the Board of Management was terminated by mutual agreement. Andreas Renschler was released of his duties as of that date. Also in that meeting, the Supervisory Board decided that responsibility for the area of Manufacturing and Procurement Mercedes-Benz Cars in the Board of Management of Daimler AG would be transferred until further notice to its Chairman, Dr. Dieter Zetsche, in his position as Head of the Mercedes-Benz Cars division. Responsibility for the Mercedes-Benz Vans division was allocated to Wilfried Porth.

In the Supervisory Board meeting on February 18, 2014, Bodo Uebber's appointment as the member of the Board of Management of Daimler AG with responsibility for Finance & Controlling and Daimler Financial Services was extended for a further five years as of January 1, 2015.

In its meeting on December 11, 2014, the Supervisory Board decided to expand the Board of Management and to appoint Ola Källenius as a new member with responsibility for Sales Mercedes-Benz Cars for a period of three years with effect as of January 1, 2015, and to adjust the schedule of responsibilities accordingly.

In the Supervisory Board meeting on February 13, 2015, Hubertus Troska was reappointed as a member of the Board of Management of Daimler AG with responsibility for "Greater China" for a further five years with effect as of January 1, 2016.

Audit of the 2014 company and consolidated financial statements. The financial statements of Daimler AG and the combined management report for the Company and the Group for 2014 were duly audited by KPMG AG, Wirtschaftsprüfungsgesellschaft, Berlin, and were given an unqualified audit opinion. The same applies to the consolidated financial statements for 2014 prepared according to IFRS.

In a meeting in early February 2015 attended by the external auditors, the Supervisory Board discussed the preliminary key figures of the annual company and consolidated financial statements for 2014 and the dividend proposal to be made at the 2015 Annual Shareholders' Meeting. The preliminary key figures for the year 2014 were announced at the Annual Press Conference on February 5, 2015.

In the meeting on February 13, 2015, the Supervisory Board dealt with the annual company financial statements, the annual consolidated financial statements and the combined management report for Daimler AG and the Daimler Group, each of which had been issued with an unqualified audit opinion by the external auditors, as well as with the reports of the Audit Committee and the Supervisory Board, the corporate governance report, the remuneration report and the proposal on the appropriation of profit. In preparation, the members of the Supervisory Board had been provided with comprehensive documentation including the Annual Report with the consolidated financial statements according to IFRS, the combined management report for Daimler AG and the Daimler Group, the corporate governance report and the remuneration report, the annual company financial statements of Daimler AG, the proposal of the Board of Management on the appropriation of profit, the audit reports of KPMG on the annual company financial statements of Daimler AG and the consolidated financial statements, each including the combined management report, as well as drafts of the reports of the Supervisory Board and of the Audit Committee.

The Audit Committee and the Supervisory Board dealt with those documents in detail and discussed them intensively in the presence of the responsible external auditors, who reported on the results of their audit and were available to answer supplementary questions and to provide additional information. Following the final results of the review by the Audit Committee and its own review, the Supervisory Board declared its agreement with the results of the audit by the external auditors; it determined that no objections were to be raised and approved the financial statements and the combined management report as presented by the Board of Management. The company financial statements of Daimler AG for the year 2014 were thereby adopted. On this basis, the Supervisory Board consented to the proposal made by the Board of Management on the appropriation of distributable profit. Furthermore, it approved the report of the Supervisory Board, the corporate governance report and the remuneration report, as well as its own proposed decisions on the items of the agenda for the 2015 Annual Shareholders' Meeting.

Appreciation. The Supervisory Board thanks all of the employees and the management of the Daimler Group for their personal contributions to the successful year 2014. With all best wishes for the future, the Supervisory Board also expresses its warmest thanks to the departed members Gerard Kleisterlee, Erich Klemm, Jürgen Langer and Lloyd G. Trotter. With great sadness and gratitude, the Supervisory Board bids farewell to Dr. Bernhard Walter as the longstanding Chairman of the Audit Committee, who passed away in January 2015. Dr. Bernhard Walter has had a lasting positive impact on the Company through his work. Special thanks for his great commitment to the benefit of the Company are also due to Erich Klemm as the Deputy Chairman of the Supervisory Board and its committees.

Stuttgart, February 2015

The Supervisory Board

Dr. Manfred Bischoff
Chairman

The Supervisory Board.

Dr. Manfred Bischoff
Munich
Chairman of the Supervisory Board of Daimler AG
Other supervisory board memberships/directorships:
Airbus Group N.V.
SMS GmbH
UniCredit S.p.A.

Michael Brecht*
Gaggenau
Chairman of the General Works Council, Daimler Group and Daimler AG; Chairman of the Works Council, Gaggenau Plant, Daimler AG;
Deputy Chairman of the Supervisory Board of Daimler AG

Dr. Paul Achleitner
Munich
Chairman of the Supervisory Board of Deutsche Bank AG
Other supervisory board memberships/directorships:
Deutsche Bank AG – Chairman
Bayer AG

Sari Baldauf
Helsinki
Former Executive Vice President and General Manager of the Networks Business Group of Nokia Corporation
Other supervisory board memberships/directorships:
Fortum OYj – Chairwoman
Deutsche Telekom AG
AkzoNobel N.V.

Dr. Bernd Bohr
Stuttgart
Former Member of the Management Board of Robert Bosch GmbH
(since April 9, 2014)
Other supervisory board memberships/directorships:
Formel D GmbH

Dr. Clemens Börsig
Frankfurt am Main
Chairman of the Board of Directors of Deutsche Bank Foundation
Other supervisory board memberships/directorships:
Linde AG
Bayer AG
Emerson Electric Co.
IOR Istituto per le Opere de Religione (Vatican Bank)

Dr. Jürgen Hambrecht
Ludwigshafen
Chairman of the Supervisory Board of BASF SE
Other supervisory board memberships/directorships:
BASF SE – Chairman
Fuchs Petrolub SE – Chairman
Trumpf GmbH + Co. KG – Chairman

Petraea Heynike
Vevey
Former Executive Vice President of the Executive Board of Nestlé S.A.
Other supervisory board memberships/directorships:
Schulich School of Business
Aiglon College
Climate and Land Use Alliance

Jörg Hofmann*
Frankfurt am Main
Vice Chairman of the German Metalworkers' Union (IG Metall)
Other supervisory board memberships/directorships:
Robert Bosch GmbH

Andrea Jung
New York
President and Chief Executive Officer of Grameen America, Inc.
Other supervisory board memberships/directorships:
Apple Inc.
General Electric Company

Joe Kaeser
Munich
Chairman of the Board of Management of Siemens AG
(since April 9, 2014)
Other supervisory board memberships/directorships:
Allianz Deutschland AG
NXP Semiconductors N.V.

Jürgen Langer*
Frankfurt am Main
Chairman of the Works Council of the Frankfurt/Offenbach Dealership, Daimler AG
(up to and including December 31, 2014)

Ergun Lümali*
Sindelfingen
Chairman of the Works Council at the Sindelfingen Plant; Deputy Chairman of the General Works Council of Daimler AG
(since May 1, 2014)

Dr. Sabine Maaßen*
Frankfurt am Main
General Counsel of the German Metalworkers' Union (IG Metall)
Other supervisory board memberships/directorships:
ThyssenKrupp AG

Wolfgang Nieke*
Stuttgart
Chairman of the Works Council, Untertürkheim Plant, Daimler AG

Dr. Bernd Pischetsrieder
Munich
Chairman of the Supervisory Board of the Münchener Rückversicherungs-Gesellschaft, Aktiengesellschaft in München
(since April 9, 2014)
Other supervisory board memberships/directorships:
Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München – Chairman
Tetra-Laval International S.A. Group

Valter Sanches*
São Paulo
Director of Communications of the Metalworkers' Union ABC; President of the Fundação Sociedade Comunicação, Cultura e Trabalho (Foundation Society of Communications, Culture and Work)

Jörg Spies*
Stuttgart
Chairman of the Works Council, Headquarters, Daimler AG

Elke Tönjes-Werner*
Bremen
Deputy Chairwoman of the Works Council, Bremen Plant, Daimler AG

Dr. Frank Weber*
Sindelfingen
Director of the Press Shop, Sindelfingen Plant, Daimler AG; Chairman of the Management Representatives Committee, Daimler Group

Appointed by resolution of the local district court with effect from January 1, 2015:

Michael Bettag*
Nuremberg
Chairman of the Works Council of the Nuremberg Dealership, Daimler AG

Retired from the Supervisory Board:

Gerard Kleisterlee
Amsterdam
Former President and CEO of Royal Philips Electronics N.V.
(retired on April 9, 2014)

Erich Klemm*
Sindelfingen
Chairman of the General Works Council, Daimler Group and Daimler AG; Deputy Chairman of the Supervisory Board of Daimler AG
(retired on April 30, 2014)

Lloyd G. Trotter
Plainville
Former Vice Chairman General Electric; President & CEO of the General Electric Group's Industrial Division; Managing Partner, Founder, GenNx360 Capital Partners
(retired on April 9, 2014)

Dr. h.c. Bernhard Walter
Frankfurt am Main
Former Spokesman of the Board of Management of Dresdner Bank AG
(retired on April 9, 2014)

Committees of the Supervisory Board:

Committee pursuant to Section 27 Subsection 3 of the German Codetermination Act (MitbestG)
Dr. Manfred Bischoff – Chairman
Michael Brecht*
Dr. Jürgen Hambrecht
Jörg Hofmann*

Presidential Committee
Dr. Manfred Bischoff – Chairman
Michael Brecht*
Dr. Jürgen Hambrecht
Jörg Hofmann*

Audit Committee
Dr. Clemens Börsig – Chairman
Michael Brecht*
Joe Kaeser
Dr. Sabine Maaßen*

Nomination Committee
Dr. Manfred Bischoff – Chairman
Dr. Paul Achleitner
Sari Baldauf

* Representative of the employees

Highlights of 2014.

Determination pays off!

This applies not only to the world of sports but also to companies such as Daimler.
We accompanied the German soccer team along their way to winning the World Cup in 2014. Mercedes-Benz's impressive victory in the Formula 1 Championship racing series also reflects our great determination. All signs point to growth at all of our divisions. We are on schedule with the implementation of our efficiency programs and our new vehicle models have met with an outstanding response on the market. Our groundbreaking innovations in the areas of safety, fuel efficiency and autonomous driving have made a huge impression as well. The components of our strategy are coalescing into a coherent whole. We will consistently pursue this strategy.

Q1

Mercedes-Benz presents the new C-Class in Detroit. The all-new C-Class is the highlight of the auto show presentation. The C-Class sets efficiency benchmarks in its class, thanks to an intelligent lightweight design concept, excellent aerodynamics and new, economical engines. Numerous new assistance systems ensure the highest degree of safety.

The new V-Class rolls off the line. The first new V-Class is built at the Mercedes-Benz plant in Vitoria, Spain. The production launch of the new model marks the achievement of a further milestone in the Mercedes-Benz Vans growth strategy. The new V-Class combines the functionality of a van with the typical strengths of Mercedes-Benz cars – everything from emotive design and high-quality interior appointments to exemplary safety features and fuel-efficient driving pleasure.

"Mercedes me" is presented in Geneva. Mercedes-Benz presents its new "Mercedes me" service brand on the eve of the 84th International Motor Show in Geneva. This new umbrella brand combines existing and future service offerings, making them easily accessible at any time on a digital platform on the Internet.

World premiere of the new S-Class coupe. A stylistically confident appearance, exclusive appointments and sophisticated sportiness – the new Mercedes-Benz S-Class coupe at the Geneva Motor Show. The model's curve tilting function also marks a world premiere. The lateral acceleration that acts upon vehicle occupants is reduced in a manner similar to what occurs when a motorcycle leans into a steep curve. The new curve tilting function thus enhances driving pleasure and comfort on country roads especially.

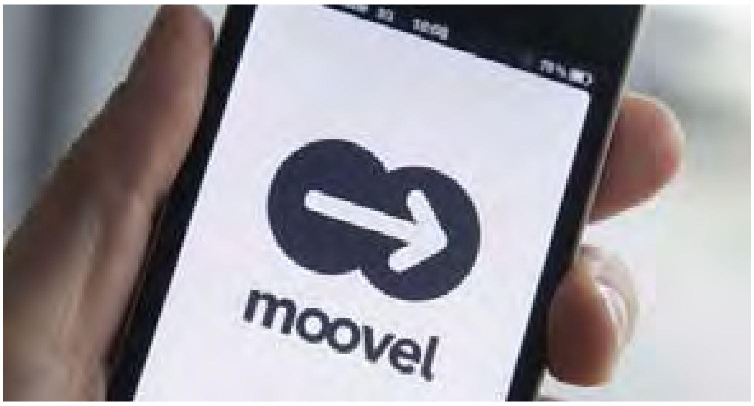
Daimler begins building a new bus plant in India. Daimler is investing some €50 million in a bus plant to be built on an area of roughly 113,000 square meters at the site of an existing truck manufacturing facility in Chennai. The product range will include front-engine buses from the BharatBenz brand that are tailored to the specific needs of the volume bus market in India.

Daimler to sell its stake in Rolls-Royce Power Systems. Daimler announces its intention to sell its 50% interest in Rolls-Royce Power Systems (RRPS, formerly Tognum) to its partner Rolls-Royce. On the basis of long-term supply agreements, Daimler will remain a key supplier of heavy-duty and medium-duty diesel engines to RRPS. Daimler will use the €2.4 billion in income it expects from the sale to strengthen the Group's core business.

Daimler issues first corporate bond in China. Daimler becomes the first foreign company to issue a bond in China. The so-called panda bond has a volume of 500 million renminbi (approximately €60 million) and a term of one year. The bond issue provides Daimler with an additional source of financing for its rapidly expanding business activities in China.

New service: Corporate car-sharing. Daimler Fleet Management, a provider of fleet-management and fleet-leasing services, will expand its range of services to include corporate car-sharing for fleet customers. The new mobility solution will allow corporate fleets to be used more efficiently.

Q2



Daimler Trucks celebrates a production milestone in China. Beijing Foton Daimler Automotive Co., Ltd. (BFDA), a 50-50 joint venture between Daimler and the Chinese truck manufacturer Foton Motor, achieves a major milestone when the 150,000th unit of the jointly produced Auman brand truck rolls off the assembly line.

Daimler Mobility Services becomes moovel GmbH. The umbrella company for the car2go, car2go black and moovel mobility services is renamed moovel GmbH. With this step, Daimler underscores the importance of the mobility platform, as well as its strong customer focus. The moovel mobility app already offers its users a central access portal for numerous mobility services with various modes of transport.

Dividend of €2.25. During the Annual Shareholders' Meeting in Berlin, Daimler AG shareholders approve the distribution of a dividend of €2.25 per share for the year 2013 (prior year: €2.20). The total dividend payout amounts to €2,407 million.

car2go launches cross-border service. Since the end of 2012, car2go member-card holders in Germany have been able to rent more than 3,500 smart fortwo vehicles at seven car2go locations in Germany. Eleven European locations now allow car2go members from other countries to use the service.

Daimler shares its compliance expertise with other companies. The first-ever Daimler Compliance Academy meets with a great response. More than 50 representatives of companies from various sectors participate in the academy seminar in April 2014. The seminar offers an interactive platform for sharing experiences related to compliance trends and discussing the challenges compliance officers face.

Partnership with Renault-Nissan expanded. The Renault-Nissan Alliance and Daimler AG decide to significantly expand their cooperation through the joint development of premium compact cars and the joint production of vehicles in Mexico. A newly established 50-50 joint venture will be responsible for building and operating a new manufacturing facility in Aguascalientes in the northern part of central Mexico. After the initial launch phase, the new plant will be ramped up to an annual capacity of 300,000 units.

Daimler on course for profitable growth. In the second quarter of 2014, the company once again sets new records for sales and revenue and significantly increases its operating profit from ongoing business operations. The outlook for full-year 2014 remains positive.

Q3

World premiere of new smart models. smart presents its two all-new city cars: fortwo and forfour. The new models retain the tried-and-tested rear-engine concept but offer more of everything – more comfort, more safety and more driving pleasure in the city.

Daimler presents an autonomously driving truck. The Mercedes-Benz Future Truck 2025 is equipped with the extremely intelligent Highway Pilot assistance system, which enables it to drive completely autonomously at speeds of up to 85 km/h on a highway. With this autonomous vehicle, Daimler is once again highlighting the pioneering role it plays in innovative technologies as it ushers in a new era of truck transport.

World premiere of the Mercedes-AMG GT. The new Mercedes-AMG GT stands for pure driving pleasure and breathtaking design. Agile, sporty and dynamic – that's the only way to describe the second sports car developed fully independently by Mercedes-AMG. It's uncompromising on the racetrack, yet also suitable for everyday use.

The new Western Star 5700XE is presented. This truck combines Western Star's legendary styling and reliable durability with excellent fuel economy as well as Daimler's tried and tested aerodynamic features. The 5700XE will go into production in Cleveland, North Carolina (USA) in 2015.

Specialist symposiums on connected driving and data protection and sponsorship. Daimler creates new platforms for dialogue between society and industry with its "Automobile on the Data Highway" and "Responsible Sponsorship" specialist symposiums. In this manner, the company promotes an interdisciplinary and constructively critical exchange with its stakeholders.

40-year partnership with Kuwait. The Kuwait Investment Authority (KIA) has been an investor in Daimler for the past 40 years. During this time, Kuwait has become Daimler's most reliable partner, despite the various ups and downs in the company's history. KIA currently owns 6.8% of the company's shares, making it Daimler's largest shareholder. The anniversary of the launch of the partnership is celebrated at a ceremony in Stuttgart.

Production launch for DENZA in China. The first units of Daimler's DENZA electric vehicle roll off the production line at Shenzhen BYD Daimler New Technology Co., Ltd. (BDNT) in China. The successful production launch marks yet another cooperation milestone for Daimler and its Chinese partner Build Your Dreams (BYD). The DENZA fully lives up to its promise to be the safest, most reliable and most sophisticated electric vehicle from and for China.

Daimler Employee Survey 2014. Some 260,000 staff members from more than 40 countries take part in the Daimler Employee Survey between September 15 and October 3, 2014. The survey is an instrument for eliciting employee opinions on important topics related to the work environment and the management situation. The results are used to develop measures for improving the organization.

Public premiere for the Vito. The new Vito is presented to a global audience in Berlin. In order to better serve commercial customers, the model is available for the first time in three drive system variants. It also boasts a high payload and outstanding safety.

Q4

New FUSO trucks for Indonesia. The product range in Indonesia has been expanded with trucks of the new medium- and heavy-duty series FUSO FI and FUSO FJ. The new FUSO models are produced in Chennai, India, and are intended to further strengthen the Group's market leadership in Indonesia.

Mercedes-Benz is the most valuable premium automotive brand. Mercedes-Benz moves up to 10th place in the rankings for Best Global Brands 2014 compiled by the Interbrand consulting firm in the United States, making it the only European company to reach the top 10 in the list of the 100 most valuable brands.

Daimler restructures cooperation with Tesla. Daimler decides to reorganize its cooperation with Tesla Motors Inc. and sell its roughly 4% stake in the company. The sale generates proceeds of approximately €600 million, which will be used to strengthen business operations. Cooperation with Tesla will nevertheless remain an important part of Daimler's activities in the field of electric mobility in the future.

A new international employer image campaign is launched. "That's Us" is the slogan for Daimler's new employer image campaign, which puts the company's employees in the spotlight. The international campaign is directed at potential job applicants from all over the world.

Mercedes-Maybach celebrates its world premiere. Our new Mercedes-Maybach sub-brand and the first model from this exclusive brand celebrate their world premiere simultaneously in the United States and China. Mercedes-Maybach stands for prestigious exclusivity and is aimed at highly sophisticated customers.

Formula 1 World Championship. MERCEDES AMG PETRONAS wins the Constructors' Championship by a wide margin. Mercedes driver Lewis Hamilton is crowned World Champion after the final race in Abu Dhabi, while Nico Rosberg finishes the season in second place.

€2.5 billion for the company pension fund. The Daimler Supervisory Board decides to make an extraordinary contribution of €2.5 billion to the company pension fund in Germany. This additional funding will give employees more security and also have a positive impact on the Group's interest income in the future.

Daimler and the Capital Market.

Daimler's share price increased by 10% over the course of the year and thus once again outperformed the DAX and the Dow Jones STOXX Auto Index. Numerous stock indices reached all-time highs and central banks continued their expansionary monetary policies. The Board of Management and the Supervisory Board propose an increased dividend of €2.45 per share (prior year: €2.25). We offer investors and analysts a comprehensive range of investor relations services. Daimler took advantage of the high level of liquidity on international capital markets to refinance its operations at attractive terms.

A.01

Development of Daimler's share price and of major indices

	End of 2014	End of 2013	14/13 % change
Daimler share price (in euros)	**68.97**	62.90	+10
DAX 30	**9,806**	9,552	+3
Dow Jones Euro STOXX 50	**3,146**	3,109	+1
Dow Jones Industrial Average	**17,823**	16,577	+8
Nikkei	**17,451**	16,291	+7
Dow Jones STOXX Auto Index	**501**	482	+4

A.02

Key figures per share

Amounts in euros	2014	2013	14/13 % change
Net profit	**6.51**	6.40	+2
Net profit (diluted)	**6.51**	6.40	+2
Dividend	**2.45**	2.25	+9
Equity (December 31)	**40.81**	39.90	+2
Xetra price at year end[1]	**68.97**	62.90	+10
Highest[1]	**71.14**	63.15	+13
Lowest[1]	**56.01**	38.65	+45

1 Closing prices

New all-time highs on the world's stock markets. Global stock markets remained volatile in 2014 and markets in some regions finished the year with substantial gains. In general, the markets benefited from the continued availability of liquidity from the major central banks, as well as from interest rates that remained low.

The development of global stock markets over the first three months of the year was relatively uneven and marked by major fluctuation. The markets were impacted during this phase by the Federal Reserve's tapering of monthly bond purchases beginning in January 2014. Other influencing factors were turbulence in key emerging markets and political tensions.

Following this initial phase, global markets resumed their upward trend, although this positive development was intermittently interrupted by increasing concerns regarding the escalation of the crisis in Ukraine. The announcement by the European Central Bank (ECB) that it would implement further monetary measures to counteract deflationary tendencies and the weak development of credit volume in the euro zone had a particularly positive effect on investors. The DAX reached record highs during this phase in the middle of the year.

Stock-market sentiment was negatively impacted in the subsequent phase by geopolitical tensions and concerns about the pace of economic growth in Europe. European markets thus went into a significant decline during the summer months. But it did not take long for the markets to recover, and many sectors were able to recoup at least some of their previous share-price losses. In all likelihood, this positive development was primarily driven by the ECB's announcement that it would implement further monetary support measures. Share prices then declined again at the beginning of the fourth quarter due to renewed concerns regarding global economic activity and growth. However, this development was counteracted by the publication of largely solid third-quarter corporate results, as well as by expectations of a continuation of the expansionary monetary policy in Europe. As a result, stock markets developed positively throughout the remainder of the fourth quarter. In this environment – and despite the discontinuation of bond purchases by the Federal Reserve in October 2014 – many indices either reached new all-time highs or came close to breaking long-standing records during the last two months of the year.

The index of the most important shares in the euro zone, the Dow Jones Euro STOXX 50, rose by 1% in 2014. The leading German index, the DAX, performed slightly better, rising by 3%. The DAX broke the 10,000 mark for the first time ever in July 2014 and reached a new all-time high of 10,087 on December 5. In the United States, the Dow Jones rose by 8% during the year, while Japan's Nikkei index gained 7%. ↗ A.01

Daimler share price up by 10% over the year. Financial markets responded very favorably to the publication of the Daimler Group's results for 2013 and the recommendation that the dividend be increased to €2.25 per share. This helped the share price to rise by 9% in the first quarter of 2014 alone.

On April 4, 2014, the Daimler share price stood at €71.14. This was the highest price for the year and also the highest value for Daimler shares in more than seven years. However, the Daimler share price did not remain unaffected by the subsequent growing concerns regarding the escalation of the Ukraine crisis. It was only after the ECB announced that it would implement measures to counteract the weak development of credit volume in the euro zone that our share price began to rise again significantly in line with general market developments. The share price remained above €70 in June and early July.

However, in the weeks that followed, political conflicts and a disappointing economic outlook for Europe once again dampened the mood on stock markets. Many investors temporarily dropped out of the market and moved into less risky types of investment. Cyclical securities such as automotive stocks performed particularly poorly in this environment, with our share price reaching its low point of the year at €56.01 on October 10.

As of mid-October, Daimler shares then benefited from a more favorable stock-market environment and from the solid development of our business operations. Our share price increased again substantially until the end of the financial year and closed at €68.97 on December 30. At the end of the year, the company had a market capitalization of €73.8 billion.

Daimler's share price thus increased by 10% over the course of the year, outperforming the Dow Jones STOXX Auto Index (+4%) and the DAX (+3%). When the dividend payout of €2.25 per share is included, our shareholders saw the value of their investment rise by 13%.

After a quiet start to the year 2015, significant share-price increases occurred later in January, especially in the European stock markets. The announcement of the ECB program to buy government bonds caused the DAX to climb to a new all-time high. Daimler's shares were listed at €80.48 at the end of January, which is 17% above the closing price at the end of 2014 and the highest price in more than 15 years.

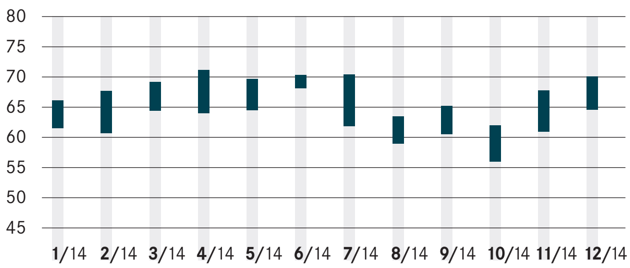
Dividend of €2.45. ↗ A.02 The Board of Management and the Supervisory Board will recommend a dividend of €2.45 (2013: €2.25) per share at the Annual Shareholders' Meeting on April 1, 2015. With this proposal, we are letting our shareholders participate in the company's financial success while also expressing our confidence about the ongoing course of business. The total dividend will amount to €2,621 million (2013: €2,407 million).

A broad shareholder structure. ↗ A.07 Daimler continues to have a broad shareholder base of approximately 900,000 shareholders. The Kuwait Investment Authority (KIA) currently owns 6.8% of the company's stock, making it Daimler AG's largest single shareholder. In September 2014, Daimler AG and KIA held a ceremony to celebrate their 40-year partnership. The Renault-Nissan Alliance continues to hold 3.1% of Daimler's shares.

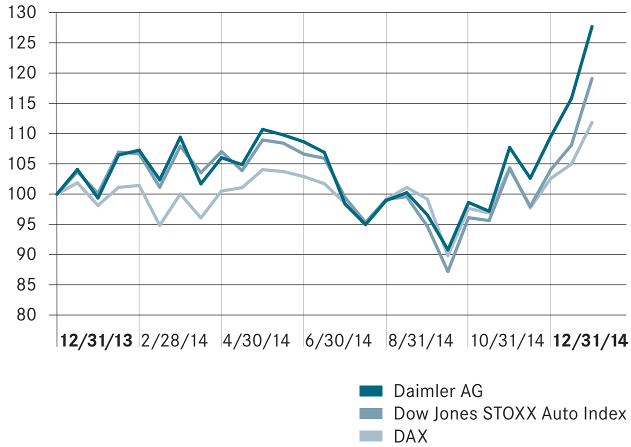
BlackRock Inc., New York, still holds a stake above the 5% reporting limit as defined by Germany's Securities Trading Act (WpHG). In December 2014, BlackRock notified us that it held 5.03% of Daimler's shares on December 23.

The Norwegian Finance Ministry informed us that at the beginning of April 2014, the shares held by Norges Bank, Oslo, had dropped below the reporting limit of 3% as stipulated by Section 21 of the WpHG. On April 24, 2014, this limit was once again exceeded, and the bank held 3.17% of the voting rights in Daimler as of that date.

A.03
Daimler share price (high/low), 2014
In euros



A.04
Share price index



A.05
Key figures for Daimler shares

	End of 2014	End of 2013	14/13 % change
Share capital (in millions of euros)	**3,070**	3,069	+0
Number of shares (in millions)	**1,069.8**	1,069.8	+0
Market capitalization (in billions of euros)	**73.8**	67.3	+10
Number of shareholders (in millions)	**0.9**	0.9	0
Weighting in share indices			
DAX 30	**8.51%**	7.74%	
Dow Jones Euro STOXX 50	**3.46%**	3.23%	
Long-term credit ratings			
Standard & Poor's	**A-**	A-	
Moody's	**A3**	A3	
Fitch	**A-**	A-	
DBRS	**A (low)**	A (low)	

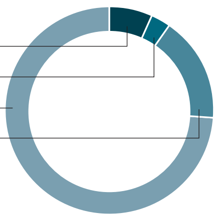
A.06
Stock-exchange data for Daimler shares

ISIN	DE0007100000
German Securities Identification Number	710000
Stock-exchange symbol	DAI
Reuters ticker symbol	DAIGn.DE
Bloomberg ticker symbol	DAI:GR

A.07
Shareholder structure as of December 31, 2014

By type of shareholder

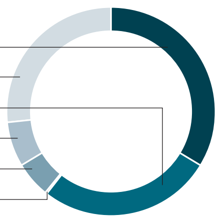
Kuwait Investment Authority	6.8%
Renault-Nissan	3.1%
Institutional investors	73.7%
Retail investors	16.4%



A.08
Shareholder structure as of December 31, 2014

By region

Germany	33.7%
Europe, excluding Germany	26.6%
USA	26.9%
Kuwait	6.8%
Asia	5.6%
Rest of the world	0.4%



In April 2014, we received notifications of voting rights also from UBS AG, DekaBank Deutsche Girozentrale and Commerzbank AG. According to those statements, the banks' directly or indirectly held voting rights in Daimler had risen above the 3% limit in the run-up to our Annual Shareholders' Meeting, before dropping significantly below that limit again in the two weeks that followed. In January 2014, Deutsche Bank AG notified us that its voting rights in Daimler had risen above the 3% reporting limit for a brief period and then once again dropped below that limit and back to 0.02% on January 28, 2014.

The aforementioned voting-rights notifications and the notifications relating to other financial instruments prescribed by law since 2012 are published on the Internet at daimler.com/investor-relations/daimler-shares/shareholder-structure.

Institutional investors hold a total of 74% of our equity capital while private investors own 16%. Approximately 60% of our capital is in the hands of European investors and around 27% is held by US investors. ↗ A.08

Daimler shares' weighting in major indices rose further during the reporting year as a result of the overall share price increase. With a weighting of 8.51% (2013: 7.74%), Daimler was ranked third in the German DAX 30 index at the end of 2014. ↗ A.05 In the Dow Jones Euro STOXX 50 index, our shares had a weighting of 3.46% (2013: 3.23%), which put it in seventh place. Daimler shares are listed on the stock exchanges in Frankfurt and Stuttgart. A total volume of 957 million shares were traded in Germany in 2014 (2013: 1,029 million). Daimler shares are also increasingly being traded on multilateral trading platforms and in the over-the-counter market.

Employee share purchase plan implemented once again. Staff members entitled to purchase employee shares were able to once again do so in March 2014. As was the case in the prior year, the employees received a discount as well as bonus shares. At 15.4%, the participation rate was lower than in 2013 (19.2%). This was probably due in part to the significantly higher share price compared to the previous year. A total of 26,600 employees took part in the program. Those staff members purchased a total of 390,000 shares.

Annual Shareholders' Meeting once again sparks considerable visitor interest. Approximately 5,500 shareholders (2013: 5,000) attended the Annual Shareholders' Meeting at the International Congress Center (ICC) in Berlin on April 9, 2014. At 39.25%, a much higher proportion of equity capital was represented at the meeting than in the previous year (2013: 29.3% – both figures include actual attendees and shareholders who voted by absentee ballot). A large majority of the shareholders approved each of the agenda points proposed by the company's management. Among other things, the meeting's participants elected Dr. Bernd Bohr, Joe Kaeser and Dr. Bernd Pischetsrieder to the Supervisory Board as representatives of the shareholders for five years. All of the documents and information regarding the Annual Shareholders' Meeting can be found at daimler.com/ir/am2014. In the exhibition areas of the ICC, Daimler presented its technological expertise and broad product range with a focus on the new C-Class and the S-Class coupe.

Continuation of comprehensive investor relations activities. In 2014, we once again provided institutional investors, analysts, rating agencies and private investors with timely information regarding the company's business development. We organized road shows for institutional investors and analysts in the finance capitals of Europe, North America, Asia and Australia. We also held many one-on-one meetings at investor conferences. This was especially the case at the international motor shows in Geneva and Paris. We regularly reported on our quarterly results in conference calls and webcasts. The presentations can be seen on our website at daimler.com/ir/event/e.

The talks with analysts and investors focused on the latest earnings expectations for 2014, as well as on the business development and profitability of the individual divisions and regions. Daimler also organized a technology-focused capital-market event at the beginning of July. During that event, Daimler sent its Mercedes-Benz Future Truck 2025 on a drive along a cordoned-off section of autobahn near the city of Magdeburg in order to demonstrate how autonomous driving will change the nature of freight transport in the future. Autonomous driving involves the targeted and automated operation of a vehicle under normal traffic conditions without the intervention of a human driver. The feedback and the media response to the event were extremely positive. During a capital-market day held in Beijing in September, Daimler presented its strategy and position in the key Chinese market with presentations, discussions and plant tours. The audio recordings and charts and illustrations from that event are available at daimler.com/ir/event/e.

Online offers are well-established on many channels. The broad range of information that we offer online is provided by our well-established presence at daimler.com and via our social-media activities. The informative and attractive print version and the innovative, high-content online version of the Annual Report 2013 led to several prestigious national and international awards in 2014. The contents of the 2013 online annual report and of the three 2014 online interim reports were provided not only for desktop computers but also optimized for tablet computers and smartphones. In this way, we are responding to the growing number of users of mobile devices.

Number of online shareholders remains at a high level. Our shareholders continue to take good advantage of our provision of personalized electronic information and communication. Approximately 84,000 shareholders no longer received the invitation and agenda for the Annual Shareholders' Meeting by post but instead by e-mail in 2014. We would like to thank those shareholders for helping to protect the environment and cut costs. As was the case in the past, those shareholders once again had the opportunity to win attractive prizes in a lottery. Access to the e-service for shareholders and additional information can be found at https://register.daimler.com.

Refinancing benefits from a high level of capital-market liquidity and a good rating. The ongoing expansionary monetary policies at central banks also impacted bond markets during the year under review. As a result of the high level of liquidity, companies with investment-grade ratings saw their risk premiums decline once again compared to the prior year, which was also to the benefit of Daimler.

In 2014, Daimler primarily covered its refinancing needs by issuing bonds. A large proportion of these bonds were sold as benchmark bond issues (bonds with high nominal volumes) in euro and US-dollar markets. In the US capital market, for example, Daimler Finance North America LLC issued bonds worth a total of $4.65 billion in March and August 2014. The bonds had terms of three, five, seven or ten years. In addition, Daimler AG issued euro bonds in benchmark format with a total volume of €1.25 billion and terms of eight and ten years. In 2014, Daimler AG also became the first foreign company to issue bonds in China (so-called Panda bonds). Furthermore, many smaller bonds were issued by the Daimler Group in a variety of currencies in the euro market as well as in Mexico, Brazil, Argentina, South Africa, Thailand and South Korea.

At the end of 2014, companies of the Daimler Group had issued bonds that were still outstanding in a volume of €43.2 billion (2013: €38.7 billion). Besides raising funds through the issuance of bonds, Daimler also issued a small volume of commercial paper in 2014.

Daimler also conducted several asset-backed security (ABS) transactions in the United States, Canada and Germany during the reporting year. In the United States, for example, the company generated a refinancing volume US$3.1 billion through two issuances. A further C$0.5 billion was placed in Canada directly with investors for the first time. In addition, Mercedes-Benz Bank used the Silver Arrow Platform to sell ABS bonds to European investors once again. This issuance had a total volume of €1.0 billion.

Objectives and Strategy.

As the inventor of the automobile, we believe it is our mission and our duty to shape future mobility in a safe and sustainable manner with outstanding products and services and trend-setting technologies. We strive to attain the leading position in all of our business. Our goals are to be the leader in technology and innovation, to inspire our customers, and to continue to grow profitably with first-class teams. In this way, we intend to continually increase our enterprise value. We have defined four strategic areas of growth for the Group, which we will focus on in the coming years.

Four objectives

Technology leadership and innovation. We set standards for technology and innovation. We want our products from all divisions to be the industry leaders when it comes to safety, autonomous driving with cars and commercial vehicles, and green technologies. Here, we exploit the potential generated by joint research activities throughout the Group and, where possible, we also utilize shared systems and solutions. We also seek to be the leader in the use of digital technologies, both in our products and as channels for maintaining contact with our customers.

Delighted customers. Our leading brands in all divisions create added value for our customers. We aim to finish at the top of all relevant customer-satisfaction rankings and convince customers with our outstanding quality. For that purpose, we create interfaces for sales and aftersales processes that ensure we can maintain contact with customers at all times. We also offer our customers tailored transport and mobility services.

Best teams. We work in teams whose diversity in terms of gender, nationality and age is extremely important to us. Our employees are proud to work at Daimler, and we're also one of the employers most sought after by job applicants. Our core corporate values – passion, respect, integrity and discipline – form the basis of our actions. Integrity is particularly important to our company. It's one of the key principles that stand behind our actions, and it guides our dealings with respect to the company and its employees, business partners and customers. We are firmly convinced that conducting business with integrity makes us more successful over the long term and is also good for society as a whole.

Profitable growth. We have set ourselves the goal of achieving a return on sales of 9% (EBIT in relation to revenue) on average for the automotive business. This overall figure is based on the return targets for the individual divisions, which we intend to achieve on a sustained basis. These targets are 10% for Mercedes-Benz Cars, 8% for Daimler Trucks, 9% for Mercedes-Benz Vans and 6% for Daimler Buses. For Daimler Financial Services, we've set a return on equity target of 17%.

The "Mercedes-Benz 2020" growth strategy is designed to ensure that our Mercedes-Benz Cars division will be playing the leading role in the premium segment by the end of the decade. We also plan to further enhance the smart brand's pioneering role in urban mobility. In addition, we want to further strengthen Daimler Trucks' position as the leading truck manufacturer in the global truck business. With the help of its "Mercedes-Benz Vans goes global" strategy, Mercedes-Benz Vans is aiming to achieve further profitable growth outside its established markets and segments as well. Daimler Buses will further strengthen its leading position in the segment for buses above eight metric tons gross vehicle weight. Daimler Financial Services plans to position itself as the best captive financial services provider and will continue to grow in line with our automotive business, as well as in the area of mobility services.

In order to safeguard our profitability under difficult market conditions as well, we are adapting our business system in a way that will enable us to react quickly and flexibly to market fluctuations and create value as close to our markets as possible.

Sustainability is another key principle of our actions. For us, sustainability means conducting business responsibly to ensure long-term success in harmony with the environment and society.

A.09

Strategic Pillars of Growth

Four strategic growth areas

We plan to achieve our goals in four strategic growth areas.
↗ A.09

We will
- further strengthen our core business,
- continue growing in new markets,
- take the lead with green technologies and safety, and
- push forward decisively with the development of connectivity and new mobility concepts.

Strengthening our core business. The foundations for a strong core business are first-rate products, competitive cost structures and a customer-focused organization. In order to prepare ourselves for growth and a stronger customer focus, we are aligning our organizational structure more strongly with the individual divisions and consolidating our sales and service activities to ensure quality customer service throughout the entire vehicle lifecycle.

With a comprehensive model offensive, we will renew and extend the product range of **Mercedes-Benz Cars** in all segments. Within the framework of the growth strategy that we approved in 2012, we will launch more than 30 new car models between 2012 and 2020. Almost half of those new products have no predecessor model in the current product portfolio; we already launched two of them in 2014: the GLA Coupe and the long-wheelbase C-Class for the Chinese market. In 2015, we will expand our product range with, for example, the Mercedes-Maybach, the CLA Shooting Brake, the Mercedes-AMG GT and the GLE Coupe, and we will present two additional models of the S-Class. Furthermore we will also renew almost our entire range of SUVs.

We will continue to implement our successful module strategy. This will allow us to successfully manage the increasing complexity resulting from additional model variants, as well as ever-shorter innovation cycles and the expansion of our international production network. By increasing the level of standardization and modularization at our manufacturing plants, we are reducing our investment requirements and fixed costs. The classification of lead and partner plants is safeguarding both the transfer of knowledge and the high quality standards associated with “Made by Mercedes” worldwide. For example, we succeeded in launching production of the new C-Class at four plants on four continents in less than six months. This marked a major milestone in global production management. We continue to consistently enhance our brands through the creation of new products and the expansion of existing model series. In this process “The Best” expresses the overall ambition of the Mercedes-Benz brand. We are making increasing use of digital media in the area of customer relations. New sales formats, such as mobile sales pavilions, create meeting points that enable us to establish contact with new customers as well.

In order to achieve sustained profitable growth, we have supplemented the “Mercedes-Benz 2020” growth strategy with the “Fit for Leadership” program. Fit for Leadership has improved our cost structure by a total of €2 billion over the last two years. However, Fit for Leadership also includes a structural component that’s designed to gear our business system toward growth and make it more flexible and competitive. Along with the module strategy and the reorganization of the international production network, this will also be achieved by the restructuring of the sales organization in Germany.

The smart brand – with the new smart fortwo and forfour models – will enable us to maintain our claim of having the “best brand for urban mobility” and also allow us to improve our position in the electric-mobility segment.

Daimler Trucks continues to rely on its technology leadership and global presence. Our intelligent use of platforms enables us to deliver tailor-made systems and technologies to our customers worldwide, even as we exploit our economies of scale to the greatest extent possible. Our approach here is to supply innovative cutting-edge technologies to the core markets of the triad (Western Europe, North America, Japan), utilize our traditional and proven technologies in markets such as Brazil, China and Russia, and supply markets in India, Africa and certain Asian countries with simple and locally produced technologies. Our current product range at Daimler Trucks is stronger and more extensive than ever before. In Europe, we have launched a true heavyweight on the market in the form of the SLT, which has a gross combination weight of 250 metric tons. The Western Star 5700XE in North America and the FUSO Super Great V in Japan are two additional models we presented in 2014 that return impressive fuel economy compared with the competition. We plan to use local value creation in key sales markets in order to expand our global position.

Our Daimler Trucks #1 program is designed to secure our profitability targets on a sustained basis. The program’s efficiency target of €1.6 billion will take full effect as of 2015. However, we also aim to further increase our unit sales and revenue. We have started a large number of initiatives relating to sales of new vehicles as well as aftersales, and we see major opportunities also in the area of truck-related services. At the same time, our interdepartmental initiatives are improving interaction between the various business units and functions, and this allows us to more effectively utilize the potential offered by our global position. An important step in this direction was the consolidation of parts of our Asian business activities into the integrated “Asia Business Model” approach. Here, cooperation on product development, production and sales between Mitsubishi Fuso Truck and Bus Corporation and Daimler India Commercial Vehicles can generate synergies and additional growth in Asia and Africa.

Mercedes-Benz Vans will support our planned worldwide growth with new products and technologies. The launch of the new generation of our flagship model in the large van segment, the Mercedes-Benz Sprinter, in 2013, and the introduction of the new Vito for commercial customers in 2014 have put us in a very good position for future success with our van products. In addition, we plan to benefit more strongly from growing demand in the NAFTA region through the launch of the Vito and the expansion of local production of the Sprinter. In 2014, we also launched the V-Class – a model whose name and product concept both signal a move toward the car segment. In this manner, it establishes the new segment of premium full-size MPVs.

Daimler Buses will focus over the next few years on achieving further growth and efficiency gains. To this end, we not only plan to increase sales of Mercedes-Benz and Setra brand buses; we also want to grow globally through new innovative services. The Daimler Buses product range stands out through its great fuel efficiency, economy, environmental friendliness and safety. The conversion of our model program to the Euro VI standard makes us the leader in fuel economy today. In 2015, we will once again set new standards with the introduction of the new emergency braking system Active Brake Assist (ABA 3) in the Mercedes-Benz Travego coach and the new Setra Series 500 coaches. The Setra MultiClass product range has been extended with low-entry long-distance buses which combine economy and functionality. With the new Mercedes-Benz Citaro G articulated bus and the Mercedes-Benz CapaCity L, we also offer bus variants that can transport large numbers of people. This means that we can supply vehicles with ideal passenger capacities for worldwide Bus Rapid Transit (BRT) systems.

Daimler Financial Services is also focused on profitable growth. The division will continue to grow in line with the model and market offensives for cars and commercial vehicles. It will also further expand its product range in the areas of financing, leasing, insurance and mobility services. More than four out of ten vehicles from the Daimler Group are already financed or leased by Daimler Financial Services. The company is also focusing on the expanded use of digital sales channels and more extensive networking with the vehicle divisions. Daimler Financial Services has combined all of its mobility services for individual customers into a single company known as moovel GmbH.

Daimler Financial Services’ excellent ranking in employer attractiveness surveys in 2014 serves as further motivation for the company to maintain its employees’ high level of satisfaction and to remain very appealing to external job applicants.

Growing in new markets. Growth in global automobile demand will take place mainly in markets outside of Europe, North America and Japan in the coming years. While we continue to strengthen our position in traditional markets, we also want to expand in Brazil, Russia, India and China especially, as well as in other emerging markets.

In order to reach Mercedes-Benz Cars' sales targets, we are intensifying our local activities, particularly in China, Brazil and India. We are increasing production capacities in **China** for model series that are already manufactured locally. We manufacture the GLK SUV in China, as well as the long-wheelbase version of the E-Class. During the year under review, we also began producing the long-wheelbase version of the new C-Class in China. We will begin local production of the new GLA compact SUV in China in the spring of 2015. We opened a new production plant for four-cylinder engines in China back in November 2013. In order to serve the promising electric-vehicle segment in China, we joined forces with the Chinese battery and vehicle manufacturer BYD to develop a battery-electric automobile. This electric vehicle was launched in China in 2014 under the DENZA brand name. Our activities in the field of medium-duty and heavy-duty trucks in China focus on cooperation with our partner Foton. Mercedes-Benz Vans manufactures the Vito, Viano and Sprinter models for the Chinese market in cooperation with Fujian Benz Automotive Corporation. We are continuing our internationalization strategy for the research and development unit with a new R&D center in Beijing, which will employ around 500 men and women in the future. We also further expanded our dealership network in China in 2014 and opened our biggest training center in the world for car-dealership employees.

We will begin manufacturing the C-Class and the GLA for the local market in **Brazil** in 2016. Daimler Trucks is investing in the modernization of its product range in Brazil in order to further improve its strong market position over the medium term. Our two production plants (São Bernardo do Campo and Juiz de Fora) are also being modernized.

In **Russia**, Europe's biggest truck market, we are continuing cooperation with our partner Kamaz. The previously separate "Mercedes-Benz Trucks Vostok" (MBTV) and "Fuso Kamaz Trucks Rus" (FKTR) joint ventures will be merged into a new company in the future. Since the second half of 2013, Mercedes-Benz Vans has been manufacturing the Sprinter Classic in Russia in cooperation with the commercial vehicle manufacturer GAZ.

Daimler Trucks has been successfully manufacturing trucks in **India** under the new BharatBenz brand name since June 2012. In 2013, we also began building FUSO-brand trucks for export at the Chennai plant. The FUSO trucks built in India are mainly aimed at other price-sensitive markets in Asia and Africa. Daimler Buses has integrated its local business activities into Daimler India Commercial Vehicles and will establish local bus manufacturing operations in India in 2015. The expansion of our international production network is being accompanied by measures to strengthen our international research and development network in India as well.

The Daimler Financial Services division is steadily expanding its business activities in line with the growth strategies of the automotive divisions. The division now offers leasing and financing models tailored to specific regions. In China, for example, Daimler Financial Services is supporting the vehicle business with new and flexible financing models that are especially designed to meet the requirements of younger and more trend-conscious Chinese customers.

Our expansion measures extend beyond the BRIC nations o other growth markets outside the triad.

Leading in "green" technologies and safety. Our goal as a pioneer of automotive engineering is to make the future of mobility safe and sustainable. Different mobility needs require the use of different drive-system solutions. Our portfolio here ranges from optimized internal combustion engines to hybrid drives and locally emission-free driving solutions. In 2014, we were able to reduce the CO_2 emissions of newly registered vehicles from Mercedes-Benz Cars in the European Union to an average of 129 g/km. Our overall objective is to reduce the CO_2 emissions of our new car fleet in the European Union to an average of 125 g/km by 2016.

Certain new C-Class models consume approximately 30% less fuel than their predecessors. The S 500 PLUG-IN HYBRID[1] combines the performance of an eight-cylinder engine with the fuel economy of a small car and can drive up to 33 km completely emission-free. Consistent hybridization is an important component of the drive-system strategy at Mercedes-Benz Cars. We plan to launch a total of ten new plug-in hybrid models in the period 2014–2017. We expanded our range of series-produced electric vehicles in 2014 to include the new electric B-Class for the United States and Europe. The Denza brand gives us an electric vehicle exclusively for the Chinese market. Together with Ford and our strategic cooperation partner, Nissan, we continue to move ahead with the commercialization of fuel cell vehicles. In the fall of 2014, a B-Class F-CELL[2] from the current Mercedes-Benz fuel cell fleet demonstrated that fuel cell vehicles are suitable for mass production, as the model was driven for 300,000 kilometers under normal conditions, thereby setting a new endurance record. We are cooperating with leading industrial companies on the expansion of the hydrogen filling station network in Germany in order to set up the infrastructure needed for fuel cell vehicles.

1 S 500 PLUG-IN HYBRID
Fuel consumption in l/100 km (combined): 2.8; CO_2 emissions in g/km (combined): 65; Electricity consumption in kWh/100 km: 13.5
2 B-Class F-CELL
Hydrogen consumption in kg/100 km: 0.97; CO_2 emissions in g/km: 0.0

We continue to lower the fuel consumption of our trucks and buses as well. Compliance with the Euro VI emission standard that went into effect for trucks and buses in 2014 required the use of complex exhaust-gas treatment technologies, which, by themselves, led to an increase in fuel consumption. However, with the help of various measures, such as improved engine efficiency and vehicle aerodynamics, we were able to offset this effect and actually lower the average fuel consumption in 2014. The Actros, for example, demonstrated the pioneering role it plays in fuel efficiency in numerous fuel economy tests. We also continually work to further reduce the fuel consumption through the use of fuel efficiency technologies such as the innovative Predictive Powertrain Control (PPC) assistance system. The Freightliner Cascadia Evolution is currently the most fuel-efficient heavy-duty truck on the North American market. We have also achieved fuel savings of as much as 8% with our new Euro VI bus models. We are the world leader for hybrid technologies in commercial vehicles. The Canter Eco Hybrid, for example, boasts fuel savings of as much as 23%, and owners are able to recoup the additional cost for the hybrid model in just a few years. With the emission-free FUSO Canter E-CELL, which is being tested by customers, we are already responding to the challenges that will be brought about by more restrictive emission standards in metropolitan areas in the future.

We intend to reduce the fuel consumption of our fleet of trucks in Europe by 20% between 2005 and 2020. We've already achieved a 10% reduction in fuel consumption and CO_2 emissions as compared with 2005 through the launch of the new Actros series in 2011, and we're now working hard to achieve the remaining 10%.

We will also further strengthen our position as a pioneer in the development of active and passive safety systems for cars and commercial vehicles. Our goal here is to offer the highest degree of safety in all our model series. The new C-Class station wagon launched in 2014 is equipped with new assistance systems from the S-Class and E-Class. Moreover, these systems have been expanded to include important new features. We're also a leader when it comes to safety in smaller models. For example, the new-generation B-Class comes with COLLISION PREVENTION ASSIST PLUS as standard equipment. This system can reduce the number of severe rear-end collisions by up to 30% as compared to vehicles without a similar system. The S 500 INTELLIGENT DRIVE research car marks a milestone on the road to autonomous driving, which we want to make a reality in a series-production vehicle by the end of this decade. The Mercedes-Benz Future Truck 2025 marks a step forward toward making autonomous driving a reality with trucks as well; this would improve safety on major highways. Already today, the new Blind Spot Assist system helps prevent collisions when a vehicle makes a turn, and Active Brake Assist 3 brings the vehicle to a standstill when it encounters stationary obstacles.

Driving ahead with connectivity and new mobility concepts. Approximately 60% of the world's population will be living in cities within ten years' time. Digital technologies are changing products and services and impacting the entire value chain of our company in a manner that was previously unimaginable. This is creating new business opportunities for Daimler, and we intend to exploit this potential in two ways. First, we are further expanding our range of mobility services. These include various mobility concepts for private, business and public transport applications – for example, car2go, CharterWay, Bus Rapid Transit (BRT) and the "moovel" intermodal mobility platform. moovel offers our customers the opportunity to optimally combine various private and public mobility services and book these via a single payment system. We continue to expand our first and most successful mobility service, car2go, on an international scale and use it as an integral component of moovel. By the end of 2014, car2go was established in 29 locations in Europe and North America and moovel had more than one million customers for its mobility services for the first time. We have consolidated our business activities with innovative mobility services into a single company known as moovel GmbH within the Daimler Financial Services division. We are also safeguarding and expanding our activities in this area though the acquisition of the mobility services provider RideScout LLC in the United States and of Intelligent Apps GmbH, which offers the mytaxi mobility service. As a result of these acquisitions, moovel is expanding its presence in the international mobility services market and accelerating the global development of this growth sector.

The second part of our approach for exploiting the business potential offered by digital technologies involves testing and expanding our range of innovative services, especially those based on increased digitization and networking. For example, the "Mercedes me" service brand brings together at a single digital Web platform all existing and future services for our customers. Among other things, "Mercedes me" includes the new "Mercedes connect me" package of services, which can be accessed using an integrated communications module in the vehicle. Services here include accident, breakdown and maintenance management and telediagnosis. The rollout began in 2014 in the C-Class station wagon and the new-generation B-Class.

We're also extending our digital services for trucks. For example, the "Detroit Virtual Technician" in North America makes it possible for the customer service center operated by our engine and powertrain manufacturer, Detroit, to analyze engine data, diagnose problems and arrange the provision of needed services.

Extensive investment in the future of the company

In the coming years, we will continue to move ahead systematically with our investment offensive in order to implement our growth strategy through the introduction of new products, new technologies and state-of-the-art manufacturing capacities. We will therefore invest approximately €11 billion in property, plant and equipment in 2015 and 2016, as well as more than €13 billion in research and development projects. ↗ A.10 to A.13

The investment in property, plant and equipment will mainly be used to prepare for the production launches of our new models, to modernize and realign our manufacturing facilities in Germany, to expand local production in growth markets and to enhance our sales organization. see page 92

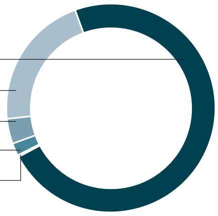
Most of our outlay for research and development is used for new products and innovative drive systems and safety technologies. Between 2012 and 2020, we will launch more than 30 new car models and will also systematically further develop our range of commercial vehicles. In addition, we intend to continue significantly reducing our vehicles' fuel consumption, and thus their CO_2 emissions, for example with the use of innovative hybrid drive systems. We will also continue to set standards in the areas of safety and autonomous driving for cars and commercial vehicles. see pages 104 f

A.10

Investment in property, plant and equipment 2015 – 2016

In %

Mercedes-Benz Cars	73%
Daimler Trucks	21%
Mercedes-Benz Vans	4%
Daimler Buses	2%
Daimler Financial Services	0.3%



A.11

Investment in property, plant and equipment

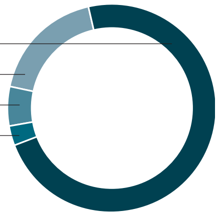
	2013 actual	2014 actual	2015 – 2016
Amounts in billions of euros			
Daimler Group	5.0	4.8	**11.1**
Mercedes-Benz Cars	3.7	3.6	**8.1**
Daimler Trucks	0.8	0.8	**2.3**
Mercedes-Benz Vans	0.3	0.3	**0.5**
Daimler Buses	0.1	0.1	**0.2**
Daimler Financial Services	0.02	0.02	**0.03**

A.12

Research and development expenditure 2015 – 2016

In %

Mercedes-Benz Cars	73%
Daimler Trucks	18%
Mercedes-Benz Vans	6%
Daimler Buses	3%



A.13

Research and development expenditure

	2013 actual	2014 actual	2015 – 2016
Amounts in billions of euros			
Daimler Group	5.5	5.7	**13.3**
Mercedes-Benz Cars	3.8	4.0	**9.7**
Daimler Trucks	1.2	1.2	**2.4**
Mercedes-Benz Vans	0.3	0.3	**0.8**
Daimler Buses	0.2	0.2	**0.4**

We set new standards with pioneering innovations.

The year 2014 was generally very successful for Daimler. We once again significantly increased our unit sales and revenue, and we were also able to continuously improve the Group's profitability. We thrilled our customers with numerous new products. With pioneering innovations, we set new standards above all with the safety and environmental compatibility of our vehicles. In the year 2015, we will continue our growth offensive and further improve the efficiency of our processes.

B | Combined Management Report.

Corporate Profile.

Business model

Daimler can look back on a tradition covering more than 125 years – a tradition that extends back to Gottlieb Daimler and Carl Benz, the inventors of the automobile, and features pioneering achievements in automotive engineering. Today, the Daimler Group is a globally leading vehicle manufacturer with an unparalleled range of premium automobiles, trucks, vans and buses. The product portfolio is rounded out by a range of tailored financial services and mobility services.

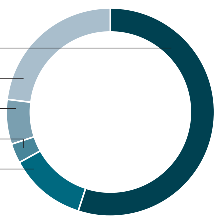
Daimler AG is the parent company of the Daimler Group and is domiciled in Stuttgart (Mercedesstraße 137, 70327 Stuttgart, Germany). The main business of Daimler AG is the development, production and distribution of cars, trucks and vans in Germany and the management of the Daimler Group. The management reports for Daimler AG and for the Daimler Group are combined in this management report.

With its strong brands, Daimler is active in nearly all the countries of the world. The Group has production facilities in a total of 19 countries and more than 8,500 sales centers worldwide. The global networking of research and development activities and of production and sales locations gives Daimler considerable advantages in the international competitive field and also offers additional growth opportunities. In addition, we can apply our innovative drive and safety technologies in a broad portfolio of vehicles while utilizing experience and expertise from all parts of the Group.

B.01

Consolidated revenue by division

Mercedes-Benz Cars	55%
Daimler Trucks	23%
Mercedes-Benz Vans	7%
Daimler Buses	3%
Daimler Financial Services	12%



In 2014, Daimler increased its revenue by 10% to €129.9 billion. The individual divisions contributed to this total as follows: Mercedes-Benz Cars 55%, Daimler Trucks 23%, Mercedes-Benz Vans 7%, Daimler Buses 3% and Daimler Financial Services 12%. At the end of 2014, Daimler employed a total workforce of approximately 280,000 people worldwide.

The products supplied by the **Mercedes-Benz Cars** division comprise a broad spectrum of premium vehicles of the Mercedes-Benz brand and its Mercedes-AMG and Mercedes-Maybach sub-brands. These vehicles range from the compact models of the A-Class and B-Class to various sport utility vehicles, roadsters, coupes and convertibles, and S-Class luxury sedans. Additional products are the high-quality small cars of the smart brand. The main country of manufacture is Germany, but the division also has production facilities in the United States, China, France, Hungary, Romania, South Africa, India, Vietnam and Indonesia. Since August 2013, the A-Class has also been produced for us by Valmet Automotive in Finland. All in all, Mercedes-Benz Cars has 18 production sites worldwide at present. In the medium term, we anticipate significant growth in worldwide demand for automobiles and above-average growth in the premium car segment. In order to ensure we can exploit this potential, we are creating additional production capacities, especially at Beijing Benz Automotive Co., Ltd. (BBAC) in China and at our plants in the United States and India. We will also expand our global production network with a new plant in Brazil, where we plan to produce the next generation of the C-Class as well as the GLA compact SUV for the local market starting in 2016. The most important markets for Mercedes-Benz Cars in 2014 were Germany with 16% of unit sales, the other markets of Western Europe (23%), the United States (20%) and China (17%).

As the biggest globally active manufacturer of trucks above 6 metric tons gross vehicle weight, **Daimler Trucks** develops and produces vehicles in a global network under the brands Mercedes-Benz, Freightliner, Western Star, FUSO and Bharat-Benz. The division's 27 production facilities are located in the NAFTA region (14, thereof 11 in the United States and 3 in Mexico), Europe (7), Asia (3), South America (2) and Africa (1). In China, Beijing Foton Daimler Automotive Co., Ltd. (BFDA), a joint venture with our Chinese partner Beiqi Foton Motor Co., Ltd., has been producing trucks under the Auman brand name since July 2012. Daimler Trucks' product range includes light, medium and heavy-duty trucks for local and long-distance deliveries and construction sites, as well as special vehicles used mainly in municipal applications. Due to close links in terms of production technology, the division's product range also includes the buses of the Thomas Built Buses and FUSO brands. Daimler Trucks' most important sales markets in 2014 were Asia, with 34% of unit sales, the NAFTA region (33%), Western Europe (12%) and Latin America excluding Mexico (9%).

The product range of the **Mercedes-Benz Vans** division in the segment for medium-sized and large vans comprises the Sprinter and Vito series. Our portfolio is rounded out at the lower end by the Mercedes Benz Citan city van, the addition of which makes us a full-range supplier in the van market. In 2014, we also introduced the new V-Class, which is a new multi-purpose vehicle (MPV). We continue to manufacture the Viano in China for private customers. Mercedes-Benz Vans has manufacturing facilities at a total of nine locations in Germany, Spain, the United States and Argentina, as well as in China within the framework of the Fujian Benz Automotive Co., Ltd. joint venture, and in France in the context of the strategic alliance with Renault-Nissan. The Mercedes-Benz Sprinter Classic is produced under license by our partner GAZ in Russia. The most important markets for vans at the moment are in Western Europe, which accounts for 65% of unit sales. As part of the "Mercedes-Benz Vans goes global" business strategy, we are also increasingly developing the growth markets of South America and Asia, as well as the Russian van market, through appropriate distribution and production activities in those regions. We plan to more effectively exploit the potential of the expanding North American van market in the future through local production of the Sprinter and the introduction of the Vito. The Sprinter is sold in the United States not only as a Mercedes-Benz vehicle but also under the Freightliner brand name.

The **Daimler Buses** division with its brands Mercedes-Benz and Setra is the undisputed industry leader in its core markets in the segment for buses above 8 metric tons. The division's product range comprises city and intercity buses, coaches and bus chassis. The largest of the division's 13 production sites are located in Germany, France, Spain, Turkey, Argentina, Brazil and Mexico. During the year under review, we also laid the cornerstone for a new bus plant in India that will begin operating in 2015. Daimler Buses generated 23% of its revenue in Western Europe and 53% in Latin America (excluding Mexico) in 2014. While we mainly sell complete buses in Europe, our business in Latin America, Mexico, Africa and Asia is focused on the production and distribution of bus chassis.

The **Daimler Financial Services** division supports the sales of the Daimler Group's automotive brands in 40 countries. Its product portfolio primarily consists of tailored financing and leasing packages for customers and dealers, but it also provides insurance, fleet management services, investment products and credit cards, as well as various mobility services such as the "moovel" mobility platform, the "mytaxi" app and the flexible car2go car-sharing concept. The main areas of the division's activities are Western Europe and North America, and increasingly Asia as well. During the year under review, Daimler Financial Services financed or leased more than four out of ten vehicles sold by the Daimler Group. The division's contract volume of €99.0 billion covers more than 3.3 million vehicles. Daimler Financial Services also holds a 45% interest in the Toll Collect consortium, which operates an electronic road-charging system for trucks on highways in Germany.

Daimler is also active in the global automotive industry and related sectors through a broad network of subsidiaries, holdings and partnerships. The statement of investments of Daimler AG in accordance with Section 313 of the German Commercial Code (HGB) can be found in Note 39 of the Notes to the Consolidated Financial Statements.

B.02
Daimler Group structure 2014

	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Financial Services
Revenue	€73.6 billion	€32.4 billion	€10.0 billion	€4.2 billion	€16.0 billion
Employees	129,106	82,743	15,782	16,631	8,878
Brands	Mercedes-Benz AMG MAYBACH smart	Mercedes-Benz Freightliner FUSO Western Star Thomas Built Buses BharatBenz	Mercedes-Benz Freightliner	Mercedes-Benz Setra	Mercedes-Benz Bank Mercedes-Benz Financial Daimler Truck Financial moovel car2go

Portfolio changes and strategic partnerships

By means of targeted investments and future-oriented partnerships, we strengthened our core business and utilized additional growth potential in 2014. At the same time, we focused on the continuous further development of our existing business portfolio.

Daimler sells its interest in Rolls-Royce Power Systems Holding. In March 2014, the Board of Management and the Supervisory Board of Daimler AG decided to exercise an option to sell the Company's interest in Rolls-Royce Power Systems Holding (RRPSH) to the other shareholder. Rolls-Royce's acquisition of Daimler's shares will allow it to strengthen the company by integrating additional Rolls-Royce activities and technologies into it. On the basis of long-term supply agreements, Daimler will remain a key supplier of heavy-duty and medium-duty diesel engines to Rolls-Royce Power Systems. Daimler also plans to further expand its business activities with engines and drive systems for professional non-bus and non-truck (off-highway) applications. The transaction generated proceeds of €2.4 billion for Daimler in the third quarter. Daimler will use these funds to strengthen the Group's core business.

Strategic partnership in China strengthened. Also in March 2014, Daimler AG and its Chinese partner Beijing Automotive Industry Corporation (BAIC) signed an agreement to increase production capacities at Beijing Benz Automotive Co., Ltd. (BBAC). This move will lead to a further expansion of our activities in China and will also strengthen our strategic partnership with BAIC. Around €4 billion is currently being invested at BBAC, with €1 billion earmarked for the expansion of local car and engine production capacity alone through 2015. The existing annual capacity at BBAC for production of the C-Class, E-Class and GLK will be more than doubled to over 200,000 units by the end of 2015. This figure also includes the GLA compact SUV, which BBAC will begin manufacturing in 2015.

Daimler had already deepened its strategic partnership with BAIC in November 2013 with the acquisition of a 12% equity interest in BAIC Motor, the car division of the BAIC Group. BAIC Motor has been listed on the Hong Kong Stock Exchange since December 2014.

moovel GmbH consolidates mobility services. In April 2014, the umbrella company for the car2go, car2go black and moovel mobility services was renamed as moovel GmbH. The moovel mobility app offers users a central access portal for numerous mobility services. The app's features were expanded in 2014 and moovel also began offering the app in additional cities both in Germany and abroad during the year under review. moovel has also teamed up with new partners, which gives customers even more choices for getting where they need to go. The renaming underscores the importance of the mobility platform, as well as its strong customer focus.

In September 2014, moovel completely acquired Intelligent Apps GmbH, which offers the mytaxi service, and also took over the US mobility services provider RideScout LLC. mytaxi is the world's first app that directly links passengers and taxi drivers. moovel GmbH has had an interest in mytaxi since the beginning of 2012. RideScout is the well known provider of the leading mobility app in North America. RideScout offers an app-based mobility platform that shows customers in nearly 70 cities in North America the best way to get to their destinations. With the acquisition of RideScout, moovel is strengthening its presence in the international mobility services market and accelerating its global development.

Daimler takes over battery manufacturing activities. In April 2014, Daimler AG and Evonik Industries AG reorganized their electric mobility activities in Kamenz and Kirchheim unter Teck. Daimler has now acquired the shares of Li-Tec Battery GmbH previously held by Evonik (50.1%), as well as Evonik's stake in Deutsche ACCUmotive GmbH & Co. KG (10%). This makes it the sole shareholder in both companies. With the increasing concentration of battery-cell production at several large specialist companies, and as a result of extreme price competition between major manufacturers, battery cells have now become an inexpensive mass product. Given this situation, it no longer makes any economic sense for us to manufacture battery cells for specific use in automotive applications. We have therefore decided to discontinue production of cells at Li-Tec at the end of 2015. Nevertheless, the development of complete battery systems still requires the type of extremely specific expertise that we have accumulated over the past few years and will to continue to utilize in the future. As a result, Deutsche ACCUmotive will significantly expand its lithium-ion battery production capacity in Kamenz. We will invest approximately €100 million in this expansion over the next few years.

Additional capacities for transmission production. As part of our efforts to accommodate the increasing demand for automatic transmissions, we laid the cornerstone in April 2014 for a new assembly plant to be operated by our Star Transmission subsidiary in Romania. This additional capacity in Sebes will supplement existing transmission activities at the Untertürkheim plant, where the new nine-speed 9G-TRONIC automatic transmission from Mercedes-Benz will go into production in 2016.

Cooperation with Renault-Nissan expanded. Cooperation between Daimler and Renault-Nissan remains very successful. The number of joint projects has increased fourfold, from three to 12, since the partnership commenced in 2010.

An important milestone in 2014 was the market launch of the first vehicles fully co-developed from scratch: the new Renault Twingo and the new smart fortwo and forfour models. The smart fortwo is built at the smart plant in Hambach, France, while the Renault Twingo and smart forfour are manufactured at the Renault plant in Novo Mesto, Slovenia. The Renault Twingo was launched in Europe in September; the smart fortwo and smart forfour followed in November.

In June, joint production of a two-liter, turbocharged four-cylinder gasoline engine began at a new plant in Tennessee in the United States. The engines, which are built at the Infiniti Decherd Powertrain facility, will initially be used in the Infiniti Q50 sports sedan for the European market and in the Mercedes-Benz C-Class. When fully ramped up, the new plant will have a production capacity of 250,000 units each year.

Also in June 2014, Renault-Nissan and Daimler AG announced an agreement covering the development of premium compact cars and the joint production of vehicles in Mexico. A new 50:50 joint venture is responsible for building and operating a new manufacturing facility in Aguascalientes, Mexico. The new plant is being constructed at a site in the direct vicinity of an existing Nissan facility. After the production launch, the new plant will be ramped up to an annual capacity of 300,000 units. Production is scheduled to begin with Infiniti models in 2017. The plant will start manufacturing Mercedes-Benz brand vehicles in 2018.

In the van segment, Daimler's Mitsubishi Fuso Truck and Bus Corporation (MFTBC) and Nissan Motor Co. Ltd. signed a contract in October 2014 covering the supply of finished commercial vans for export. Under the terms of the contract, Nissan is supplying its "NV350 Urvan" (GVW: 3.5 metric tons) to Mitsubishi Fuso, which has been selling the model as the "Canter Van" in the Middle East since the end of 2014.

Cooperation with Tesla restructured. Daimler reorganized its cooperation with Tesla Motors Inc. in October. Within the framework of this restructuring, we terminated the share-price hedge initiated at the end of 2013 and sold our stake of approximately 4% in Tesla. The partnership and cooperation with Tesla do not require us to have a financial interest in the company. The sale of our Tesla shares generated proceeds of approximately €0.6 billion, which will be used to strengthen business operations. Cooperation with Tesla will nevertheless remain an important part of Daimler's activities in the field of electric mobility in the future.

Interest in MV Agusta. In October 2014, Mercedes-AMG and the motorcycle manufacturer MV Agusta signed a cooperation agreement that will create a long-term partnership. The two brands, which have long traditions and histories, will cooperate in the area of sales and marketing. After the agreement was approved by the responsible antitrust authorities, Mercedes-AMG GmbH acquired a 25% interest in MV Agusta S.p.A. in November 2014.

Performance measurement system

Financial performance measures. The financial performance measures used at Daimler are oriented toward our investors' interests and expectations and provide the foundation for our value-based management.

Value added. Value added is a key element of our performance measurement system, which is applied at both the Group and the divisional levels. It is calculated as the difference between operating profit and the cost of capital of average net assets. Alternatively, the value added of the industrial divisions can be determined using the main value drivers of return on sales (quotient of EBIT and revenue) and net assets' productivity (quotient of revenue and net assets). ↗ B.03

During the year 2014, value added amounted to €4.4 billion (2013: €5.9 billion). The quantitative development of value added and the other financial performance measures is explained in the "Profitability" chapter. see pages 86 f

The use of a combination of return on sales and net assets' productivity within the context of a strategy of profitable revenue growth provides the basis for positive development of value added. Value added shows the extent to which the Group and its divisions achieve or exceed the minimum return requirements of shareholders and creditors, thus creating additional value.

Profit measure. The measure of operating profit at the divisional level is EBIT, which is calculated before interest and income taxes. EBIT hence reflects the divisions' profit and loss responsibility. The operating profit measure used at the Group level is net operating profit. It comprises the EBIT of the divisions as well as profit and loss effects for which the divisions are not held responsible. The latter include income taxes and other reconciliation items. ↗ B.12 on page 82

B.03
Calculation of value added

$$\text{Value added} = \text{Profit measure} - \underbrace{\text{Net assets} \times \text{Cost of capital (\%)}}_{\text{Cost of capital}}$$

$$\text{Value added} = \left[\text{Return on sales} \times \text{Net assets productivity} - \text{Cost of capital (\%)}\right] \times \text{Net assets}$$

Net assets. Net assets represent the basis for the investors' required return. The industrial divisions are accountable for the net operating assets; all assets, liabilities and provisions which they are responsible for in day-to-day operations are therefore allocated to them. Performance measurement at Daimler Financial Services is on an equity basis, in line with the usual practice in the banking business. Net assets at the Group level include the net operating assets of the industrial divisions and the equity of Daimler Financial Services, as well as assets and liabilities from income taxes and other reconciliation items which cannot be allocated to the divisions. Average annual net assets are calculated from average quarterly net assets. see page 87

Cost of capital. The required rate of return on net assets, and hence the cost of capital, is derived from the minimum rates of return that investors expect on their invested capital. The cost of capital of the Group and the industrial divisions comprises the cost of equity as well as the costs of debt and pension obligations of the industrial business. The expected returns on liquidity and plan assets of the pension funds of the industrial business are considered with the opposite sign. The cost of equity is calculated according to the capital asset pricing model (CAPM), using the interest rate for long-term risk-free securities (such as German government bonds) plus a risk premium reflecting the specific risks of an investment in Daimler shares. While the cost of debt is derived from the required rate of return for obligations entered into by the Group with external lenders, the cost of capital for pension obligations and the anticipated return from plan assets are calculated on the basis of discount rates used in accordance with IFRS. The expected return on liquidity is based on money market interest rates. The Group's cost of capital is the weighted average of the individually required or expected rates of return. During the reporting period, the cost of capital amounted to 8% after taxes. For the industrial divisions, the cost of capital amounted to 12% before taxes; for Daimler Financial Services, a cost of equity of 13% before taxes was applied. ↗ B.04

B.04

Cost of capital

	2014	2013
In percent		
Group, after taxes	8	8
Industrial business, before taxes	12	12
Daimler Financial Services, before taxes	13	13

Return on sales. As one of the main factors influencing value added, return on sales is of particular importance for assessing the industrial divisions' profitability. The combination of return on sales and net assets' productivity results in return on net assets (RONA). If RONA exceeds the cost of capital, value is created for our shareholders. The profitability measure for Daimler Financial Services is not return on sales, but return on equity, in line with the usual practice in the banking business.

Key performance indicators. The important financial indicators for measuring our operating financial performance, in addition to EBIT and revenue, are the free cash flow of the industrial business, investment, and research and development expenditure. Along with the indicators of financial performance, we also use various non-financial indicators to help us manage the Group. Of particular importance in this respect are the unit sales of our automotive divisions, which we use as the basis for our capacity and human resources planning, and workforce numbers.

Furthermore, within the context of our sustainability management, we use other non-financial indicators such as the CO_2 emissions of our vehicle fleet and the energy and water consumption of our production sites. Non-financial indicators are also used to determine the compensation for our Board of Management members. In addition, integrity and compliance are important criteria used in annual goal agreements for our managers, as well as in target-achievement assessments.

Details of the development of non-financial performance indicators can be found in the chapters "Economic Conditions and Business Development" and "Sustainability." see pages 77 ff and pages 101 ff For "Integrity and Compliance," see pages 179 ff

Corporate governance statement

The corporate governance statement to be issued pursuant to Section 289a of the German Commercial Code (HGB) can be viewed on the Internet at daimler.com/corpgov/en. Pursuant to Section 317 Subsection 2 Sentence 3 of the HGB, the contents of the statement pursuant to Section 289a of the HGB are not included in the audit carried out by the external auditors.

Economic Conditions and Business Development.

The world economy

With a real rate of growth of 2.7%, the world economy failed to fulfill our hopes for a more noticeable acceleration of economic expansion. As was the case in the two previous years, growth was also once again lower than the long-term trend. ↗ B.05 This development was mainly due to ongoing weak demand in the European Monetary Union and the difficult economic situation in several important emerging markets. Prices on the global financial markets fluctuated greatly throughout the year. This was also the case with raw material prices, which declined noticeably in the second half of the year, especially for crude oil.

The economies of the industrialized countries were somewhat more dynamic than in the prior year. Taken together, the real gross domestic product (GDP) of these countries rose by approximately 1.7%. A particularly pleasing development during the year under review was the dynamic economic growth recorded in the United States, whose economy grew by significantly more than 3% in the period following a weather-related decline in the first quarter. If not for the negative basis effect from the first quarter, overall economic growth in the United States in full-year 2014 would have been higher than the recorded figure of approximately 2.5%. Economic growth in Japan was impacted during the year under review by the significant increase in the country's value-added tax at the beginning of the second quarter, which caused consumers to bring purchases forward before the tax hike. All in all, the Japanese economy grew by less than a half percent in 2014.

Whereas growth in English-speaking countries was quite robust (the British economy also experienced dynamic growth of 2.6%), the European Monetary Union lagged well behind in comparison. Although the euro zone was able to recover from the recession of the prior year, economic growth still failed to reach 1% there in 2014. This was largely due to the sluggishness of the euro zone's larger economies such as France and Italy, as well as the fact that the German economy was barely able to generate any momentum in the second half of the year. By contrast, countries plagued by recession in recent years, such as Spain, Ireland and Portugal, developed favorably in the year under review. The European Central Bank intensified its expansionary monetary policies throughout the year in response to ongoing deflation concerns and the low amount of lending in the euro zone.

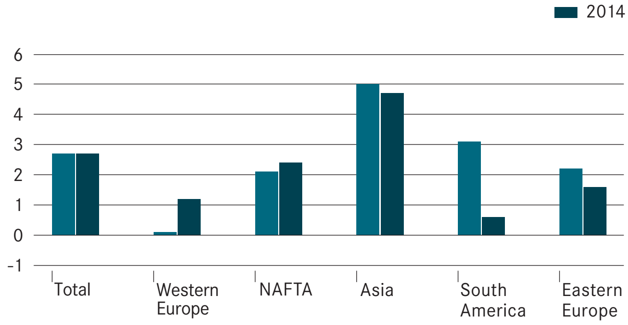
The overall pace of economic growth in the emerging markets slowed once again in 2014. Growth in these markets amounted to approximately 4% in an environment marked by rising inflation and in some cases dramatic currency devaluations. Whereas the slowdown in China associated with economic restructuring measures led to growth of 7.4%, which was in line with expectations, developments in countries such as Brazil, Argentina, South Africa and Russia were particularly disappointing. In the case of Russia, the conflict with Ukraine and the associated economic sanctions as well as the drastic fall in the oil price put an additional strain on the economy.

In this global economic environment, exchange rates were volatile, in some cases very much so. For example, the euro fluctuated against the US dollar over the year in a range from \$1.21 to \$1.40. At the end of 2014, the euro stood at \$1.21, which was nearly 12% lower than the exchange rate at the beginning of the year. The fluctuation of the Japanese yen against the euro was once again very pronounced within a corridor of ¥134 to ¥150. By the end of 2014, the euro was close to the level of the previous year. The euro closed the year with a loss of approximately 7% against the British pound, with rather less volatility between the two currencies during 2014. While the euro gained 55% against the Russian ruble in 2014, it was slightly weaker (-1%) against the Brazilian real at the end of 2014, with high volatility during the year.

B.05

Economic growth

Gross domestic product, growth rates in %



Source: IHS Global Insight, S/DM

Automotive markets

The continued moderate growth of the world economy was also reflected by slower growth in **global demand for cars.** In a situation marked by very significant differences between regions, the global car market only expanded by approximately 3.5%, which was somewhat lower than what we had originally expected. ↗ B.06

The Chinese and US markets once again made the biggest contribution to the growth in global car sales during the year under review. Car demand in China grew by approximately 10%. With a total sales volume of approximately 18 million units, China was able to strengthen its position as the world's largest automobile market. Sales also developed very positively in the United States, where demand for cars and light trucks rose by nearly 6% to roughly 16.4 million units – the highest market volume since before the great financial crisis of 2006.

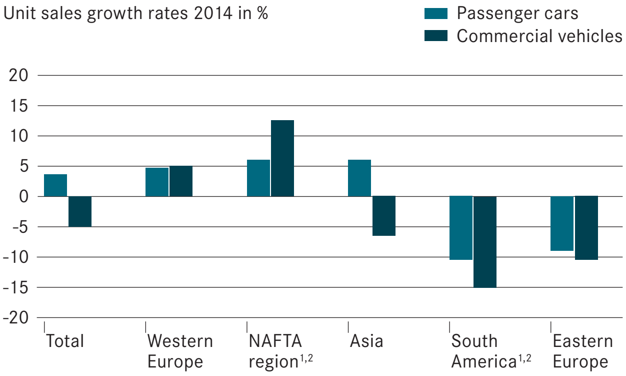
After several years marked in some cases by sharply contracting markets, demand for cars in Western Europe once again rose in 2014. The region was thus able to make a positive contribution to the development of the global car market. All in all, demand increased by nearly 5% over the prior year, although the development of individual markets varied greatly. Formerly crisis-ridden countries such as Spain and Portugal displayed clear signs of recovery and recorded double-digit sales increases. At the opposite end of the spectrum was the Netherlands, whose car market contracted by approximately 7%. Among the core markets, the UK once again displayed a particularly positive development, posting an increase of more than 9% in the year under review. Germany and Italy recorded moderate gains over the prior year, while the market in France stagnated.

Sales in Japan developed more positively than had been anticipated at the beginning of the year, with full-year sales rising slightly despite the value-added tax increase. With the exception of China, the most important emerging markets were characterized by difficult market conditions that were in some cases caused by very weak economies. India recorded the best performance here, as the market became somewhat more vibrant in the second half of 2014 so that car sales ended up slightly exceeding the figure recorded in the prior year. The car markets in Brazil and Russia contracted significantly, however.

B.06

Global automotive markets

Unit sales growth rates 2014 in %



1 Cars segment includes light trucks
2 Medium- and heavy-duty trucks

Source: German Association of the Automotive Industry (VDA), various institutions, S/DM

With few exceptions, sluggish economic development also had a negative impact on **global demand for medium-duty and heavy-duty trucks.** Global market volume decreased by approximately 5% in 2014.

The key North American market was able to clearly buck the negative trend, however. Thanks to solid economic growth in the United States in particular, demand for Class 6–8 trucks increased by 13% in North America during the year under review. The Japanese market also performed well. Demand for light-, medium- and heavy-duty trucks in Japan was seemingly unaffected by the value-added tax increase and exceeded the prior-year level by approximately 17%. However, FUSO's biggest sales market, Indonesia, contracted by more than 15% compared with 2013.

In Europe, demand for medium-duty and heavy-duty trucks was well below the prior-year level. The truck market in Europe contracted by roughly 8% due to the negative effects of new emission regulations (Euro VI) and the ongoing relative overall sluggishness of the region's economies. The market in Brazil was subject to great pressure in the year under review. Here, a markedly weak economy and less favorable financing terms within the framework of the government's FINAME program led to a 10% decline in demand.

The market in India, on the other hand, stabilized over the course of 2014, with the overall sales volume declining only slightly from the prior year. This was in marked contrast to the double-digit decreases that the market had suffered in previous years. The drop in demand in Russia was severe, however. According to recent forecasts, the economic crisis in the country caused the truck market to contract by more than 20%. Developments in China – the world's largest truck-sales market – were negatively impacted by the controlled slowdown of economic growth and various regulatory measures. Total demand was significantly lower than in 2013. The expected effect of purchases being brought forward before the introduction of stricter emission regulations in January 2015 hardly materialized.

After two years of declining demand, the **van** market in Western Europe expanded again in 2014, with growth of 6% in the market volume for medium-sized and large vans. Demand for small vans also increased by 6%. Significant market recovery was observed in the countries of Southern European in particular. The market for large vans in the United States also expanded, while demand in the van segment that we specifically address in China also increased slightly. However, the unfavorable situation in Latin America led to a sharp decline in the market for large vans in that region.

The Western European market for **buses** did not match the already weak level of the previous year. The German coach segment was positively impacted by the expansion of long-distance bus services in the country. Demand for buses in Eastern Europe was well below the prior-year level, however. This negative development was largely due to the market contraction in Turkey, which we had anticipated. At the same time, the difficult economic situation in Brazil and Argentina led to a sharp decline in the bus market volume in Latin America as well.

Business development

Unit sales. As was previously forecast in the Annual Report 2013, Daimler recorded a substantial overall increase in unit sales in 2014. Sales of more than 2.5 million vehicles were 8% higher than in the prior year. This growth was largely driven by Mercedes-Benz Cars (+10%) and Mercedes-Benz Vans (+9%). These divisions thus enabled the Group to fulfill the forecasts it made at the beginning of the year. The 2% increase in unit sales at Daimler Trucks was lower than we originally expected, mainly due to the weak state of the markets in Western Europe and Latin America. At the beginning of the year, we expected to see a significant increase in bus sales. However, unit sales for full-year 2014 were slightly below the prior-year level. This development was primarily caused by the weakness of Latin American markets, which we did not foresee at the beginning of 2014.

The **Mercedes-Benz Cars** division once again posted a new record with unit sales of 1,722,600 vehicles in the year under review (2013: 1,565,600). Our very positive overall business development throughout the year was largely due to the launch of several new and attractive products. The Mercedes-Benz brand increased its unit sales by 11% to the record level of 1,630,100 vehicles in 2014. We significantly improved our position in China in particular, as well as gaining market share in various regions.

In Europe, Mercedes-Benz performed very well overall in a volatile market environment. Particularly strong growth was recorded in Spain (+35%), the UK (+13%) and France (+9%). Sales in Western Europe were up 6% from the prior year, although sales in Germany did fall slightly by 2%. With unit sales of 334,000 (+8%), Mercedes-Benz sold more vehicles in the United States than ever before. Growth accelerated in China, where sales rose by 25% to 275,000 units. We also recorded significant sales increases in Japan (+15%), India (+14%) and Brazil (+6%).

Our sales growth was driven primarily by the S-Class, our compact models and the new C-Class models. A total of 471,700 customers (+23%) opted to buy a vehicle from the A-Class, B-Class, CLA-Class or new GLA-Class series during the year under review. E-Class vehicles also remained very popular; sales of 329,000 units of that model almost equaled the prior-year figure. Mercedes-Benz also further strengthened its leading position in the global market for luxury vehicles. A total of 125,100 cars were sold in the S-Class segment (+75%) during the year under review – more than ever before in the long history of that model series. Business with our SUVs also developed very positively, with sales of these models increasing to the record level of 341,500 vehicles (+6%). The C-Class models also performed extremely well in a year marked by a model changeover. Unit sales totaled 362,700 automobiles (+2%) although the new C-Class was not available in all core markets until October 2014. ↗ B.07

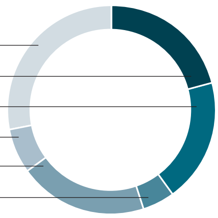
With sales of 92,500 units (-6%), developments at smart during the model changeover year remained relatively stable.
see pages 154 ff

Daimler Trucks was able to slightly increase its unit sales in a market environment that differed greatly from region to region in 2014. Deliveries of heavy, medium and light-duty trucks, as well as buses of the Thomas Built Buses and FUSO brands, totaled 495,700 units in the year under review (2013: 484,200). We thus achieved the highest level of sales since 2006 and we remain the biggest global manufacturer of trucks above 6 metric tons gross vehicle weight. ↗ B.08
The high degree of market acceptance of our trucks is due in large part to their extremely competitive total cost of ownership, which is the most important factor in our customers' purchasing decisions. That is why fuel efficiency is a top priority in all regions. The Euro VI Actros in Europe, the Freightliner Cascadia Evolution in North America and the FUSO Super Great V in Japan are all at the forefront in terms of fuel economy.

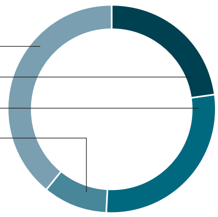
In Western Europe, we increased our market share slightly to 24.4% (2013: 24.1%) in a difficult market environment. However, at 57,400 units, sales were 13% lower than in the previous year. This was due not only to advance purchases made in 2013 prior to the introduction of the Euro VI emission standard, but also to the generally sluggish economy in the region during the year under review. ↗ B.09

B.07
Unit sales structure of Mercedes-Benz Cars

A-/B-/CLA-/GLA-Class	28%
C-/SLK-Class	21%
E-/CLS-Class	19%
S-/CL-/SL-Class/SLS/Maybach	7%
M-/R-/GLK-/GL-/G-Class	20%
smart	5%

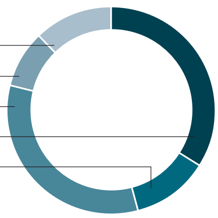


Western Europe	39%
NAFTA	23%
Asia	28%
Other markets	10%



B.08
Unit sales structure of Daimler Trucks

Western Europe	12%
Latin America	9%
NAFTA	33%
Asia	34%
Other markets	12%



At 33,900 units, sales in Eastern Europe were 5% lower than in the prior year. Here, the increase in unit sales in Turkey to the record level of 22,200 vehicles could not offset declines in our other markets, especially Russia. Sales in Latin America fell significantly due to a lack of dynamic growth. Our main market in the region – Brazil – was strongly impacted by this, and unit sales in the country therefore declined by 17% to 32,200 vehicles. Nonetheless, we were able to increase our market share in the medium-duty and heavy-duty segment to 25.8% (2013: 24.7%).

Our market share of 37.2% in the NAFTA region (2013: 38.2%) once again made us the undisputed market leader in the segment for Class 6–8 medium-duty and heavy-duty trucks. Sales in the region rose by 19% to the record level of 161,500 units. The Freightliner Cascadia Evolution, which was added to the product portfolio in March 2013, played a major role in our sales success in North America.

B.09

Market share[1]

In %	**2014**	2013	14/13 Change in % points
Mercedes-Benz Cars			
Western Europe	**5.5**	5.6	-0.1
thereof Germany	**9.7**	10.3	-0.6
United States	**2.1**	2.1	0.0
China	**1.5**	1.3	+0.2
Japan	**1.3**	1.2	+0.1
Daimler Trucks			
Medium-duty and heavy-duty trucks Western Europe	**24.4**	24.1	+0.3
thereof Germany	**39.8**	39.7	+0.1
Heavy-duty trucks NAFTA region (Class 8)	**35.9**	36.0	-0.1
Medium-duty trucks NAFTA region (Classes 6 and 7)	**40.3**	43.1	-2.8
Medium-duty and heavy-duty trucks Brazil	**25.8**	24.7	+1.1
Trucks Japan	**20.1**	20.2	-0.1
Medium-duty and heavy-duty trucks India	**5.0**	3.0	+2.0
Mercedes-Benz Vans			
Medium-sized and large vans Western Europe	**18.2**	17.8	+0.4
thereof Germany	**26.5**	26.2	+0.3
Small vans Western Europe	**3.2**	3.2	0.0
Large vans USA	**8.9**	8.4	+0.5
Daimler Buses			
Buses over 8 metric tons Western Europe	**34.4**	30.9	+3.5
thereof Germany	**57.1**	51.2	+5,9
Buses over 8 metric tons Brazil	**49.7**	44.1	+5.6

1 Based on estimates in certain markets.

Overall business development in Asia was positive, but the situation varied from region to region. Whereas unit sales increased in Japan and India, they declined in Indonesia. Nevertheless, we were able to improve our market position in both Japan and Indonesia, and we also gained market share in India with our BharatBenz trucks in what was generally a weak market. All in all, our sales in Asia increased by 3% to 167,200 units.

Through Beijing Foton Daimler Automotive Co., Ltd. (BFDA), a joint venture with our Chinese partner Foton, we are represented in the Chinese truck market with locally produced vehicles. In the year under review, BFDA sold 99,200 Auman brand trucks (2013: 103,300), which are not included in the Daimler Group's unit sales. see pages 160 ff

Mercedes-Benz Vans sold 294,600 vehicles worldwide in 2014. This figure marks a new sales record and an increase of 9% from the prior year. Our Sprinter, Vito and Citan vans are targeted mainly at commercial customers, while the Viano and new V-Class models are designed primarily for private use. Unit sales in Western Europe, our most important market, rose by 12% to 190,000 vans. This positive development was largely due to a strong comeback in southern European markets, although we also set a new record in Germany with sales of 79,900 units (2013: 71,500). Despite a difficult market environment in Eastern Europe, Mercedes-Benz Vans once again increased its sales in the region, this time by 14% to 30,800 units. This figure includes 6,700 Sprinter Classic models that were built and sold in Russia. The success story of our Sprinter continues in the United States as well. With unit sales of 25,800 (2013: 22,800), we increased our market share to the record level of 8.9%. At 12,800 units, sales in China were slightly above the prior-year level. Sales in Latin America declined by 18% to 16,100 units due to the difficult economic situation in the region. We sold a total of 186,300 Sprinters worldwide during the year under review, setting a new record (+12%). Despite model changeovers, we were still able to significantly surpass the prior-year figure in the segment for mid-size vans (including the new V-Class) with sales of 86,000 units (2013: 80,900). Sales of the Mercedes-Benz Citan totaled 22,100 units (+10%). see pages 165 ff

Daimler Buses sold 33,200 buses and chassis of the Mercedes-Benz and Setra brands worldwide in 2014, not quite equaling the prior-year level (2013: 33,700). However, we significantly extended our market leadership in our core markets in the segment for buses above 8 metric tons. Our business with complete buses in Western Europe developed well. Due to the very positive response to the new city-bus generation Citaro and the new Setra TopClass 500 and ComfortClass 500, our unit sales increased by 13% to 7,600 buses (2013: 6,700), while our market share in Western Europe reached an all-time high of 34.4% (2013: 30.9%). In Germany, our unit sales also increased by a double-digit rate of 17% and our market share of 57.1% was significantly higher than in 2013. At 17,600 units, sales in Latin America were down significantly from the prior year (19,100). This negative development was largely due to the generally weak economy. Nevertheless, we were able to strongly expand our already leading market share in the region to 48.6% (2013: 41.6%). At 3,600 units, sales in Mexico were significantly higher than in the prior year. see pages 168 ff

Business at **Daimler Financial Services** developed very positively in the year under review, with the division once again setting new records. As we had forecast in the Annual Report 2013, worldwide contract volume grew substantially, reaching the new record level of €99.0 billion (+18%). Adjusted for exchange rate effects, the increase amounted to 12%. As expected, new business also increased significantly, by 18% to €47.9 billion. Growth here was driven by all regions. During the year under review, Daimler Financial Services once again supported a large number of companies with the financing and management of their vehicles and fleets. A total of 305,000 contracts with fleet clients were on the books at the end of 2014, an increase of 1% from the prior year. We significantly expanded our business in the field of insurance as well. At 1.4 million, the number of automotive policies we brokered was higher than ever before (+10%). We continued to enhance our business with innovative mobility services during the year under review. The mobility subsidiary moovel had passed the mark of one million customers by the end of the year. With the flexible car-sharing model car2go, moovel was operating in 29 locations in Europe and North America by the end of 2014. car2go is thus the clear market leader for flexible short-term car rentals. see pages 171 ff

Order situation. The Mercedes-Benz Cars, Daimler Trucks, Mercedes-Benz Vans and Daimler Buses divisions produce vehicles predominantly to order in accordance with customers' specifications. While doing so, we flexibly adjust production numbers to changing levels of demand. Overall, the order situation of the Daimler Group developed very positively in 2014. Due to strong demand in the United States and China in particular, the number of orders placed with Mercedes-Benz Cars was once again higher than the high level of orders recorded in the prior year. This was driven on the product side primarily by the models from the new compact class, the continued strong success of our SUVs, the new S-Class and, in the second half of the year, the new C-Class as well. Due to the stable demand, we also increased our production volumes substantially. Nevertheless, the order backlog at the end of 2014 was higher than a year before. Order levels at Daimler Trucks were generally stable despite the difficult situation in various markets. This stability was largely a result of high demand in the NAFTA region, as well our attractive product range. The total number of orders received by Daimler Trucks in 2014 and the order backlog at year-end were both significantly higher than in the previous year.

Revenue. The Daimler Group increased its total revenue in the year 2014 by 10% to €129.9 billion; adjusted for exchange rate effects, the increase amounted to 12%. This means that, as we had expected at the beginning of 2014, our dynamic growth accelerated further thanks to the success of our new vehicle models. As we had forecast in the Annual Report 2013, the divisions Mercedes-Benz Cars (+14%), Mercedes-Benz Vans (+6%) and Daimler Financial Services (+10%) increased their business volumes by significant margins. Daimer Trucks and Daimler Buses also achieved slight revenue growth. However, the revenue of €32.4 billion (2013: €31.5 billion) recorded by Daimler Trucks was not quite at the level we had aimed for, due in particular to the weak Japanese yen. The bus and trucks divisions were also negatively affected by the difficult situation of the markets in Latin America and Eastern Europe.

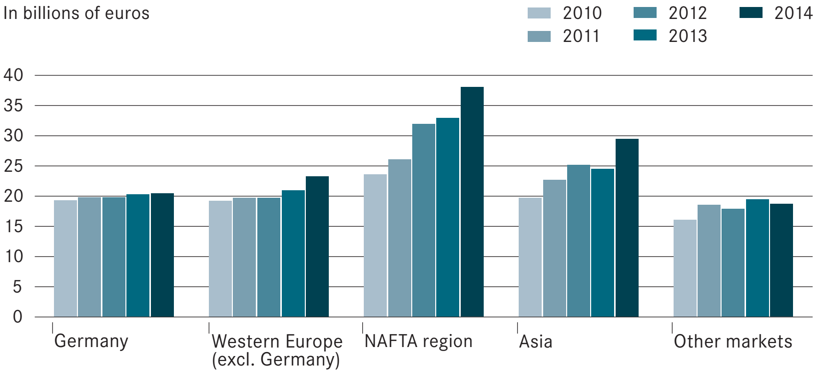
In regional terms, Daimler achieved revenue growth in Western Europe (+6% to €43.7 billion), in the NAFTA region (+15% to €38.0 billion) and in Asia (+20% to €29.4 billion).

B.11
Revenue by division

In millions of euros	2014	2013	14/13 % change
Daimler Group	**129,872**	117,982	+10
Mercedes-Benz Cars	**73,584**	64,307	+14
Daimler Trucks	**32,389**	31,473	+3
Mercedes-Benz Vans	**9,968**	9,369	+6
Daimler Buses	**4,218**	4,105	+3
Daimler Financial Services	**15,991**	14,522	+10

B.10
Consolidated revenue by region

In billions of euros



Profitability.

EBIT

The **Daimler Group** achieved EBIT of €10.8 billion in 2014 (2013: €10.8 billion), with significant increases across all divisions in total. Compared to the previous year, there was a negative impact on Group EBIT, however, caused by a lower contribution from the reconciliation of segment EBIT to Group EBIT. ↗ B.12 ↗ B.13

This result was positively affected in particular by the new S-Class in its first full year, the expanded range of compact automobiles and better pricing at Mercedes-Benz Cars. At Daimler Trucks, increased unit sales in the NAFTA region were the main factor contributing to the significant earnings improvement in 2014. The earnings posted by Mercedes-Benz Vans were also significantly higher than in the previous year, due in particular to the very positive development of unit sales. Daimler Buses achieved significantly improved earnings primarily due to strong unit sales of complete buses and a positive product mix in Western Europe. Daimler Financial Services was also able to significantly surpass its prior-year earnings as a result of increased contract volume. In all divisions, the increasing impact of the implemented efficiency programs had a positive impact on operating profit. The development of currency exchange rates had a negative impact on earnings, however.

Gains recognized on the disposal of shares in Rolls-Royce Power Systems Holding GmbH (RRPSH) and on the remeasurement and sale of shares in Tesla Motors Inc. (Tesla) (less the loss on the related share-price hedges) boosted earnings by a total of €1,482 million. Expenses connected with the EU Commission's ongoing antitrust investigation of European manufacturers of commercial vehicles reduced earnings by €600 million. In the previous year, the remeasurement and sale of the remaining 7.4% of EADS shares resulted in a gain of €3,223 million.

Due to the favorable business development in all divisions, Daimler was able to significantly exceed its prior-year EBIT from the ongoing business of €8.0 billion, achieving €10.1 billion in 2014, which is in line with our expectations as stated in the Outlook section of Annual Report 2013. ↗ B.12

The Mercedes-Benz Cars and Daimler Trucks divisions significantly increased their EBIT from the ongoing business in 2014 and thus met the forecasts made in Annual Report 2013. The same applies to the Mercedes-Benz Vans division, which achieved EBIT from the ongoing business at the prior-year level. However, the earnings of the Daimler Buses and Daimler Financial Services divisions developed better than we had expected at the beginning of 2014. We had anticipated a slight improvement at Daimler Buses and stabilization at the prior-year level at Daimler Financial Services. We adjusted those assessments upwards as the year progressed in the context of our quarterly reporting.

B.12
EBIT by segment

			EBIT			EBIT from ongoing business
	2014	2013	14/13	2014	2013	14/13
In millions of euros			% change			% change
Mercedes-Benz Cars	**5,853**	4,006	+46	**5,964**	4,180	+43
Daimler Trucks	**1,878**	1,637	+15	**2,073**	1,753	+18
Mercedes-Benz Vans	**682**	631	+8	**638**	631	+1
Daimler Buses	**197**	124	+59	**211**	163	+29
Daimler Financial Services	**1,387**	1,268	+9	**1,387**	1,268	+9
Reconciliation	**755**	3,149	-76	**-127**	9	.
Daimler Group	**10,752**	10,815	-1	**10,146**	8,004	+27

The significant earnings improvement at Daimler Buses resulted primarily from increased unit sales of complete buses. The main factor behind the increased earnings at Daimler Financial Services was the very positive development of new business in combination with lower risk costs.

The special items affecting earnings in the years 2014 and 2013 are listed in table ↗ B.14.

Mercedes-Benz Cars posted EBIT of €5,853 million, which is significantly higher than the prior-year figure of €4,006 million. The division's return on sales was 8.0% (2013: 6.2%). ↗ B.15

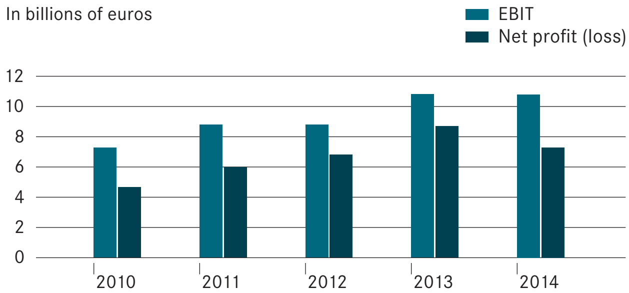
The development of earnings primarily reflects the ongoing growth in unit sales, especially in Asia, Europe and the United States. This was due in particular to the new S-Class in its first full year and the expanded range of compact automobiles. Mercedes-Benz Cars also improved its earnings as a result of better pricing and the efficiency program "Fit for Leadership". Adverse effects on earnings resulted from expenses for the enhancement of products' attractiveness, capacity expansions and advance expenditure for new technologies and vehicles. In addition, currency translation had a negative impact. EBIT also include impairments of €30 million recognized on investments in the area of alternative drive systems.

All the **automotive divisions** were also affected by the restructuring of Daimler's own sales organization in Germany by a total of €116 million. In this context, we refer to the information provided in Note 5 of the Notes to the Consolidated Financial Statements.

Daimler Trucks achieved EBIT of €1,878 million (2013: €1,637 million), which is significantly higher than the prior-year figure. The division's return on sales was 5.8% (2013: 5.2%). ↗ B.15

Significantly higher unit sales in the NAFTA region and Japan made a major contribution to the earnings improvement in 2014. Lower warranty costs and the successful efficiency and growth program "Daimler Trucks #1" also had positive effects. Unit sales and EBIT were adversely influenced in 2014 by the weak economic situation in Latin America and Europe, as well as by the after-effects of the introduction of Euro VI emission regulations at the beginning of 2014. Currency effects and expenses of €149 million for workforce adjustments in the context of optimization programs in Brazil and Germany also had a negative impact. EBIT also includes an expense of €30 million from the impairment of the carrying value of the investment in Kamaz. An additional factor is that there was no longer a contribution to earnings from RRPSH following the execution of the put option.

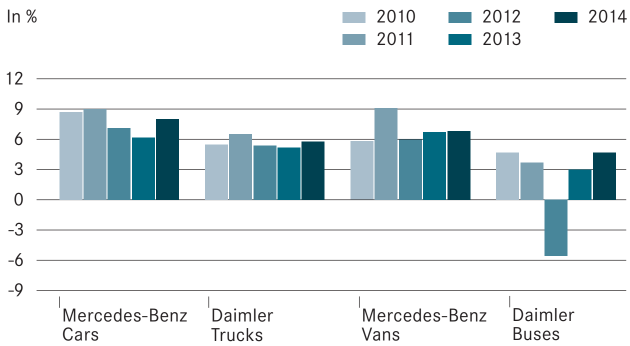
B.13
Development of earnings



B.14
Special items affecting EBIT

	2014	2013
In millions of euros		
Mercedes-Benz Cars		
Impairment of investments in the area of alternative drive systems	-30	-174
Restructuring of sales organization in Germany	-81	–
Daimler Trucks		
Workforce adjustments	-149	-116
Impairment of investment in Kamaz	-30	–
Restructuring of sales organization in Germany	-16	–
Mercedes-Benz Vans		
Reversal of impairment of investment in Fujian Benz Automotive Corp. Ltd.	+61	–
Restructuring of sales organization in Germany	-17	–
Daimler Buses		
Business repositioning	-12	-39
Restructuring of sales organization in Germany	-2	–
Reconciliation		
Sale of shares in RRPSH	+1,006	–
Measurement of put option for RRPSH	-118	-60
Remeasurement of Tesla shares	+718	–
Sale of Tesla shares and hedge of Tesla share price	-124	-23
Expenses related to EU antitrust proceedings	-600	–
Remeasurement and sale of remaining shares in EADS	–	+3,223

B.15
Return on sales

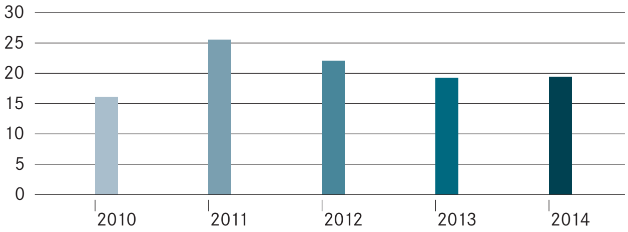


B.16

Return on equity

Daimler Financial Services

In %



B.17

Consolidated statement of income

	2014	2013[1]	14/13
In millions of euros			% change
Revenue	129,872	117,982	+10
Cost of sales	-101,688	-92,855	+10
Gross profit	28,184	25,127	+12
Selling expenses	-11,534	-11,050	+4
General administrative expenses	-3,329	-3,188	+4
Research and non-capitalized development costs	-4,532	-4,205	+8
Other operating income	1,759	1,530	+15
Other operating expense	-1,160	-399	+191
Share of profit from equity-method investments, net	897	3,345	-73
Other financial expense, net	458	-349	.
Interest income	145	212	-32
Interest expense	-715	-884	-19
Profit before income taxes	10,173	10,139	+0
Income taxes	-2,883	-1,419	+103
Net profit	7,290	8,720	-16
thereof attributable to non-controlling interests	328	1,878	-83
thereof attributable to shareholders of Daimler AG	6,962	6,842	+2

1 The figures for 2013 have been adjusted due to restructuring within functional costs. Further information is provided in Note 1 of the Notes to the Consolidated Financial Statements.

B.18

Reconciliation of Group EBIT to profit before income taxes

	2014	2013
In millions of euros		
Group EBIT	10,752	10,815
Amortization of capitalized borrowing costs[1]	-9	-4
Interest income	145	212
Interest expense	-715	-884
Profit before income taxes	10,173	10,139

1 Amortization of capitalized borrowing costs is not included in the internal performance measure EBIT, but is a component of cost of sales.

Mercedes-Benz Vans posted EBIT of €682 million in 2014, a significant improvement on its prior-year earnings of €631 million. The division's return on sales increased to 6.8% from 6.7% in 2013. ↗ B.15

Operating profit reflects the very positive development of unit sales, especially in Europe and the NAFTA region. Earnings were negatively impacted, however, by research and development expenditure for new products and by expenses for the market launch of the new V-Class multipurpose vehicle and the new Vito; currency effects had an additional negative impact on earnings. EBIT increased by €61 million following the reversal of an impairment previously recognized on an investment in the joint venture Fujian Benz Automotive Corporation (FBAC).

Daimler Buses significantly increased its EBIT to €197 million in 2014 (2013: €124 million). The division's return on sales was 4.7% (2013: 3.0%). ↗ B.15

This earnings improvement resulted primarily from increased unit sales of complete buses and a positive product mix in Western Europe, as well as from further efficiency progress with "GLOBE 2013" and positive exchange rate effects. There was an opposing, negative impact from lower unit sales of bus chassis in Latin America. Although the economic situation in Brazil and Argentina was difficult and, as had been expected, the Turkish market contracted, profitability improved significantly compared with the previous year. Expenses for repositioning the division's business amounted to €12 million in 2014 (2013: €39 million).

Daimler Financial Services posted EBIT of €1,387 million, significantly surpassing its prior-year earnings (2013: €1,268 million). The division's equity ratio was 19.4% (2013: 19.2%). ↗ B.16

This development was primarily due to the increased contract volume and the ongoing positive development of risk costs, whereby currency effects and additional expenses in connection with business expansion were more than offset.

The **reconciliation** of the divisions' EBIT to Group EBIT comprises gains and/or losses at the corporate level and the effects on earnings of eliminating intra-group transactions between the divisions.

Items at the corporate level resulted in income of €713 million (2013: €3,067 million), primarily related to our equity interests in RRPSH and Tesla in 2014. The sale of Daimler's shares in RRPSH resulted in a gain of €1,006 million while the remeasurement of the put option resulted in an expense of €118 million. In connection with our investment in Tesla, the loss of significant influence on that company meant that the Tesla shares had to be remeasured, resulting in a gain of €718 million. The hedge of Tesla's share price and the sale of those shares resulted in total expenses of €124 million. Items at the corporate level also include expenses of €600 million related to the ongoing antitrust investigations of European manufacturers of commercial vehicles by the EU Commission. In 2013, earnings were impacted in particular by Daimler's exit from the former EADS shareholder pact in April 2013. This resulted in a gain of

€3.2 billion, mainly due to the remeasurement of the shares following the loss of significant influence on EADS (€3.4 billion). In addition, until that date, items at the corporate level also included the proportionate earnings of the equity-method investment in EADS. Further information on the sale of the shares in RRPSH and Tesla and of the EADS shares in 2013 is provided in Note 13 of the Notes to the Consolidated Financial Statements.

The elimination of intra-group transactions resulted in income of €42 million in 2014 (2013: €82 million).

The reconciliation of Group EBIT to profit before income taxes is shown in table ↗ B.18.

Consolidated statement of income

The Group's **total revenue** increased by 10.1% to €129.9 billion in 2014; adjusted for exchange rate effects, it increased by 12.1%. The revenue growth primarily reflects the strong demand for the products of Mercedes-Benz Cars, especially in Asia, Europe and the United States. Further information on the development of revenue is provided in the "Business development" section of this Management Report. ↗ B.17

Cost of sales amounted to €101.7 billion in 2014, increasing by approximately 9.5% compared with the previous year. The rise in cost of sales was caused by higher business volumes and consequentially higher material expenses. Personnel expenses and depreciation of leased equipment and property, plant and equipment also increased. Overall, cost of sales increased at a lower rate than revenue, so gross profit in relation to revenue increased to 21.7% (2013: 21.3%). Further information on cost of sales is provided in Note 5 of the Notes to the Consolidated Financial Statements. ↗ B.17

Due to the growth in unit sales, **selling expenses** increased by €0.5 billion to €11.5 billion. The main factors here were higher expenses for marketing and personnel. As a percentage of revenue, selling expenses decreased from 9.4% to 8.9%. ↗ B.17.

General administrative expenses of €3.3 billion were slightly above the level of the previous year (2013: €3.2 billion), mainly driven by higher IT and personnel expenses. As a percentage of revenue, general administrative expenses decreased slightly to 2.6% (2013: 2.7%). ↗ B.17

Research and non-capitalized development costs increased by €0.3 billion to €4.5 billion in 2014. They were mainly related to the development of new models, advance expenditure for the renewal of existing models and the further development of fuel-efficient and environmentally friendly drive systems and safety technologies. As a proportion of revenue, research and non-capitalized development costs slightly decreased from 3.6% to 3.5%. Further information on the Group's research and development costs is provided in the "Research and development" section of the "Sustainability" chapter of this Management Report. ↗ B.17

Other operating income increased to €1.8 billion (2013: €1.5 billion) and **other operating expense** rose significantly this year to €1.2 billion (2013: €0.4 billion), due in particular to expenses of €0.6 billion related to the ongoing antitrust investigations of European manufacturers of commercial vehicles by the EU Commission. Further information on the composition of other operating income and expense is provided in Note 6 of the Notes to the Consolidated Financial Statements. ↗ B.17

In 2014, our **share of profit from equity-method investments** decreased to €0.9 billion (2013: €3.3 billion). Both years were affected by large gains relating to the loss of significant influence on companies which were previously accounted for using the equity method. In 2014, Daimler lost its significant influence on Tesla; the subsequent remeasurement of our Tesla shares resulted in a gain of €0.7 billion. In 2013, Daimler lost its significant influence on EADS, which resulted in a gain of €3.4 billion. ↗ B.17

Other financial expense/income improved from an expense of €0.3 billion to income of €0.5 billion. This was primarily due to the disposal of the RRPSH shares, which resulted in a gain of €1.0 billion in 2014. ↗ B.17

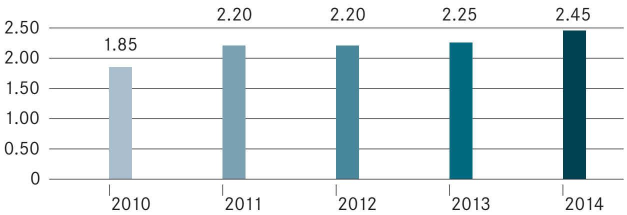
Net interest expense improved to €0.6 billion (2013: €0.7 billion). Expenses in connection with pension and healthcare benefits were at the prior-year level. Other interest expense improved due to lower costs of maintaining adequate liquidity following the successive expiry of refinancing at high interest rates. There was an opposing effect from lower income from cash deposits and from the remeasurement of interest-rate hedges. ↗ B.17

The tax expense of €2.9 billion entered under **income-tax expense** is €1.5 billion higher than in 2013. The effective tax rate for 2014 was 28.3% (2013: 14.0%). In 2014, a gain was recognized on the sale of the RRPSH shares that was largely tax free. In connection with the ongoing antitrust investigations of European manufacturers of commercial vehicles by the EU Commission, expenses arose that were not tax deductible. In 2013, the gain on the remeasurement and sale of Daimler's EADS shares was largely tax free. Adjusted for those gains and losses, earnings subject to normal income taxes increased in 2014 compared with the previous year, which led to a correspondingly higher tax expense. Additional factors were that gains were recognized on the reversal of impairments of deferred tax assets in 2014 and that there were high tax benefits in connection with the tax assessment of previous years in 2013. ↗ B.17

B.19

Dividend per share

In euros



B.20

Reconciliation to net operating profit

In millions of euros	2014	2013	14/13 % change
Mercedes-Benz Cars	**5,853**	4,006	+46
Daimler Trucks	**1,878**	1,637	+15
Mercedes-Benz Vans	**682**	631	+8
Daimler Buses	**197**	124	+59
Daimler Financial Services	**1,387**	1,268	+9
EBIT of the divisions	**9,997**	7,666	+30
Income taxes[1]	**-3,074**	-1,642	+87
Other reconciliation	**755**	3,149	-76
Net operating profit	**7,678**	9,173	-16

1 Adjusted for tax effects on interest income/expense and amortization of capitalized borrowing costs.

B.21

Value added

In millions of euros	2014	2013	14/13 % change
Daimler Group	**4,416**	5,921	-25
Mercedes-Benz Cars	**3,799**	2,007	+89
Daimler Trucks	**761**	369	+106
Mercedes-Benz Vans	**473**	445	+6
Daimler Buses	**79**	-4	.
Daimler Financial Services	**457**	409	+12

Net profit for the year amounts to €7.3 billion (2013: €8.7 billion). Net profit of €0.3 billion is attributable to non-controlling interests (2013: €1.9 billion); a large portion of the prior-year amount is related to the remeasurement of the EADS shares. Net profit **attributable to the shareholders of Daimler AG** amounts to €7.0 billion (2013: €6.8 billion), representing **earnings per share** of €6.51 (2013: €6.40). ↗ **B.17**

The calculation of earnings per share (basic) is based on an average number of outstanding shares of 1,069.8 million (2013: 1,068.8 million).

Dividend

At the Annual Shareholders' Meeting on April 1, 2015, the Board of Management and the Supervisory Board will propose an increase in the dividend to €2.45 per share (prior year: €2.25). With this proposal, we are letting our shareholders participate in the Company's success while expressing our confidence about the ongoing course of business. The total dividend will thus amount to €2,621 million (prior year: €2,407 million) and the distribution ratio will be 37.6% of the net profit attributable to the Daimler shareholders (prior year: 35.2%). ↗ **B.19**

Net operating profit

Table ↗ **B.20** shows the reconciliation of the EBIT of the divisions to net operating profit. In addition to the EBIT of the divisions, net operating profit also includes earnings effects for which the divisions are not accountable such as income taxes and other reconciliation items.

Value added

As described in the "Performance measurement system" section of the "Corporate Profile" chapter in table ↗ **B.03**, the cost of capital is the result of net assets and cost of capital expressed as a percentage, which is subtracted from earnings in order to calculate value added. The tables ↗ **B.21** and ↗ **B.22** show value added and net assets for the Group and for the individual divisions. Table ↗ **B.23** shows how net assets are derived from the consolidated statement of financial position.

The **Group's value added** amounted to €4.4 billion in 2014 (2013: €5.9 billion), representing a return on net assets of 18.8% (2013: 22.6%). This was once again substantially higher than the minimum required rate of return of 8%. Value added in the previous year was influenced in particular by the remeasurement and the sale of the remaining EADS shares. 2014 was also affected by special items from the sale of the 50% equity interest in RRPSH and from the remeasurement and sale of the Tesla shares. Adjusted for these one-time effects, the Group's value added increased in 2014 primarily due to the favorable business development of all divisions.

The value added of **Mercedes-Benz Cars** increased by €1.8 billion to €3.8 billion. This was mainly the result of the positive development of earnings caused by the ongoing growth in unit sales, the expanded product range and the positive efficiency measures of the “Fit for Leadership” program. There were opposing, negative effects on value added from expenses relating to the enhancement of products’ attractiveness, capacity expansions and advance expenditure for new technologies and vehicles. The division’s average net assets increased only slightly by €0.5 billion.

Value added at **Daimler Trucks** more than doubled compared with the previous year and reached €0.8 billion. This was due not only to higher earnings resulting from significant growth in unit sales in the NAFTA region and Japan, lower warranty costs and the successful implementation of the “Daimler Trucks #1” growth and efficiency program, but also to the reduction in average net assets following the sale of the 50% equity interest in the associated company RRPSH.

Mercedes-Benz Vans’ value added of €0.5 billion was slightly higher than in 2013. Higher earnings were achieved due in particular to the very positive development of unit sales. On the other hand, average net assets increased by €0.2 billion to €1.7 billion, primarily as a result of increased fixed assets and the rise in the carrying value of Daimler’s interest in the Chinese joint venture FBAC following the reversal of a previous impairment.

The **Daimler Buses** division achieved positive value added of €79 million in 2014 (2013: negative €4 million). This was mainly the result of improved earnings due to increased unit sales of complete buses and the positive product mix, as well as ongoing efficiency progress. Average net assets slightly decreased by €86 million and made a minor contribution to the increase in value added.

Daimler Financial Services’ value added of €0.5 billion was higher than in 2013. The division’s return on equity amounted to 19.4% (2013: 19.2%). The development of value added primarily reflects the increase in EBIT due to the growth in contract volume and the ongoing positive development of risk costs. Average equity rose by €0.5 billion to €7.2 billion.

B.22

Net assets (average)

In millions of euros	2014	2013	14/13 % change
Mercedes-Benz Cars	17,114	16,658	+3
Daimler Trucks	9,313	10,571	-12
Mercedes-Benz Vans	1,742	1,547	+13
Daimler Buses	982	1,068	-8
Daimler Financial Services[1]	7,154	6,607	+8
Net assets of the divisions	36,305	36,451	-0
Equity-method investments[2]	618	638	-3
Assets and liabilities from income taxes[3]	2,700	2,479	+9
Other reconciliation[3]	1,156	1,080	+7
Daimler Group	40,779	40,648	+0

1 Total equity
2 To the extent not allocated to the segments
3 Industrial business

B.23

Net assets of the Daimler Group at year-end

In millions of euros	2014	2013	14/13 % change
Net assets of the industrial business			
Intangible assets	9,144	9,228	-1
Property, plant and equipment	23,125	21,732	+6
Leased assets	14,374	13,207	+9
Inventories	20,004	16,648	+20
Trade receivables	7,824	7,208	+9
Less provisions for other risks	-13,420	-11,382	+18
Less trade payables	-9,852	-8,778	+12
Less other assets and liabilities	-22,438	-15,983	+40
Assets and liabilities from income taxes	3,981	1,878	+112
Total equity of Daimler Financial Services	7,617	6,596	+15
Net assets	40,359	40,354	+0

Liquidity and Capital Resources.

Principles and objectives of financial management

Financial management at Daimler consists of capital structure management, cash and liquidity management, pension asset management, market-price risk management (foreign exchange rates, interest rates, commodity prices) and credit and financial country risk management. Worldwide financial management is performed within the framework of legal requirements consistently for all Group entities by Treasury. Financial management operates within a framework of guidelines, limits and benchmarks, and on the operational level is organizationally separate from other financial functions such as settlement, financial controlling, reporting and accounting.

Capital structure management designs the capital structure for the Group and its subsidiaries. Decisions regarding the capitalization of financial services companies – as well as production, sales and financing companies – are based on the principles of cost-optimized and risk-optimized liquidity and capital resources. In addition, it is necessary to comply with restrictions on capital transactions and on the transfer of capital and currencies.

Liquidity management ensures the Group's ability to meet its payment obligations at any time. For this purpose, liquidity planning provides information about all cash flows from operating and financial activities in a rolling plan. The resulting financial requirements are covered by the use of appropriate instruments for liquidity management (e.g. bank credits, commercial papers, notes); liquidity surpluses are invested in the money market or the capital market to optimize risk and return. Our goal is to ensure the level of liquidity regarded as necessary at optimal costs. Besides operational liquidity, Daimler keeps additional liquidity reserves which are available in the short term. Those additional financial resources include a pool of receivables from the financial services business which are available for securitization in the capital market, as well as a contractually confirmed syndicated credit facility with a volume of €9 billion.

Cash management determines the Group's cash requirements and surpluses. The number of external bank transactions is minimized by the Group's internal netting of cash requirements and surpluses. Netting is done by means of cash-concentration or cash-pooling procedures. Daimler has established standardized processes and systems to manage its bank accounts, internal cash-clearing accounts and the execution of automated payment transactions.

Management of market price risks aims to minimize the impact of fluctuations in foreign exchange rates, interest rates and commodity prices on the results of the divisions and the Group. The Group's overall exposure to these market-price risks is determined to provide a basis for hedging decisions, which include the definition of hedging volumes and corresponding periods, as well as the selection of hedging instruments. Decisions regarding the management of risks resulting from fluctuations in foreign exchange rates and commodity prices, as well as decisions on asset/liability management (liquidity and interest rates), are regularly made by the relevant committees.

Management of pension assets includes the investment of pension assets to cover the corresponding pension obligations. Pension assets are held in separate pension funds and are thus not available for general business purposes. The funds are allocated to different asset classes such as equities, fixed-interest securities, alternative investments and real estate, depending on the expected development of pension obligations and with the help of a process for risk-return optimization. The performance of asset management is measured by comparing with defined reference indices. Local custodians of the pension funds are responsible for the risk management of the individual pension funds. The Global Pension Committee limits these risks by means of Group-wide binding guidelines whereby applicable laws are given due consideration. Additional information on pension plans and similar obligations is provided in Note 22 of the Notes to the Consolidated Financial Statements.

The risk volume that is subject to **credit risk management** includes all of Daimler's worldwide creditor positions with financial institutions, issuers of securities and customers in the financial services business and the automotive business. Credit risks with financial institutions and issuers of securities arise primarily from investments executed as part of our liquidity management and from trading in derivative financial instruments. The management of these credit risks is mainly based on an internal limit system that reflects the creditworthiness of the respective financial institution or issuer. The credit risk with customers of our automotive business relates to contracted dealerships and general agencies, other corporate customers and retail customers. In connection with the export business, general agencies that according to our creditworthiness analysis are not sufficiently creditworthy are generally required to provide collateral such as first-class bank guarantees. The credit risk with end customers in the financial services business is managed by Daimler Financial Services on the basis of a standardized risk management process. In this process, minimum requirements are defined for the sales-financing and leasing business and standards are set for credit processes as well as for the identification, measurement and management of risks. Key elements for the management of credit risks are appropriate creditworthiness assessments, supported by statistical analyses and evaluation methods, as well as structured portfolio analysis and portfolio monitoring.

Financial country risk management includes various aspects: the risk from investments in subsidiaries and joint ventures, the risk from the cross-border financing of Group companies in risk countries and the risk from direct sales to customers in those countries. The Credit Committee sets country limits for this cross-border financing. Daimler has an internal rating system that divides all countries in which it operates into risk categories. Equity capital transactions in risk countries are hedged against political risks with the use of investment-protection insurance such as the German government's investment guarantees. Some cross-border receivables due from customers are protected with the use of export-credit insurance, first-class bank guarantees and letters of credit. In addition, a committee sets and restricts the level of hard-currency credits granted to financial services companies in risk countries.

Further information on the management of market-price risk, credit-default and liquidity risk is provided in Note 32 of the Notes to the Consolidated Financial Statements.

Cash flows

Cash used for/provided by operating activities ↗ B.24 resulted in a cash outflow of €1.3 billion in 2014 (2013: cash inflow of €3.3 billion). This decrease was mainly caused by the realization of the growth strategy. Working capital increased at a higher rate than in the prior-year period due to the higher inventory increase. Growth in new business in leasing and sales financing surpassed the high level of the prior-year period by €2.6 billion. An additional factor is that the positive business development in 2014 led to higher income-tax payments. Furthermore, there was a cash outflow of €2.5 billion for the extraordinary contribution to the German pension fund assets. These effects were partially offset by the higher result from ongoing business which did not include the lower measurement effects compared to the prior-year period. In 2014, they were related to RRPSH and Tesla with a total of €0,4 billion and in 2013 to EADS with €3,4 billion.

Cash used for investing activities ↗ B.24 amounted to €2.7 billion (2013: €6.8 billion). The change compared with the prior-year period resulted primarily from acquisitions and disposals of securities in the context of liquidity management. Those transactions resulted in a net cash inflow in 2014, whereas acquisitions of securities significantly exceeded disposals in the previous year. In addition, lower investments in intangible assets had a positive impact. Investments in property, plant and equipment for the ramp-up of new products and for the expansion of production capacities were slightly below the high level of recent years. Both years were affected by proceeds from the sale of equity interests. In August 2014, the sale of the shares in RRPSH was concluded and a capital gain of €2.4 billion was recognized. In October 2014, the sale of shares in Tesla and the termination of the related share-price hedge led to a cash inflow of €0.6 billion. In 2013, cash used for investing activities was significantly affected by the sale of the remaining shares in EADS (€2.3 billion); there were opposing, negative effects of €0.6 billion from the acquisition of a 12% equity interest in BAIC Motor Corporation Ltd. (BAIC Motor) and of €0.2 billion from the capital increase at Beijing Benz Automotive Co., Ltd. (BBAC).

B.24
Condensed consolidated statement of cash flows

In millions of euros	2014	2013	14/13 Change
Cash and cash equivalents at beginning of period	**11,053**	10,996	+57
Cash used for/provided by operating activities	**-1,274**	3,285	-4,559
Cash used for investing activities	**-2,709**	-6,829	+4,120
Cash provided by financing activities	**2,274**	3,855	-1,581
Effect of exchange-rate changes on cash and cash equivalents	**323**	-254	+577
Cash and cash equivalents at end of period	**9,667**	11,053	-1,386

Cash provided by financing activities ↗ B.24 amounted to €2.3 billion (2013: €3.9 billion). The decrease resulted almost solely from the change in financing liabilities.

Cash and cash equivalents decreased compared with December 31, 2013 by €1.4 billion, after taking currency translation into account. Total liquidity, which also includes marketable debt securities, decreased by €1.8 billion to €16.3 billion.

The parameter used by Daimler to measure the financial capability of the Group's industrial business is the **free cash flow of the industrial business** ↗ **B.25**, which is derived from the reported cash flows from operating and investing activities. The cash flows from the acquisition and sale of marketable debt securities included in cash flows from investing activities are deducted, as those securities are allocated to liquidity and changes in them are thus not a part of the free cash flow.

B.25

Free cash flow of the industrial business

In millions of euros	2014	2013	14/13 Change
Cash provided by operating activities	7,539	10,313	-2,774
Cash used for investing activities	-2,887	-6,767	+3,880
Change in marketable debt securities	-195	1,548	-1,743
Other adjustments[1]	1,022	-252	+1,274
Free cash flow of the industrial business	5,479	4,842	+637

1 The effects from the financing of the Group's own dealerships, which are reflected in cash provided by operating activities, are eliminated under other adjustments.

B.26

Net liquidity of the industrial business

In millions of euros	Dec. 31, 2014	Dec. 31, 2013	14/13 Change
Cash and cash equivalents	8,341	9,845	-1,504
Marketable debt securities	5,156	5,303	-147
Liquidity	13,497	15,148	-1,651
Financing liabilities	3,193	-1,324	+4,517
Market valuation and currency hedges for financing liabilities	263	10	+253
Financing liabilities (nominal)	3,456	-1,314	+4,770
Net liquidity	16,953	13,834	+3,119

Other adjustments relate to additions to property, plant and equipment that are allocated to the Group as their beneficial owner due to the form of their underlying lease contracts. Furthermore, adjustments are made for the effects of financing dealerships within the Group. In addition, the calculation of the free cash flow includes those cash flows to be shown under cash from financing activities in connection with the acquisition or sale of interests in subsidiaries without loss of control.

The free cash flow of the industrial business amounted to €5.5 billion in 2014. The sale of the shares in RRPSH and Tesla contributed €3.0 billion of that amount. On the other hand, the free cash flow of the industrial business was reduced by the cash outflows for the extraordinary contribution to the German pension fund assets of €2.5 billion and for the settlement of a healthcare plan in the United States. Adjusted for these special effects, the free cash flow of the industrial business amounted to €5.2 billion.

The positive contributions to earnings from the automotive divisions were reduced by the increase in working capital, defined as the net change in inventories, trade receivables and trade payables, in a total amount of €2.3 billion. This included positive effects from the sale of trade receivables to Daimler Financial Services by companies in the industrial business. The positive development of other operating assets and liabilities was related to the business expansion and is primarily due to payments received from sales with service and maintenance contracts and sales with residual-value guarantees. In addition, high expenses for dealer bonuses and provisions are considered. There were opposing, negative effects from ongoing high investments in property, plant and equipment and intangible assets, as well as from income taxes and interest payments.

At the beginning of 2014, we expected the free cash flow to be significantly below prior-year level. However, when comparing with the previous year, it is necessary to consider that the free cash flow in both years included effects from acquisitions and disposals of equity interests. In 2013, the sale of the shares in EADS led to a cash inflow of €2.3 billion while the acquisition of the equity interest in BAIC Motor resulted in a cash outflow of €0.6 billion. After adjusting for special effects, the free cash flow of the industrial business of €5.2 billion in the year 2014 was significantly higher than the previous year value of €3.2 billion, in line with our forecast as adjusted during the year.

The increase in the free cash flow adjusted for special effects of €2.0 billion to €5.2 billion reflects the positive business development and was primarily due to higher profit contributions from the automotive divisions. The higher inventory increase due to realization of the growth strategy was not offset by the development of trade receivables and payables. Positive effects resulted from the development of other operating assets and liabilities.

The **net liquidity of the industrial business** ↗ **B.26** is calculated as the total amount as shown in the statement of financial position of cash, cash equivalents and marketable debt securities included in liquidity management, less the currency-hedged nominal amounts of financing liabilities.

To the extent that the Group's internal refinancing of the financial services business is provided by the companies of the industrial business, this amount is deducted in the calculation of the net debt of the industrial business. At December 31, 2014, the Group's internal refinancing was of a higher volume than the financing liabilities originally taken on in the industrial business due to the application of the industrial business's own financial resources. This resulted in a positive value for the financing liabilities of the industrial business, thus increasing net liquidity, so the net liquidity of the industrial business exceeds the gross liquidity presented here.

Compared with December 31, 2013, the net liquidity of the industrial business increased from €13.8 billion to €17.0 billion. The increase mainly reflects the positive free cash flow. Dividend payments to the shareholders of Daimler AG and to minority interests of subsidiaries reduced net liquidity by €2.6 billion. The adoption of the refinancing of the Group's own dealerships by the industrial business was offset by the positive currency effects.

Net debt at Group level, which primarily results from the refinancing of the leasing and sales-financing business, increased by €10.5 billion compared with December 31, 2013. ↗ B.27

Other financial obligations, financial guarantees and contingent liabilities

In the context of its ordinary business operations, the Group has entered into **other financial obligations** in addition to the liabilities shown in the consolidated balance sheet at December 31, 2014. Table ↗ B.28 provides an overview of the nominal amounts of other financial obligations. With regard to their maturities, we refer to Note 30 (Financial guarantees, contingent liabilities and other financial commitments) and Note 32 (Management of financial risks) of the Notes to the Consolidated Financial Statements.

Within the context of **financial guarantees**, Daimler generally guarantees the settlement of the payment obligations of the main debtor vis-à-vis the holder of the guarantee. The maximum potential obligation resulting from these guarantees amounts to €0.8 billion at December 31, 2014 (end of 2013: €0.8 billion); liabilities recognized in this context amount to €0.1 billion at the end of the year (end of 2013: €0.1 billion). In connection with the Chrysler transaction entered into 2007 and 2009, Daimler provides guarantees for Chrysler obligations; at December 31, 2014, those guarantees amounted to €0.3 billion, whereby Chrysler provided €0.2 billion on an escrow account as collateral for the guaranteed obligations. Another financial guarantee of €0.1 billion relates to bank loans of Toll Collect GmbH, the operator company of the toll-collection system for trucks in Germany. Other risks arise from an additional guarantee that the Group provided for obligations of Toll Collect GmbH to the Federal Republic of Germany. This guarantee is related to the completion and operation of the toll-collection system. A claim on this guarantee could primarily arise if for technical reasons toll revenue is lost or if certain contractually defined parameters are not fulfilled, if the Federal Republic of Germany makes additional claims or if the final operating permit is not granted. Furthermore, arbitration proceedings have been initiated against the Group. The maximum obligation that could result from this guarantee is substantial, but cannot be reliably estimated.

The **contingent liabilities** principally constitute buyback obligations. At December 31, 2014, the best possible estimate for the loss risk from these guarantees amounted to €1.2 billion (2013: €1.0 billion). Warranty and goodwill commitments (product guarantees) provided by the Group in connection with its vehicle sales are not included in the contingent liabilities. Contingent liabilities also include other contingent liabilities. The best possible estimate for potential expenses from the other contingent liabilities is €0.4 billion (December 31, 2013: €0.4 billion).

B.27
Net debt of the Daimler Group

In millions of euros	Dec. 31, 2014	Dec. 31, 2013	14/13 Change
Cash and cash equivalents	9,667	11,053	-1,386
Marketable debt securities	6,634	7,066	-432
Liquidity	16,301	18,119	-1,818
Financing liabilities	-86,689	-77,738	-8,951
Market valuation and currency hedges for financing liabilities	270	-3	+273
Financing liabilities (nominal)	-86,419	-77,741	-8,678
Net debt	-70,118	-59,622	-10,496

B.28
Other financial obligations (nominal amounts)

In millions of euros	Dec. 31, 2014	Dec. 31, 2013
Obligations from purchasing agreements	9,769	9,771
Non-terminable rental and leasing agreements	2,157	1,980
Irrevocable loan obligations	1,320	1,508
Miscellaneous other financial obligations	2,318	1,356
Other financial obligations	15,564	14,615

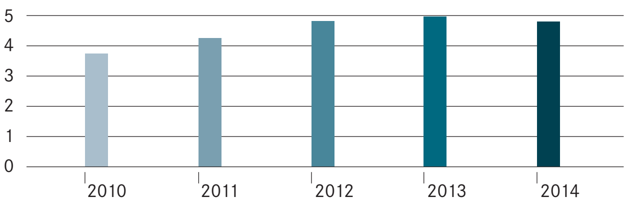
Investment

Investment still on high level. In the context of our growth strategy, we aim to make good use of the opportunities presented by international automotive markets. This requires substantial investment in new products and new technologies as well as in the expansion of our worldwide production network. In 2014, we therefore once again invested a very high amount of €4.8 billion in property, plant and equipment (2013: €5.0 billion). However, we did not quite reach the investment volume that we planned in the previous year and announced in Annual Report 2013. This was partially due to the very efficient application of our financial resources and the postponement of some investment projects. As of December 31, 2014, no material financial obligations exist in connection with future investment in property, plant and equipment.

B.29

Investment in property, plant and equipment

In billions of euros



B.30

Investment in property, plant and equipment by division

	2014	2013	14/13
In millions of euros			% change
Daimler Group	**4,844**	4,975	-3
in % of revenue	**3.7**	4.2	
Mercedes-Benz Cars	**3,621**	3,710	-2
in % of revenue	**4.9**	5.8	
Daimler Trucks	**788**	839	-6
in % of revenue	**2.4**	2.7	
Mercedes-Benz Vans	**304**	288	+6
in % of revenue	**3.0**	3.1	
Daimler Buses	**105**	76	+38
in % of revenue	**2.5**	1.9	
Daimler Financial Services	**23**	19	+21
in % of revenue	**0.1**	0.1	

At Mercedes-Benz Cars, investment in property, plant and equipment of €3.6 billion was almost at the prior-year level. The most important projects included the models of the new C-Class, which has been in production since 2014 in Bremen as well as in Tuscaloosa, Beijing and East London. Another focus of investment was on new sport-utility vehicles. We also made substantial investments in the modernization and realignment of our German production plants as competence centers, as well as in the expansion of our production capacities in the United States. The main areas of investment at Daimler Trucks were for new products such as the Western Star 5700XE, the new FUSO Super Great V and the new Actros and Arocs heavy-duty tractor units (SLT). In addition, progress was made with various projects for the global standardization of engines and other major components. As in the previous year, total investment in property, plant and equipment at Daimler Trucks amounted to €0.8 billion. At the Mercedes-Benz Vans division, the focus of investment was on the new Viano multipurpose vehicle and the next generation of the Vito. The main investments at Daimler Buses in 2014 were in new products and the modernization of production facilities.

In addition to capital expenditure on property, plant and equipment, we also invested amounts in associated companies and joint ventures in 2014.

Furthermore, we capitalized development costs of €1.1 billion in 2014 (2013: €1.3 billion); this is presented under intangible assets. see page 103

Refinancing

The funds raised by Daimler in the year 2014 primarily served to refinance the leasing and sales-financing business. For that purpose, Daimler made use of a broad spectrum of various financing instruments in various currencies and markets. They include bank credits, commercial papers in the money market, bonds with medium and long maturities, customer deposits at Mercedes-Benz Bank and the securitization of receivables from customers in the financial services business (asset backed securities, ABS).

Various issue programs are available for raising longer-term funds in the capital market. They include the Euro Medium Term Note program (EMTN) with a total volume of €35 billion, under which Daimler AG and several subsidiaries can issue bonds in various currencies. Other local capital-market programs exist, significantly smaller than the EMTN program. However, in markets such as Mexico, Argentina, South Africa, Thailand and South Korea. Capital-market programs allow flexible, repeated access to the capital markets.

In 2014, the Group covered its refinancing requirements mainly through the issuance of bonds. A large proportion of those bonds were placed in the form of so-called benchmark emissions (bonds with high nominal volumes) in the US dollar and euro market. ↗ B.32

As the first international corporation, Daimler AG placed bonds in the domestic capital market of the People's Republic of China, so-called panda bonds. In addition, a large number of smaller bonds were issued in various currencies in the euro market, as well as in Mexico, Brazil, Argentina, South Africa, Thailand and South Korea.

Refinancing was facilitated by high capital-market liquidity as well as by Daimler's good credit ratings. The continuation of expansive monetary policies by the central banks had a significant impact on the situation of the bond markets also in 2014. The high volumes of available liquidity meant that risk premiums for companies with investment-grade ratings fell once again compared with the previous year; this was to the benefit also of Daimler.

In addition, Daimler issued small volumes of commercial papers in 2014.

Furthermore, several asset-backed securities (ABS) transactions were carried out in the United States, Canada and Germany. In the United States for example, two emissions generated a refinancing volume totaling US$3.1 billion. Bonds in a volume of CAN$0.5 billion were issued in Canada, and were for the first time placed directly with investors. In addition, Mercedes-Benz Bank once again sold ABS bonds in a volume of €1.0 billion to European investors through its Silver Arrow Platform.

Bank credit was another important source of refinancing in 2014. Funds were provided not only by large, globally active banks, but increasingly also by a number of local banks. The lenders included supranational banks such as the European Investment Bank and the Brazilian Development Bank (BNDES). In this way, we continued our diversification in refinancing through banks.

In order to secure sufficient financial flexibility, in September 2013, Daimler concluded a €9 billion syndicated credit facility with a consortium of international banks with a maturity of five years and two extension options of two years in total. This provides the Group with financial flexibility until the year 2020. More than 40 European, American and Asian banks participated in the consortium. Daimler does not intend to utilize the credit line. In 2014, Daimler exercised the option to extend the facility by another year until 2019. All the banks in the consortium participated in the extension.

At the end of 2014, Daimler had short- and long-term credit lines totaling €41.7 billion (2013: €35.4 billion), of which €17.2 billion was not utilized (2012: €15.0 billion). They include a syndicated credit facility arranged in September 2013 with a consortium of international banks with a volume of €9 billion.

The carrying values of the main refinancing instruments and the weighted average interest rates are shown in table ↗ B.31. At December 31, 2014, they are mainly denominated in the following currencies: 43% in euros, 26% in US dollars, 4% in Brazilian real, 3% in Japanese yen and 4% in Canadian dollars.

At December 31, 2014, the total of financial liabilities shown in the consolidated statement of financial position amounted to €86,689 million (2013: €77,738 million).

Detailed information on the amounts and terms of financing liabilities is provided in Notes 24 and 32 of the Notes to the Consolidated Financial Statements. Note 32 also provides information on the maturities of the other financial liabilities.

B.31

Refinancing instruments

	Average interest rates		Carrying values	
	Dec. 31, 2014	Dec. 31, 2013	**Dec. 31, 2014**	Dec. 31, 2013
	in %		in millions of euros	
Notes/bonds and liabilities from ABS transactions	**1.68**	2.14	**49,165**	44,875
Commercial paper	**1.11**	2.02	**2,277**	1,086
Liabilities to financial institutions	**3.08**	3.32	**22,893**	19,089
Deposits in the direct banking business	**1.06**	1.54	**10,853**	11,257

B.32

Benchmark emissions

Issuer	Volume	Month of emission	Maturity
Daimler AG	€750 million	Jan. 2014	Jan. 2022
Daimler Finance North America LLC	US$1,500 million	Mar. 2014	Mar. 2017
Daimler Finance North America LLC	US$650 million	Mar. 2014	Mar. 2021
Daimler AG	€500 million	July 2014	July 2024
Daimler Finance North America LLC	US$1,500 million	Aug. 2014	Aug. 2017
Daimler Finance North America LLC	US$500 million	Aug. 2014	Sept. 2019
Daimler Finance North America LLC	US$500 million	Aug. 2014	Aug. 2024

Credit ratings

Daimler's credit ratings remained unchanged in 2014. Daimler AG therefore has comparable ratings at the level of A- with all four of the credit-rating agencies it has engaged. The outlook for the ratings is assessed as "stable" by all four agencies. ↗ B.33

B.33
Credit ratings

	End of 2014	End of 2013
Long-term credit ratings		
Standard & Poor's	**A-**	A-
Moody's	**A3**	A3
Fitch	**A-**	A-
DBRS	**A (low)**	A (low)
Short-term credit ratings		
Standard & Poor's	**A-2**	A-2
Moody's	**P-2**	P-2
Fitch	**F2**	F2
DBRS	**R-1 (low)**	R-1 (low)

On December 19, 2014, **Moody's Investors Service** (Moody's) confirmed its long-term credit rating for Daimler AG of A3 with a stable outlook. Moody's referred to the highly valued premium brand Mercedes-Benz, the positioning of Daimler Trucks as the global market leader in the truck business, the strong positions of Mercedes-Benz Vans and Daimler Buses in their respective market segments, and the credit metrics which place the Group well within its rating category.

On November 27, 2014, **Standard & Poor's Ratings Services** (S&P) published a report on Daimler AG in which it confirmed our long-term corporate credit rating at A- as well as the stable outlook. In S&P's terminology, the rating is the result of a "satisfactory" business risk and a "minimal" financial risk. The business risk is partially a reflection of the Group's exposure to cyclical demand for cars, trucks and other vehicles. The financial risk profile is supported by the Group's strong financial metrics.

On July 7, 2014, **Fitch Ratings** (Fitch) also emphasized Daimler's wide geographical and product diversification, and confirmed its long-term issuer default rating of A- with a stable outlook. The heavy product pipeline was assessed as having a positive impact on the credit rating. However, high capital expenditure and investment in research and development were regarded as constraining factors. Fitch believes that Daimler enjoys adequate headroom in its ratings with regard to the relevant financial metrics.

The Canadian credit agency **DBRS** confirmed on October 24, 2014, its long-term rating for Daimler AG at A (low) with a stable trend. DBRS referred to the improved financial performance of Mercedes-Benz Cars and Daimler Trucks reflecting those divisions' product offensives, as well as the implementation of their cost-reduction activities, which are expected to contribute substantially to expanding the Group's profit margins in the future.

The short-term credit ratings of all four rating agencies remained unchanged in 2014.

Financial Position.

The **balance sheet total** increased compared with December 31, 2013 from €168.5 billion to €189.6 billion; adjusted for the effects of currency translation, the increase amounted to €14.0 billion. Daimler Financial Services accounts for €105.5 billion of the balance sheet total (2013: €89.4 billion); this is equivalent to 56% of the Daimler Group's total assets (2013: 53%).

The increase in total assets is primarily due to the growth of the financial services business, higher inventories and higher levels of other assets. On the liabilities side of the balance sheet, there were increases in particular in financing liabilities, provisions and other financial liabilities. Current assets account for 41% of the balance sheet total, which is close to the prior-year level of 42%. Current liabilities account for 35% of the balance sheet total, as at the end of the previous year.

Intangible assets of €9.4 billion include €7.2 billion of capitalized development costs (2013: €7.3 billion) and, as in the previous year, €0.7 billion of goodwill. Mercedes-Benz Cars accounts for 69% of the development costs and Daimler Trucks accounts for 22%. Capitalized development costs amounted to €1.1 billion (2013: €1.3 billion), and account for 20.2% of the Group's total research and development expenditure (2013: 23.4%) see page 103.

Investment in **property, plant and equipment** see page 92 was higher than depreciation and caused property, plant and equipment to rise to €23.2 billion (2013: €21.8 billion). In 2014, €4.8 billion (2013: €5.0 billion) was invested worldwide, in particular at our production and assembly sites for new products and technologies and for the expansion and modernization of production facilities. The sites in Germany accounted for €3.1 billion of the capital expenditure (2013: €3.2 billion).

B.34

Consolidated statement of financial position

In millions of euros	Dec. 31, 2014	Dec. 31, 2013	14/13 % change
Assets			
Intangible assets	9,367	9,388	-0
Property, plant and equipment	23,182	21,779	+6
Equipment on operating leases and receivables from financial services	94,729	78,930	+20
Equity-method investments	2,294	3,432	-33
Inventories	20,864	17,349	+20
Trade receivables	8,634	7,803	+11
Cash and cash equivalents	9,667	11,053	-13
Marketable debt securities	6,634	7,066	-6
Other financial assets	5,987	6,241	-4
Other assets	8,277	5,477	+51
Total assets	189,635	168,518	+13
Equity and liabilities			
Equity	44,584	43,363	+3
Provisions	28,393	23,098	+23
Financing liabilities	86,689	77,738	+12
Trade payables	10,178	9,086	+12
Other financial liabilities	10,706	8,276	+29
Other liabilities	9,085	6,957	+31
Total equity and liabilities	189,635	168,518	+13

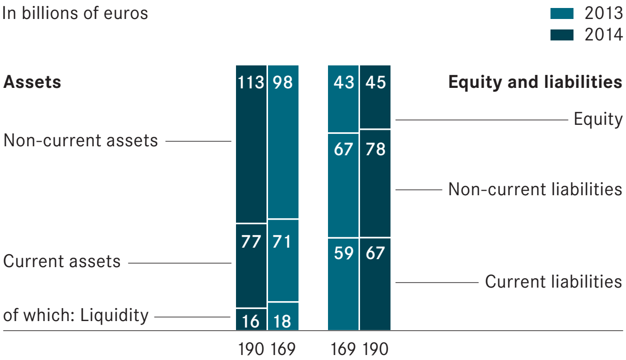
Equipment on operating leases and receivables from financial services increased to a total of €94.7 billion (2013: €78.9 billion). The increase was primarily caused by the higher level of new business at Daimler Financial Services. In addition, there was an increase due to effects of currency translation in an amount of €5.0 billion. The growth reflects the successful course of business, especially in the United States. Above-average growth was also achieved in the sales-financing business in China and other Asian countries, as well as in Turkey. In Europe, the leasing and sales-financing business grew by 11%. The proportion of total assets of 50% is above the prior-year level (47%).

Equity-method investments of €2.3 billion (2013: €3.4 billion) primarily comprise the carrying amounts of our equity interests in Beijing Benz Automotive Co., Ltd. and BAIC Motor Corporation Ltd. in the car business and Beijing Foton Daimler Automotive Co., Ltd. and Kamaz OAO in the truck business. The decrease compared with the end of 2013 is the result of selling the 50% equity interest in RRPSH to Rolls-Royce Holdings plc in the third quarter of 2014.

B.35

Balance sheet structure Daimler Group

In billions of euros



Inventories increased from €17.3 billion to €20.9 billion, equivalent to 11% of total assets (2013: 10%). Adjusted for currency effects, there was an increase of €2.9 billion, partially due to the launch of new models and a larger number of model variants as well as the expected positive development of unit sales. This resulted primarily at the Mercedes-Benz Cars and Daimler Trucks divisions in increased stocks of finished and unfinished goods in Germany, China and the United States.

Trade receivables increased by €0.8 billion to €8.6 billion. The Mercedes-Benz Cars division accounts for 45% of these receivables and the Daimler Trucks division accounts for 32%.

Cash and cash equivalents decreased compared with the end of 2013 by €1.4 billion to €9.7 billion. The decrease amounted to €1.7 billion after adjusting for exchange-rate effects.

Marketable debt securities decreased compared with December 31, 2013 from €7.1 billion to €6.6 billion. Those assets include debt instruments that are allocated to liquidity, most of which are publicly traded. They generally have an external rating of A or better.

Other financial assets decreased from €6.2 billion to €6.0 billion. They primarily consist of the investments in Renault and Nissan and derivative financial instruments, as well as loans and other receivables due from third parties.

Other assets of €8.3 billion (2013: €5.5 billion) primarily comprise deferred tax assets and tax refund claims. The increase in deferred tax assets primarily relates to non-profit effects from pensions and similar obligations as well as from derivative financial instruments.

The Group's **equity** increased compared with December 31, 2013 from €43.4 billion to €44.6 billion. Equity attributable to the shareholders of Daimler AG increased to €43.7 billion (2013: €42.7 billion). Net profit of €7.3 billion see page 85 and positive currency translation effects of €1.8 billion led to the increase in equity. There were negative effects on equity, however, from the distribution of the dividend for financial year 2013 to the shareholders of Daimler AG (€2.4 billion), actuarial losses from defined benefit pension plans (€3.7 billion) and the remeasurement of derivative financial instruments (€1.9 billion). Compared to the 3% increase of equity, the balance sheet total disproportionately increased by 13%. Due to the above described effects, the Group's **equity ratio** of 22.1% was below the level of the end of 2013 (24.3%); the equity ratio for the industrial business was 40.8% (2013: 43.4%). It is necessary to consider that the equity ratios at the end of 2013 and 2014 are adjusted for the paid and proposed dividend payments.

Provisions increased to €28.4 billion (2013: €23.1 billion); as a proportion of the balance sheet total, they amounted to 15%, which is above the prior-year level of 14%. They primarily comprise provisions for pensions and similar obligations of €12.8 billion (2013: €9.9 billion), which mainly consist of the difference between the present value of defined benefit pension obligations of €30.1 billion (2013: €23.2 billion) and the fair value of the pension plan assets applied to finance those obligations of €18.6 billion (2013: €14.7 billion). The fall in discount rates, especially for the German plans from 3.4% at December 31, 2013 to 1.9% at December 31, 2014, led to an increase in the present value of the defined benefit pension obligations. This effect was partially offset by the extraordinary contribution of €2.5 billion to the German pension plan assets. Provisions also relate to liabilities from income taxes of €1.6 billion (2013: €1.3 billion) as well as from product warranties of €5.0 billion (2013: €4.7 billion), from personnel and social costs of €3.9 billion (2013: €3.2 billion) and other provisions of €5.0 billion (2013: €4.0 billion). Of the change in other provisions, €0.6 billion is accounted for by an increase in the provision relating to the EU Commission's investigation of European truck manufacturers.

Financing liabilities of €86.7 billion were above the level of December 31, 2013 (€77.7 billion). As well as currency effects of €3.4 billion, the increase primarily reflects the refinancing of the growing leasing and sales-financing business. 50% of the financing liabilities are accounted for by bonds, 26% by liabilities to financial institutions, 13% by deposits in the direct banking business and 7% by liabilities from ABS transactions.

Trade payables increased to €10.2 billion due to the higher volume of business (2013: €9.1 billion). The Mercedes-Benz Cars division accounts for 61% of those payables and the Daimler Trucks division accounts for 26%.

Other financial liabilities amounted to €10.7 billion (2013: €8.3 billion). They mainly consist of liabilities from derivative financial instruments, residual value guarantees, accrued interest expenses on financing liabilities, deposits received and liabilities from wages and salaries. The increase after adjusting for exchange-rate effects (€1.6 billion) is primarily related to derivative financial instruments.

Other liabilities of €9.1 billion (2013: €7.0 billion) primarily comprise deferred income, tax liabilities and deferred taxes. The increase mainly results from deferred income (€1.4 billion).

Further information on the assets presented in the statement of financial position and on the Group's equity and liabilities is provided in the Consolidated Statement of Financial Position see page 192, the Consolidated Statement of Changes in Equity see page 194 and the related notes in the Notes to the Consolidated Financial Statements.

Daimler AG

Condensed version according to the German Commercial Code (HGB)

In addition to reporting on the Daimler Group, in this chapter, we also describe the development of Daimler AG.

Daimler AG is the parent company of the Daimler Group and is domiciled in Stuttgart. Its principal business activities comprise the development, production and distribution of cars, vans and trucks in Germany and the management of the activities of the Daimler Group.

The vehicles are produced at the domestic plants of Daimler AG as well as under contract-manufacturing agreements by domestic and foreign subsidiaries and by producers of special vehicles. Daimler AG distributes its products through its own sales network of 32 German sales-and-service centers, through foreign sales subsidiaries and through third parties.

The annual financial statements of Daimler AG are prepared in accordance with the German Commercial Code (HGB). The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS). This results in some differences with regard to recognition and measurement, primarily relating to intangible assets, provisions, financial instruments, the leasing business and deferred taxes.

The main performance indicators for Daimler AG are unit sales, revenue and net profit.

Profitability

Profit from ordinary activities reported by Daimler AG for 2014 amounts to €5.0 billion (2013: €3.5 billion). The development of earnings reflects the growth in operating profit of €0.6 billion to €1.4 billion and the increase in financial income of €0.9 billion to €3.6 billion. ↗ B.36

Revenue increased, as forecast in the previous year, due to higher unit sales of vehicles and components by €8.4 billion to €83.9 billion. In the car business, revenue thus rose by 14% to €63.0 billion. Also with trucks and vans, revenue increased for the same reason by 3% to €20.9 billion.

The earnings achieved by the car business in 2014 were significantly higher than in the previous year. The development of earnings was influenced by ongoing growth in unit sales in Europe, Asia and the United States as well as an improved model mix. The main growth drivers were the S-Class and our expanded range of compact cars. There were opposing, negative effects from expenditure to enhance products' attractiveness and for new technologies and products, amongst other factors. Unit sales in the car business increased by 9% to 1,576,000 vehicles[1] in the year under review. Of the various model series, the S-Class segment was extremely successful in 2014 with an 86% increase in unit sales to 129,000 vehicles[1]. Compact cars posted sales growth of 22% to 486,000 units[1]. Due to lifecycle reasons, unit sales in the E-Class segment were lower than in the previous year.

Earnings from trucks and vans were higher than in 2013. Sales of trucks reached 92,000 units[1] (2013: 105,000). Sales of vans increased by 11% to 281,000 units[1].

1 Unit sales relate solely to new vehicles. The unit sales of Daimler AG include vehicles invoiced to companies of the Group which have not yet been sold on to external customers by those companies. Vehicle sales by production companies of the Daimler Group are not counted in the unit sales of Daimler AG.

Cost of sales increased by 10% to €75.3 billion. Increases in unit sales and expenses for new technologies and products led to higher cost of sales. Research and development expenses, which are included in cost of sales, were higher than in the previous year at €4.9 billion (2013: €4.7 billion); as a proportion of revenue, they amounted to 5.8% (2013: 6.2%). Research and development expenses were primarily related to the renewal and expansion of the product portfolio, especially with regard to the model series of the E-Class, the SUVs and the compact class. In addition, we are continuously working on new generations of engines and alternative drive systems. At the end of the year, approximately 17,000 people were employed in the area of research and development.

Selling expenses increased by €0.3 billion to €6.5 billion. This was primarily due to higher expenses for personnel and marketing. As a proportion of revenue, selling expenses decreased from 8.3% to 7.7%.

General administrative expenses of €1.9 billion were slightly above the prior-year level (2013: €1.8 billion). In relation to revenue, they amounted to 2.2% (2013: 2.4%).

Other operating income amounted to €1.1 billion (2013: €1.5 billion). The change compared with the previous year was mainly the result of higher expenses in connection with the ongoing antitrust investigation by the EU Commission of European manufacturers of commercial vehicles. ↗ B.36

Financial income improved by €0.9 billion to €3.6 billion, primarily due to higher net income from investments in subsidiaries and associated companies. That increase was mainly the result of the sale of our 50% equity interest in Rolls-Royce Power Systems Holding GmbH to Rolls-Royce Holdings plc.

The income tax expense amounted to €1.2 billion (2013 income tax benefit of €0.2 billion). In 2013, high tax benefits were included in connection with the tax assessment of previous years. The non-recurring of those tax benefits and a higher income tax expense for 2014 due to the improved profit before income taxes led to the increase in the income tax expense compared to prior year.

Net profit increased from €3.7 billion to €3.8 billion. This development primarily reflects the improved operating profit and the increased financial income. Due in particular to the higher than forecast operating profit, net profit is above the level that was originally expected.

The economic situation of Daimler AG primarily results from its business operations and those of its subsidiaries. Daimler AG participates in the operating results of its subsidiaries through distributions. The economic situation of Daimler AG is therefore fundamentally the same as that of the Daimler Group, which is described in the chapter “Overall Assessment of the Economic Situation.” see pages 116 f

Financial position, liquidity and capital resources

The balance sheet total of €85.3 billion is at the level of a year earlier.

Non-current assets decreased by €1.0 billion to €43.8 billion in 2014, primarily due to the lower amount of financial assets. This mainly reflects the sale of our 50% equity interest in Rolls-Royce Power Systems Holding GmbH to Rolls-Royce Holdings plc. Investments in property plant and equipment (approximately €2.5 billion excluding leased assets) mainly comprised investments for the production of the C-, E- and S-Class, as well as investments in engine and transmission projects.

Inventories increased by €1.1 billion to €7.8 billion at December 31, 2014. The increase was mainly related to finished goods and raw materials and manufacturing supplies, as well as unfinished goods to a lower extent, and was caused by the high production volume.

Receivables, securities and other assets increased compared with December 31, 2013 by €1.1 billion to €30.0 billion. The main reason for this development was growth in receivables of €0.9 billion. Cash and cash equivalents decreased by €1.3 billion to €3.4 billion, partially due to the extraordinary contribution to pension plan assets of €2.4 billion.

Gross liquidity – defined as cash and cash equivalents and other marketable securities – of €8.6 billion was lower than a year earlier (2013: €9.3 billion).

Cash provided by operating activities amounted to €3.2 billion at the end of 2014 (2013: €6.0 billion). The decrease primarily reflects significantly higher contributions to pension plan assets as well as higher inventory growth. There was an opposing, positive effect on the cash flow from the increased operating profit in 2014.

B.36

Condensed statement of income of Daimler AG

In millions of euros	**2014**	2013
Revenue	**83,947**	75,531
Cost of sales (including R&D expenses)	**-75,307**	-68,183
Selling expenses	**-6,518**	-6,243
General administrative expenses	**-1,885**	-1,779
Other operating income, net	**1,122**	1,497
Operating profit	**1,359**	823
Financial income	**3,635**	2,687
Profit from ordinary activities	**4,994**	3,510
Income tax expense/benefit	**-1,223**	203
Net profit	**3,771**	3,713
Transfer to retained earnings	**-1,150**	-1,306
Distributable profit	**2,621**	2,407

Cash flows from investing activities resulted in a net cash outflow of €1.3 billion in 2014 (2013: €7.1 billion). The lower cash outflow was the result of lower net investment in securities. Another factor is that investments in financial assets also decreased. The sale of the equity interest in Rolls-Royce Power Systems Holding GmbH had a positive impact on cash flows from investing activities.

Cash flows from financing activities resulted in a net cash outflow of €3.2 billion (2013: €1.3 billion). The increased outflow is explained by the lower volume of external financing liabilities entered into compared with the previous year. Intragroup (cash) liabilities to subsidiaries in the context of the central finance and liquidity management decreased compared with 2013 at a lower rate. Cash flows from financing activities include the payment of the dividend for the year 2013 in an amount of €2.4 billion.

B.37

Balance sheet structure of Daimler AG

	Dec. 31, 2014	Dec. 31, 2013
In millions of euros		
Assets		
Non-current assets	**43,772**	44,748
Inventories	**7,846**	6,682
Receivables, securities and other assets	**29,985**	28,869
Cash and cash equivalents	**3,399**	4,718
Current assets	**41,230**	40,269
Prepaid expenses	**256**	259
	85,258	85,276
Equity and liabilities		
Share capital	**3,070**	3,069
(conditional capital €500 million)		
Capital reserve	**11,480**	11,477
Retained earnings	**19,891**	18,748
Distributable profit	**2,621**	2,407
Equity	**37,062**	35,701
Provisions for pensions and similar obligations	**1,391**	3,405
Other provisions	**10,470**	9,214
Provisions	**11,861**	12,619
Trade payables	**5,412**	5,352
Other liabilities	**30,379**	31,111
Liabilities	**35,791**	36,463
Deferred income	**544**	493
	85,258	85,276

Equity increased compared with December 31, 2013 by €1.4 billion to €37.1 billion. This change primarily resulted from the net profit for 2014, of which, in accordance with Section 58 Subsection 2 of the German Stock Corporation Act (AktG), €1.2 billion was transferred to retained earnings. The equity ratio at December 31, 2014 was 43.5% (December 31, 2013: 41.9%).

Provisions decreased compared with December 31, 2013 by €0.8 billion to €11.9 billion. This primarily reflects lower provisions for pensions and similar obligations resulting from the extraordinary contribution of €2.4 billion to the pension plan assets. There was an opposing effect, however, mainly due to the increase in the expenses relating to the ongoing anti-trust investigation by the European manufacturers of commercial vehicles, an increase in personnel and social-security obligations and the sales-related increase in provisions for warranty claims.

Liabilities decreased by €0.7 billion to €35.8 billion. This change is mainly related to liabilities to subsidiaries (minus €2.6 billion). Financing liabilities increased by €1.9 billion, however.

Risks and opportunities

The business development of Daimler AG is fundamentally subject to the same risks and opportunities as the Daimler Group. Daimler AG generally participates in the risks of its subsidiaries and associated companies in line with the percentage of each holding. The risks are described in the “Risk and Opportunity Report.” see pages 132 ff For Daimler AG, we assess the probability of occurrence of the risks connected with pension plans as high. These risks increase along with a decreasing discount rate. Charges may additionally arise from relations with subsidiaries and associated companies in connection with statutory or contractual obligations (in particular with regard to financing).

Outlook

Due to the interrelations between Daimler AG and its subsidiaries and the relative size of Daimler AG within the Group, we refer to the statements in the “Outlook” chapter, which also largely reflect our expectations for the parent company. see pages 146 ff Daimler AG expects to post a significantly lower net profit in the year 2015 than in 2014. That decrease will primarily be caused by the expected higher expense from provisions for pensions and similar obligations, which in turn is the result of the ongoing low level of market interest rates. In addition, the restructuring of our sales-and-service centers in Germany is connected with substantial charges on our operating profit in 2015.

Sustainability.

Sustainability at Daimler

Our view of sustainability. For us, sustainability means conducting business responsibly to ensure long-term success in harmony with the environment and society. We are moving toward our goals by making sustainability a firmly integrated aspect of our operations and by requiring and promoting a strong sense of responsibility for sustainable operations among all of our managers and employees throughout the Group. We include our business partners in this process and conduct a dialogue on these issues with our stakeholders. Our management structures, processes and systems are designed in accordance with this concept of sustainability. As one of the world's foremost automakers, Daimler clearly occupies a leading position in the area of sustainability.

Our sustainability strategy. We have developed a Group-wide sustainability strategy to enable us to meet the requirements associated with sustainability, and we systematically pursue the sustainability goals we have set for ourselves. This strategy is embedded in our corporate strategy, which is based on our four core values of passion, respect, integrity and discipline. We can only ensure sustained profitability and society's acceptance of our business activities if we take into account the impact all of our business processes have on the environment and society, and if we align our business targets with environmental and social requirements.

Our sustainability strategy has six core aspects ("dimensions of responsibility"), to which relevant areas have been assigned where action needs to be taken. We have linked them with targets and target indicators. Together, all of our goals and targets serve as the basis for our medium- to long-term Sustainability Program 2020, which we use to measure our performance, although we also wish our performance to be judged externally. Sustainability Program 2020 also defines the areas in which we plan to take action in the coming years. For example, we aim to further reduce pollutants and emissions, further enhance the safety of our vehicles, and further expand and more systematically structure our efforts to protect human rights. We also seek to improve our dialogue with our suppliers and dealers and to further strengthen our social commitment.

Our business activities are also strongly guided by the ten principles of the UN Global Compact, to which we are firmly committed as a founding member. We are also a member of the Global Compact LEAD Group. Our internal principles and guidelines are based on this international reference framework as well as on other international principles.

- We are committed to both legal and ethical standards and we must ensure that these standards are adhered to around the world – by our business partners and suppliers as well.
- Road traffic is one of the causes of CO_2 and pollutant emissions. As an automobile manufacturer, we work to promote sustainable mobility solutions and have demonstrated our innovative capability with regard to environmental and resource protection and safety.
- Our operations impact the environment, and this is especially the case in vehicle production. We therefore employ a consistent system of environmental management in order to minimize this impact.
- As an employer, we have a responsibility to ensure fair and attractive working conditions for our 280,000 employees worldwide.
- As a corporate citizen, we seek to contribute to the common good beyond the level of our business operations, and we utilize our special expertise in order to achieve this goal.

Group-wide sustainability management. At Daimler, sustainability is thematically and organizationally embedded in our Group-wide corporate governance activities. see pages 182 ff The Corporate Sustainability Board (CSB) is the central management body for all sustainability-related issues. The operational work is conducted by the Corporate Sustainability Office, which is staffed by representatives of the specialist departments and divisions. Since 2011, we have been using the Sustainability Scorecard as a tool for steering our efforts to meet key sustainability targets. The scorecard uses a color-coded system either to display the success of quantitative indicators and qualitative objectives or to show that action needs to be taken. This allows targeted measures to be taken with the direct involvement of corporate management.

Comprehensive reporting on sustainability. In 2014, Daimler published its tenth Group-wide sustainability report. The report provides a detailed and comprehensive sustainability balance sheet for the previous financial year and is supplemented by an interactive online sustainability report that contains more detailed and extensive information.
daimler.com/sustainability

The new sustainability report on financial year 2014 will be presented at Daimler's Annual Shareholders' Meeting in early April 2015. The report was drawn up in line with the Global Reporting Initiative (GRI) guidelines 4.0. In this context, Daimler specifically highlights all of the company's key sustainability-related issues. This applies in particular to focal topics such as further reductions in the fuel consumption of our vehicles through hybridization, for example, as well as our attractiveness as an employer, our activities in China and the company's mobility concepts. In addition, we report on specific issues such as the remanufacturing of used engines, the further expansion of initiatives related to integrity and compliance, and efforts to boost employee commitment to sustainability-related issues.

Research and development

Research and development as key success factors. Research and development have always played a key role at Daimler. Our researchers anticipate trends, customer wishes and the requirements of the mobility of the future, and our development engineers systematically implement these ideas in products that are ready for series production. Our goal is to offer our customers fascinating products and customized solutions for need-oriented, safe and sustainable mobility. Our technology portfolio and our key areas of expertise are oriented toward this objective.

The expertise, creativity and drive of our employees in research and development are key factors behind our vehicles' market success. At the end of 2014, Daimler employed 21,700 men and women at its research and development units (2013: 21,300) A total of 14,000 employees (2013: 13,600) worked at Group Research & Mercedes-Benz Cars Development, 5,500 (2013: 5,600) at Daimler Trucks, 1,000 (2013: 1,000) at Mercedes-Benz Vans and 1,100 (2013: 1,100) at Daimler Buses. Around 4,600 researchers and development engineers (2013: 4,400) worked outside Germany.

Our international research and development network. Our global research and development network comprises 21 locations in ten countries. Our biggest facilities are in Sindelfingen and Stuttgart-Untertürkheim in Germany. Approximately 120 people are currently employed in Sunnyvale, California, the headquarters of our research facilities in North America. Other important research locations in North America are Long Beach, California; Portland, Oregon; and Redford, Michigan. Our most important locations in Asia are our facility in Bangalore, India; the Global Hybrid Center in Kawasaki, Japan; and our research and development center in Beijing. With its approximately 2,000 employees, Mercedes-Benz Research and Development India (MBRDI) is Daimler's largest research and development center outside Germany. In November 2014, Daimler Greater China Ltd. opened a new research and development center in China, thereby expanding the existing R&D network in Beijing. The Advanced Design Studio is the most important component of the new center and it also serves as the Group's new design hub in Asia. Its primary task is to provide Chinese customers with an even more intense Mercedes-Benz brand experience. Some 500 highly qualified engineers and designers will work at the new Mercedes-Benz research and development center in China in the future. In 2013, our van joint venture in China, Fujian Benz Automotive Corporation, opened a new product development center in Fuzhou. This facility, which is the first Mercedes-Benz Vans product development center outside Germany, has a design and calculation department, proving grounds, test labs and component and complete-vehicle test rigs.

Along with our internal activities, we also maintain close contacts with external research institutions. For example, we work together with various renowned research institutes and participate in international exchange programs for up-and-coming scientists.

Targeted involvement of the supplier industry. In order to reach our ambitious goals, we also cooperate very closely with research and development units from the supplier industry. Daimler must be closely meshed with supplier companies in order to deal with the rapid pace of technological change in the automotive industry and the need to quickly bring new technologies to market. Strong partners from the supplier industry are also indispensable for our efforts to develop and offer new concepts for future mobility. As part of our joint research and development work, we ensure that the Group retains the key technological expertise it needs in order to keep our brands distinct and to safeguard the future of the automobile in general.

Intellectual property rights secure our leadership in technology and innovation. Carl Benz invented and patented the automobile in 1886. Since then, we have refined automobiles with more than 100,000 patents. In the year 2014, a total of 2,049 new ideas were registered for patents (2013: 2,078). These patent applications secure not only scope for the application of innovative technologies, but also the exclusivity of our innovations. Inventions are identified and protected at all of our sites in the global research and development network – especially in Germany, China, Japan, the United States and India. In addition to industrial property rights, unique visual aspects of our products are protected with over 6,400 designs registered in 2014 (2013: 6,100). Furthermore, with a portfolio of more than 32,900 trademarks (2013: 32,500), we protect the renowned and valuable Mercedes-Benz brand, the three-pointed star and all other product brands in each relevant market.

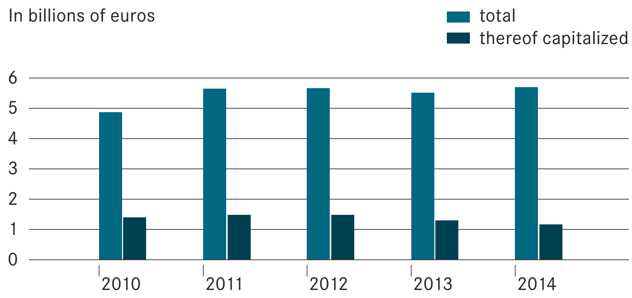
€5.7 billion for research and development. We want to continue shaping mobility through our pioneering innovations in the coming years. As we had already announced in Annual Report 2013, we once again invested the very large amount of €5.7 billion in research and development work in 2014 (2013: €5.5 billion). Of that amount, €1.1 billion (2013: €1.3 billion) was capitalized as development costs, which amounts to a capitalization rate of 20% (2013: 23%). The amortization of capitalized research and development expenditure totaled €1.2 billion during the year under review (2013: €1.1 billion). With a rate of 4.4% (2013: 4.7%), research and development expenditure also remained at a high level in comparison with revenue. Research in the reporting year focused on new vehicle models, extremely fuel-efficient and environmentally friendly drive systems and new safety technologies. We made improvements in all of the main areas that help further increase our vehicles' efficiency – ranging from innovative drive-system concepts to energy management, aerodynamics and lightweight engineering.

The most important development projects at Mercedes-Benz Cars were the successor models of the E-Class and M-Class, as well as our new generation of compact cars. In addition, we continually invest in new low-emission engines, alternative drive systems and innovative safety technologies. Mercedes-Benz Cars spent a total of €4.0 billion on research and development in 2014, surpassing the high level of expenditure in 2013 (€3.8 billion). Daimler Trucks invested €1.2 billion in research and development projects (2013: €1.2 billion). The focus there was on new medium-duty and heavy-duty engines as well as on the successor generations of existing products. R&D expenditure at Mercedes-Benz Vans mainly for ongoing product enhancement measures, as well as efforts to further reduce emissions and increase fuel efficiency. Daimler Buses primarily focused its development activities on new products, the fulfillment of new emissions standards and the creation of alternative drive systems. Around half of our research and development expenditure is applied for the development of green technologies. ↗ B.38 ↗ B.39

B.38

Research and development expenditure

In billions of euros



B.39

Research and development expenditure by division

In millions of euros	2014	2013	14/13 % change
Daimler Group	5,680	5,489	+3
thereof capitalized	1,148	1,284	-11
Mercedes-Benz Cars	4,025	3,808	+6
thereof capitalized	1,035	1,063	-3
Daimler Trucks	1,188	1,171	+1
thereof capitalized	34	79	-57
Mercedes-Benz Vans	293	329	-11
thereof capitalized	68	139	-51
Daimler Buses	182	187	-3
thereof capitalized	11	3	+267

Innovation and safety

Innovations for the mobility of the future. The greatest possible customer utility, the most stringent safety standards, maximum environmental compatibility and efficiency – we rely on innovative concepts and environmentally sound product development to help us achieve all of those goals simultaneously. Our innovations range from pioneering vehicle and drive-system technologies to intelligent lightweight engineering concepts and sophisticated assistance systems that can prevent accidents. Over recent years in particular, we have made tremendous progress on the road to accident and emission-free driving. We have a greater range of electric vehicles on the road than any other automaker and we also set standards for safety. We have established a leading position in the area of autonomous driving in particular, and we plan to further strengthen this position.

On the road to emission-free mobility. Finite oil reserves, population growth – especially in urban centers – and the unabated demand for mobility require new solutions for all aspects of transport. Our goal is to safeguard mobility for the generations to come. We therefore strive to offer our customers safe and efficient low-emission vehicles and associated services. Our vision for the future is to establish a mix of drive systems that reflect market demands. Our "Road to Emission-free Driving" initiative defines the key development approaches for creating extremely fuel-efficient and environmentally friendly drive-system technologies at all of our divisions:

1. We continue to enhance our vehicles with state-of-the-art internal combustion engines that we are optimizing to achieve significantly lower fuel consumption and emissions.
2. We are achieving further perceptible increases in efficiency through customized hybridization, i.e. the combination of combustion engines and electric motors.
3. Our electric vehicles, powered by batteries or fuel cells, are making locally emission-free driving possible. ↗ B.40

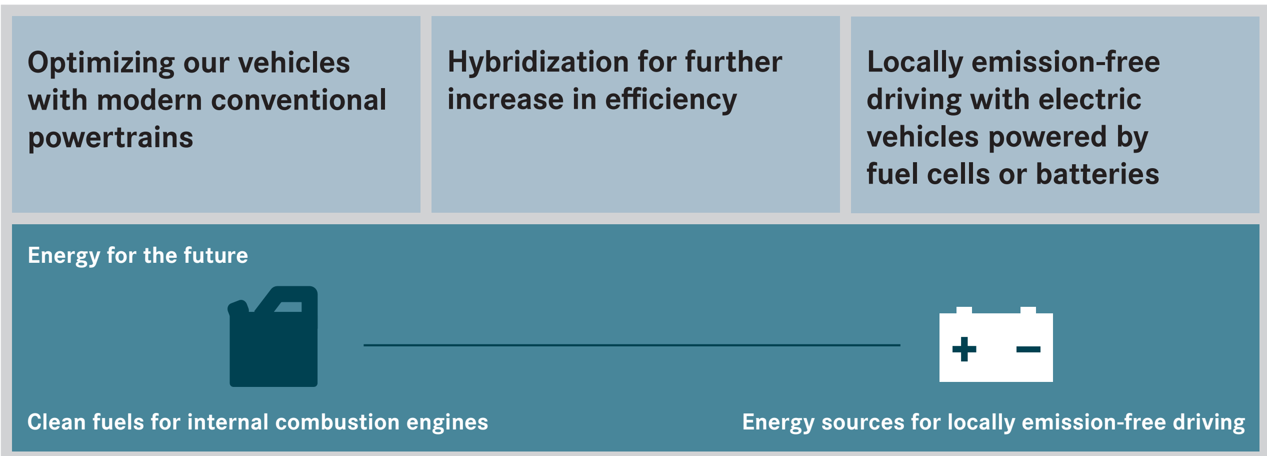
During the year under review, new products and technologies once again enabled us to make substantial progress on the "Road to Emission-free Driving." The examples on the following pages show how this is happening.

Efficient cars and commercial vehicles with internal combustion engines. Much of our research and development work continues to focus on making our cars and commercial vehicles with internal combustion engines even more efficient. This is largely made possible by engines with low displacement and turbochargers, as well as by lightweight engineering, aerodynamic improvements, tires with low roll resistance, demand-appropriate energy management and an automatic start-stop function. A good example of this is the new C-Class, which we began to deliver to customers in April 2014. The improvements we made to the vehicle body, as well as to the model's engines and auxiliary systems, have significantly decreased fuel consumption, by as much as 32% in some cases. We are exploiting additional potential through intelligent and customized hybridization. For example, the most fuel-efficient C-Class model at present – the C 300 BlueTEC HYBRID[1] – consumes only 3.6 liters of diesel per 100 kilometers (NEDC combined) and has CO_2 emissions of just 94 grams per kilometer. The most economical variant of the new updated B-Class – the B 180 CDI BlueEFFICIENCY Edition[2] – boasts fuel-consumption and emission figures that are just as low.

We have also further reduced the fuel consumption of the most recent additions to our range of trucks. Our new Actros, Arocs, Antos and Atego series and the heavy-duty Freightliner Cascadia Evolution in the United States, and the new FUSO Super Great V are all the cleanest and most economical trucks in their respective classes. In addition, our new buses are making a huge impression with outstanding fuel efficiency.
see page 109

B.40

Road to emission-free mobility



First plug-in hybrid with the star. The first certified "three-liter" luxury sedan in the world marks yet another milestone on the road to emission-free mobility. The new Mercedes-Benz S 500 PLUG-IN HYBRID[3] combines an ultramodern hybrid drive concept with the unique innovations and luxurious appointments typical of the S-Class. This long-wheelbase sedan, which we began to deliver to customers in October 2014, makes a huge impression with its exceptionally dynamic handling and efficiency. see pages 4 ff

The S 500 PLUG-IN HYBRID[3] joins the S 400 HYBRID[4] and the S 300 BlueTEC HYBRID[5] as the third hybrid model in the S Class series. We will launch a total of ten plug-in hybrid cars in the period until 2017. It will be possible to recharge all these models batteries' also from external power sources.

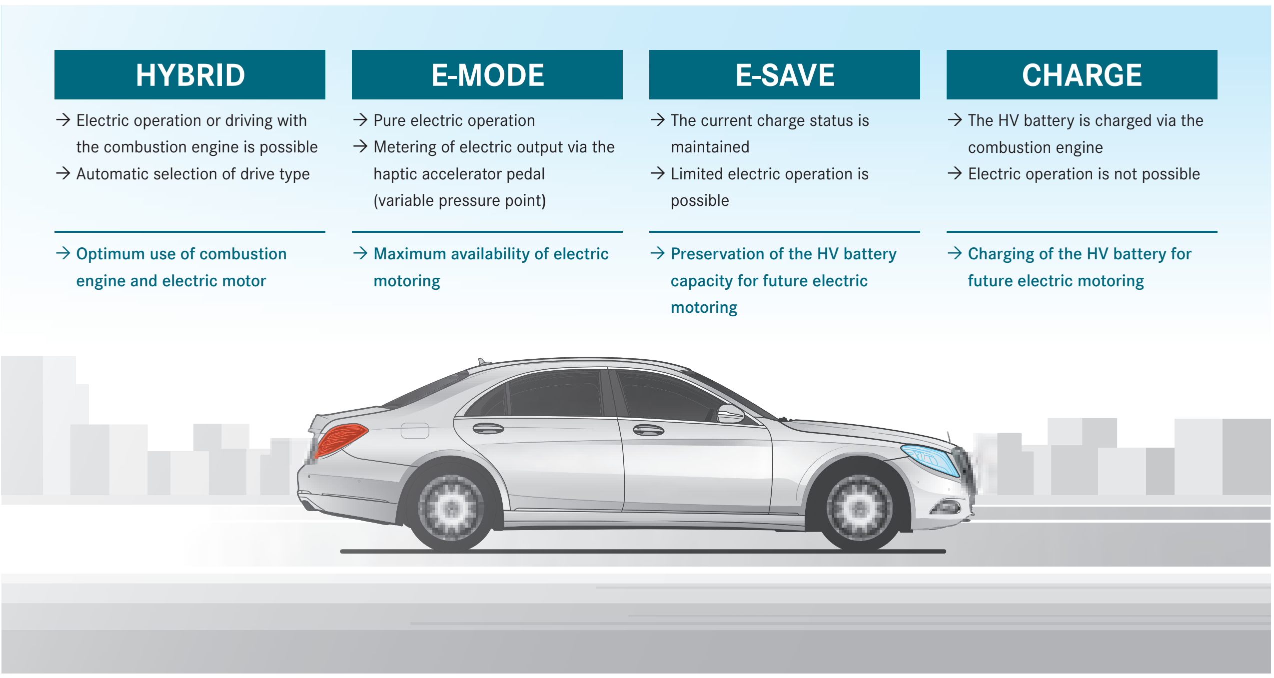
Intelligent energy management for hybrid vehicles. The engineers who develop new hybrid models are benefiting more and more from cooperation with our successful Formula 1 racing team, which also uses high-tech hybrid drive to save on fuel. The synergies here benefit both production vehicles and race cars. Many hybrid vehicles fail to take on energy when driving downhill because their high-voltage batteries are often too fully charged at the wrong moment to absorb the additional energy recovered in such situations. The "Intelligent HYBRID" operating strategy that Mercedes-Benz utilizes in the S-Class and will use in other models in the future ensures that the high-voltage battery remains in a charging stage that allows all the possibilities offered by energy recovery on a given road and terrain to be fully exploited. If the battery is too fully charged, the electric motor automatically supports the combustion engine in order to allow the battery to discharge to a level that enables it to fully absorb the anticipated amount of recovered energy. The system uses data from the COMAND Online navigation system to calculate the recovery potential along the road ahead. "Intelligent HYBRID" is the only predictive operating strategy in existence to engage not only when a destination is programmed into the navigation system, but also when the destination-guidance feature is inactive. In this case, the system bases the probability the vehicle will stay on its current route on the type of road it is traveling on. see pages 8 ff

Another new feature in the Mercedes-Benz S 500 PLUG-IN HYBRID[3] is the so-called haptic gas pedal, which gives drivers a double impulse signal to indicate when they should take their foot off the gas in order to coast the vehicle and recover energy. When the vehicle is in the pure electric mode, the system can tell the driver when it is time to engage the combustion engine. The current energy flow is shown in the instrument cluster and on a central display in all operating modes if the customer chooses to activate this function.

1 C 300 BlueTEC HYBRID: fuel consumption in l/100 km: urban 4.1-3.9, extra-urban 3.9-3.4, combined 4.0-3.6; CO_2 emissions in g/km: combined 104-94
2 B 180 BlueEFFICIENCY Edition: fuel consumption in l/100 km: urban 4.3, extra-urban 3.2, combined 3.6; CO_2 emissions in g/km: combined 94
3 S 500 PLUG-IN HYBRID: fuel consumption in l/100 km: combined: 2.8; CO_2 emissions in g/km: combined 65; electricity consumption in kWh/100 km: 13.5
4 S 400 HYBRID: fuel consumption in l/100 km: urban 7.4-6.6, extra-urban 6.5-6.1, combined 6.8-6.3; CO_2 emissions in g/km: combined 159-147
5 S 300 BlueTEC HYBRID: fuel consumption in l/100 km: urban 4.8-4.7, extra-urban 4.6-4.3, combined 4.7-4.4; CO_2 emissions in g/km: combined 124-115

B.41

Intelligent operating strategy: Operating modes



A unique spectrum of electrically powered vehicles. Our spectrum of electric vehicles ranges from cars to vans, light trucks and buses. The following is a list of electric Daimler vehicles currently on the road: the smart fortwo electric drive[1], the A-Class E-CELL[2], the SLS AMG Coupe Electric Drive[3], the B-Class F-CELL[4], the B-Class Electric Drive[5] and, in the commercial vehicle segment, the Vito E-CELL, the Mercedes-Benz Citaro FuelCELL Hybrid, the FUSO Canter E-CELL and the Freightliner Custom Chassis MT E-CELL All-Electric.

The smart fortwo electric drive[1] is now available in 18 markets worldwide and is also one of the best-selling electric cars in Germany. More than 1,300 e-smarts are also being used around the clock in various cities as part of our innovative car2go mobility service.

The new B-Class Electric Drive[5] was initially launched in the US market in 2014 and was later introduced in Germany as well in November. The model sets standards for compact electric vehicles in terms of comfort, quality and safety. Its quiet, locally emission-free operation is made possible by a 132 kW electric motor, which delivers its maximum torque of 340 Nm as soon as the driver presses the gas pedal. That is about the same as the amount of torque provided by a state-of-the-art three-liter gasoline engine. Energy for the electric drive system is supplied by a powerful lithium-ion battery, which is located in the “energy space” of the car’s underbody, where it is safely protected and takes up little room. This setup is also what allows the five-seater to maintain the famously spacious interior and cargo area of the conventional B-Class. To extend the car’s range, its top speed is electronically limited to 160 km/h. The vehicle has a range of about 200 kilometers, depending on the driving cycle.

In China, we launched the first electric car of the DENZA brand in September 2014. We jointly developed, and now locally produce, this innovative model with our partner BYD. The DENZA fully lives up to its promise to be the safest, most reliable and most sophisticated electric vehicle from and for China. With its range of up to 300 kilometers, the DENZA is the perfect automobile for daily use. Thanks to a wheelbase that corresponds to that of a Mercedes-Benz E-Class, this electric car is also able to offer plenty of legroom in the back as well, not to mention cargo volume of 460 liters. As a result of its outstanding safety concept, the DENZA was also the first electric vehicle to receive five stars in a crash test for China’s new-car assessment program (NCAP).

Fuel cell endurance test. In October 2014, a B-Class F-CELL[4] from Mercedes-Benz’s current fuel-cell fleet set a new endurance record after being driven for more than 300,000 kilometers in totally normal conditions. This test, which had never before been conducted anywhere in the world, shows that fuel-cell vehicles also operate reliably under extreme stress and can be driven for many years. Daimler AG was presented with the “f-cell Award 2014” for the record-setting test, which marked the third time the company has won this fuel cell innovation competition.

The Mercedes-Benz B-Class F-CELL[4] is manufactured under series production conditions. Customers in Europe and the United States have been driving the model under normal everyday conditions since 2010. Daimler’s fuel-cell fleet, which together with a large number of research cars now totals more than 300 vehicles, has clocked up well over nine million kilometers of driving to date. Our engineers continue to use the results of studies on how they operate to identify additional optimization potential and to make corresponding improvements in the development of the next generation of fuel-cell vehicles. Daimler is still working with the clear goal of manufacturing and marketing competitive fuel-cell vehicles in 2017.

Autonomous driving in the United States. In September 2014, Mercedes-Benz became one of the first automakers to receive permission to test autonomously driving vehicles on public roads in California. Since October 2014, Daimler has also been using the largest test site in the United States – the Concord Naval Weapons Station (CNWS) – for conducting additional tests with this forward-looking technology. Self-driving vehicles can be safely tested in Concord, California, even in particularly dangerous conditions and situations. Nevertheless, our research here continues to focus on tests under real-life conditions. Our research activities in the United States are designed to promote the development of autonomous driving worldwide, as the road infrastructure in the United States differs from that in Germany in many ways. For example, streets, roads and highways in Germany are generally narrower than in the United States, where lanes are also wider and some major highways can have six or even eight lanes. Traffic lights in the United States are also mounted on the other side of the intersection from where the vehicle is standing. In addition, merging traffic is more common in the United States, which also has four-way stop signs that give the right of way to the first vehicle that arrives at the intersection. The knowledge Mercedes-Benz gains in the US is helping the brand take significant steps forward with the development of autonomous driving technology.

In 2013, Daimler impressively demonstrated in Germany that autonomous driving is already technologically possible even in complex urban and rural traffic situations: In August 2013, the Mercedes-Benz S 500 INTELLIGENT DRIVE – a new S-Class equipped with technology close to series production – drove completely autonomously along the roughly 100-kilometer historical route once traveled by Bertha Benz from Mannheim to Pforzheim.

Intelligent automobile connectivity. Digitization has long since become a normal part of our lives. Today’s automobiles are also “always on” and intelligently connected. Mercedes-Benz brought the Internet into the automobile many years ago; now it is connecting the car itself to the Web. Beginning with the new C-Class station wagon, our “Mercedes connect me” system has enabled us to successively equip our models with a state-of-the-art communication module that makes it possible for our customers to access their vehicle anytime and from anywhere via their smartphone, tablet or any other computer. This communication module also allows traffic information to be called up in the vehicle in real time and ensures rapid assistance in the event of an accident.
mercedes-benz.com/en/mercedes-me/

It goes without saying that safe and comfortable operation was a top priority in the development of all of our new infotainment systems. That's because minimal driver distraction and a high degree of user-friendliness are more important to us than the integration of technical gimmicks.

Naturally, we also paid close attention to data protection from the very beginning. The car of the future will increasingly become a digital companion, which means data always has to be just as safe and secure as the vehicle and its occupants. We therefore refer to our approach here as "Privacy by Design," by which we mean that data protection is given top priority as early as the design stage for networked services.

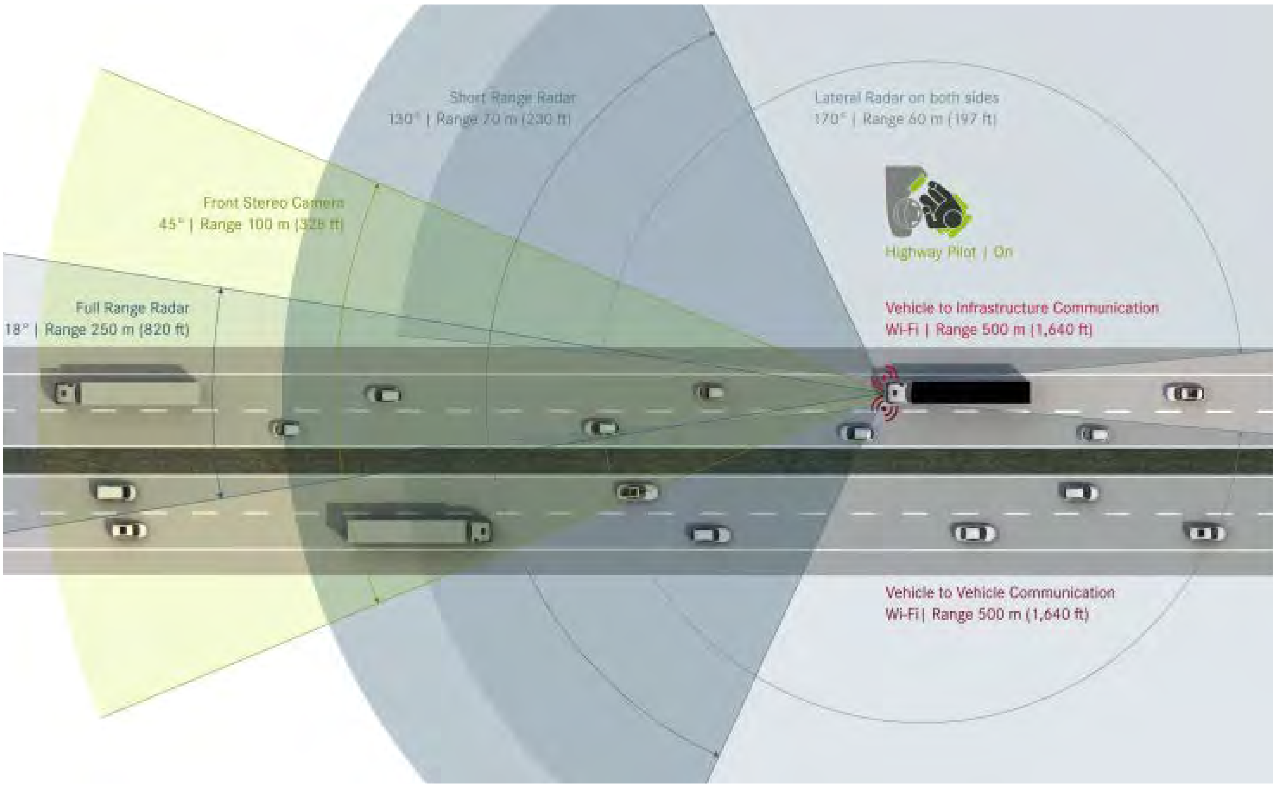
F 015 Luxury in Motion. In early January 2015, Mercedes-Benz presented the new research vehicle "F 015 Luxury in Motion" at the International Consumer Electronics Show (CES) in Las Vegas. The autonomously driving luxury sedan shows how the automobile is being transformed from a vehicle into a space for private relaxation. With a very roomy lounge-style interior, the F 015 raises the aspects of comfort and luxury to a new level. A key idea of the research vehicle is the continuous exchange of information between car, occupants and the outside world. This takes place with the help of six displays harmoniously integrated into the dashboard as well as the sides and rear of the passenger compartment. The occupants can interact with the connected car intuitively using gestures, eye movements or the high-definition touch screen. And the F 015 Luxury in Motion is in touch with its environment using laser projection and LED signals, and thus becomes an interactive partner in road traffic. The research vehicle sets standards also in terms of its drive system: Its total range under electric power with fuel cells is approximately 1,100 kilometers. Approximately 200 km can be driven under battery power and 900 km with electricity from the fuel cells. see pages 36 f

World premiere of the future of truck transportation. From a vision to reality – the spectacular Mercedes-Benz Future Truck 2025 study, which was presented at the IAA Commercial Vehicles show in September 2014, offers a visually fascinating and technically feasible preview of the long-distance trucks of tomorrow. In ten years, trucks could be driving autonomously on highways, which would be good for the economy and society. Such a development would boost transport efficiency, make driving safer for everyone, and further reduce fuel consumption and CO_2 emissions. Mercedes-Benz therefore continues to link existing assistance systems with improved sensor technology in its "Highway Pilot" system, which has already made autonomous driving at realistic speeds on highways a reality today. see pages 14 ff

1 smart fortwo electric drive: electricity consumption in kWh/100 km: 15.1; CO_2 emissions in g/km: 0.0
2 A-Class E-CELL: electricity consumption in kWh/100 km: 17.5; CO_2 emissions in g/km: 0.0
3 SLS AMG Coupe Electric Drive: electricity consumption in kWh/100 km: 26.8; CO_2 emissions in g/km: 0.0
4 B-Class F-CELL: H_2 consumption in kg/100 km: 0.97; CO_2 emissions in g/km: 0.0
5 B-Class Electric Drive: electricity consumption in kWh/100 km: 16.6; CO_2 emissions in g/km: 0.0

B.42

Autonomous driving with the Mercedes-Benz Highway Pilot



Our “road to accident-free driving.” Vehicle safety is one of our core areas of expertise and a key component of our product strategy. An important chapter in the history of vehicle safety actually began 75 years ago when the engineer Béla Barényi joined the former Daimler-Benz AG. Mercedes-Benz has been shaping the development of safety systems ever since that time. Many of the company’s innovations, especially those for protecting vehicle occupants and other road users, have saved countless lives. Our vision of accident-free driving will continue to motivate us to make mobility as safe as possible for everyone in the future.

Intelligent Drive in the new C-Class. Ensuring the highest degree of safety for everyone – this is the stated goal of Mercedes-Benz. That is why within the framework of the Mercedes-Benz Intelligent Drive program, we equipped the new C-Class with many of the new assistance systems with expanded features that celebrated their world premiere in the S-Class and E-Class. Although the European NCAP (New Car Assessment Program) crash tests were more extensive and stringent in 2014 than in the previous year, the new Mercedes-Benz C-Class passed them with flying colors. The model thus received the best rating of five stars for occupant safety, child safety, pedestrian protection and its assistance systems. The Mercedes-Benz C-Class also received the Euro NCAP Advanced Reward for two of its safety systems: ATTENTION ASSIST, which detects signs of driver fatigue, and the PRE SAFE® anticipatory occupant protection system. The Mercedes-Benz GLA compact SUV and the V-Class underwent NCAP tests as well and also received top marks.

PRE-SAFE® expanded to include important new functions. Ten years ago, Mercedes-Benz presented a groundbreaking safety-technology concept in the form of the PRE-SAFE® anticipatory occupant protection system, which has been continuously further developed ever since. New important components were also added in 2014. These new PRE-SAFE® functions can help prevent accidents with pedestrians and rear-end collisions in city traffic, defuse dangerous situations caused by traffic coming from behind, and enhance the protection offered by seatbelts. The PRE-SAFE® Brake can now also detect pedestrians and initiate an autonomous braking maneuver to avoid a collision at speeds up to 50 km/h. PRE-SAFE® PLUS can recognize an imminent rear-end collision and warn cars behind by rapidly flashing the rear hazard lights. If the danger of a collision persists, the system can also firmly apply the brakes to the stationary car and thus minimize the risk of whiplash by reducing the forward jolt caused by the impact. In addition, the autonomous braking feature to protect against collisions with vehicles ahead has also been significantly improved.

Blind Spot Assist for trucks. Collisions during turns occur very frequently and usually cause serious damage. This is especially true when trucks and unprotected pedestrians or cyclists are involved. Blind Spot Assist from Mercedes-Benz helps prevent such collisions by reliably warning truck drivers of potential danger during turns in situations where visibility is limited. Organizations such as the German Insurance Association (GDV) estimate that Blind Spot Assist can prevent around half of all accidents that involve trucks and pedestrians or cyclists. As a result, the number of associated fatalities could fall by nearly one third. The heart of Blind Spot Assist is a radar sensor mounted in front of the truck’s rear axle on the passenger side of the vehicle. The system is arranged in such a way that it covers the entire length of a semi-trailer truck or a truck and trailer combination. The area monitored even extends forward to two meters in front of the truck. The driver is given a visual signal if a moving object is detected in the monitored area at the side of the truck. If there is the risk of a collision, additional visual and audible warnings are issued. Visual and audible warnings are also issued if the sensors detect a stationary obstacle such as a traffic light or street light in the tracking pattern of the truck during the process of turning. This comprehensive support for the driver occurs over the entire speed range of the truck from a standstill to the permitted maximum speed.

New emergency braking system for touring coaches. In recent years, the Mercedes-Benz Travego high-deck touring coach has been setting standards for safety technology. The latest world first in the Travego is Active Brake Assist 3 (ABA 3). The predecessor generation, ABA 2, was already able to initiate a braking maneuver when the danger of a collision with slower vehicles ahead or with stationary obstacles existed. The new ABA 3 can do even more. For example, it is able to initiate automatic emergency braking when stationary obstacles are encountered. New legislation requires that all touring coaches newly registered as of November 2015 be equipped with an emergency braking assistance system. These requirements will also be further tightened beginning in the fall of 2018. The Travego with ABA 3 can already do more today than the regulations for 2018 will require.

Environmental protection

A comprehensive approach to environmental protection. Protecting the environment is a primary corporate objective of the Daimler Group. Environmental protection is not separate from other objectives at Daimler; instead, it is an integral component of a corporate strategy aimed at long-term value creation. For Daimler, a focus on the highest possible product quality includes compliance with stringent environmental standards and the sparing use of vital natural resources. Our measures for manufacturing environmentally friendly products therefore take the entire product lifecycle into account – from design, production and product use all the way to disposal and recycling. The environmental and energy-related guidelines approved by the Board of Management define the environmental and energy-related policy of the Daimler Group. This expresses our commitment to integrated environmental protection that begins with the underlying factors that have an impact on the environment, assesses the environmental effects of production processes and products in advance, and takes these findings into account in corporate decision-making.

€2.8 billion for environmental protection. In 2014, we continued to energetically pursue the goal of conserving resources and reducing all relevant emissions. We kept a close eye on the impact of all our processes, ranging from vehicle development and production to recycling and environmentally friendly disposal. Our expenditure for environmental protection fell temporarily from €2.9 billion to €2.8 billion in 2014, mainly as a result of powertrain model cycles.

Environmentally responsible product development. A vehicle's environmental impact is largely predetermined in the first stages of development. The earlier environmentally responsible product development (Design for Environment, DfE) is integrated into the development process, the more efficiently it can help minimize the impact on the environment. The continual improvement of our products' environmental compatibility is therefore a major requirement when setting product specifications. Our DfE experts are involved in all stages of the vehicle development process as a cross-functional team. We also systematically integrate our product design processes into our environmental and quality management systems in accordance with ISO 14001 and ISO 9001. Mercedes-Benz has been in full compliance with the relevant standard – ISO 14006 – since 2012. Mercedes-Benz has also been certified according to ISO TR 14062, the standard for environmentally oriented product development, since 2005. It was the first automaker in the world to achieve this certification.

Further reductions in cars' CO_2 emissions. Daimler makes great efforts to reduce the fuel consumption of its vehicles while enhancing their performance – and thus increasing driving enjoyment and safety reserves. With a fleet average of 129 g/km (2013: 134 g/km), we once again significantly reduced the average CO_2 emissions of the cars we sell in the European Union in 2014. This achievement was due to the further optimization of our BlueEFFICIENCY measures, the success of our efficient hybrid drive and extremely fuel-efficient new models. Over the past five years, we have reduced the CO_2 emissions of our cars by more than 19%. More than 60 Mercedes-Benz models emit less than 120 g CO_2/km, and more than 90 models have received A+ or A energy efficiency labels. ↗ B.43

These include the new S 500 PLUG-IN HYBRID[1]. With certified fuel consumption of 2.8 l/100 km and emissions of 65 g of CO_2/km, the model is the most efficient vehicle in its segment and therefore also bears the best efficiency label of A+. see pages 4 ff The E 300 BlueTEC Hybrid is also very fuel-efficient[2]. The car combines a 150-kW four-cylinder diesel engine with a 20-kW electric motor and consumes only 3.8 liters/100 km on average. That corresponds to CO_2 emissions of 99 grams per kilometer.

We plan to use innovative technologies for locally emission-free mobility and, more importantly, new hybrid models, in order to further reduce the fuel consumption and CO_2 emissions of our cars. Our goal is to reduce the CO_2 emissions of our new-vehicle fleet in the European Union to 125 g/km by 2016. We have also continuously reduced the pollutant emissions of our cars in recent years – by more than 80% since 1995 and by over 20% in the past five years. Thanks to BLUETEC technology, we are a world leader for diesel vehicles. Automobiles equipped with this technology conform to the strictest emissions standards and are the cleanest diesel cars in the world.

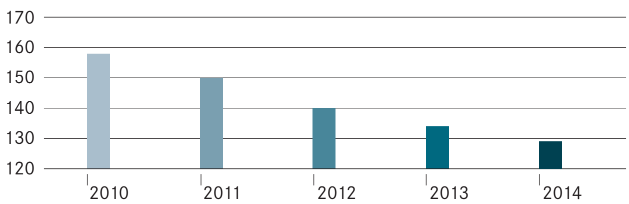
Economical and low-emission commercial vehicles. We have also continuously reduced emissions of CO_2 and pollutants from our commercial vehicles in recent years. Along with the introduction of BLUETEC technology, these reductions have been achieved through more efficient new engines, the Mercedes PowerShift 3 automated transmission fitted as standard equipment, axle ratios better suited to specific needs and improvements to tires and aerodynamics. Daimler was also the first manufacturer to offer its entire European product range in a Euro VI version well before those new emissions standards went into effect in January 2014. This development began in 2011 with the launch of the new Actros for long-distance road haulage. It was followed in 2012 by the Antos for heavy-duty distribution transportation. In 2013, we introduced the Arocs for the construction sector and the Atego for light-duty distribution transportation. We completed our Mercedes-Benz Trucks product offensive with the Mercedes-Benz Unimog and Mercedes-Benz Econic special vehicles, which have been rolling off the assembly line in Wörth equipped with BLUETEC 6 technology since the fourth quarter of 2013. Despite complex exhaust-gas treatment, our new Euro VI engines consume up to 5% less fuel than the predecessor Euro V engines. We are also leading the way with the introduction of the latest exhaust technology in the bus sector. All Mercedes-Benz and Setra model series are now available with Euro VI technology.

1 S 500 PLUG-IN HYBRID: fuel consumption in l/100 km: combined: 2.8; CO_2 emissions in g/km (combined): 65; electricity consumption in kWh/100 km: 13.5
2 E 300 BlueTEC HYBRID: fuel consumption in l/100 km: urban 4.1-3.9, extra-urban 4.1-3.8, combined 4.1-3.8; CO_2 emissions in g/km: combined 109-99

B.43

Average CO_2 emissions of the new car fleet of Mercedes-Benz Cars in the EU

g/km



B.44

CO_2 emissions

Year	g/km
2010	158
2011	150
2012	140
2013	134
2014	**129**

In 2013, we also set a new benchmark for fuel efficiency in the North American truck market with the launch of our new heavy-duty Freightliner Cascadia Evolution. Thanks to its improved aerodynamics and its new Detroit DD15 engine equipped with proven Daimler BLUETEC exhaust technology, the new heavy-duty truck consumes 7% less fuel than the predecessor model. This was measured and confirmed by an independent agency in the course of a one-week test drive across the United States.

The consumption of diesel fuel can also be greatly reduced by hybrid technology – particularly in vans and trucks used for distribution transportation. For example, the FUSO Canter Eco Hybrid consumes up to 23% less fuel than a comparable diesel truck, depending on use, and the Freightliner M2e Hybrid consumes up to 30% less fuel than a conventional diesel-powered M2 106. No other commercial vehicle manufacturer has more experience or has done more testing in the areas of alternative drive systems and electric mobility. We also have the most extensive lineup of series-production vehicles in this field, ranging from vans and trucks to buses. There are more than 1.2 million environmentally friendly Daimler commercial vehicles equipped with SCR technology on the road worldwide, as well as a further 21,000 vehicles with alternative drive technology.

In Europe, we aim to reduce the fuel consumption of our truck fleet by an average of 20% between 2005 and 2020. Compared with the year 2005, we already achieved a reduction of 10% in fuel consumption and CO_2 emissions with the launch of the new Actros model series in 2011, and we are working systematically on achieving the next 10%.

Actros wins the “Fuel Duel.” The Actros once again demonstrated its outstanding fuel economy during the year under review by beating the competition in “Fuel Duel” fleet trials. The Mercedes-Benz brand claim for the Actros in the competition was that the model is the most fuel-efficient truck and would therefore consume less fuel than the most economical truck in the other fleets participating in the “Fuel Duel.” The Actros took part in just under 600 fuel duels in 2014 and emerged as the winner more than 90% of the time. On average, the Actros was 11% more fuel-efficient than comparable rival models.

Economical super trucks. We utilize highly efficient powertrains and sophisticated aerodynamic features in our North American semi-trucks (Class 8) in order to reduce their fuel consumption and CO_2 emissions. This is true of the new Western Star 5700XE as well. The truck’s front end and its chassis and cab paneling were aerodynamically redesigned in a manner that significantly lowered air resistance. The model is also equipped with a new integrated Detroit Diesel powertrain featuring a DD15 engine that operates at a lower revolutions as well as a DT12 automated transmission and a particularly fuel-saving rear axle. The individual measures and especially the finely tuned overall package have led to a reduction in fuel consumption of nearly 15% as compared to the reference vehicle, a Western Star 4900 FE.

Through its use of further refined technologies, Daimler has also succeeded in meeting the targets of a research project organized by the US Department of Energy. Our test vehicle achieved the required efficiency gains in 2014 for both the entire tractor-trailer and engine efficiency. Daimler was able to demonstrate engine efficiency of more than 50% on a test rig, and during two test drives on a highway the tractor-trailer combination displayed up to 61% greater overall efficiency compared with the base vehicle from 2009.

Award for climate protection and environmental management. At the 2014 CDP Climate Leadership Award Conference in Munich, CDP (formerly the Carbon Disclosure Project) acknowledged Daimler AG as the leader in its sector for the automotive industry. The company received the award for its outstanding commitment and exemplary transparency in addressing climate change and achieved the maximum possible score of 100 in the Climate Disclosure Leadership Index (CDLI). Daimler also received the highest possible performance rating of “A” for the measures it has introduced, the progress it has already made and its planned strategies for reducing CO_2 emissions. One of the things the CDP honored Daimler for was the fact that the company has reduced the CO_2 emissions of its new car fleet in Europe by more than 20% over the last five years. Along with its continual improvements to individual vehicle models, the Group’s efficient production, including the environmentally friendly generation of electricity, also contributes to its positive performance.

During the year under review, Daimler AG was also once again very successful in the manufacturer rankings of the motoring association Verkehrsclub Deutschland (VCD). VCD cited the company’s open information policy and its early compliance with the more extensive particulate thresholds for direct-injection gasoline engines, which do not go into effect until 2017, as important factors in its decision to name Daimler the most environmentally friendly manufacturer in 2014.

Lower weight, more recyclates and more natural materials. We want to make our vehicles lighter and further reduce the environmental impact of the materials used in their production. To achieve these goals, we are using new lightweight materials and components. In addition, we are increasingly utilizing renewable resources and recycled materials. Intelligent lightweight construction can reduce the weight of a vehicle without compromising safety and comfort. Along with material selection, component design and manufacturing technology also play a key role in lightweight engineering. Not every material is suitable for every component. At 35%, the bodywork accounts for the largest portion of a vehicle’s total weight. After that comes the running gear at 25%, the comfort and safety equipment at 20% and the engine and transmission also at 20%. The most effective way to reduce vehicle weight is therefore to focus on the body.

For example, the innovative aluminum hybrid body for the new C-Class is approximately 70 kilograms lighter than a conventional body made of steel. In total, we were able to reduce the vehicle’s weight by almost 100 kilograms compared with the previous model. The share of aluminum used for the vehicle body increased to nearly 50%, compared with less than 10% with the predecessor model.

Extensive recyclability of old vehicles. To make our vehicles more environmentally friendly, we are reducing our automobiles' emissions and the resources they consume over their entire lifecycle. We therefore pay close attention to creating a recycling-friendly design already at the development stage. Up to 85% of the materials in all Mercedes-Benz models are recyclable and as much as 95% of the materials are reusable. This means we were in compliance with the new EU recycling directive before it even went into effect at the beginning of 2015.

Other proven elements of our recycling concept are the resale of inspected and certified used parts, the remanufacturing of parts and the MeRSy Recycling Management workshop disposal system.

Avoiding waste. In the area of waste management, Daimler believes that recycling and the prevention of waste are better than disposal. Accordingly, the reconditioning and reuse of raw, process and operating materials has been standard practice at our plants for many years. In order to avoid the creation of waste from the outset, we use innovative technological processes and environmentally focused production planning. Waste materials that are unavoidable are generally recycled. As a result, the recycling rate for waste at our plants is over 85% on average. At some plants, almost 100% of the waste is now recycled, meaning that waste destined for landfills has been almost completely eliminated.

As we systematically pursue our environmental protection activities, we rely on comprehensive environmental management systems. Today, more than 98% of our employees worldwide work in plants whose environmental management systems have been certified as conforming to the ISO 14001 or EMAS environmental standards.

Extensive measures for environmental protection in production. In recent years, we have been able to limit the energy consumption, CO_2 emissions, production-related solvent emissions and noise at our plants with the help of environmentally friendly production processes. As a result, energy consumption during the period 2010 – 2014 increased by only 5.4% to 10.9 million megawatt-hours, which was well below the rate of production growth. During the same period, CO_2 emissions actually decreased by 6.0% to a total of 3.3 million metric tons, thanks to a transition to energy sources that produce less CO_2. Our ongoing energy-saving projects enabled us to more than offset the additional energy consumption that resulted from the significant increase in production in 2014. Energy consumption in the reporting year therefore decreased by 1.9% from the prior year, and CO_2 emissions actually decreased by 2.6%. With resource-conserving technology such as circulation systems, water consumption rose by only about 6.2% between 2010 and 2014, well below the rate of production growth. Despite the aforementioned increase in production, the savings measures taken meant that it was actually possible to reduce water consumption by almost 3% compared to the prior year.

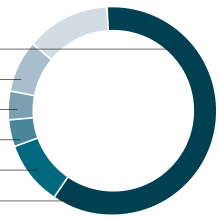
Workforce

Slight increase in number of employees. On December 31, 2014, the Daimler Group employed a total of 279,972 men and women. Due to the high demand for our products, the workforce grew by 2% compared with the end of 2013. At the beginning of 2014, we had anticipated that the workforce would remain stable. The number of employees in Germany increased to 168,909 (2013: 167,447) and employee numbers also rose in the United States, to 22,833 (2013: 20,993). At the end of 2014, Daimler employed 12,313 men and women in Brazil (2013: 14,091) and 11,400 (2013: 11,275) in Japan. ↗ B.45. Our consolidated subsidiaries in China had a total headcount of 2,664 at the end of the year (2013: 1,966). At the end of the reporting year, the parent company Daimler AG employed a total of 151,524 men and women (2013: 150,605).

Due to reorganization within the context of the Customer Dedication initiative, the employees previously reported under "Sales & Marketing Organization" are included in the employee numbers for the respective divisions as of 2014. However, this does not apply to the Group's own sales and service centers in Germany and the global logistics center in Germersheim, whose employees are included under "Group Functions & Services" as of 2014. Workforce numbers in all divisions increased compared with the previous year. ↗ B.46

B.45
Employees at 12/31/2014
By region

Germany	60.3%
Europe, excluding Germany	12.9%
USA	8.2%
Brazil	4.4%
Japan	4.1%
Other	10.1%



B.46
Employees by division

Employees (December 31)	2014	2013	14/13 % change
Daimler Group	**279,972**	274,616	+2
Mercedes-Benz Cars	**129,106**	96,895	+33
Daimler Trucks	**82,743**	79,020	+5
Mercedes-Benz Vans	**15,782**	14,838	+6
Daimler Buses	**16,631**	16,603	+0
Daimler Financial Services	**8,878**	8,107	+10
Group Functions & Services	**26,832**	–	–
Sales & Marketing Organization	**–**	52,455	–
Other	**–**	6,698	–

We have combined in-house services worldwide in shared service centers in order to further improve the quality and efficiency of our administrative functions and various services. These shared services include financial processes as well as HR, IT and development tasks, sales functions, and certain location-specific services. Some of the shared service centers are not consolidated because they do not affect our profitability, cash flow or financial position; those companies employed more than 6,000 men and women at the end of 2014.

The Group's workforce also does not include the employees of companies that we manage together with Chinese partners; at December 31, 2014, they numbered 20,600 people.

High level of profit sharing. On the basis of the company agreement on profit sharing valid for 2013 and 2014, all eligible employees at Daimler AG subject to collective bargaining agreements were paid an amount of €2,541 for the 2013 financial year. Group management also decided to pay out a one-time bonus of €500 as an expression of gratitude to our employees for their special commitment. The full participation in the company's success – €3,041 – was paid out in April 2014.

The eligible employees of Daimler AG in Germany will also receive a performance participation bonus for the company's very positive business development in financial year 2014. The amount of the profit-sharing payout, which was determined on the basis of the valid company agreement, totals €4,350. The increase from the prior year is a result of the significant increase in earnings at the divisions used for the profit-sharing calculation: Mercedes-Benz Cars, Daimler Trucks and Mercedes-Benz Vans. Employees will receive their profit-sharing payout in April 2015.

Slight increase in average age of our employees. The average age of our global workforce in 2014 was 42.4 years (2013: 42.3). Our employees in Germany were 43.8 years old on average (2013: 43.5). Employees who are 50 years old or older currently make up about 36% of our permanent workforce at Daimler AG. On the basis of current assumptions, this proportion will rise to about 50% over the next ten years.

In order to address the challenges resulting from the aging of our workforce, we launched and successfully continued numerous projects and activities at our German locations in 2014. They included measures for improving workplace ergonomics as well as concepts for work organization, personnel allocation management, health management and human resources development and management.

In 2013, Daimler introduced a new human resources concept that takes advantage of the experience of the company's retired employees. These "senior experts" as they are called, can voluntarily return to the company for a temporary period when specific departments need their services for a time. The experience we have gained so far shows that the program is extremely popular with both the senior experts and the departments. The expert pool now comprises approximately 400 retirees with a combined 12,000 years or so of experience.

Number of years at Daimler. The average number of years Daimler employees have worked for the company was close to the prior-year level at 16.1 years (2013: 16.2 years). In Germany, employees had worked for the Group for an average of 19.4 years at the end of 2014 (2013: 19.2 years). The comparative figure for Daimler AG was 19.8 years (2013: 19.5 years). Daimler employees outside Germany had worked for the Group for an average of 11.0 years (2013: 11.3 years).

Diversity management activities. The statement "Daimler's success. Your benefit. Our responsibility." underscores the importance of diversity management as a strategic factor of success at Daimler. Our goal is to create and use mixed teams to encourage our creativity and progress in all areas so that we can all shape the future of Daimler together. Our various diversity management measures help make our managers in particular more aware of the importance of diversity. These measures also teach diversity skills and help generate new ideas for the daily work environment.

Our participation in Germany's Diversity Day, which was initiated by the German Diversity Charter in 2013, also underscores our commitment to, and appreciation of, diversity in our company. The various skills and expertise of our employees enable us as a global company to meet the ever more varied requirements and wishes of our customers around the world.

Increased proportion of women employees. Our instruments for supporting the targeted promotion of women include flexible working-time models, childcare facilities close to the workplace and special mentoring programs. Daimler has committed itself to increasing the proportion of women in senior management positions to 20% by 2020. The proportion of women in such positions has continually risen over the last few years to reach 14.1% at the end of 2014 (2013: 12.7%). Because we are a technologically oriented company, the targets take into account sector-specific conditions and women's current share of our workforce. At the Daimler Group, the proportion of women in the total worldwide workforce increased to 16.8% (2013: 16.3%). At Daimler AG, women accounted for 14.9% of all employees at the end of the year under review (2013: 14.6%).

Employee qualification. We provide our staff with training and continuing education opportunities throughout their entire careers. Our range of qualification measures includes practical training courses, seminars, workshops, specialist conferences and instruction through digital media. In Germany alone, we spent €121 million on the training and qualification of our employees in the year under review (2013: €107 million). On average, every employee spent 4.1 days in qualification courses in 2014 (2013: 4.1 days).

Securing young talent. Daimler takes a holistic approach to securing young talent. For example, our Genius initiative enables children and teenagers to gain valuable information about technologies of the future and professions in the automotive industry. genius-community.com School leavers can apply to participate in a technical or commercial apprenticeship at one of our locations or to study at the Cooperative State University in Baden-Württemberg. After completing their college degrees, they can directly join our company or launch their careers at Daimler by taking part in our global CAReer training program.

Daimler launched a new employer image campaign in October 2014. The campaign creates the conditions necessary to ensure a uniform and recognizable presence in the global recruitment market, and it also improves our image as an attractive employer. The campaign targets high-school and university students, university graduates and experienced professionals as well. A total of 20 different motifs with 48 variations were developed for these target groups; all of the motifs and variations feature male and female Daimler employees of different ages and backgrounds. Each motif also highlights one or more products from the Daimler Group.

We had 8,346 apprentices and trainees worldwide at the end of 2014 (2013: 8,630). A total of 1,990 young people began their vocational training at Daimler in Germany during the year under review (2013: 2,014). The number of people we train and subsequently hire is based solely on the Group's needs and its future development. In 2014, 89% of Daimler trainees were hired after completing their apprenticeships (2013: 89%).

Successful employee survey. We conducted a Group-wide employee survey once again in 2014. Nearly 260,000 employees in more than 40 countries were invited to participate in the survey and express their opinions to us between mid-September and the beginning of October. The very high participation rate of 70% underscores our employees' interest and their willingness to actively help shape the further development of the company.

Overall, the results of the survey were similar to those of recent years. For example, employee commitment remains above average when compared with external benchmarks. The careful and detailed analysis of the results began in early December. The analysis will identify areas where action can be taken in order to achieve sustained improvements for the benefit of the Group and its employees.

Award for Daimler Financial Services. Daimler's Financial Services division was named one of the 25 best international employers worldwide by the independent Great Place to Work Institute in 2014. This makes Daimler Financial Services the first German company ever to finish that high in this ranking of the world's most attractive employers. In the most recent survey conducted for the ranking, nine out of ten Daimler Financial Services employees described their company as a great place to work. Like the rest of the Group, Daimler Financial Services is expressly committed to a corporate culture founded in values such as trust, personal responsibility, openness to new ideas and, last but not least, enjoyment of one's work.

Daimler Health Check. Holistic health management has been a top priority at Daimler for many years now. Along with the extensive measures established at all plants, Daimler also launched an initial pilot program for its new Health Check system at three selected locations in 2013. The Health Check system, which was agreed upon with the General Works Council, is offered to all employees subject to collective bargaining agreements. Participation is voluntary and employees can join up once every three years.

The Health Check focuses on early detection of risk factors and support for employees interested in maintaining their personal health. Employees can also select a "health counselor" to help them achieve their individual health goals and stay healthy over the long term.

Social responsibility

Continued high degree of social involvement. Our global presence offers us the opportunity to help shape the social environment and promote an intercultural dialogue in the places where we do business around the world. We concentrate here on areas where we can have an impact through our role as a "good neighbor." We also participate in projects to which we can contribute our specific knowledge and core areas of expertise as an automobile manufacturer. Our activities focus on the following areas: support for science, education, traffic safety, the environment, the arts and culture, community projects, charitable projects, projects for which our employees volunteer, and projects for promoting dialogue and understanding.

In 2014, we spent almost €60 million on donations to nonprofit institutions and on sponsorships of socially beneficial projects. This does not include our foundations and corporate volunteering activities, or self-initiated projects.

Transparency and control. The donation and sponsorship committee controls all of our donations and sponsorship activities worldwide. The committee bases its decisions on our donation and sponsorship guidelines, and we also create transparency with the help of our donation and sponsorship database. Regular communication actions help employees adhere to the guidelines and also make them aware of the risks associated with donations and sponsorship activities.

Contributions to political parties. In 2014, we once again supported democratic parties solely in Germany, donating a total of €320,000. The distribution of the contributions remained unchanged: The CDU and SPD parties each received €100,000 while the FDP, the CSU and BÜNDNIS 90/DIE GRÜNEN each received €40,000.

Science funding. Sustainable development cannot be achieved without the targeted funding of science, research and technology worldwide. The international exchange of knowledge and the funding of innovations are key drivers of developments here. We therefore support universities, research institutes and interdisciplinary scientific projects around the globe. We have consolidated these activities in foundations.

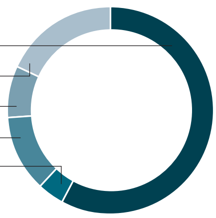
The Daimler and Benz Foundation, for example, is endowed with €125 million. It is investing approximately €1.5 million in the “Villa Ladenburg” project, in which a team composed of more than 20 researchers is studying the individual and social impact that self-driving vehicles will have in the future. daimler-benz-stiftung.de/cms/en

The Association for German Science, the Daimler and Benz Foundation and the Daimler foundation are using the MINTernational program with the goal of making the MINT subjects (mathematics, information technology, natural sciences and technology) more international in Germany. An international competition honors colleges and universities that have developed particularly innovative concepts for preparing MINT students in Germany for the world market on the one hand, and for getting the best students from abroad to come study in Germany on the other. The first award-winning institutions received a total of €500,000 to help them implement their concepts. stifterverband.org/ueber_den_stifterverband/english

B.47

Donations and sponsoring in 2014

Charity/Community	58%
Arts & Culture	18%
Education	8%
Science/Technology/Environment	12%
Political Dialog	4%



Education. Improving access to education is one of the most lasting investments to the benefit of society and also our company. Education creates opportunities and opens doors to a future full of possibilities. That is why we fund numerous education projects around the world that promote interest in and passion for science and technology, as well as the ability to look beyond the working world and remain open to new ideas.

Together with the women’s organization CYDD, we are also helping socially disadvantaged young women learn technical professions in Turkey. The award winning project “Each Girl is a Star” offers young women between the ages of 15 and 18 a four-year training program with an internship at Mercedes-Benz Turkey or at dealerships or supplier companies. In view of the project’s success, we have also expanded it to include a university scholarship program.

Traffic safety. As we move along the “road to accident-free driving,” we are utilizing assistance systems to ease the burden on drivers and to protect and support them in dangerous situations. More importantly, we also seek to ensure that everyone on streets and roads remains safe. We pursue this goal with traffic-education projects for schoolchildren and safety training programs for adults, for example.

Since 2001, our MobileKids program has taught more than 1 million children worldwide how to stay safe in road traffic. We believe that safe mobility and accident prevention should be a given for children and adults in their daily lives. That is why our traffic safety courses are conducted in a playful and engaging manner. Besides teaching safe behavior as pedestrians, cyclists or passengers in vehicles, our training courses also teach proper behavior in the public transport system. mobilekids.net/de-EN

Nature conservation. We share responsibility for preserving the diversity of natural habitats for future generations. That is why we have been supporting the projects and initiatives of environmental organizations around the world for many years now, as we help to make sure the Earth remains a place worth living in.

For example, Daimler supports a renaturing project conducted by the Global Nature Fund that is helping to protect endangered mangroves in India, Sri Lanka, Cambodia and Thailand. Among other things, the project has restored more than 100 hectares of severely damaged mangrove forests. This not only preserves biodiversity in the forests, it also ensures they can do their job of storing CO_2 and protecting the surrounding area against floods. The project also teaches the local population about environmental protection measures and provides it with alternative sources of income.

The arts and culture. A rich cultural life and a vibrant art scene foster creativity and innovation. It is therefore very important to us to support the arts and culture.

Among other ways, we support the arts and culture through the Daimler Art Collection, which was established in 1977 and now includes some 2,600 works by 700 artists. In general, our activities focus on the promotion of regional culture in the areas of the fine arts, jazz, classical music and film.

With its museums, libraries, archives and research institutes, the Prussian Cultural Heritage Foundation is one of the biggest cultural and scientific institutions in the world. We support the foundation's strategic goals in order to make an effective contribution to strengthening the role of culture in society. We are mainly interested here in increasing awareness of the foundation's cultural heritage and the work done by its museums, and we also support new concepts for bringing more culture to communities.

Communities and charitable projects. For us, a global presence also means global responsibility. This is why we support the communities in which we operate as well as numerous aid projects all over the world. Our efforts here go beyond assisting in the aftermath of natural or manmade disasters. We also initiate long-term projects designed to help people help themselves.

Following the devastating floods in the Balkans, Daimler quickly donated €250,000 in May 2014 for the people affected in the region. The donation was given to Caritas International, which used it to provide emergency assistance and to fund the necessary repair work. Daimler and the General Works Council also launched an employee donation drive that enabled us to give Caritas an additional €20,000.

Following two aid transport projects for Syrian refugees in 2013, Daimler continued its Syria aid in 2014. In a joint initiative of employees and the company, approximately €250,000 was collected. For the flights to Erbil in North Iraq organized by "Wings of Help – Luftfahrt ohne Grenzen e. V." (an association endeavoring to provide cross-border air transport), we supplied tents, blankets, medicine and other relief goods.

The "Ekukhanyeni" project helps severely impoverished people in a town near Johannesburg, South Africa. Mercedes-Benz South Africa has been supporting the initiative, which has built a daycare center and an elementary school, since 2010. These days, "Ekukhanyeni" is also promoting the establishment of more natural farming techniques, as well as managing landscape planning, the energy supply and the expansion of local infrastructure.

Employee commitment. We not only act responsibly around the world as a company, we also support our employees' efforts to help communities and promote the common good all around the globe. Countless initiatives demonstrate just how seriously our employees take their responsibility, and how willing they are to offer others opportunities they would normally never have.

In the ProCent initiative, for example, Daimler employees voluntarily donate the cent amounts of their net salaries to socially beneficial projects. The company matches every cent donated and collects the money in a support fund. In accordance with the suggestions of its employees, Daimler then uses this money to support environmental and social projects all over the world. In 2014, we provided 188 projects with more than €1 million in funding in this manner.

The Day of Caring in 2014 once again attracted more than 2,300 Daimler Financial Services employees from around the globe, who came together to jointly help charitable institutions for a whole day. The climax of these activities was the Week of Caring in the United States and Canada, which took place for the second time: Some 1,100 employees spent a whole week working on charitable projects at more than 30 different organizations.

Dialogue and understanding. Openness and tolerance are important pillars of our corporate culture. As a company that operates around the world, we support projects and institutions that promote intercultural dialogue in the interest of mutual understanding and the peaceful coexistence of cultures. We also support initiatives for the strengthening of democracy.

More information on the projects promoted by the Group and the activities related to our social commitment can be found in the Daimler Sustainability Report and on our website under "Sustainability." daimler.com/sustainability

Overall Assessment of the Economic Situation.

In the opinion of the Board of Management, the Daimler Group's economic situation is very satisfactory at the time of publication of this Annual Report. In recent years, we have implemented our strategy effectively and with great determination. That is now beginning to pay off and is reflected by the results of our operations in 2014.

We continued and accelerated along our growth path in the year under review. We are on schedule with the implementation of our efficiency programs and our new products are extremely well received in their markets. As a result, we were able to achieve most of the targets we had set for the year 2014.

We significantly increased our unit sales by 8% to 2.5 million passenger cars and commercial vehicles despite difficult conditions in some major markets. Thanks to numerous new and successful products, Mercedes-Benz Cars and Mercedes-Benz Vans set new records for unit sales. Daimler Trucks achieved a small increase. Only Daimler Buses did not quite match its unit sales of the previous year due to the market weakness in Latin America. Driven by the generally very positive development of the automotive business, the Daimler Financial Services division also expanded significantly in the reporting period. The Group's revenue therefore also grew significantly: – by 10% to €129.9 billion; adjusted for exchange-rate effects, there was actually an increase of 12%.

As we had expected, operating profit (EBIT) from the ongoing business of €10.1 billion was significantly higher than in the previous year (€8.0 billion). Key positive factors were the favorable product mix at Mercedes-Benz Cars and the increasing impact of the measures taken to increase efficiency, which we have implemented in all divisions.

With "Fit for Leadership" at Mercedes-Benz Cars, "Daimler Trucks #1" at Daimler Trucks, "Performance Vans 2013" at Mercedes-Benz Vans and "GLOBE 2013" at Daimler Buses, we achieved total contributions to earnings of approximately €4 billion by the end of 2014. The programs included measures taken for sustained improvements in cost structures as well as additional business activities. The full impact of these programs will be reflected in 2015.

As a result of the positive development of earnings, we once again achieved a very good return on net assets of 18.8% (2013: 22.6%). We therefore earned significantly more than our cost of capital also in 2014. This is reflected by our value added, which remained at the high level of €4.4 billion (2013: €5.9 billion) due to the positive development of our business operations. The sole reason for the decrease compared with the previous year is that the positive special effect from the sale of our EADS shares in 2013 was significantly higher than the effects from the sales of our shares in Rolls-Royce Power Systems Holding GmbH (RRSPH) and Tesla in 2014.

In line with the ongoing high level of earnings, we continue to have very sound key financial metrics. At year-end, the Group's overall equity ratio was 22.1% (2013: 24.3%) and the equity ratio of the industrial business was 40.8% (2013: 43.4%). The equity ratios decreased because the balance sheet total increased at a much higher rate (+13%) than equity (+3%). Our net liquidity of the industrial business increased to the very high level of €17.0 billion (2013: €13.8 billion). The free cash flow of the industrial business – the parameter we use to measure financial strength – reached the high level of €5.2 billion after adjusting for special items (2013: €3.2 billion), and is thus significantly higher than the proposed dividend distribution.

We want our shareholders to participate appropriately in the earnings achieved by Daimler in 2014. At the Annual Shareholders' Meeting on April 1, 2015, the Board of Management and the Supervisory Board will therefore propose an increase in the dividend to €2.45 per share (prior year: €2.25). With this decision, we are also expressing our confidence about the ongoing course of business.

A core element of our profitable growth strategy is the wide-ranging product offensive at all divisions, with which we are winning new customers and developing additional markets. Mercedes-Benz Cars currently has the youngest and most attractive product portfolio of all time, which we upgraded in 2014 with the new C-Class, the new compact sport-utility vehicle GLA and the new S-Class Coupe. In addition, the smart brand started a new era with the launch of the two all-new models fortwo and forfour. Furthermore, we had the premiere in November 2014 of our new sub-brand Mercedes-Maybach and the first automobile of this new and especially exclusive brand. At Daimler Trucks and Daimler Buses, we have almost completely renewed our product range and engines in recent years. The most important new models in 2014 included the Actros and Arocs heavy-duty trucks, the new FUSO Super Great V and the new Western Star 5700XE at the truck division, as well as the large articulated bus Mercedes-Benz CapaCity L at the bus division. The Mercedes-Benz Vans division also continued with its product offensive; its important new models were the Vito goods van and the V-Class multipurpose vehicle.

We once again demonstrated our technological leadership in 2014 in terms of the fuel efficiency, safety and connectivity of our vehicles. With innovative drive systems and highly economical model versions, we were once again able to significantly reduce the average CO_2 emissions of the cars we sell in the European Union from 134 grams per kilometer to 129 g/km.

The new research vehicle F 015 stands in equal measures for clean, safe and connected, and thus for the future of the automobile. We have achieved a competitive advantage above all in the field of autonomous driving with the Mercedes-Benz S 500 INTELLIGENT DRIVE and the Future Truck 2025. These research vehicles show that fully autonomous driving can soon become reality on our roads in the foreseeable future.
see page 167 and pages 36 f

We effectively expanded our worldwide network of production sites and research facilities in 2014, placing our future growth on a broad regional basis. We will expand our production capacities above all in China, India and the United States. In parallel, substantial investment in our plants in Germany demonstrates that they continue to play a key role as competence centers for our international network.

From a sound financial basis, we invest more than €10 billion each year in property, plant and equipment as well as in research and development – in new products, in new technologies and in our sites. And for the coming years, we have actually planned even higher amounts.

We are on the right track with our growth strategies, the efficiency programs and the high levels of investment in the future of the Group. We therefore look to the coming years with great confidence and continue to aim for further profitable growth.

Events after the Reporting Period.

Since the end of the 2014 financial year, there have been no further occurrences that are of major significance for Daimler. The course of business in the first weeks of 2015 confirms the statements made in the “Outlook” section of this Annual Report.

Remuneration Report.

The Remuneration Report summarizes the principles that are applied to determine the remuneration of the Board of Management of Daimler AG, and explains both the level and the structure of its members' remuneration. It also describes the principles and level of remuneration of the Supervisory Board.

Principles of Board of Management remuneration

Goals. The remuneration system for the Board of Management aims to remunerate its members commensurately with their areas of activity and responsibility and in compliance with applicable law. The adequate combination of non-performance-related and performance-related components of remuneration is designed to create an incentive to secure the Group's long-term success. The fixed component of remuneration is paid as a base salary; the variable components intended to reflect, clearly and directly, the joint and individual performance of the members of the Board of Management as well as the long-term performance of the Group. The interests of all stakeholders, in particular those of the shareholders as the owners of the Company and those of the employees, are harmonized through the focus on the Group's long-term success.

Practical implementation. For each upcoming financial year, the Presidential Committee at first prepares a review by the Supervisory Board of the system and level of remuneration on the basis of a comparison with competitors. The main focus is on checking for appropriateness, based on a horizontal and vertical comparison. In the horizontal comparison, the following aspects are given particular attention in relation to a group of comparable companies in Germany:

- the effects of the individual fixed and variable components, that is, the methods behind them and their reference parameters, and
- the relative weighting of the components, that is, the relationship between the fixed base salary and the short-term and long-term variable components

and the target remuneration consisting of base salary, annual bonus and long-term variable remuneration, also with consideration of entitlement to a retirement pension and fringe benefits.

The vertical comparison focuses on the ratio of Board of Management remuneration to the remuneration of the senior executives and the entire workforce of Daimler AG in Germany, also with regard to development over time. For this purpose, the Supervisory Board has defined the group of senior executives with the use of the Company's internal levels of hierarchy.

In carrying out this review, the Presidential Committee and the Supervisory Board consult independent external advisors, above all to facilitate a comparison with remuneration systems common in the market. If the review results in a need for changes to the remuneration system for the Board of Management, the Presidential Committee submits the relevant proposals to the entire Supervisory Board for its approval.

On the basis of the approved remuneration system, the Supervisory Board decides at the beginning of the year on the base and target remuneration for the individual members of the Board of Management and decides on the success parameters relevant for the annual bonus in the coming year. Furthermore, individual goals are decided upon for each member of the Board of Management for the respective areas of personal responsibility; those goals are then taken into consideration after the end of the financial year when the annual bonus is decided upon by the Supervisory Board.

For the long-term variable component of remuneration, the so-called Performance Phantom Share Plan (PPSP) the Supervisory Board sets an amount to be granted for the upcoming financial year in the form of an absolute amount in euros and sets the related performance targets.

In this way, the individual base and target remuneration and the relevant performance parameters are set by the beginning of each year.

After the end of each year, target achievement is measured and the actual remuneration is then calculated by the Presidential Committee and submitted to the Supervisory Board for its approval.

The system of Board of Management remuneration in 2014. The fixed base salary and the annual bonus continue to comprise approximately 29% of the target remuneration, while the variable component of remuneration with a long-term incentive effect (PPSP) makes up approximately 42% of the target remuneration. The base salary was increased by an average of 5%, for the first time since 2011. Changes were also made to the range of possible target achievement for the annual bonus and to the reference parameters of the PPSP. The reference parameters of the annual bonus and the range of possible target achievement for the PPSP remained unchanged.

As before, only 50% of the annual bonus is paid out in the March of the following year. The other 50% is paid out a year later with the application of a bonus-malus rule (so-called deferral), depending on the development of the Daimler share price compared with an automotive index (Dow Jones STOXX Auto Index) see pages 22 f, which Daimler AG uses as a benchmark for the relative share-price development. Both the delayed payout of the portion of the annual bonus (with the use of the bonus-malus rule) and the variable component of remuneration from the PPSP with its link to additional, ambitious comparative parameters and to the share price reflect the recommendations of the German Corporate Governance Code and give due consideration to both positive and negative developments.

The maximum amounts of remuneration of the members of the Board of Management are limited, both overall and with regard to the variable components, in accordance with the recommendation included in the German Corporate Governance Code in 2013. Effective January 1, 2014, the members of the Board of Management agreed to the inclusion of such limits in their current contracts of service.

The maximum amounts of remuneration of the members of the Board of Management were set as of financial year 2014 at 1.9 times the target remuneration for its members and 1.5 times the target remuneration for its Chairman. The target remuneration consists of the base salary, the target annual bonus and the grant value of the PPSP, excluding fringe benefits and retirement benefit commitments. With the inclusion of fringe benefits and retirement benefit commitments from the respective financial years, the maximum limit of total remuneration increases by these amounts. The possible cap on the amount exceeding the maximum limit takes place with the payment of the PPSP issued in the relevant financial year, i.e. for the year 2014, with payment of the PPSP in 2018.

The individual components of the remuneration system are as follows:

The **base salary** is fixed remuneration relating to the entire year, oriented towards the area of responsibility of each Board of Management member and paid out in twelve monthly installments.

The **annual bonus** is variable remuneration, the level of which is primarily linked to the operating profit of the Daimler Group (EBIT). For the past financial year, the annual bonus was also linked to the target for the respective financial year determined by the Supervisory Board (derived from the level of return targeted for the medium term and the growth targets), the actual result compared with the prior year, the individual performance of the Board of Management members and the achievement of compliance targets. In addition, qualitative targets are defined and included.

Primary reference parameters:
- 50% relates to a comparison of actual EBIT in 2014 with EBIT targeted for 2014.
- 50% relates to a comparison of actual EBIT in 2014 with actual EBIT in 2013.

Amount with 100% target achievement (target annual bonus):
In the year 2014, 100% of the base salary.

Range of possible target achievement:
0 to 200%, that is, the annual bonus due to EBIT achievement has an upper limit of double the base salary and may also be zero (see below). Both primary reference parameters, each of which relates to half of the annual bonus, can vary between 0% and 200%. For the primary reference parameter relating to half of the annual bonus “comparison of actual EBIT in the financial year with EBIT targeted for the financial year,” the limits of the unchanged possible range of 0% to 200% are defined as of 2014 by a deviation of +/- three percent of the prior-year revenue (previously two percent). For the other primary reference parameter, which also relates to half of the annual bonus, “comparison of actual EBIT in the financial year with actual EBIT in the prior year,” the limits of the unchanged possible range of 0% to 200% continue to be defined by a deviation of +/- two percent of the prior-year revenue.

The Supervisory Board has the possibility, with the degree of target achievement calculated from the primary reference parameters, to take account of the personal performance of the individual Board of Management members with an addition or deduction of up to 25% on the basis of the agreed individual targets. In addition, an amount of up to 10 percent can be added or deducted, depending on the key figures/assessment basis determined in advance. Since 2012, non-financial targets have been used as a basis for assessment. For the past financial year, those targets were employee satisfaction, diversity, customer satisfaction/product quality, and the further development and permanent establishment of the corporate value of integrity.

In 2014, further individual targets were agreed upon with the Board of Management with regard to the development and sustained function of the compliance management system. The complete or partial non-achievement of individual compliance targets can be reflected by a deduction of up to 25% from the individual target achievement. However, the compliance targets cannot result in any increase in individual target achievement, even in the case of full accomplishment.

The total amount to be paid out from the annual bonus is limited to 2.35 times the base salary of the respective financial year. In the agreements on the inclusion maximum amounts of remuneration in their current contracts of service effective as of January 1, 2014, the members of the Board of Management also agreed to the application of this percentage limit to the annual bonus payments for the years 2012 and 2013, which at that time had not yet been paid out.

The **Performance Phantom Share Plan** (PPSP) is a variable element of remuneration with long-term incentive effects. At the beginning of the plan, the Supervisory Board specifies an absolute amount in euros in the context of setting the individual annual target remuneration. This amount is divided by the relevant average price of Daimler shares calculated over a long period of time, which results in the preliminary number of phantom shares allocated. Also at the beginning of the plan, performance targets are set for a period of three years (performance period). Depending on the achievement of these performance targets with a possible range of 0% to 200%, after three years, the phantom shares allocated at the beginning of the plan are converted into the final number of phantom shares allocated. After another plan year has elapsed, the amount to be paid out is calculated from this final number of phantom shares and the applicable share price at that time. The share price relevant for the payout under this plan is also relevant for allocating the preliminary number of phantom shares for the plan newly issued in the respective year.

Reference parameters for Plan 2014:

- 50% relates to the Group's return on sales in a three-year comparison with a newly defined group of competitors comprising all listed vehicle manufacturers with an automotive proportion of more than 70% by revenue and an investment-grade credit rating (BMW, Ford, Fuji Heavy, Honda, Hyundai, Isuzu, Mazda, Nissan, Paccar, Toyota, Volvo and Volkswagen). For the measurement of this success criterion, the competitors' average return on sales is calculated over a period of three years. Target achievement of 100% only occurs when the average return on sales of the Daimler reaches 105% of the average return on sales of the group of competitors. Target achievement occurs to the extent to which Daimler's return on sales deviates by a maximum of +/-2 percentage points from 105% of the calculated average of the competitors. So target achievement of 200% occurs if Daimler's return on sales exceeds 105% of the average of the competitors by 2 percentage points or more. And target achievement of 0% occurs if Daimler's return on sales is 2 percentage points or more lower than 105% of the calculated average of the competitors. In the deviation range of +/- 2 percentage points, target achievement varies in proportional to the deviation.
- 50% relates to the new "relative share performance," i.e. the development of Daimler's share price in a three-year comparison with the development of a share-price index for the defined group of competitors. If the development of Daimler's share price (in percent) is the same as of the index (in percent), target achievement is deemed to be 100%. If the development of Daimler's share price (in percent) is 50 percentage points or more below (above) the development of the index, target achievement is deemed to be 0% (200%). In the deviation range of +/- 50 percentage points, target achievement varies in proportional to the deviation.

Value upon allocation:
Determined annually by the Supervisory Board;
for 2014, approximately 1.3 to 1.6 times the base salary.

Range of possible target achievement:
0 to 200%, that is, the plan has an upper limit.
It may also be zero.

Value of the phantom shares on payout:
During the four-year period between the allocation of the preliminary phantom shares and the payout of the plan proceeds, the phantom shares earn a dividend equivalent in the amount of the actual dividend paid on ordinary Daimler shares.

The value of the phantom shares to be paid out depends on target achievement measured according to the criteria described above and on the share price relevant for the payout. This share price is limited to 2.5 times the share price at the beginning of the plan. In addition, the amount to be paid out is limited to 2.5 times the absolute euro amount specified at the beginning of the plan, which is relevant for the preliminary number of phantom shares allocated. This maximum amount includes the dividend equivalent paid out during the four-year plan period. In the agreements on the inclusion maximum amounts of remuneration in their current contracts of service effective as of January 1, 2014, the members of the Board of Management also agreed to the application of this limit to the dividend equivalents not yet due at that time from plans issued before January 1, 2014 and still running.

For all PPSP of 2015 and following years, an additional limit on target achievement was agreed upon for the reference parameter return on sales. In the case of target achievement between 195% and 200%, an additional comparison is made on the basis of the return on sales achieved in absolute terms. If the actual return on sales for the automotive business is below the strategic target (currently 9%) in the third year of the performance period, target achievement is limited to 195%.

Guidelines for share ownership. As a supplement to these three components of remuneration, "Stock Ownership Guidelines" exist for the Board of Management. These guidelines require the members of the Board of Management to invest a portion of their private assets in Daimler shares over several years and to hold those shares until the end of their Board of Management membership. The number of shares to be held was set in 2005 when the Performance Phantom Share Plan was introduced in relation to double the then annual base salary for each ordinary member of the Board of Management and triple the then annual base salary for the Chairman of the Board of Management. In fulfillment of the guidelines, up to 25% of the gross remuneration out of each Performance Phantom Share Plan is generally to be used to acquire ordinary shares in the Company, but the required shares can also be acquired in other ways.

Appropriateness of Board of Management remuneration.
In accordance with Section 87 of the German Stock Corporation Act (AktG), the Supervisory Board of Daimler AG once again had an assessment of the system of Board of Management remuneration carried out by an external remuneration expert in 2014. The result was that the remuneration system as described above was confirmed as being in conformance with the requirements of applicable law. The remuneration system was approved as described by the Annual Shareholders' Meeting in 2014 with an approval ratio of 96.8%.

Board of Management remuneration in 2014

Board of Management remuneration in 2014 pursuant to Section 314 Subsection 1 No. 6 of the German Commercial Code (HGB). The total remuneration granted by Group companies (excluding retirement benefit commitments) to the members of the Board of Management of Daimler AG is calculated as the total of the amounts of
- the base salary in 2014,
- the half of the annual bonus for 2014 payable in 2015 and measured as of the end of the reporting period,
- the half of the medium-term share-based component of the annual bonus for 2014 payable in 2016 with its value at the end of the reporting period (entitlement depending on the development of Daimler's share price compared with the Dow Jones STOXX Auto Index),
- the value of the long-term share-based remuneration at the time when granted in 2014, and
- the taxable non-cash benefits in 2014.

For both of the share-based components – the second 50% of the annual bonus and the PPSP with a long-term orientation – the amounts actually paid out can deviate significantly from the values described depending on the development of the Daimler share price and on the achievement of the relevant target parameters. Upward deviation is possible only as far as the maximum limits described above. Both components can also be zero.

The remuneration of the Board of Management for the year 2014 amounts to €29.9 million (2013: €32.1 million). Of that total, €8.2 million was fixed, that is, non-performance-related remuneration (2013: €9.1 million), €11.6 million (2013: €12.1 million) was short- and medium-term variable performance-related remuneration (annual bonus with deferral), and €10.1 million was variable performance-related remuneration granted in 2014 with a long-term incentive effect (2013: €10.9 million). ↗ B.48

The granting of non-cash benefits in kind, primarily the reimbursement of expenses for security precautions and the provision of company cars, resulted in taxable benefits for the members of the Board of Management in 2014 as shown in table ↗ B.49.

B.49
Non-cash benefits and other fringe benefits

In thousands of euros	2014	2013
Dr. Dieter Zetsche	163	151
Dr. Wolfgang Bernhard	163	90
Dr. Christine Hohmann-Dennhardt	94	84
Wilfried Porth	93	93
Andreas Renschler[1]	8	511
Hubertus Troska[2]	431	603
Bodo Uebber	332	112
Prof. Dr. Thomas Weber	121	210
Total	1,405	1,854

1 Board of Management remuneration granted until January 28, 2014.
2 For the fulfillment of disclosure obligations pursuant to Section 285 No. 9a of the German Commercial Code (HGB), this amount is reduced by €139,000 for the year 2014. The corresponding fringe benefits were granted and borne by a subsidiary and are thus not included in the amounts to be disclosed in the annual financial statements of the parent company, Daimler AG.

B.48
Board of Management remuneration in 2014

In thousands of euros		Base salary	Short and medium-term variable remuneration (annual bonus)		Long-term variable remuneration (PPSP)		Total
			Short-term	Medium-term	Number	Value when granted (2014: at share price €66.83) (2013: at share price €44.39)	
Dr. Dieter Zetsche	2014	2,008	1,727	1,727	43,424	2,902	8,364
	2013	2,008	1,707	1,707	63,643	2,825	8,247
Dr. Wolfgang Bernhard	2014	779	670	670	18,380	1,228	3,347
	2013	715	590	590	25,458	1,130	3,025
Dr. Christine Hohmann-Dennhardt	2014	758	633	633	17,370	1,161	3,185
	2013	715	590	590	25,458	1,130	3,025
Wilfried Porth	2014	758	652	652	18,159	1,151[1]	3,213
	2013	715	608	608	25,458	1,044	2,975
Andreas Renschler[2]	2014	62	47	47	–	–	156
	2013	755	623	623	28,420	1,226	3,227
Hubertus Troska	2014	758	652	652	17,370	1,161	3,223
	2013	715	590	590	25,458	1,130	3,025
Bodo Uebber	2014	901	775	775	20,765	1,298[3]	3,749
	2013	866	736	736	30,433	1,199	3,537
Prof. Dr. Thomas Weber	2014	758	652	652	18,444	1,233	3,295
	2013	715	626	626	27,031	1,200	3,167
Total	2014	6,782	5,808	5,808	153,912	10,134	28,532
	2013	7,204	6,070	6,070	251,359	10,884	30,228

1 PPSP 2014 taking into account supervisory board remuneration of €62,707 (2013: €85,734).
2 Board of Management remuneration granted until January 28, 2014 (supervisory board remuneration 2013: €35,646).
3 PPSP 2014 taking into account supervisory board remuneration of €89,391 (2013: €152,197).

Commitments upon termination of service

Retirement provision. The pension agreements of some Board of Management members include a commitment to an annual retirement pension, calculated as a proportion of the former base salary and depending on the number of years of service. Those pension rights were granted until 2005 and remain valid; the same procedure was applied for the relevant hierarchy level for Wilfried Porth for the period before his membership of the Board of Management. The pension rights have been frozen at that level, however. Payments of these retirement pensions start upon request when the term of service ends at or after the age of 60, or are paid as disability pensions if the term of service ends before the age of 60 due to disability. The respective agreements provide for 3.5% annual increases starting when benefits are received (with the exception that Wilfried Porth's benefits are adjusted in accordance with applicable law). The agreements include a provision by which a spouse of a deceased Board of Management member is entitled to 60% of that member's pension. That amount can increase by up to 30 percentage points depending on the number of dependent children.

Effective as of January 1, 2006, we replaced the pension agreements of the Board of Management members with a new arrangement, the so-called pension capital system. Under this system, each Board of Management member is credited with a capital component each year. This capital component comprises an amount equal to 15% of the sum of the Board of Management member's fixed base salary and the actual annual bonus, multiplied by an age factor equivalent to a rate of return of 6% until 2015 and 5% as of 2016 (Wolfgang Bernhard and Wilfried Porth: 5% for all years). These contributions to pension plans are granted only until the age of 60. The benefit from the pension plan is payable to surviving Board of Management members at the earliest at the age of 60, also if retirement is before 60. If a member of the Board of Management retires due to disability, the benefit is paid as a disability pension, also before the age of 60.

In 2012, Daimler introduced a new company retirement benefit plan for new entrants and new appointments for employees paid according to collective bargaining wage tariffs as well as for executives: the "Daimler Pensions Plan." As before, the new retirement benefit system features the payment of annual contributions by Daimler, but is oriented towards the capital market. Daimler makes a commitment to guarantee the total of contributions paid, which are invested in the capital market according to a precautionary investment concept. The Supervisory Board of Daimler AG has approved the application of this system for all members of the Board of Management newly appointed since 2012. The amount of the annual contributions results from a fixed percentage of the base salary and the total annual bonus for the respective financial year calculated as of the balance sheet date. This percentage is 15%. This calculation takes into consideration the targeted level of retirement provision for each Board of Management member – also according to the period of membership – and the resulting annual and long-term expense for the Company. The contributions to retirement provision are granted until the age of 62. The benefit from the pension plan is payable to surviving Board of Management members at the earliest at the age of 62, irrespective of their age upon retirement. If a member of the Board of Management retires due to disability, the benefit is paid as a disability pension, irrespective of their age upon retirement.

Payments under the pension capital system and the Daimler Pensions Plan can be made in three ways:
- as a single amount;
- in twelve annual installments, whereby interest accrues on each partial amount until it is paid out (Pension Capital 6% or 5%; Daimler Pensions Plan in accordance with applicable law);
- as an annuity with annual increases (Pension Capital 3.5% or in accordance with applicable law; Daimler Pensions Plan in accordance with applicable law).

The contracts specify that if a Board of Management member passes away before retiring for reason of age, the spouse or dependent children is/are entitled to the full committed amount in the case of the pension capital system, and to the credit amount reached plus an imputed amount until the age of 62 in the case of the Daimler Pensions Plan. If a Board of Management member passes away after retiring for reason of age, in the case of payment of twelve annual installments, the heirs are entitled to the remaining present value. In the case of a pension with benefits for surviving dependents, the spouse/registered partner or dependent children is/are entitled to 60% of the discounted terminal value (pension capital), or the spouse/registered partner is entitled to 60% of the actual pension (Daimler Pensions Plan).

Departing Board of Management members with pension agreements modified as of the beginning of 2006 receive, for the period between the end of the last contract period and reaching the age of 60, payments in the amounts of the pension commitments granted as described in the previous section. Departing Board of Management members are also provided with a company car, in some case for a defined period. These payments are made until the age of 60, possibly reduced due to other sources of income, and are subject to annual percentage increases described above in the explanation of these pension agreements.

Service costs for pension obligations according to IFRS amounted to €2.8 million in 2014 (2013: €2.5 million). The present value of the total defined benefit obligation according to IFRS amounted to €80.5 million at December 31, 2014 (December 31, 2013: €70.1 million). Taking age and period of service into account, the individual entitlements, service costs and present values are shown in the table. ↗ B.50

Commitments upon early termination of service. In the case of early termination of a service contract without an important reason, Board of Management service contracts include commitments to payment of the base salary and provision of a company car until the end of the original service period at a maximum. Such persons are only entitled to payment of the annual bonus pro rata for the period until the end of the contract of service or of the Board of Management membership takes effect. Entitlement to payment of the performance-related component of remuneration with a long-term incentive effect that has already been allocated is defined by the conditions of the respective plans. To the extent that the payments described above are subject to the provisions of the so-called severance cap of the German Corporate Governance Code, their total including fringe benefits is limited to double the annual remuneration and may not exceed the total remuneration for the remaining period of the service contract.

Sideline activities of Board of Management members. The members of the Board of Management should accept management board or supervisory board positions and/or any other administrative or honorary functions outside the Group only to a limited extent. Furthermore, they require the consent of the Supervisory Board before commencing any sideline activities. This ensures that neither the time required nor the remuneration paid for such activities leads to any conflict with the members' duties to the Group. Insofar as such sideline activities are memberships of other statutory supervisory boards or comparable boards of business enterprises, they are disclosed in the notes to the annual company financial statements of Daimler AG and on our website. In general, Board of Management members have no right to separate remuneration for board positions held at other companies of the Group.

Loans to members of the Board of Management. In 2014, no advances or loans were made to members of the Board of Management of Daimler AG.

Payments made to former members of the Board of Management of Daimler AG and their survivors. Payments made in 2014 to former members of the Board of Management of Daimler AG and their survivors amounted to €16.8 million (2013: €14.6 million). Pension provisions for former members of the Board of Management and their survivors amounted to €263.0 million at December 31, 2014 (2013: €217.0 million).

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Individual entitlements, service costs and present values for members of the Board of Management

In thousands of euros		Annual pension (as regulated until 2005) as of age 60	Service cost (for pension, pension capital and Daimler Pensions Plan)	Present value[2] of obligations (for pension, pension capital and Daimler Pensions Plan)
Dr. Dieter Zetsche	**2014**	**1,050**	**827**	**39,238**
	2013	1.050	–	29,896
Dr. Wolfgang Bernhard	**2014**	**–**	**380**	**2,565**
	2013	–	401	1,774
Wilfried Porth	**2014**	**156**	**220**	**8,788**
	2013	156	223	6,579
Andreas Renschler[1]	**2014**	**225**	**30**	**–**
	2013	250	423	9,798
Hubertus Troska	**2014**	**–**	**314**	**3,321**
	2013	–	272	2,488
Bodo Uebber	**2014**	**275**	**676**	**14,148**
	2013	275	714	10,127
Prof. Dr. Thomas Weber	**2014**	**300**	**333**	**12,454**
	2013	300	426	9,444
Total	**2014**	**2,006**	**2,780**	**80,514**
	2013	2,031	2,459	70,106

1 Mr. Renschler pro rata until January 28, 2014.
2 The sharp increase in the present values is primarily due to the decrease in the relevant discount rate.
Dr. Hohmann-Dennhardt has no entitlement to a company retirement benefit.

Details of Board of Management remuneration in 2014 pursuant to the requirements of the German Corporate Governance Code
The following tables show for each individual member of the Board of Management on the one hand the benefits granted for the financial year and on the other hand the payments made in or for the financial year and the retirement pension expense in or for the financial year in accordance with the recommendations of Clause 4.2.5 paragraph 3 of the German Corporate Governance Code.

The total of "benefits granted" for financial year 2013 is calculated from:
- the base salary in 2013,
- the taxable non-cash benefits and other fringe benefits in 2013,
- the half of the annual bonus payable in 2014 for 2013 at the value with target achievement of 100%,
- the half of the share-based component of the annual bonus payable in 2015 for 2013 at the value with target achievement of 100%,

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Benefits granted

	Dr. Dieter Zetsche Chairman of the Board of Management and Head of Mercedes-Benz Cars				Dr. Wolfgang Bernhard Daimler Trucks and Buses			
	Jan. 1 – Dec. 31, 2013	2014	Jan. 1 – Dec. 31, min.	Jan. 1 – Dec. 31, max.	Jan. 1 – Dec. 31, 2013	2014	Jan. 1 – Dec. 31, min.	Jan. 1 – Dec. 31, max.
In thousands of euros								
Base salary	2,008	**2,008**	2,008	2,008	715	**779**	779	779
Taxable non-cash benefits and other fringe benefits	151	**163**	163	163	90	**163**	163	163
Total	2,159	**2,171**	2,171	2,171	805	**942**	942	942
Annual variable remuneration (50% of annual bonus, short-term)	1,004	**1,004**	0	2,360	358	**390**	0	916
Deferral (50% of annual bonus, medium-term)	1,004	**1,004**	0	2,360	358	**390**	0	916
Long-term variable remuneration (plan period of 4 years)	2,825	**2,902**	0	6,875	1,130	**1,228**	0	2.910
Total	4,833	**4,910**	0	11,595	1,846	**2,008**	0	4,742
Retirement pension expense (service costs)	–	**827**	827	827	401	**380**	380	380
Total remuneration	6,992	**7,908**	2,998	14,593	3,052	**3,330**	1,322	6,064
Total limit[1] for components of remuneration granted in 2014 Excluding – Taxable non-cash benefits and other fringe benefits – Retirement pension expense (service costs)				10,149				5,172

	Dr. Christine Hohmann-Dennhardt Integrity & Legal Affairs				Wilfried Porth HR & Labor Relations Director and Mercedes-Benz Vans			
	Jan. 1 – Dec. 31, 2013	2014	Jan. 1 – Dec. 31, min	Jan. 1 – Dec. 31, max	Jan. 1 – Dec. 31, 2013	2014	Jan. 1 – Dec. 31, min	Jan. 1 – Dec. 31, max
In thousands of euros								
Base salary	715	**758**	758	758	715	**758**	758	758
Taxable non-cash benefits and other fringe benefits	84	**94**	94	94	93	**93**	93	93
Total	799	**852**	852	852	808	**851**	851	851
Annual variable remuneration (50% of annual bonus, short-term)	358	**379**	0	891	358	**379**	0	891
Deferral (50% of annual bonus, medium-term)	358	**379**	0	891	358	**379**	0	891
Long-term variable remuneration (plan period of 4 years)	1,130	**1,161**	0	2,750	1,130	**1,214**	0	2,875
Total	1,846	**1,919**	0	4,532	1,846	**1,972**	0	4,657
Retirement pension expense (service costs)	–	**–**	–	–	223	**220**	220	220
Total remuneration	2,645	**2,711**	852	5,384	2,877	**3,043**	1,071	5,728
Total limit[1] for components of remuneration granted in 2014 Excluding – Taxable non-cash benefits and other fringe benefits – Retirement pension expense (service costs)				4,971				5,066

1 Total limit = maximum amount for financial year 2014 → 1.5 times (Dr. Zetsche)/1.9 times target remuneration 2014 (base salary, target annual bonus, value when granted of PPSP, excluding fringe benefits and retirement pension commitments).

– the value of the long-term share-based remuneration at the time when granted in 2013 (payable in 2017) and
– the retirement pension expense in 2013 (service cost in 2013).

The total of “benefits granted” for financial year 2014 is calculated from
– the base salary for 2014,
– the taxable non-cash benefits for the year 2014,
– the half of the annual bonus payable in 2015 for 2014 at the value with target achievement of 100%,
– the half of the share-based annual bonus payable in 2016 for 2014 at the value with target achievement of 100%,
– the value when granted in 2014 of the long-term share-based remuneration (payable in 2018), and
– the retirement pension expense in 2014 (service costs in 2014).

Benefits granted

	Andreas Renschler[2]				Hubertus Troska Greater China			
	Jan. 1 – Dec. 31, 2013	2014	Jan. 1 – Jan. 28, min.	max.	Jan. 1 – Dec. 31, 2013	2014	Jan. 1 – Dec. 31, min.	max.
In thousands of euros								
Base salary	755	**62**	62	62	715	**758**	758	758
Taxable non-cash benefits and other fringe benefits	511	**8**	8	8	603	**431**	431	431
Total	1,266	**70**	70	70	1,318	**1,189**	1,189	1,189
Annual variable remuneration (50% of annual bonus, short-term)	378	**31**	0	73	358	**379**	0	891
Deferral (50% of annual bonus, medium-term)	378	**31**	0	73	358	**379**	0	891
Long-term variable remuneration (plan period of 4 years)	1,262	**–**	–	–	1,130	**1,161**	0	2,750
Total	2,018	**62**	0	146	1,846	**1,919**	0	4,532
Retirement pension expense (service costs)	423	**30**	30	30	272	**314**	314	314
Total remuneration	3,707	**162**	100	246	3,436	**3,422**	1,503	6,035
Total limit[1] for components of remuneration granted in 2014 Excluding – Taxable non-cash benefits and other fringe benefits – Retirement pension expense (service costs)				233				4,971

	Bodo Uebber Finance & Controlling and Daimler Financial Services				Prof. Dr. Thomas Weber Group Research & Mercedes-Benz Cars Development			
	Jan. 1 – Dec. 31, 2013	2014	Jan. 1 – Dec. 31, min	max	Jan. 1 – Dec. 31, 2013	2014	Jan. 1 – Dec. 31, min	max
In thousands of euros								
Base salary	866	**901**	901	901	715	**758**	758	758
Taxable non-cash benefits and other fringe benefits	112	**332**	332	332	210	**121**	121	121
Total	978	**1,233**	1,233	1,233	925	**879**	879	879
Annual variable remuneration (50% of annual bonus, short-term)	433	**451**	0	1,060	358	**379**	0	891
Deferral (50% of annual bonus, medium-term)	433	**451**	0	1,060	358	**379**	0	891
Long-term variable remuneration (plan period of 4 years)	1,351	**1,388**	0	3,288	1,200	**1,233**	0	2,920
Total	2,217	**2,290**	0	5,408	1,916	**1,991**	0	4,702
Retirement pension expense (service costs)	714	**676**	676	676	426	**333**	333	333
Total remuneration	3,909	**4,199**	1,909	7,317	3,267	**3,203**	1,212	5,914
Total limit[1] for components of remuneration granted in 2014 Excluding – Taxable non-cash benefits and other fringe benefits – Retirement pension expense (service costs)				5,922				5,100

1 Total limit = maximum amount for financial year 2014 → 1.5 times (Dr. Zetsche)/1.9 times target remuneration 2014 (base salary, target annual bonus, value when granted of PPSP, excluding fringe benefits and retirement pension commitments).
2 In 2014, Board of Management remuneration granted until January 28, 2014.

The total of “payments made” for financial year 2013 is calculated from:
- the base salary in 2013,
- the taxable non-cash benefits and other fringe benefits in 2013,
- the half of the annual bonus payable in 2014 for 2013 at the value as of the end of the reporting period,
- the half of the share-based annual bonus paid in 2013 for 2011,
- the value of the long-term share-based payment (PPSP 2009) paid in 2013,
- the dividend equivalent of the current PPSP (2010, 2011, 2012 and 2013) paid in 2013,
- the value of stock options 2004 when exercised (as defined by German tax law), and
- the retirement pension expense in 2013 (service costs in 2013).

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Payments made

	Dr. Dieter Zetsche Chairman of the Board of Management and Head of Mercedes-Benz Cars		Dr. Wolfgang Bernhard Daimler Trucks and Buses	
	Jan. 1 – Dec. 31, 2013	Jan. 1 – Dec. 31, **2014**	Jan. 1 – Dec. 31, 2013	Jan. 1 – Dec. 31, **2014**
In thousands of euros				
Base salary	2,008	**2,008**	715	**779**
Taxable non-cash benefits and other fringe benefits	151	**163**	90	**163**
Total	2,159	**2,171**	805	**942**
Annual variable remuneration (50% of annual bonus, short-term)	1,707	**1,727**	590	**670**
Deferral (50% of annual bonus, medium-term)	1,834	**1,583**	653	**564**
Long-term variable remuneration				
Payment of PPSP 2009	5,117	**–**	744	**–**
Payment of PPSP 2010	–	**7,524**	–	**2,770**
Dividend equivalent PPSP 2010	261	**–**	96	**-**
Dividend equivalent PPSP 2011	111	**195**	44	**78**
Dividend equivalent PPSP 2012	150	**154**	60	**61**
Dividend equivalent PPSP 2013	140	**143**	56	**57**
Dividend equivalent PPSP 2014	–	**98**	–	**41**
Exercise of stock options 2004	2,195	**–**	–	**–**
Total	11,515	**11,424**	2,243	**4,241**
Retirement pension expense (service costs)	–	**827**	401	**380**
Total remuneration	13,674	**14,422**	3,449	**5,563**

	Dr. Christine Hohmann-Dennhardt Integrity & Legal		Wilfried Porth HR & Labor Relations Director and Mercedes-Benz Vans	
	Jan. 1 – Dec. 31, 2013	Jan. 1 – Dec. 31, **2014**	Jan. 1 – Dec. 31, 2013	Jan. 1 – Dec. 31, **2014**
In thousands of euros				
Base salary	715	**758**	715	**758**
Taxable non-cash benefits and other fringe benefits	84	**94**	93	**93**
Total	799	**852**	808	**851**
Annual variable remuneration (50% of annual bonus, short-term)	590	**633**	608	**652**
Deferral (50% of annual bonus, medium-term)	556	**584**	637	**564**
Long-term variable remuneration				
Payment of PPSP 2009	–	**–**	1,693	**–**
Payment of PPSP 2010	–	**–**	–	**3,009**
Dividend equivalent PPSP 2010	–	**–**	105	**–**
Dividend equivalent PPSP 2011	39	**68**	44	**78**
Dividend equivalent PPSP 2012	60	**61**	60	**61**
Dividend equivalent PPSP 2013	56	**57**	56	**57**
Dividend equivalent PPSP 2014	–	**39**	–	**41**
Exercise of stock options 2004	–	**–**	–	**–**
Total	1,301	**1,442**	3,203	**4,462**
Retirement pension expense (service costs)	–	**–**	223	**220**
Total remuneration	2,100	**2,294**	4,234	**5,533**

The total of "payments made" for financial year 2014 is calculated from:
- the base salary in 2014,
- the taxable non-cash benefits and other fringe benefits in 2014,
- the half of the annual bonus payable in 2015 for 2014 at the value as of the end of the reporting period,
- the half of the share-based annual bonus paid in 2014 for 2012,
- the amount of the long-term share-based remuneration (PPSP 2010) paid in 2014,
- the dividend equivalent of the current PPSP (2011, 2012, 2013 and 2014) paid in 2014, and
- the retirement pension expense in 2014 (service costs in 2014).

The caps possible to ensure the total maximum amount shown in the table of benefits granted in the year 2014 are implemented with the payout of PPSP 2014, which constitutes the last payment to be made of the components of remuneration granted in 2014. For the year 2014, therefore, the possible cap would take place in 2018, the year that PPSP 2014 is paid out.

Payments made

	Andreas Renschler[1]		Hubertus Troska Greater China	
In thousands of euros	Jan. 1 – Dec. 31, 2013	Jan. 1 – Dec. 31, **2014**	Jan. 1 – Dec. 31, 2013	Jan. 1 – Dec. 31, **2014**
Base salary	755	**62**	715	**758**
Taxable non-cash benefits and other fringe benefits	511	**8**	603	**431**
Total	1,266	**70**	1,318	**1,189**
Annual variable remuneration (50% of annual bonus, short-term)	623	**47**	590	**652**
Deferral (50% of annual bonus, medium-term)	672	**595**	–	**27**
Long-term variable remuneration				
Payment of PPSP 2009	2,284	**–**	837	**–**
Payment of PPSP 2010	–	**–**	–	**1,231**
Dividend equivalent PPSP 2010	117	**–**	43	**–**
Dividend equivalent PPSP 2011	49	**–**	18	**32**
Dividend equivalent PPSP 2012	67	**–**	25	**25**
Dividend equivalent PPSP 2013	63	**–**	56	**57**
Dividend equivalent PPSP 2014	–	**–**	–	**39**
Exercise of stock options 2004	298	**–**	–	**–**
Total	4,173	**642**	1,569	**2,063**
Retirement pension expense (service costs)	423	**30**	272	**314**
Total remuneration	5,862	**742**	3,159	**3,566**

	Bodo Uebber Finance & Controlling and Daimler Financial Services		Prof. Dr. Thomas Weber Group Research & Mercedes-Benz Cars Development	
In thousands of euros	Jan. 1 – Dec. 31, 2013	Jan. 1 – Dec. 31, **2014**	Jan. 1 – Dec. 31, 2013	Jan. 1 – Dec. 31, **2014**
Base salary	866	**901**	715	**758**
Taxable non-cash benefits and other fringe benefits	112	**332**	210	**121**
Total	978	**1,233**	925	**879**
Annual variable remuneration (50% of annual bonus, short-term)	736	**775**	626	**652**
Deferral (50% of annual bonus, medium-term)	791	**707**	653	**544**
Long-term variable remuneration				
Payment of PPSP 2009	2,447	**–**	2,172	**–**
Payment of PPSP 2010	–	**3,598**	–	**3,194**
Dividend equivalent PPSP 2010	125	**–**	111	**–**
Dividend equivalent PPSP 2011	53	**93**	47	**83**
Dividend equivalent PPSP 2012	72	**73**	64	**65**
Dividend equivalent PPSP 2013	67	**68**	59	**61**
Dividend equivalent PPSP 2014	–	**47**	–	**41**
Exercise of stock options 2004	–	**–**	397	**–**
Total	4,291	**5,361**	4,129	**4,640**
Retirement pension expense (service costs)	714	**676**	426	**333**
Total remuneration	5,983	**7,270**	5,480	**5,852**

1 In 2014, Board of Management remuneration granted until January 28, 2014.

Remuneration of the Supervisory Board

Supervisory Board remuneration in 2014. The remuneration of the Supervisory Board is determined by the Shareholders' Meeting of Daimler AG and is governed by the Company's Articles of Incorporation. The regulations for Supervisory Board remuneration approved by the Annual Shareholders' Meeting in April 2014 and effective for the financial year beginning on January 1, 2014 specify that the members of the Supervisory Board receive, in addition to the refund of their expenses and the cost of any value-added tax incurred by them in performance of their office, fixed remuneration of €120,000. The Chairman of the Supervisory Board receives an additional €240,000 and the Deputy Chairman of the Supervisory Board receives an additional €120,000. The members of the Audit Committee are paid an additional €60,000, the members of the Presidential Committee are paid an additional €48,000 and the members of the other committees of the Supervisory Board are paid an additional €24,000; an exception is the Chairman of the Audit Committee, who is paid an additional €120,000. Payments are made for activities in a maximum of three committees; any persons who are members of more than three such committees receive payments for the three most highly paid functions. Members of a Supervisory Board committee are only entitled to remuneration for such membership if the committee has actually convened to fulfill its duties in the respective year.

The members of the Supervisory Board and its committees receive a meeting fee of €1,100 for each Supervisory Board meeting and committee meeting that they attend. The individual remuneration of the members of the Supervisory Board is shown in table ↗ B.53.

No remuneration was paid for services provided personally beyond the aforementioned board and committee activities, in particular for advisory or agency services, except for the remuneration paid to the members of the Supervisory Board representing the employees in accordance with their contracts of employment.

The remuneration of all the activities of the members of the Supervisory Board of Daimler AG in the year 2014 was thus €3.6 million (2013: €3.0 million).

Loans to members of the Supervisory Board. No advances or loans were made to members of the Supervisory Board of Daimler AG in 2014.

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Supervisory Board remuneration

Name	Function(s) remunerated	Total in 2014
In euros		
Dr. Manfred Bischoff	Chairman of the Supervisory Board, the Presidential Committee and the Nomination Committee	448,500
Erich Klemm[1]	Deputy Chairman of the Supervisory Board, the Presidential Committee and the Audit Committee (each until 30 April, 2014)	126,511
Michael Brecht[1]	Member of the Supervisory Board and the Audit Committee, Deputy Chairman of the Supervisory Board, the Presidential Committee and the Audit Committee (each since May 1, 2014)	312,567
Dr. Paul Achleitner	Member of the Supervisory Board and the Nomination Committee	152,800
Sari Baldauf	Member of the Supervisory Board and the Nomination Committee	155,000
Dr. Clemens Börsig	Member of the Supervisory Board and the Audit Committee (Chairman of the Audit Committee since April 9, 2014)	238,190
Dr. Bernd Bohr	Member of the Supervisory Board (since April 9, 2014)	93,281
Dr. Jürgen Hambrecht	Member of the Supervisory Board and of the Presidential Committee	183,400
Petraea Heynike	Member of the Supervisory Board	128,800
Jörg Hofmann[1]	Member of the Supervisory Board and of the Presidential Committee	183,400
Andrea Jung	Member of the Supervisory Board	128,800
Joe Kaeser	Member of the Supervisory Board and the Audit Committee (since April 9, 2014)	139,371
Gerard Kleisterlee	Member of the Supervisory Board (until April 9, 2014)	35,848
Jürgen Langer[1]	Member of the Supervisory Board	129,900
Ergun Lümali[1]	Member of the Supervisory Board (since May 1, 2014)	83,848
Dr. Sabine Maaßen[1]	Member of the Supervisory Board and the Audit Committee (since May 1, 2014)	173,474
Wolfgang Nieke[1]	Member of the Supervisory Board	129,900
Dr. Bernd Pischetsrieder	Member of the Supervisory Board (since April 9, 2014)	92,181
Valter Sanches[2]	Member of the Supervisory Board	129,900
Jörg Spies[1]	Member of the Supervisory Board	129,900
Elke Tönjes-Werner[1]	Member of the Supervisory Board	129,900
Lloyd G. Trotter	Member of the Supervisory Board (until April 9, 2014)	35,848
Dr. h. c. Bernhard Walter	Member of the Supervisory Board and Chairman of the Audit Committee (each until 9 April, 2014)	71,696
Dr. Frank Weber	Member of the Supervisory Board	129,900

1 The employee representatives have stated that their board remuneration is to be transferred to the Hans-Böckler Foundation, in accordance with the guidelines of the German Trade Union Federation.
2 Mr. Sanches has directed that his board remuneration is to be paid to the Hans-Böckler Foundation.

Takeover-Relevant Information and Explanation.

(Report pursuant to Section 315 Subsection 4 and Section 289 Subsection 4 of the German Commercial Code (HGB))

Composition of share capital. The share capital of Daimler AG amounts to approximately €3,070 million at December 31, 2014. It is divided into 1,069,837,447 registered shares of no par value. With the exception of treasury shares, from which the Company does not have any rights, all shares confer equal rights to their holders. Each share confers the right to one vote and, with the possible exception of any new shares that are not yet entitled to a dividend, to an equal share of the profits. The rights and obligations arising from the shares are derived from the provisions of applicable law. There were no treasury shares at December 31, 2014.

Restrictions on voting rights and on the transfer of shares. The Company does not have any rights from treasury shares. In the cases described in Section 136 of the German Stock Corporation Act (AktG), the voting rights of treasury shares are nullified by law.

Shares acquired by employees within the context of the employee share program may not be disposed of until the end of the following year. Eligible participants in the Performance Phantom Share Plans are obliged by the Plans' terms and conditions and by the Stock Ownership Guidelines to acquire Daimler shares with a part of their Plan income up to a defined target volume and to hold them for the duration of their employment at the Daimler Group.

On April 7, 2010, Daimler AG and the Renault-Nissan Alliance signed a master cooperation agreement on wide-ranging strategic cooperation and a cross-shareholding. Renault S. A. and Nissan Motor Co., Ltd. each received an equity interest of 1.55% in Daimler AG, and Daimler AG received equity interests of 3.1% in each of Renault S. A. and Nissan Motor Co., Ltd. Due to an increase in the total number of outstanding shares of Daimler AG following the exercise of stock options, each shareholding in Daimler of Renault S. A. and Nissan Motor Co., Ltd. amounted to 1.54% at December 31, 2014. For the duration of the master cooperation agreement or for a period of five years (whichever is the shorter), without the prior consent of the other party, i) Daimler AG may not transfer its shares in Renault S. A. and Nissan Motor Co., Ltd. to a third party, and ii) Renault S. A. and Nissan Motor Co., Ltd. may not transfer their shares in Daimler AG to a third party. Transfers to third parties that are not competitors of one of the issuers of the shares in question are exempted from this prohibition under certain circumstances, including the case of internal corporate transfers, transfers related to a takeover offer from a third party for the shares of one of the other parties, or the case of a change of control of the issuer of the shares in question. Following the acquisition of their equity interests in Daimler, each of Renault S. A. and Nissan Motor Co., Ltd. has stated in its voting-rights notification issued pursuant to Sections 21 ff of the German Securities Trading Act (WpHG) that the Daimler shares held by the other company are to be allocated to it pursuant to Section 22 Subsection 2 of the German Securities Trading Act (WpHG) (coordinated action).

Provisions of applicable law and of the Articles of Incorporation concerning the appointment and dismissal of members of the Board of Management and amendments to the Articles of Incorporation. Members of the Board of Management are appointed and dismissed on the basis of Sections 84 and 85 of the German Stock Corporation Act (AktG) and Section 31 of the German Codetermination Act (MitbestG). In accordance with Section 84 of the German Stock Corporation Act (AktG), the members of the Board of Management are appointed by the Supervisory Board for a maximum period of office of five years. However, the Supervisory Board of Daimler AG has decided generally to limit the initial appointment of members of the Board of Management to three years. Reappointment or the extension of a period of office is permissible, in each case for a maximum of five years.

Pursuant to Section 31 Subsection 2 of the German Codetermination Act (MitbestG), the Supervisory Board appoints the members of the Board of Management with a majority comprising at least two thirds of its members' votes. If no such majority is obtained, the Mediation Committee of the Supervisory Board has to make a suggestion for the appointment within one month of the vote by the Supervisory Board. The Supervisory Board then appoints the members of the Board of Management with a majority of its members' votes. If no such majority is obtained, voting is repeated and the Chairman of the Board of Management then has two votes. The same procedure applies for dismissals of members of the Board of Management.

In accordance with Article 5 of the Articles of Incorporation, the Board of Management has at least two members. The number of members is decided by the Supervisory Board. Pursuant to Section 84 Subsection 2 of the German Stock Corporation Act (AktG), the Supervisory Board can appoint a member of the Board of Management as its Chairperson. If a required member of the Board of Management is lacking, an affected party can apply in urgent cases for that member to be appointed by the court pursuant to Section 85 Subsection 1 of the German Stock Corporation Act (AktG). Pursuant to Section 84 Subsection 3 of the German Stock Corporation Act (AktG), the Supervisory Board can revoke the appointment of a member of the Board of Management and of the Chairman of the Board of Management if there is an important reason to do so.

Pursuant to Section 179 of the German Stock Corporation Act (AktG), the Articles of Incorporation can only be amended by a resolution of a Shareholders' Meeting. Unless otherwise required by applicable law, resolutions of the Annual Shareholders' Meeting – with the exception of elections – are passed pursuant to Section 133 of the German Stock Corporation Act (AktG) and Article 16 Paragraph 1 of the Articles of Incorporation with a simple majority of the votes cast and if required with a simple majority of the share capital represented. Pursuant to Section 179 Subsection 2 of the German Stock Corporation Act (AktG), any amendment to the purpose of the Company requires a 75% majority of the share capital represented at the Shareholders' Meeting; no use is made in the Articles of Incorporation of the possibility to stipulate a larger majority of the share capital. Amendments to the Articles of Incorporation that only affect the wording can be decided upon by the Supervisory Board in accordance with Article 7 Paragraph 2 of the Articles of Incorporation. Pursuant to Section 181 Subsection 3 of the German Stock Corporation Act (AktG), amendments to the Articles of Incorporation take effect upon being entered in the Commercial Register.

Authorization of the Board of Management to issue or buy back shares. By resolution of the Annual Shareholders' Meeting of April 14, 2010, the Board of Management was authorized with the consent of the Supervisory Board during the period until April 13, 2015 to acquire the Company's own shares for all legal purposes, in particular for certain defined purposes, up to a maximum of 10% of the share capital at the time of the resolution of the Annual Shareholders' Meeting. The purchase of the Company's own shares is allowed, inter alia, for the following purposes: for the purposes of canceling them, offering them to third parties in connection with a corporate merger or acquisition, disposing of them in another way than through the stock exchange, offering them to all shareholders, or serving the stock option plan created in or before 2004 (whose last exercise period expired on March 31, 2014, however). The Company's own shares in a volume of up to 5% of the share capital existing at the time of the resolution of the Annual Shareholders' Meeting can also be acquired with the application of derivative financial instruments, whereby the period of the individual option may not exceed 18 months. No use has yet been made of this authorization.

By resolution of the Annual Shareholders' Meeting held on April 9, 2014, the Board of Management was authorized with the consent of the Supervisory Board to increase the share capital of Daimler AG in the period until April 8, 2019, wholly or in partial amounts, on one or several occasions, by up to €1 billion by issuing new registered shares of no par value in exchange for cash or non-cash contributions, and with the consent of the Supervisory Board under certain conditions and within defined limits to exclude shareholders' subscription rights (Approved Capital 2014). Approved Capital 2014 replaces Approved Capital 2009, which was limited until April 7, 2014 and had not been utilized. No use has yet been made of Approved Capital 2014.

The Board of Management was authorized by resolution of the Annual Shareholders' Meeting held on April 14, 2010,
- with the consent of the Supervisory Board during the period until April 13, 2015 to issue convertible bonds and/or bonds with warrants or a combination of those instruments, once or several times, in a total nominal amount of up to €10 billion with a maximum term of ten years, and
- to grant the owners/lenders of those bonds conversion or option rights to new, registered shares of no par value in Daimler AG with a corresponding amount of the share capital of up to €500 million, in accordance with the terms and conditions of those convertible bonds or bonds with warrants.

Inter alia, the Board of Management was also authorized under certain circumstances, within certain limits and with the consent of the Supervisory Board to exclude shareholders' subscription rights to the bonds with conversion or warrant rights to shares in Daimler AG. The bonds can also be issued by direct or indirect majority-owned subsidiaries of Daimler AG.

Accordingly, the share capital was conditionally increased by up to €500 million (Conditional Capital 2010). No use has yet been made of this authorization to issue convertible bonds and/or bonds with warrants.

Material agreements taking effect in the event of a change of control. Daimler AG has concluded various material agreements, as listed below, that include clauses regulating the possible event of a change of control, as can occur as a result of a takeover bid:

- A non-utilized syndicated credit line in a total amount of €9 billion, which the lenders are entitled to terminate if Daimler AG becomes a subsidiary of another company or comes under the control of one person or several persons acting jointly.
- Credit agreements with lenders for a total amount of €2.5 billion, which the lenders are entitled to terminate if Daimler AG becomes a subsidiary of another company or comes under the control of one person or several persons acting jointly.
- Guarantees and securities for credit agreements of consolidated subsidiaries for a total amount of €577 million, which the lenders are entitled to terminate if Daimler AG becomes a subsidiary of another company or comes under the control of one person or several persons acting jointly.
- An agreement concerning the acquisition of a majority (50.1%) of AFCC Automotive Fuel Cell Cooperation Corp., which has the purpose of further developing fuel cells for automotive applications and making them marketable. In the case of a change of control of Daimler AG, the agreement provides for the right of termination by the other main shareholder, Ford Motor Company. Control as defined by this agreement is the beneficial ownership of the majority of the voting rights and the resulting right to appoint the majority of the members of the Board of Management.
- a cooperation agreement with Ford and Nissan concerning the joint predevelopment of a fuel-cell system. In the event of a change of control of one of the parties to the agreement, the agreement provides for the right of termination for the other parties. A change of control is deemed to occur at a threshold of 50% of the voting rights of the company in question or upon authorization to appoint the majority of the members of its managing board.
- A master cooperation agreement on wide-ranging strategic cooperation with Renault S. A., Renault-Nissan B.V. and Nissan Motor Co., Ltd. in connection with cross-shareholdings. The Renault-Nissan Alliance received an equity interest of 3.1% in Daimler AG and Daimler AG received equity interests of 3.1% in each of Renault S. A. and Nissan Motor Co., Ltd. In the case of a change of control of one of the parties to the agreement, each of the other parties has the right to terminate the agreement. A change of control as defined by the master cooperation agreement occurs if a third party or several third parties acting jointly acquire, legally or economically, directly or indirectly, at least 50% of the voting rights in the company in question or are authorized to appoint a majority of the members of its managing board. Under the master cooperation agreement, several cooperation agreements were concluded between Daimler AG on the one side and Renault and/or Nissan on the other, which provide for the right of termination for a party to the agreement in the case of a change of control of another party. These agreements primarily concern a new architecture for small cars, the shared use and development of fuel-efficient diesel and gasoline engines and transmissions, the development and supply of a small van, the use of an existing architecture for compact cars, the joint development of components for a new architecture for compact cars, the joint production of Infiniti and Mercedes-Benz compact vehicles in a 50:50 joint venture in Mexico and the predevelopment of a hydrogen tank system. A change of control is deemed to occur at a threshold of 50% of the voting rights of the company in question or upon authorization to appoint a majority of the members of its managing board. In the case of termination of cooperation in the area of the development of small cars due to a change of control in the early phase of the cooperation, the party affected by the change of control would be obliged to bear its share of the costs of the development of shared components even if the development were terminated for that party.
- An agreement with BAIC Motor Co., Ltd., relating to a jointly held company for the production and distribution of cars of the Mercedes-Benz brand in China, by which BAIC Motor Co., Ltd. is given the right to terminate or exercise a put or call option in the case that a third party acquires one third or more of the voting rights in Daimler AG.
- An agreement relating to the establishment of a joint venture with Beiqi Foton Motor Co., Ltd. for the purpose of producing and distributing heavy-duty and medium-duty trucks of the Auman brand. This agreement gives Beiqi Foton Motor Co., Ltd. the right of termination in the case that one of its competitors acquires more than 25% of the equity or assets of Daimler AG or becomes able to influence the decisions of its Board of Management.
- An agreement between Daimler and Robert Bosch GmbH relating to the joint establishment and joint operation of EM-motive GmbH for the development and production of traction and transmission-integrated electric motors as well as parts and components for such motors for automotive applications and for the sale of those articles to the Robert Bosch Group and the Daimler Group. If Daimler should become controlled by a competitor of Robert Bosch GmbH, Robert Bosch GmbH has the right to terminate the consortium agreement without prior notice and to acquire all the shares in the joint venture held by Daimler at a fair market price.

Risk and Opportunity Report.

The Daimler Group's divisions are exposed to a large number of risks which are directly linked with business activities. A risk is understood as the danger that events or actions prevent the Group or one of its divisions from achieving its targets. It is also important for the Daimler Group to identify opportunities so that they can be utilized as part of Daimler's business activities, thus securing and enhancing the Daimler Group's competitiveness. An opportunity is understood as the possibility to surpass the planned targets as a result of events, developments or actions. The divisions have direct responsibility for recognizing and managing entrepreneurial risks and opportunities at an early stage. As part of the strategy process, risks related to the planned long-term development and opportunities for further profitable growth are identified and integrated into the decision-making process. In order to identify risks and opportunities at an early stage and to assess and deal with them consistently, Daimler applies effective management and control systems, which are integrated into a risk management system and an opportunity management system. Opportunities and risks are not offset. The two systems are described below.

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Assessment of probability of occurrence and possible impact

Category	Probability of occurrence		
Low	0% <	Probability of occurrence	≤ 33%
Medium	33% <	Probability of occurrence	≤ 66%
High	66% <	Probability of occurrence	< 100%

Category	Possible impact		
Low	€0 ≤	Impact	< €500million
Medium	€500 million ≤	Impact	< €1 billion
High		Impact	≥ €1 billion

Risk and opportunity management system

The **risk management system** with regard to material risks and existence-threatening risks is integrated into the value-based management and planning system of the Daimler Group. It is an integral part of the overall planning, management and reporting process in the relevant legal entities, divisions and corporate functions. The risk management system is intended to systematically and continually identify, assess, control, monitor and document material risks and risks threatening Daimler's existence, in order to secure the achievement of corporate goals and to enhance risk awareness at the Group.

Opportunity management system at the Daimler Group is derived from the risk management system. The objective of opportunity management is to recognize at an early stage the possible opportunities arising in business activities as a result of positive developments, and to utilize them as optimally as possible for the Group by taking appropriate measures. Taking advantage of opportunities may lead to overachieve planned goals.

Risk assessment in principal is carried out for a two-year planning period, although Daimler also identifies and monitors risks related to a longer period in the discussions for the derivation of medium-term and strategic goals. Within the context of the strategic and operational planning, relevant and feasible opportunities are identified in addition to risks. Those opportunities are considered that are possible but which have not yet been included in the planning. The reporting of risks and opportunities in the management report in principal refer to a period of one year.

In the context of its operational planning, Daimler uses appropriate risk and opportunity categories to identify and assess risks and opportunities for the divisions and operating units, important associated companies, joint ventures, joint operations and the corporate departments. The scope of consolidation for risk and opportunity management corresponds to the scope of consolidation of the consolidated financial statements and goes even beyond if necessary.

Risk assessment takes place on the basis of the probability of occurrence and the possible impact of the risk according to the categories low, medium and high. These categories also apply to the potential impact of opportunities, although an analysis of the probability of occurrence is not conducted here. When assessing the impact of a risk, the effect before measures in relation to EBIT is considered. At the Daimler Group, risks below €500 million are categorized as low, between €500 million and €1 billion as medium and above €1 billion as high. Risk management is based on the principle of completeness. This means that at the level of the individual entities, all specific risks flow into the risk management process. General uncertainties without clear indication of a possible effect on earnings are monitored in the internal control system (ICS). The assessment of the dimensions of the probability of occurrence and possible impact is based on the categories shown in table ↗ **B.54**.

Quantification of each risk and opportunity category in the Management Report summarizes the individual risks and opportunities for each category. The category descriptions include the explaination of important changes in comparison to the prior year.

The tasks of the employees responsible for risk and opportunity management include, in addition to identification and assessment, the development of measures and the initiation of such measures where appropriate, whereby the goal of such measures is to avoid, reduce or counteract risks. The utilization or enhancement of an opportunity, and its partial or full implementation, also require the application of specific measures. The standard approach here is to assess the cost-effectiveness of the measures before they are implemented. The development of all the risks and opportunities of the individual entities and of the related countermeasures that have been initiated are continually monitored.

Corporate risk management regularly reports on the identified risks and opportunities to the Board of Management and the Supervisory Board. As well as the regular reporting, there is also an internal reporting obligation within the Group for risks arising unexpectedly.

Risk controlling at the Daimler Group takes place at the level of the divisions based on individual risks. If the impact of an individual risk exceeds the amount of €2 billion, this risk is described separately in the Management Report. To the extent not otherwise presented, even in the case of simultaneous occurrence of all individual risks in a risk category, the Group does not expect any effect in this category of more than €3 billion.

The **internal control and risk management system with regard to the accounting process** has the goal of ensuring the correctness and effectiveness of accounting and financial reporting. It is designed in line with the internationally recognized framework for internal control systems of the Committee of Sponsoring Organizations of the Treadway Commission (COSO Internal Control – Integrated Framework), is continually developed further and is an integral part of the accounting and financial reporting process in all relevant legal entities and corporate functions. The system includes principles and procedures as well as preventive and detective controls. Among other things, it is regularly checked that

- the Group's uniform financial reporting, valuation and accounting guidelines are continually updated and regularly taught and adhered to;
- transactions within the Group are fully accounted for and properly eliminated;
- issues relevant for financial reporting and disclosure from agreements entered into are recognized and appropriately presented;
- processes exist to guarantee the completeness of financial reporting;
- processes exist for the segregation of duties and for the "four-eyes principle" (dual accountability) in the context of preparing financial statements, and authorization and access rules exist for relevant IT accounting systems.

We systematically assess the effectiveness of the internal control system with regard to the corporate accounting process. The first step consists of risk analysis and definition of control. Significant risks are identified relating to the process of corporate accounting and financial reporting in the main legal entities and corporate functions. The controls required are then defined and documented in accordance with Group-wide guidelines. Random samples are regularly tested to assess the effectiveness of the controls. Those tests constitute the basis for self-assessment of the appropriate magnitude and effectiveness of the controls. The results of this self-assessment are documented and reported in a global IT system. Any weaknesses recognized are eliminated with consideration of their potential effects. At the end of the annual cycle, the selected legal entities and corporate functions confirm the effectiveness of the internal control and risk management system with regard to the corporate accounting process. The Board of Management and the Audit Committee of the Supervisory Board are regularly informed about the main control weaknesses and about the effectiveness of the control mechanisms installed. However, the internal control and risk management system for the accounting process cannot ensure with absolute certainty that material false statements are avoided in accounting.

The **organizational embedding and monitoring of risk management** takes place through the risk management organization established at the Group. As previously described in the “Risk management system” section with regard to material risks and risks threatening Daimler’s existence, the divisions, corporate functions and legal entities inquire about the specific risks at regular intervals. This information is passed on to Corporate Risk Management, which processes the information and provides it to the Board of Management and the Supervisory Board as well as to the Group Risk Management Committee (GRMC). In order to ensure the complete presentation and assessment not only of material risks and risks threatening the existence of the Group, but also of the control and risk process with regard to the corporate accounting process, Daimler has established the Group Risk Management Committee. It is composed of representatives of the areas of Finance & Controlling, Accounting, Legal Affairs and Compliance, and is chaired by the Board of Management Member for Finance & Controlling and Daimler Financial Services. The Internal Auditing department contributes material findings on the internal control and risk management system. In addition to fundamental issues, the committee has the following tasks:

- The GRMC defines and shapes the framework conditions with regard to the organization, methods, processes and systems that are needed to ensure a functioning, Group-wide, and thorough control and risk management system.
- The GRMC regularly reviews the effectiveness and functionality of the installed control and risk management processes. Minimum requirements can be laid down in terms of the design of the control processes and of risk management and corrective measures can be initiated as necessary or appropriate to eliminate any system failings or weaknesses exposed.

However, responsibility for operational risk management for risks threatening the existence of the Group and for the control and risk management processes with regard to the corporate accounting process remains directly with the divisions, corporate functions and legal entities. The measures taken by the GRMC ensure that relevant risks and any existing process weaknesses in the corporate accounting process are identified and eliminated as early as possible.

In the Board of Management and the Audit Committee of the Supervisory Board of Daimler AG, regular reports are given regarding the current risk situation and the effectiveness, functions and appropriateness of the internal control and risk management system. Furthermore, the responsible managers regularly discuss the risks of business operations with the Board of Management.

The Audit Committee of the Supervisory Board is responsible for **monitoring the internal control and risk management system**. The Internal Auditing department monitors whether the statutory conditions and the Group’s internal guidelines are adhered to in the Group’s entire monitoring and risk management system. If required, measures are then initiated in cooperation with the relevant management. The external auditors audit the system for the early identification of risks that is integrated in the risk management system for its fundamental suitability to identify risks threatening the existence of the Group; in addition, they report to the Supervisory Board on any significant weaknesses that have been discovered in the internal control and risk management system.

Risks and opportunities

The following section describes in detail the risks and opportunities that can have a significant influence on the profitability, cash flows and financial position of the Daimler Group. In general, the reporting of risks and opportunities takes place for the individual segments. If no segment is explicitly mentioned, the risks and opportunities described relate to all divisions.

In addition, risks and opportunities that are not yet known about or classified as not material can influence profitability, cash flows and financial position.

Industry and business risks and opportunities

The following section describes in detail the industry and business risks of the Daimler Group. A quantification of these risks and opportunities is shown in table ↗ **B.55**.

Economic risks and opportunities. Economic risks and opportunities constitute the framework for the risks and opportunities listed in the following categories and are integrated as premises into the quantification of these risks and opportunities. Overall economic conditions have a significant influence on automobile sales markets, and their development is one of the Group’s major risks and opportunities.

With regard to the **world economy**, Daimler along with the majority of economic research institutes anticipates a slight acceleration of growth in 2015. Economic developments in 2014 are described in detail in the “Economic Conditions and Business Development” section of this Management Report; growth assumptions for 2015 are explained in the “Outlook” section see page 146

Economic risks and opportunities are linked with assumptions and forecasts on the **general development** of the individual topics. Overall, economic risks for the business environment have tended to increase slightly compared with the prior year and the opportunities for an improvement of the world economy have declined slightly.

The development of the **US economy** will be decisively impacted by how the planned exit from the expansive monetary policy is further managed and whether – as hoped – investors and conumers boost the rate of growth. After such a long phase of very low interest rates, an increase in interest rates could have a profound effect on economic recovery and slow down the pace of growth. This would also affect the housing market and its recovery, along with other sectors. Although the Federal Reserve could attempt to counteract any negative impact through its monetary policy, it has little room to maneuver here, which means the effectiveness of such possible measures would be limited. Such an event would have significant consequences because the Daimler Group (and especially the Mercedes-Benz Cars and Daimler Trucks divisions) generates a considerable volume of its unit sales in the United States, and diminished growth could also spread to other regions. However, if investment activity in the United States is more dynamic than previously assumed, this could result in substantially stronger growth. The resulting increased employment and income effects would boost the demand for the automotive divisions.

If there is no continuation of the required consolidation of state budgets and reform efforts in the countries of the **European Monetary Union** (EMU), this could cause renewed turmoil in the financial markets, leading to increasing refinancing costs through rising capital-market interest rates, and thus jeopardizing the already fragile economic recovery. Further effects could be triggered by the debate about a Greek exit, which recently flared up again. This could lead to greater uncertainty and volatility in the financial markets. The extremely low rate of inflation harbors an additional risk in that a long-lasting and broad-based fall in prices would constitute a considerable threat to the economic recovery of the EMU and make it even more difficult for the debt-ridden countries in the euro zone to finance their remaining debt. The European market continues to be very important for Daimler across all divisions; for the Mercedes-Benz Cars and Mercedes-Benz Vans divisions, it is in fact still the biggest sales market. An opportunity that is difficult to assess can be seen in a significantly improved economic development in the euro zone. If countries such as Italy and France implement reform measures more quickly and decisively than has so far been assumed, economic growth could also accelerate. That would benefit the development of investment and demand for motor vehicles in the important European market.

One risk of a significant obstacle to growth in **Japan** – namely the second stage of the value-added tax hike from 8% to 10%, which had been planned for October 2015 – was eliminated at the end of 2014 with the announcement that the tax increase was to be postponed until 2017. Apart from that, the failure of the country's expansive monetary and fiscal policy and the lack of structural reforms could trigger a growth slowdown in Japan, although this should be regarded as only a regionally limited risk. A slowdown of growth could lead to lower demand for cars and trucks, which in turn could negatively affect the Mercedes-Benz Cars and Daimler Trucks divisions, for which Japan is an important sales market. A regionally limited opportunity exists in the possibility of a distinct acceleration of economic growth in Japan. This could be caused by a significant increase in investment activity, resulting from the targeted structural reforms and the expansive monetary and fiscal policies that have already been initiated. The Mercedes-Benz Cars and Daimler Trucks divisions could then benefit from this positive development.

Due to the significant growth of the country's importance in recent years, an economic slump in **China** would present a considerable risk for the world economy. The extremely high level of debt in the economy as a whole and the high level of investment in the construction industry have considerably increased the risk of an abrupt adjustment in the real estate market or a banking-sector crisis. China is now a key sales market for the Mercedes-Benz Cars and Mercedes-Benz Vans divisions in particular, which means any disruptions caused by the above-mentioned risks could result in lower-than-planned growth in unit sales. On the other hand, we see a further opportunity in an even stronger development of the Chinese economy. This could be triggered by the reform measures taking rapid effect, accompanied by increased consumption. Strong growth in overall economic consumption would create additional opportunities for the divisions mentioned above.

Another risk is to be seen in a renewed weakening of growth in major **emerging markets**. There were disappointing developments already during 2013 and 2014, especially in major economies such as India, Russia and Brazil, although other countries such as Indonesia and Turkey also developed below their possibilities. A combination of weak growth and high interest rates increases the risk of a rising number of defaults, especially in view of the substantial expansion of credit in some cases over the past few years. As Daimler is already very active in these countries or their markets play a strategic role, such a scenario represents a risk. An opportunity is to be seen in the implementation of reforms occurring in important emerging economies. If structural reforms are quickly and consistently carried out in countries such as India, Russia and Brazil, flows of global capital into these countries would increase again, resulting in new scope for growth.

B.55

Industry and business risks and opportunities

Risk category	Probability of occurrence	Impact	Opportunity category	Impact
General market risks	Medium	High	General market opportunities	Medium
Risks relating to leasing and sales financing	Low	Low	Opportunities relating to leasing and sales financing	Low
Procurement market risks	Medium	High	Procurement market opportunities	Low
Risks relating to the legal and political framework	Medium	High	Opportunities relating to the legal and political framework	Low

The **conflict between Russia and Ukraine** has led to an additional risk for the development of the world economy since 2014. This risk has increased macroeconomic uncertainty and had a negative effect on the business climate and consumer confidence. An escalation of the crisis and the resulting tightening of sanctions and counter-sanctions would have a massive negative impact on the economy in Europe especially, whereby the exact scope of this effect is very difficult to predict. It is conceivable that such an escalation would negatively impact oil prices as well through a higher risk premium, and it would also dampen the mood, and demand, in markets that depend on oil. Furthermore, the consequences of a possible debt default by Russia or of failure to service due debts cannot be predicted.

The conflict in **Syria**, which has heated up as a result of the offensive of the "Islamic State" (IS), is threatening the stability of the region, especially in neighboring Iraq. Although most Iraqi oil production facilities are located in regions not controlled by IS, concerns still remain that Iraqi oil deliveries could be interrupted or that the armed conflict in Syria could spill over into other areas. An abrupt increase in oil prices brought about by an attack on oil refineries could endanger the recovery in fragile European economies or in the United States, and could also negatively affect emerging markets that depend on oil imports. The effect on the world's stock markets would also be noticeable, and this could undermine investment and consumer confidence on a broad scale. However, if oil prices remain on such a low level for a long time, this could present a significant growth opportunity for the world economy due to purchasing power.

Moreover, a too-rapid rise in interest rates in the United States would not only negatively affect the US economy but also lead to a renewed sell-off on stock markets in particularly sensitive emerging markets. The tapering of bond purchases by the US Federal Reserve already triggered unrest in the financial markets in 2014. Long-term interest rates increased and there were capital outflows and currency devaluations in the emerging markets. In some countries, this also resulted in additional inflationary pressure, which, in combination with a more restrictive interest policy, reduced the potential for growth. If a possible decrease of liquidity in the US in 2015 leads to more substantial effects, this could significantly reduce GDP growth through the chain of cause and effect described above, especially in the emerging markets. Increased volatility in the financial markets would also dampen investor and consumer confidence, with an impact on the global economy. In addition, tensions resulting from exchange rate volatility and possible manipulations carried out to preserve global competitiveness could lead to an increase in **protectionist measures** and a type of "devaluation race." This would put a substantial strain on world trade and threaten future growth.

General market risks and opportunities. The risks and opportunities for the development of automotive markets are strongly affected by the situation of the global economy as described above.

The assessment of **market risks and opportunities** is connected with assumptions and forecasts about the overall development of markets in the various regions. The potential effects of the risks on the development of the Daimler Group's unit sales are included in risk scenarios. The danger of worsening market developments or changed market conditions, especially due to the macroeconomic environment and political or economic uncertainties, generally exists for all divisions of the Daimler Group. The only differences between the divisions have to do with their varying regional focus of activities. Markets and competitors are continuously analyzed and monitored; if necessary, specific marketing and sale programs are implemented. Due to the competitive pressure in the automotive markets, Daimler regularly adapts production and cost structures to the changing conditions. Clear strategies have been formulated for all divisions. Each division consistently pursues the goal of growing profitably and increasing its efficiency.

Some **dealers and vehicle importers** are in a difficult financial situation. As a result, supporting actions may become necessary, whereby such actions would negatively impact the profitability, cash flows and financial position of the automotive segments. For this reason, the financial situations of strategically relevant dealerships are continually monitored.

In addition to these issues affecting all segments, segment-specific risks also exist. In the Mercedes-Benz Cars and Daimler Trucks divisions, these include **increasing competitive and price pressure**. A change within the framework of a product's lifecycle bears the risk of a negative volume effect in relation to the anticipated sales volumes. In addition, aggressive pricing policies, the introduction of new products by competitors and price pressure related to the aftersales business could make it impossible to enforce targeted prices. To a lesser extent, the same also applies to sales volumes at the divisions Mercedes-Benz Vans and Daimler Buses. Depending on the magnitude of regional unit sales, various measures are taken to support weaker markets. They include the use of new sales channels, actions designed to strengthen brand awareness and brand loyalty, as well as sales and marketing campaigns. These measures are also applied to safeguard business in the area of aftersales. Daimler also operates various programs to boost sales through the use of financial incentives. Corresponding measures taken to support the segments' unit sales would adversely affect the projected earnings.

Further risks and opportunities at Mercedes-Benz Cars relate to the **development of the used-car market**. As part of the established residual-value management process, certain assumptions are made on the local and corporate levels regarding the expected level of prices, on which basis the cars returned in the leasing business are valued. If general market developments lead to a negative or positive deviation from the assumptions, there is a risk of lower residual values or an opportunity of higher residual values of used cars. Depending on the region and the current market situation, the measures taken generally include continuous market monitoring as well as, if required, price-setting strategies or sales promotions designed to regulate vehicle inventories. The quality of market forecasts is verified by periodic comparisons of internal and external sources. If necessary, the set residual values are adjusted and refined with regard to methods, processes and systems for determining such values.

As the target achievement of the Daimler Financial Services division is closely connected with the development of business in the automotive divisions, the existing **volume risks and opportunities** are also reflected in the Daimler Financial Services segment. In this context, Daimler Financial Services participates in marketing expenses, especially for advertising campaigns.

In general, there is also the possibility that the overall market, or regional conditions, for the automotive industry will develop better than assumed in the internal forecasts upon which the Group's target planning is based. This includes positive deviations from planning premises – for example, if planned sales support measures do not have to be fully utilized. Other opportunities can be exploited through the creation of additional production capacities at the divisions. The existing **market opportunities** for the divisions of the Daimler Group can only be utilized if production activities are organized accordingly and the gaps between demand and supply can be recognized and covered in time. This could require increases in production volumes. The Mercedes-Benz Cars division sees a market opportunity for sales of additional vehicles in various model series. The possibility of higher unit sales of vehicles exists in the Daimler Trucks segment as a result of improved market developments or changed conditions in the market. Additional market opportunities have also been identified by Daimler Buses. The measures that could be taken by the Daimler Group to utilize this potential opportunity include a combination of local sales and marketing activities and central strategic product and capacity planning.

The general market-risk situation remains unchanged compared to the prior year in terms of impact and probability of occurrence. The assessment of the impact of opportunities has been slightly lowered as compared to the previous year, because current business activities have already exploited the opportunities identified in the prior year.

Risks and opportunities relating to the leasing and sales financing business. In connection with the sale of vehicles, Daimler also offers its customers a wide range of financing possibilities — primarily leasing and financing the Group's products. The resulting risks for the Daimler Financial Services segment are mainly due to borrowers' worsening creditworthiness, so that receivables might not be recoverable in whole or in part due to customers' insolvency (**default risk or credit risk**). Daimler counteracts credit risks by means of appropriate market analyses, creditworthiness checks on the basis of standardized scoring and rating methods, and the collateralization of receivables. Other risks connected with the leasing and sales-financing business involve the possibility of increased **refinancing costs** due to potential changes in interest rates. An adjustment of credit conditions for customers in the leasing and sales-financing business due to higher refinancing costs could reduce the new business and contract volume of Daimler Financial Services, also reducing the unit sales of the automotive divisions. Risks and opportunities could also arise from a **lack of matching maturities with the refinancing**. The risk of mismatching maturities is minimized by coordinating the refinancing with the periods of financing agreements, from the perspective of interest rates as well as liquidity. Any remaining risks of changes in interest rates are managed with the application of derivative financial instruments. Further information on credit risks and the Group's risk-minimizing actions is provided in Note 32 of the Notes to the Consolidated Financial Statements. With regard to the leasing business, the automotive divisions also have a **residual-value risk** resulting from the risks associated with the development of used-vehicle prices.

Procurement market risks and opportunities. Procurement market risks arise for the automotive divisions in particular from fluctuations in prices of raw materials. There are also minor risks that result from dependency on certain materials and capacity bottlenecks caused by supplier delivery failures. In general, the possible impact of risks related to the procurement market, especially resulting from increases in raw-material prices, has changed from "medium" to "high." As was the case in the previous year, only small opportunities are anticipated in the raw-material markets.

During the reporting year, **raw material prices** developed in a varied manner and were marked by a high level of volatility. Due to almost completely unchanged macroeconomic conditions, we expect to see price fluctuations with uncertain and uneven trends in the near future. On the one hand, raw-material markets are strongly impacted by political crises and uncertainties – combined with possible supply bottlenecks – as well as by a volatile demand for specific raw materials. On the other hand, this is offset by the notably less dynamic growth of the Chinese industry and the renewed slightly below-average growth of the world economy to date. Vehicle manufacturers are generally limited in their ability to pass on the higher costs of commodities and other materials in higher prices for their products because of the strong competitive pressure in the international automotive markets. A drastic increase in raw material prices would at least temporarily result in a considerable reduction in economic growth.

Daimler continues to counteract procurement risks by means of targeted commodity and supplier risk management. The Group attempts to reduce its **dependency on individual materials** in the context of commodity management by making appropriate technological progress, for example. Daimler protects itself against the volatility of raw material prices by entering into long-term supply agreements, which make short-term risks for material supplies and the effects of price fluctuations more calculable. Furthermore, the Group makes limited and targeted use of derivative price-hedging instruments for certain metals in order to reduce the impact of price fluctuations.

Supplier risk management aims to identify **suppliers' potential financial difficulties** at an early stage and to initiate suitable countermeasures. Even though the crisis of recent years is over, the situation of some of the suppliers remains difficult due to the tough competitive pressure. This has necessitated individual or joint support actions by vehicle manufacturers to ensure their production and sales. In the context of supplier risk management, regular reporting dates are set for suppliers for which we have received early warning signals and made a corresponding internal assessment. On these dates, the suppliers report key performance indicators to Daimler and decisions are made concerning any required support actions.

Risks and opportunities related to the legal and political framework. The risks and opportunities from the legal and political framework also have a considerable impact on Daimler's future business success. Regulations concerning vehicles' **emissions, fuel consumption and safety** play a particularly important role. Complying with these varied and often diverging regulations all over the world requires strenuous efforts on the part of the automotive industry. We expect to expend an even larger proportion of the research and development budget in the future to ensure the fulfillment of these regulations. The probability of the occurrence of a risk increased from low in the prior year to medium in the reporting year; the assessment of possible impact remains unchanged at high.

Many countries have already implemented stricter **regulations to reduce vehicles' emissions and fuel consumption**, or are now doing so.

The **Mercedes-Benz Cars** segment faces risks in China in particular, as the Chinese authorities have defined fleet average fuel consumption as of 2015 of 6.9 liters per 100 kilometers (approximately 160 g CO_2/km) as the industry's target for new cars. The legislative process for addressing the period 2016–2020 has not yet been concluded. Failure to meet the fleet target could prevent new vehicles from being registered in the country. For the year 2020, the current five-year plan stipulates a new, very demanding target of 5.0 l/100 km (approximately 117 g CO_2/km); discussions on the final version for the target are now being conducted as part of the final phase of the legislative process.

Regulations concerning the CO_2 emissions of new cars are also quite demanding in the European Union. For 2015, all new cars in Europe will have to meet a fleet CO_2 average of 129 g CO_2/km following a transition period. The relevant limit for Daimler depends on the portfolio of cars we sell in the European Union and is derived from vehicle weight. For 2020, new cars in Europe will have to meet a fleet CO_2 average of 95 g CO_2/km. The new regulation will apply to 100% of the fleet in 2021 following a one-year transition period. Daimler will have to pay penalties if it exceeds its limits. The planned elimination of the NEDC (New European Driving Cycle) and its replacement with the WLTP (Worldwide harmonized Light vehicles Test Procedures) is also creating uncertainty, as there has been no final decision on introduction dates, the conditions associated with the new test cycle, or the continuation of the fleet targets. According to present knowledge, the WLTP will make it difficult to achieve CO_2 targets beginning in 2020.

In Germany are considerations to change the taxation of company cars in order to make it dependent on vehicle emissions. This could cause fleet customers to switch over to smaller and more fuel-efficient cars.

Legislation in the United States on greenhouse gases and fuel consumption stipulates that new car fleets in the United States may only emit an average of 163 grams of CO_2 per mile as of 2025 (approximately 100 grams CO_2 per kilometer). These new regulations will require an average annual reduction in CO_2 emissions as of 2017 amounting to 5% for cars and 3.5% in the beginning for SUVs and pickups (this rather lower rate applies until 2022). This will impact the German premium manufacturers and thus also the Mercedes-Benz Cars division harder than the US manufacturers, for example. As a result of strong demand for large, powerful engines in the United States as well as Canada, financial penalties cannot be ruled out.

Similar legislation exists or is being prepared in many other countries, for example in Japan, South Korea, India, Canada, Switzerland, Mexico, Saudi Arabia, Brazil and Australia.

Daimler gives these targets due consideration in its product planning. The increasingly ambitious targets require significant shares of plug-in hybrids or cars with other types of electric drive. The market success of these drive systems is greatly influenced by regional market conditions, for example the battery-charging infrastructure and state support. But as market conditions cannot be predicted with certainty, a residual risk exists.

Pursuant to EU Directive 2006/40/EC, since January 1, 2011, vehicles only receive a type approval if their air-conditioning units are filled with a **refrigerant** that meets certain criteria with regard to climate friendliness. The directive calls for an introductory period until December 31, 2016 for such refrigerants to be used in all new vehicles. Mercedes-Benz Cars had originally planned to use the refrigerant R1234yf in its new vehicle models as early as possible and therefore did not intend to make use of this transitional period. However, due to the safety risks identified by Mercedes-Benz Cars in the summer of 2012, Daimler is not using the new refrigerant R1234yf in its vehicles at the moment and has started with the development of safe alternatives. At present, the Group does not assume that this will result in any significant effects on its profitability, cash flows or financial position.

Strict regulations for the reduction of vehicles' emissions and fuel consumption also create potential risks for the **Daimler Trucks** division. For example, legislation was passed in Japan in 2006 and in the United States in 2011 for the reduction of greenhouse-gas emissions and fuel consumption by heavy-duty commercial vehicles. In China, legislation has been drafted which is likely to affect exports to that country and require additional expenditure as of 2015. The European Commission is currently working on methods for measuring the CO_2 emissions of heavy-duty commercial vehicles that will probably have to be applied as of 2017. We have to assume that the statutory limits will be very difficult to meet in some countries. Very demanding regulations for CO_2 emissions are also planned, or else have been approved for light commercial vehicles. This will present a long-term challenge for **Mercedes-Benz Vans** especially, because the division primarily serves the heavy segment of N1 vehicles. The European fleet of N1 vehicles may not emit an average of more than 175 g CO_2/km as of 2017 and not more than 147 g CO_2/km as of 2020; penalty payments may otherwise be imposed.

Daimler currently does not anticipate any additional risks though worldwide **statutory safety regulations** due to the Group's long-standing strong focus on vehicle safety.

In addition to emission, consumption and safety regulations, **traffic-policy restrictions** for the reduction of traffic jams, noise and pollution are becoming increasingly important in cities and urban areas of the European Union and other regions of the world. Drastic measures are increasingly being taken, such as general vehicle-registration restrictions like those in Beijing, Guangzhou or Shanghai. These can have a dampening effect on the development of unit sales, especially in the growth markets. Pressure to reduce personal transport is also being applied in European cities through increasing measures, such as restrictions on vehicles in inner cities, congestion charges and other types of road-use fees. This stimulates demand for mobility services including car sharing services. In order to utilize the resulting opportunities, Daimler is present in the market with the provision of mobility services (e.g. car2go, moovel).

Daimler continually monitors the development of statutory and political conditions and attempts to anticipate foreseeable requirements and long-term targets at an early stage in the process of product development. The biggest challenge in the coming years will be to offer an appropriate range of drive systems and the right product portfolio in each market, while fulfilling customers' wishes, internal financial targets and statutory requirements. With an optimal product portfolio and market-launch strategy, competitive advantages may also arise.

The position of the Daimler Group in key foreign markets could also be affected by an increase in **bilateral free-trade agreements**, at least to the extent to which the European Union fails to reach similar agreements with the markets in question.

Furthermore, the danger exists that individual countries will attempt to defend their competitiveness in the world's markets by resorting to **interventionist and protectionist actions**. Particularly in China and the markets of developing countries and emerging economies, we are increasingly faced with tendencies to limit imports or at least reduce the rate of growth of imports, and to attract direct foreign investment by means of appropriate **industrial policies**. Furthermore, a tendency of tightening the regulatory environment in general and in particular with regard to competition law is to be observed.

Daimler has increased the local value added in order to adapt to the requirements of industrial policy and has thus taken appropriate action in good time. The increasing proximity of the production sites to local markets and consideration of, among other things, logistical and other advantages result in opportunities in terms of utilizing those markets' potential.

Company-specific risks and opportunities

The following section deals with the company-specific risks and opportunities of the Daimler Group. A quantification of these risks and opportunities is shown in table ↗ B.56.

Production and technology risks and opportunities. Key success factors for achieving the desired level of prices for the products of the Daimler Group, and hence for the achievement of the corporate goals, are the brand image, design and quality of the products – and thus their acceptance by customers – as well as technical features based on innovative research and development. Convincing solutions, which for example promote accident-free driving or further improve our vehicles' fuel consumption and emissions (e.g. diesel-hybrid or electric vehicles), are of key importance for safe and sustainable mobility. Due to growing technical complexity, continually rising requirements in terms of emissions, fuel consumption and safety, and the Daimler Group's goal of meeting and steadily raising its quality standards, product manufacturing in the various automotive divisions is subject to production and technology risks.

The demanding combination of requirements, complexity and quality can lead to higher advance expenditure and thus also to an adverse impact on the automotive segment's profitability. One of the associated risks is that **development expenditure** cannot later flow directly into the end product if the solution is not ideally usable for the customer or proves not to be marketable.

In addition, the **launch of new products** is generally connected with high investment and can lead to a short-term decline in production volume during the initial production phase. In order to achieve a very high level of quality, which is one of the key factors for a customer's decision to buy a product of the Daimler Group, it is necessary to make investments in new products and technologies that sometimes exceed the originally planned scope. This cost overrun would then reduce the anticipated earnings from the launch of a new model series or product generation. These automotive segments are affected, which are currently launching new products or that are planning to do so, in some cases in conformance with specific regional conditions.

In principle, there is also a danger that due to problems with or the failure of **production equipment or a production plant**, it might not be possible to maintain the planned level of production, and that would consequently generate costs. Such risks mainly exist for the Mercedes-Benz Cars division. As a precaution, spare parts are held available for the production plants that are at risk.

Product components also have to be available at the right time. Bottlenecks could also be caused by interruptions in the supply chain. In order to avoid **bottleneck situations**, priority is given to the regular maintenance of production equipment and to avoid capacity bottlenecks by means of foresighted planning. In addition, supply chains and the availability and quality of products are continuously monitored within the context of managing the entire value chain. Risks in this area are to be avoided through the continuous modernization of production equipment and facilities.

Warranty and goodwill claims can arise when the quality of the products does not meet customers' expectations, when a regulation is not fully complied with, or when support is not provided in the required form in connection with product problems and product care. The Daimler Group works continually and intensively to maintain product quality at a very high level, even given the growing product complexity, in order to avoid the danger of making corrections to end products and to supply customers with the best possible products. Furthermore, processes are implemented at the Daimler Group to regularly obtain customers' opinions on the support provided so that our service and customer satisfaction can be continuously improved.

Production and technology risks continue to have a low probability of occurrence due to preventive measures. However, because of the continually high number of new product launches, the potential impact of such risks remains on the same level.

Innovations and technology opportunities from the advanced and future-oriented design of our product range are incorporated into the strategic product planning of the automotive divisions. Within the framework of a continuous process, it is constantly reviewed whether the production level can be increased by means of shift models, the worldwide production network, investment projects or more flexible production equipment. The opportunities reported on in the previous year and the measures planned in that context for the optimization of production capacities have been realized and continue to have a positive effect in the area of production.

B.56

Company-specific risks and opportunities

Risk category	Probability of occurrence	Impact	Opportunity category	Impact
Production and technology risks	Low	High	Production and technology opportunities	–
Information technology risks	Low	Medium	Information technology opportunities	–
Personnel risks	Medium	High	Personnel opportunities	–
Risks related to equity interests and joint ventures	Low	Medium	Opportunities related to equity interests and joint ventures	Low

Information technology risks and opportunities. Information technology plays a crucial role for the Daimler Group's business processes. Storing and exchanging data in a timely, complete and correct manner is of key importance for a global group such as Daimler. Appropriately secure IT systems and a reliable IT infrastructure must be used in order to protect information. Risks that could result in the interruption of business processes due to the failure of IT systems or which could cause the loss or corruption of data are therefore identified and evaluated over the entire lifecycles of applications and IT systems. Daimler has defined suitable measures for risk avoidance and limitation of damage. These measures are continually adapted to changing circumstances. For example, the Group minimizes potential interruptions of operating routines in the data centers by means of mirrored data sets, decentralized data storage, outsourced archiving, high-availability computers and appropriate emergency plans. An IT security operations center coordinates potential danger from cybercrime and hacker attacks. Daimler utilizes various preventive and corrective measures in order to meet the growing demands placed on the confidentiality, integrity and availability of data. Despite all the precautionary measures taken, Daimler cannot completely rule out the possibility that IT disturbances will arise and have a negative impact on the Group's business processes. The impact and probability of occurrence of IT risks remain unchanged compared to the prior year.

Personnel risks and opportunities. Daimler's success is highly dependent on employees and their expertise. With their ideas and suggestions, they are involved in their respective activities and working processes and thus contribute considerably every day to improvements and innovations.

To support this process, the Daimler Group has established an **ideas management** system through which employees can submit ideas and suggestions for improvements. The processing of the information received by this system and the integration of ideas in an assessment process carried out by experts and persons in charge of the respective processes is supported by the established IT system "idee.com." This is intended to ensure the systematic and sustained promotion of employees' ideas and suggestions for improvement.

Furthermore, work groups create processes and instruments to produce new business ideas and to establish interdepartmental cooperation. In this context, an online community exists in the area of **business innovation** to which suggestions for discussions can be submitted, which all employees can assess and develop further.

Competition for highly qualified staff and management is still very intense in the industry and the regions in which we operate. The future success of the Daimler Group also depends on the magnitude to which we succeed over the long term in recruiting, integrating and retaining executives, engineers and other specialists. The human resources instruments take such personnel risks into consideration, while contributing toward the recruitment and retention of staff with high potential and expertise and ensuring transparency with regard to the resources of the Daimler Group. One focus of human resources management is the targeted personnel development and further training of the workforce. Employees benefit for example from the range of courses offered by the Daimler Corporate Academy and from the transparency created by LEAD, the uniform worldwide performance and potential management system. Because of demographic developments, the Group has to cope with changes relating to an aging workforce and has to secure a sufficient number of qualified young persons with the potential to become the next generation of highly skilled specialists and executives. We address this issue by taking appropriate measures in the area of generation management. There is no segment-specific assessment of the human resources risk because the described risks are not related to any specific business segment but are valid for all segments. If this risk materializes, depending on the size of the personnel shortage, an impact on the Group's activities and thus also on the earnings of the Daimler Group is to be expected. Due to upcoming collective bargaining negotiations, the category of personnel risks displays a higher possible impact and probability of occurrence as compared to the prior year.

Risks and opportunities related to equity interests and joint ventures. Cooperation with partners in associated companies, joint ventures, joint operations and other types of partnerships is of central importance for Daimler. Along with ensuring better access to growth markets and new technologies, equity interests and joint ventures help us exploit synergies and improve cost structures and thus enable us to successfully respond to competitive pressures in the automotive industry.

Daimler generally bears a proportionate share of the risks and opportunities of its equity interests. The possible risks include negative financial developments and delays in the set-up of development and production structures in equity interests and joint ventures, all of which can negatively impact the achievement of growth targets in the affected segments. Risks exist in connection with equity interests in the segments Mercedes-Benz Cars, Daimler Trucks and Mercedes-Benz Vans. The cases involved are subject to a continuous monitoring process so that an equity interest can be promptly supported if required and its profitability can be ensured. The recoverable value of investments is also continually monitored.

The development of production capacities and the acquisition of equity interests in the Chinese market are particularly exposed to risks due to the uncertain nature of market development in China. Efficient production processes are established to deal with and reduce quality risks in the Chinese market. Furthermore, dependencies between contracting parties and possible changes to political and legal conditions in China must be included in the local decision-making processes. In view of the tense situation in Russia and Ukraine, the Group is also paying closer attention to affected equity interests and joint ventures in those countries.

Financial risks and opportunities

The following section deals with the financial risks and opportunities of the Daimler Group. Risks and opportunities can have a negative or positive effect, respectively, on the profitability, cash flows and financial position of the Daimler Group. The probability of occurrence and possible impact of these risks and opportunities is presented in table ↗ B.57.

In principle, the Group's operating and financial risk exposures underlying the financial risks and opportunities can be divided into symmetrical and asymmetrical risk and opportunity profiles. With the symmetrical risk and opportunity profiles (e.g. currency exposures), risks and opportunities exist equally, while with the asymmetrical risk and opportunity profiles (e.g. credit and country exposures), the risks outweigh the opportunities.

Daimler is generally exposed to risks and opportunities from changes in market-prices such as currency exchange rates, interest rates, commodity prices and share prices. Market-price changes can have a negative or positive influence on the Group's profitability, cash flows and financial position. Daimler manages and monitors market-price risks and opportunities primarily in the context of its operational business and financing activities, and applies derivative financial instruments for hedging purposes where needed, whereby both market-price risks and opportunities are limited.

In addition, the Group is exposed to credit and country-related risks. As part of the risk management process, Daimler regularly assesses these risks by considering changes in key economic indicators and market information. Pension plan assets to cover retirement and healthcare benefits (market sensitive investments including equities and interest-bearing securities) are not included in the following analysis.

Exchange rate risks and opportunities. The Daimler Group's global orientation implies that its business operations and financial transactions are connected with risks and opportunities of foreign exchange rates against the euro, especially for the US dollar and other currencies such as currencies of growth markets. An exchange rate risk or opportunity arises in business operations primarily when revenue is generated in a currency different from that of the related costs (transaction risk). This applies in particular to the Mercedes-Benz Cars division, as a major portion of its revenue is generated in foreign currencies, while most of its production costs are incurred in euros. The Daimler Trucks division is also exposed to such transaction risks, but to a lesser degree because of its worldwide production network. Currency risk exposures are successively hedged against with suitable financial instruments (predominantly currency-forwards and options) in accordance with exchange rate expectations, which are constantly reviewed, whereby both risks and opportunities are limited. Exchange rate risks and opportunities also exist in connection with the translation into euros of the net assets, revenues and expenses of the companies of the Group outside the euro zone (translation risk); these risks are not generally hedged.

B.57
Financial risks and opportunities

Risk category	Probability of occurrence	Impact	Opportunity category	Impact
Exchange rate risks	Low	High	Exchange rate opportunities	High
Interest rate risks	Low	Low	Interest rate opportunities	Low
Commodity price risks	Low	Low	Commodity price opportunities	Low
Credit risks	Low	Low	Credit opportunities	–
Country risks	Low	Low	Country opportunities	–
Risks relating to pension plans	Low	High	Opportunities relating to pension plans	High
Risks from changes in credit ratings	Low	Low	Opportunities from changes in credit ratings	Low

Interest rate risks and opportunities. Daimler employs a variety of interest-rate sensitive financial instruments to manage the cash requirements of its business operations on a day-to-day basis. Most of these financial instruments are held in connection with the financial services business of Daimler Financial Services, whose policy is generally to perform a term-congruent refinancing. However, to a limited extent, the funding does not match in terms of maturities and interest rates, which gives rise to the risk of changes in interest rates. The funding activities of the industrial business and the financial services business are coordinated at Group level. Derivative interest rate instruments such as interest rate swaps and forward rate agreements are used to achieve the desired interest rate maturities and asset/liability structures (asset and liability management).

Equity price risks and opportunities. As of December 31, 2014, the only shares that Daimler holds are shares that are classified as long-term investments (especially Nissan and Renault) or that are included in the consolidated financial statements using the equity method (primarily BAIC Motor and Kamaz). The Group does not include these investments in a market price risk analysis. For more information on equity risks and opportunities, please see the section “Risks and opportunities related to equity interests and joint ventures.”

Commodity price risks and opportunities. As already described in the section on procurement market risks, the Group’s business operations are exposed to changes in the prices of consignments and raw materials. The Group addresses these procurement risks by means of concerted commodity and supplier risk management. To a minor degree, derivative financial instruments are used to reduce the Group’s market price risks related to the purchase of certain metals.

Liquidity risks. Because of the current capital resources and the existing funding facilities, we do not present the liquidity risk in table ↗ **B.57**.

Credit risks. The Group is exposed to credit risks which result primarily from its financial services activities and from the operations of its vehicle business. Credit risks also arise from the Group’s liquid assets. The following statements pertain to risks arising from the Group’s liquid assets; risks related to leasing and sales financing are addressed on page 137. Should defaults occur, this would negatively affect the Group’s financial position, cash flows and profitability. In recent years, the limit methodology for exposures with financial institutions has been continually further developed in order to counteract the diminished creditworthiness of the banking sector since the financial crisis. In connection with investment decisions, priority is placed on the borrower’s very high creditworthiness and on balanced risk diversification. Most liquid assets are held in investments with an external rating of A or better.

Country risks. Daimler is exposed to country risks that primarily result from cross-border financing for Group companies or customers, as well as from investments in subsidiaries and joint ventures. Country risks also arise from cross-border cash deposits at financial institutions. The Group addresses these risks by setting country limits (e.g. for cross-border financing of customers and for hard-currency portfolios from financial services companies) and through investment-protection insurance against political risks in high-risk countries. Daimler also has an internal rating system that divides all countries in which it operates into risk categories.

Further information on financial risks, risk-limiting measures and the management of these risks is provided in Note 32 of the Notes to the Consolidated Financial Statements. Information on the Group’s financial instruments is provided in Note 31.

Risks and opportunities relating to pension plans. Daimler has pension benefit obligations, and, to a lesser degree, obligations relating to healthcare benefits, which are largely covered by plan assets. The balance of pensions obligations less plan assets constitutes the balance total or funded status for these employee benefit plans. The valuation of the pension obligations and the calculation of net pension expense are based on certain assumptions. Even small changes in these assumptions, such as a change in the discount rate, could have a negative or positive effect on the funded status in the current financial year or could lead to changes in the periodic net pension expense in the following financial year. The market value of plan assets is determined to a large degree by developments in the capital markets. Unfavorable or favorable developments, especially relating to equity prices and fixed-interest securities, could reduce or increase the value of plan assets. The large majority of the fixed-interest securities in the plan assets have an investment grade rating; a large portion of these are government bonds with very good ratings. Further information on the pension plans and their risks is provided in Note 22 of the Notes to the Consolidated Financial Statements.

Risks and opportunities from changes in credit ratings. Daimler's creditworthiness is assessed by the rating agencies Standard & Poor's Rating Services, Moody's Investors Service, Fitch Ratings and DBRS. There are risks and opportunities in connection with potential downgrades or upgrades to credit ratings by these rating agencies. Downgrades could have a negative impact on the Group's financing if such a downgrade leads to an increase in the costs for external financing or otherwise restrict the Group's ability to obtain financing. A credit rating downgrade could also damage the company's reputation or discourage investment in Daimler AG. A risk to the credit rating of the Daimler Group could also arise if the earnings and cash flows anticipated from the Group's growth could not be realized. Credit rating upgrades could lead to lower borrowing costs for the Group and also facilitate its access to financing sources on the money and capital markets. If the positive development of the Group should continue and its cash flow and profitability should also develop positively, opportunities could arise for an upgrade of the credit rating on the part of the rating agencies.

Risks from guarantees and legal risks

The Group remains exposed to risks from guarantees and legal risks. Provisions are recognized for those risks if and to the extent that they are likely to be utilized and the amounts of the obligations can be reasonably estimated.

Risks from guarantees. The issue of guarantees results in liability risks for the Group. For example, Daimler holds an equity interest in the system for recording and charging tolls for the use of highways in Germany by commercial vehicles. The operation of the electronic toll-collection system is the responsibility of the operator company, Toll Collect GmbH, in which Daimler holds a 45% stake and which is included in the consolidated financial statements using the equity method of accounting. In addition to Daimler's membership of the Toll Collect consortium and its equity interest in Toll Collect GmbH, risks also arise from guarantees that Daimler has assumed with the other partners in the Toll Collect consortium (Deutsche Telekom AG and Cofiroute S.A.) supporting obligations of Toll Collect GmbH toward the Federal Republic of Germany in connection with the toll system and a call option of the Federal Republic of Germany. Claims could be made under those guarantees if toll revenue is lost for technical reasons, if certain contractually defined performance parameters are not fulfilled, if additional claims are made by the Federal Republic of Germany, if the final operating permit is not granted, if Toll Collect GmbH fails to meet contractual obligations, if it fails to have the required equipment available, or if the Federal Republic of Germany takes over Toll Collect GmbH. The maximum loss risk for the Group from these risks can be substantial. Additional information is provided in Note 29 (Legal proceedings) and Note 30 (Financial guarantees, contingent liabilities and other financial commitments) of the Notes to the Consolidated Financial Statements.

Legal risks. Various legal proceedings, claims and government investigations (legal proceedings) are pending against Daimler AG and its subsidiaries on a wide range of topics, including vehicle safety, emissions, fuel economy, financial services, dealer, supplier and other contractual relationships, intellectual property rights, warranty claims, environmental matters, legal proceedings relating to competition law and shareholder litigation. Product-related litigation involves claims alleging faults in vehicles, some of which have been made as class actions.

Adverse decisions in one or more of these proceedings could require us to pay substantial compensatory and punitive damages or undertake service actions, recall campaigns or other costly actions. Some of these proceedings may have an impact on the Group's reputation. It is possible, as these proceedings are connected with a large degree of uncertainty, that after the final resolution of litigation, some of the provisions we have recognized for legal proceedings could prove to be insufficient. As a result, substantial additional expenditures may arise. This also applies to legal proceedings for which the Group has seen no requirement to recognize a provision.

Although the final result of any such litigation may influence the Group's earnings and cash flows in any particular period, Daimler believes that any resulting obligations are unlikely to have a sustained effect on the Group's cash flows, financial position or profitability. Further information on legal proceedings is provided in Note 29 of the Notes to the Consolidated Financial Statements.

Overall assessment of the risk and opportunity situation

The Group's overall risk situation is the sum of the individual risks of all risk categories for the divisions and the corporate functions and legal entities. In addition to the risk categories described above, **unpredictable events**, such as natural disasters or terrorist attacks, are possible, and these can disturb production and business processes. This could adversely affect consumer confidence and could cause production interruptions due to supplier problems and intensified security measures at national borders. In this context, Daimler also considers risks from earthquakes (especially in Asia), weather-related damage and political instability in sales regions. In the case of natural disasters, emergency plans are developed to allow the resumption of business activities. In addition, further protective measures are established and, if possible, insurance coverage is obtained. Other smaller risks relate to project and process risks as well as the implementation of organizational changes and possible resource shortages. In order to avoid or minimize these risks, measures are defined for each individual case and must be implemented accordingly. Risks relating to compliance are addressed in the risk management process and continually monitored. Regular courses of training are designed to prevent compliance violations. Further opportunities that can have a positive impact on the Group's net income arise from efficiency programs at the divisions and, to a minor extent, potential compensation payments for occured natural disasters.

In addition to the risks described above, there are risks that affect the **reputation** of the Daimler Group as a whole. Public interest is focused on Daimler's position with regard to issues such as ethics and sustainability. Furthermore, customers and capital markets are interested in how the Group reacts to the technological challenges of the future and how we succeed in offering up-to-date and technologically leading products in the markets. As one of the fundamental principles of entrepreneurial activity, Daimler places particular priority on adherence to applicable law and ethical standards. In addition, a secure approach to sensitive data is a precondition for doing business with customers and suppliers in a trusting and cooperative environment. The Group takes extensive measures in order to ensure risks that may arise in this context with an impact on the reputation of the Daimler Group are subject to well-regulated internal controls.

In order to obtain an overall picture, Corporate Risk Management collates the information described on risks from the individual organizational units. There are no discernible risks that either alone or in combination with other risks could endanger the continued existence of the Group. But since considerable economic and industry risks still exist, setbacks on the way to regularly achieving growth and profitability targets cannot be completely ruled out. The aforementioned opportunities represent both potentials and challenges for the Daimler Group. By effectively and flexibly focusing the production program and sales activities on changing conditions, the divisions of the Daimler Group strive to secure or surpass their respective targets and plans. As far as it can be influenced by the Daimler Group and if measures prove to be economical, the Group takes appropriate action to realize the potential of its opportunities.

The Group's overall risk and opportunity situation is the sum of the individual risks and opportunities presented. The risk situation of the Daimler Group has not changed significantly from the prior year. Most of the opportunities cited last year were effectively realized. The associated measures that have been implemented continue to have a positive effect on the Group's earnings. Current planning takes identified opportunities into account. Daimler is confident that due to the established risk and opportunity management system, risks and opportunities will continue to be recognized at an early stage in the future and that the current risk situation can be successfully managed, as well as opportunities effectively utilized.

Outlook.

The statements made in the Outlook chapter are generally based on the operational planning of Daimler AG as approved by the Board of Management and the Supervisory Board in December 2014. This planning is based on the premises we set regarding the economic situation and the development of the automotive markets. It involves assessments made by Daimler, which are based on relevant analyses by various renowned economic research institutes, international organizations and industry associations, as well as on the internal market analyses of our sales companies. The prospects for our future business development as presented here reflect the targets of our divisions as well as the opportunities and risks presented by the anticipated market conditions and the competitive situation. We are constantly adjusting our expectations, however, taking into account the latest forecasts on the development of the world economy and of automotive markets, as well as our recent business development. The statements made below are based on the knowledge available to us in February 2015.

Our assessments for the year 2015 are based on the assumption of stable economic conditions and the expectation that the upward trend of worldwide demand for motor vehicles will continue. The development we have outlined is subject to various opportunities and risks, which are explained in detail in the Risk and Opportunity Report. see pages 132 ff

The world economy

At the beginning of 2015, the world economy is on a path of moderate growth. As in 2014, the upward trend this year is likely to be primarily driven by the advanced economies. The emerging economies are not expected to post an increase in their overall growth rate, however.

The US economy should once again deliver a significant contribution to global growth. The prospects there for private consumption and investment are very favorable in view of the positive development of the labor market and the upturn in industrial production. If fiscal-policy friction can be avoided, growth in economic output of about 3% is achievable for the United States.

The economic outlook for Japan is much less favorable, however. Although the second stage of the increase in value-added tax that was originally planned for the fall was postponed, the growth rate expected in 2015 is only about 1%.

The economy of the European Monetary Union (EMU) has not yet accelerated significantly at the beginning of 2015. This has been prevented by the dampening impact of low levels of lending, continued worries about deflation and ongoing uncertainty concerning the Ukraine conflict. Additional factors are the considerable structural problems of large economies such as France and Italy and the continuation of the sovereign-debt problem. But due to the low price of crude oil, the significantly weaker euro, ongoing favorable refinancing conditions and the extremely expansive monetary policy of the European Central Bank, growth in gross domestic product in the magnitude of 1% should be achieved. The German economy should probably develop slightly better than the average for the EMU.

Economic developments in China continue to be of key importance for the world economy. It is still important that the structurally necessary deceleration of economic growth takes place as a controlled process. With assumed GDP growth of between 6.5% and 7%, China's economy would expand at a lower rate than in 2014, but would still make the biggest individual contribution to global growth. Only moderate improvements are expected for other major emerging economies with the exception of those in Asia. The prospects for economic growth remain rather weak in particular in South America and Eastern Europe. A special case in this context is Russia, where economic conditions have meanwhile deteriorated so seriously that most analysts now anticipate a sharp recession in 2015.

In total, global economic output could expand by approximately 3% in 2015.

With regard to the currencies important for our business, we continue to anticipate sharp exchange-rate fluctuations in 2015. Compared with average exchange rates in the year 2014 (USD/€: 1.33; GBP/€: 0.81), we expect the US dollar to strengthen while the British pound should remain fairly stable against the euro. With regard to the Japanese yen (average for 2014: 140 yen/euro) and exchange rates important to us of various emerging markets, we anticipate increased volatility.

In order to counteract the risks arising for our business as a result of the still very volatile exchange rates, we conduct hedging transactions as far as this makes sense for the various currencies. For the year 2015, we have hedged more than 70% of the exchange-rate risks as of mid-February.

Automotive markets

As a result of the rather subdued economic outlook, growth in global **demand for cars** of approximately 4% is expected in 2015.

We once again expect China to deliver the biggest contribution by far to the expansion of global car sales. Substantial growth seems possible yet again for the world's biggest car market. The US market should also continue its solid development. Although sales figures are meanwhile back to the pre-crisis level and thus close to market saturation, slight growth is expected once again in 2015. With sales of more than 16.7 million units, more cars and light trucks should be sold than since the year 2005.

A continued demand upturn is to be anticipated for Western Europe. Due to the continuation of weak economic expansion, however, only slight growth in demand for cars is expected, although the market is currently at a relatively low level. The growth rates forecast for the individual markets are more uniform than in 2014, although the countries have significantly different starting situations. The market of the United Kingdom should expand again slightly from its already high level, while little growth is to be expected in France despite the relatively weak level of car sales in the previous year. The German car market is also likely to expand at a comparatively low rate to a volume of just over 3 million units.

The Japanese car market has been at an artificially high level for several years due to various special effects. This is expected to be corrected in 2015 with a moderate decrease in demand.

The major emerging markets are likely to show varying developments in 2015. A significant recovery of demand for cars is anticipated in India. In Russia, however, a further significant drop in sales of cars must be assumed due to the worsening economic crisis there.

The world **market for medium- and heavy-duty trucks** is likely to expand slightly in 2015 after the significant demand downturn in the previous year. However, market developments will remain disparate at the regional level.

The NAFTA region once again promises to deliver the most positive development. Most economic indicators suggest that demand for trucks will remain strong there with expected market growth in the magnitude of 10%. On the other hand, prospects for the European market are significantly less favorable due to the continuation of only hesitant economic recovery. From today's perspective, demand is expected to remain only in the region of the relatively weak prior-year level.

Market conditions in Brazil are likely to remain difficult: Starting from a low level, market volume is expected to decrease again by roughly 10%. The Japanese market for light-, medium- and heavy-duty trucks has shown strong growth in recent years. But due to the economic slowdown, a slight market contraction must be anticipated in 2015. In Indonesia, however, market recovery and growth in a magnitude of 10% are to be expected.

The severe recession in Russia will continue to depress the market, so demand should fall sharply once again. In India, however, a significant market recovery is expected due to slightly improved economic prospects. The market outlook for China is connected with uncertainty. The introduction of the CN4 emission standards (similar to Euro IV) on January 1, 2015 is likely to depress demand. We currently anticipate a market volume in 2015 of slightly below the previous year.

Overall, we expect a stable demand for **vans** in Europe in 2015. That applies to medium-sized and large vehicles as well as to small vans. For the United States, we expect moderate growth in the market for large vans. In Latin America, we assume that the market for large vans will stabilize following the significant contraction in 2014. In China, we anticipate an ongoing revival of demand in the market we address there.

We expect a slightly larger market volume for **buses** in Western Europe in 2015 than in 2014. Demand for buses in Brazil is likely to remain flat in 2015 following the significant decrease in 2014.

Unit sales

Mercedes-Benz Cars will consistently follow its path of growth in 2015 in the context of the “Mercedes-Benz 2020” offensive. Overall, we intend to significantly increase our unit sales and thus reach a new record. This is based on our currently very attractive and young model portfolio, which we will expand with some additional new products in 2015. An important contribution will come from the new C-Class, which is now available in sedan and wagon versions in all markets. Furthermore, in the first seven months of 2015, we will launch four new vehicles that have no predecessor model. The first automobiles of our new and highly exclusive Mercedes-Maybach brand are being delivered to customers already in February. They will be followed by the fascinating sports car Mercedes-AMG GT, the practical and stylish CLA Shooting Brake and the GLE Coupe, a sporty SUV. Within the context of our product offensive, we will also renew almost our entire range of SUVs in 2015, thus stimulating additional demand.

We anticipate significant growth in unit sales in 2015 also for the smart brand. The new fortwo and forfour models have been available in Europe since November 2014. Both of these products will be launched in all key markets in 2015 and will therefore contribute to the positive development of unit sales at Mercedes-Benz Cars. As we had lacked a four-seat smart model in recent years, we are now able to address completely new target groups with the smart forfour.

From a regional perspective, we expect the Asian markets to make major contributions to our growth in unit sales in 2015. In China, we are continuing the expansion of our sales organization and of local production capacities, thus creating the right conditions for further growth. But unit sales will increase also in North America as a result of our new models, and we intend to profit to an above-average extent from the slight revival of demand expected in Western Europe.

Daimler Trucks anticipates a significant increase in unit sales in 2015. In Western Europe, demand is likely to be dampened by the continuation of weak economic growth, leading to unit sales in the magnitude of the previous year. But we believe we will be able to defend our very good market position with our fuel-efficient products, high customer acceptance and a flexible production network. In Turkey, we anticipate significant sales being brought forward to 2015 due to the introduction of Euro VI emission regulations in 2016. In Brazil, the ongoing lack of economic growth and less favorable financing conditions are likely to dampen overall demand, so we have to expect falling unit sales in that market. In the medium term, however, Brazil will continue to be an important market for us. We are therefore continuing to invest in our local products and our production sites in São Bernardo do Campo and Juiz de Fora. Furthermore, we will continue our optimization program in Brazil, thus further increasing the efficiency of our facilities there.

In the NAFTA region, we assume that in line with the expected market development, our unit sales will once again be higher than in the previous year. The new and successful products should safeguard our market leadership in the region. Unit sales in Asia are also likely to develop positively overall. In Indonesia, one of our main markets in Asia, we expect unit sales to recover after the decrease in 2014. In India, the further expansion of our dealer network should facilitate significant growth in unit sales. In addition, the expanded range of FUSO vehicles produced in India can be expected to stimulate additional sales growth in Asia and Africa. In Japan, however, growth rates are likely to decrease significantly.

Mercedes-Benz Vans plans to achieve significant growth in unit sales in 2015. Above all in Europe, our core market, we anticipate significant increases in sales of medium-sized and large vans. This development is likely to be primarily driven by the new products Vito and V-Class, which are now fully available following their launch in 2014. In the context of our “Mercedes-Benz Vans goes global” strategy for the division, we will launch the Vito also in North and South America in 2015, stimulating additional demand there. We aim to achieve further growth in those markets also with the Sprinter, which we will produce also in North America in the future. Furthermore, we intend to expand our presence in China in the market segment we address there.

Daimler Buses assumes that it will be able to defend its market leadership in its core markets for buses above 8 tons with innovative and high-quality new products. For the year 2015, we anticipate a slight increase in total unit sales. This is based on the assumption of a stable development of unit sales in Europe and Latin America and rising unit sales in Mexico.

Daimler Financial Services aims to achieve further profitable growth in the coming years. For the year 2015, we anticipate significant growth in both new business and contract volume. This will result from the growth offensives of the automotive divisions, the specific targeting of younger customers, the expansion of business especially in Asia, and the further development of our online sales channels. We will continue to grow also with the flexible car-sharing model, car2go, and will systematically expand our range of mobility services under the umbrella of moovel.

On the basis of our assumptions concerning the development of automotive markets and the divisions' planning, we expect the **Daimler Group** to achieve further significant growth in total unit sales in 2015.

Revenue and earnings

We assume that the Daimler Group's **revenue** will grow significantly in 2015.

Without exception, our divisions currently benefit from a very attractive and particularly competitive product range, which has been expanded and consistently renewed in recent years. We therefore assume that Daimler will profit to an above-average extent from the slight revival of automotive markets that we expect for 2015, and will be able to strengthen its position in important markets. At Mercedes-Benz Cars, additional growth in 2015 will be driven above all by the new C-Class, the extremely successful S-Class models, the new GLA and CLA Shooting Brake compact models and the new smart models fortwo and forfour. The other automotive divisions are extremely well positioned with their products, and Daimler Financial Services' new business will profit from the growth in unit sales of passengers cars and commercial vehicles. The revenue growth we anticipate is therefore likely to be supported by all divisions. In absolute terms, Mercedes-Benz Cars and Daimler Trucks will deliver the biggest contributions. In regional terms, we expect the highest growth rates in Asia and North America, but our business volumes should expand also in the other regions. In particular in China, we are creating the right conditions for further growth with new sales outlets and additional production capacities, and we are expanding our production plants also in India and North America.

The growth in unit sales and revenue that we anticipate will have a positive impact on earnings in 2015. Additional profit contributions will come from the efficiency programs that we have implemented in all divisions.

With the programs "Fit for Leadership" at Mercedes-Benz Cars, "Daimler Trucks #1" at Daimler Trucks, "Performance Vans" at Mercedes-Benz Vans and "GLOBE 2013" at Daimler Buses, we achieved total profit contributions of approximately €4 billion by the end of 2014, by taking measures for sustained improvements in cost structures as well as through additional business activities. The full effect of these programs will be reflected in 2015. In addition to these measures for improved cost structures with short-term effects, we are taking measures in all divisions for the long-term structural optimization of our business system. We are increasingly standardizing and modularizing our production processes throughout the Group, for example with the intelligent use of vehicle platforms to achieve further cost advantages. These structural measures will have a positive impact on earnings already in 2015.

There will be opposing effects, however, from the ongoing high expenditure for our model offensive, for innovative technologies and for the expansion and modernization of our worldwide production facilities.

The expansion of our international sales activities and the restructuring of our sales-and-service centers in Germany are also connected with substantial expenditure in 2015.

With regard to exchange rates, the US dollar is likely to strengthen, which will be generally positive for us, but the ongoing weakness of the Japanese yen and of the currencies of major emerging economies will probably continue to have a negative impact on our earnings.

On the basis of the anticipated market development, the aforementioned factors and the planning of our divisions, we assume that **Group EBIT** from the ongoing business will increase significantly once again in 2015.

For the individual divisions, we have set ourselves the following targets for EBIT from the ongoing business in the year 2015:
- Mercedes-Benz Cars: significantly above the prior-year level,
- Daimler Trucks: significantly above the prior-year level,
- Mercedes-Benz Vans: significantly above the prior-year level,
- Daimler Buses: slightly below the prior-year level, and
- Daimler Financial Services: slightly above the prior-year level.

Free cash flow and liquidity

The anticipated development of earnings in the automotive divisions will have a positive impact also on the free cash flow of the industrial business in 2015. When comparing with 2014, it is necessary to consider that the free cash flow from the industrial business was boosted in 2014 by a total amount of €3 billion due to special effects from the sale of our shares in Rolls-Royce Power Systems Holding GmbH and Tesla. On the other hand, there were cash outflows of €2.5 billion for the extraordinary contribution to the German pension plan assets and of €0.3 billion for the settlement of a healthcare plan in North America. In the year 2015, we expect a free cash flow from the industrial business in a significantly higher amount than the dividend payment in 2015 of €2.6 billion. As we will continue and intensify our investment offensive, we assume that the free cash flow will be significantly lower than in 2014 (€5.5 billion).

For the year 2015, we aim to have liquidity available in a volume appropriate to the general risk situation in the financial markets and to Daimler's risk profile. When measuring the level of liquidity, we give due consideration to possible refinancing risks caused for example by temporary distortions in the financial markets. We continue to assume, however, that we will have very good access to the capital markets and bank markets also in the year 2015. We want to cover our funding needs in the planning period primarily by means of bonds, commercial paper, bank loans, customer deposits in the direct banking business and the securitization of receivables in the financial services business; the focus will be on bonds and loans from globally and locally active banks. In view of the very good liquidity situation of the international capital markets and our strong creditworthiness, we expect a continuation of very attractive refinancing conditions in 2015. An additional goal is to continue securing a high degree of financial flexibility.

Dividend

At the Annual Shareholders' Meeting on April 1, 2015, the Board of Management and the Supervisory Board will propose an increase in the dividend to €2.45 per share (prior year: €2.25). With this proposal, we are letting our shareholders participate in the Company's success while expressing our confidence about the ongoing course of business. We aim to achieve a sustainable dividend development also in the coming years. In setting the dividend, our target is to distribute approximately 40% of the net profit attributable to Daimler shareholders.

Investment

In order to achieve our ambitious growth targets, we will expand our product range in the coming years and develop additional production and distribution capacities. We also want to make sure that we can play a leading role in the far-reaching technological transformation of the automotive industry. For this purpose, we will once again slightly increase our already very high investment in property, plant and equipment in the year 2015. Above all, the Mercedes-Benz Cars and Daimler Trucks divisions will account for this increase, whereas we expect a lower volume of capital expenditure at the Mercedes-Benz Vans division than in the previous year. In addition to capital expenditure, we are developing our position in the emerging markets by means of targeted financial investments in our holdings. That includes the expansion of our car production capacities in China, together with our partner BAIC.

At the Mercedes-Benz Cars division, the focus of capital expenditure will be on renewing and expanding our product range. The most important projects include the new E-Class family, additional versions of the C-Class and the new SUVs. Substantial investment is planned also for the modernization and expansion of our German production sites as competence centers, as well as for the expansion of our international production network. After completing its Euro VI product offensive, Daimler Trucks will mainly invest in successor generations of existing products, the expansion and modernization of the plants, and new global component projects in 2015. At Mercedes-Benz Vans, the focus will be on further developing the existing model range, expanding the sales-and-service organization and establishing production of the Sprinter in the United States. Key projects at Daimler Buses are advance expenditures for new models and product enhancements and the new bus plant in India.

Research and development

With our research and development activities, our goal is to further strengthen Daimler's competitive position against the backdrop of upcoming technological challenges. We want to create competitive advantages above all by means of innovative solutions for low emissions and safe mobility – in the fields of autonomous driving or hybrid drive for example. In addition, we intend to utilize the growth opportunities offered by worldwide automotive markets with new and attractive products. In order to achieve these goals, we will once again significantly increase our expenditure for research and development in 2015. Key projects at Mercedes-Benz Cars include the successor generation of the E-Class and the new SUVs. In addition, we will invest considerable amounts in new low-emission and fuel-efficient engines, alternative drive systems and innovative safety technologies. Research and development spending is likely to rise also at Daimler Trucks in 2015. As before, the main areas here are the successor generations for existing products as well as developing and adapting new engine generations with which we will further reduce fuel consumption and fulfill increasingly strict emission regulations. Also at Mercedes-Benz Vans and Daimler Buses, an important area of research and development is to meet future emission standards and to increase fuel efficiency. At Daimler Buses, alternative drive systems also play an important role and at Mercedes-Benz Vans the further development of engines.

Workforce

Due to the generally very favorable business development that we expect for 2015, production volumes will continue rising. At the same time, the efficiency-enhancing measures we have implemented at all divisions in recent years will now take full effect. The medium- and long-term programs for structural improvements of our business processes should facilitate further efficiency progress. Against this backdrop, we assume that we will be able to achieve our ambitious growth targets with only slight workforce growth. Additional jobs are likely to be created at companies that we operate together with Chinese partners and whose employees are not included in the figures for the Daimler Group.

Overall statement on future development

We have implemented our strategy consistently and with great determination in recent years, and this is now beginning to pay off. Our new vehicle models are extremely well received by our customers. We are strengthening our market position worldwide and increasing our presence in the growth markets. The signs point towards growth in all divisions, and we are on schedule with our efficiency improvements. Furthermore, we are underscoring our technological leadership with pioneering innovations in the fields of safety, efficient drive systems and autonomous driving. In recent years, we have created the right conditions for further growth, and above all for profitable growth, and we will continue consistently to follow the course we have taken.

For these reasons, we look to the year 2015 with great confidence. Everything indicates that we will proceed along our growth path. We anticipate significant increases in unit sales, revenue and earnings from the ongoing business.

Forward-looking statements:
This document contains forward-looking statements that reflect our current views about future events. The words “anticipate,” “assume,” “believe,” “estimate,” “expect,” “intend,” “may,” “can,” “could,” “plan,” “project,” “should” and similar expressions are used to identify forward-looking statements. These statements are subject to many risks and uncertainties, including an adverse development of global economic conditions, in particular a decline of demand in our most important markets; a worsening of the sovereign-debt crisis in the euro zone; an increase in political tension in Eastern Europe; a deterioration of our refinancing possibilities on the credit and financial markets; events of force majeure including natural disasters, epidemics, acts of terrorism, political unrest, industrial accidents and their effects on our sales, purchasing, production or financial services activities; changes in currency exchange rates; a shift in consumer preferences towards smaller, lower-margin vehicles; a possible lack of acceptance of our products or services which limits our ability to achieve prices and adequately utilize our production capacities; price increases for fuel or raw materials; disruption of production due to shortages of materials, labor strikes or supplier insolvencies; a decline in resale prices of used vehicles; the effective implementation of cost-reduction and efficiency-optimization measures; the business outlook for companies in which we hold a significant equity interest; the successful implementation of strategic cooperations and joint ventures; changes in laws, regulations and government policies, particularly those relating to vehicle emissions, fuel economy and safety; the resolution of pending official investigations and the conclusion of pending or threatened future legal proceedings; and other risks and uncertainties, some of which we describe under the heading “Risk and Opportunity Report” in this Annual Report. If any of these risks and uncertainties materializes or if the assumptions underlying any of our forward-looking statements prove to be incorrect, the actual results may be materially different from those we express or imply by such statements. We do not intend or assume any obligation to update these forward-looking statements since they are based solely on the circumstances at the date of publication.

We thrill customers with new products.

Daimler’s divisions performed very well in what was still a difficult market last year. We consistently renewed our product range, and we were able to enter additional markets and market segments with new models. At the same time, we further improved the efficiency of our processes. In order to create the right conditions for future growth, we modernized and expanded our worldwide production network.

C | The Divisions.

Mercedes-Benz Cars.

Mercedes-Benz Cars celebrated yet another record year in 2014. Unit sales and revenue increased once again and earnings were significantly higher than in the previous year. We also improved our position in many markets. New models such as the C-Class, the GLA compact SUV, the S-Class coupe and the Mercedes-Maybach further enhanced the appeal of the Mercedes-Benz brand. In addition, the smart brand successfully entered a new era with its new fortwo and forfour models. We expanded our production capacities around the world in the year under review, thereby laying the foundations for future growth.

C.01

Mercedes-Benz Cars

	2014	2013	14/13
Amounts in millions of euros			% change
EBIT	**5,853**	4,006	+46
Revenue	**73,584**	64,307	+14
Return on sales (in %)	**8.0**	6.2	.
Investment in property, plant and equipment	**3,621**	3,710	-2
Research and development expenditure	**4,025**	3,808	+6
thereof capitalized	**1,035**	1,063	-3
Production	**1,754,115**	1,588,658	+10
Unit sales	**1,722,561**	1,565,563	+10
Employees (December 31)	**129,106**	96,895	+33

C.02

Unit sales by Mercedes-Benz Cars

	2014	2013	14/13
in thousands			% change
Mercedes-Benz	**1,630**	1,467	+11
thereof A-/B-/CLA-/GLA-Class	**472**	384	+23
C-/SLK-Class	**363**	357	+2
E-/CLS-Class	**329**	332	-1
S-/CL-/SL-Class/ SLS/Maybach	**125**	71	+75
M-/R-/GLK-/GL-/ G-Class	**342**	323	+6
smart	**92**	98	-6
Mercedes-Benz Cars	**1,723**	1,566	+10
thereof Western Europe	**669**	640	+4
thereof Germany	**272**	280	-3
NAFTA	**391**	363	+8
thereof United States	**344**	319	+8
China	**293**	239	+23
Japan	**61**	54	+14

Record unit sales and revenue. The Mercedes-Benz Cars division, comprising the Mercedes-Benz and smart brands as well as the Mercedes-AMG and Mercedes-Maybach sub-brands, once again accelerated its pace of growth in the year under review. Unit sales rose by 10% to the new record level of 1,722,600 vehicles. The increase in revenue was even more substantial at plus 14% to €73.6 billion. ↗ C.01 We also continually improved our profitability as the year progressed with EBIT rising by 46% to €5.9 billion. Our very positive overall business development was largely due to the launch of several new and attractive products. The efficiency measures of our “Fit for Leadership” program also had a positive impact on earnings.

Fit for Leadership. “Fit for Leadership” is a key element of our “Mercedes-Benz 2020” growth strategy. In the short term, the program combines existing efficiency-boosting measures and identifies additional efficiency potential. Over the long term, it will optimize the Mercedes-Benz business system and create the structures necessary to achieve the growth defined by Mercedes-Benz 2020. By the end of 2014, Fit for Leadership measures had achieved a sustainable cost-structure improvement of approximately €2 billion. Beginning in 2015, these savings will be fully reflected in our earnings. We have thus successfully completed the first phase of the program as planned. Substantial progress was made on the optimization of production and the reduction of material costs and fixed costs, for example. We systematically identified the technical and structural potential for optimization, and we also made a considerable impact on material costs by applying new procedures for awarding contracts to suppliers. The second phase of the program will focus more strongly on long-term structural changes. Our goal here is to further improve the competitiveness of Mercedes-Benz Cars over the long term. This will require us to holistically adjust the Mercedes-Benz Cars business system to changing conditions, such as the globalization of sales and production structures and changes in the product mix.

The new Mercedes-Benz S-Class coupe: breathtaking design and refined sportiness.

Record unit sales for Mercedes-Benz. Unit sales of the Mercedes-Benz brand increased by 11% to 1,630,100 vehicles in 2014. This is the fourth consecutive year in which the brand has set a new record. ↗ C.02 Despite difficult conditions in several markets, the pace of growth increased slightly compared with the previous year due to the launch of attractive new models. We were able to improve our market position in China in particular.

Mercedes-Benz also performed very well overall in a volatile market environment in Europe. Growth was particularly strong in Spain (+35%), the United Kingdom (+13%) and France (+9%). Unit sales in Western Europe were up 6% from the prior year, although they did fall slightly in Germany. We set a new record in the United States with sales of 334,000 vehicles (+8%). We continued to grow in China, where sales increased by 25% to 275,000 units. We recorded significant increases in unit sales also in Japan (+15%), India (+14%) and Brazil (+6%).

The main contributions to the growth in unit sales came from the S-Class, our compact cars and the new C-Class models. A total of 471,700 customers opted to buy a vehicle of the A-Class, B-Class, CLA-Class or the new GLA-Class series during the year under review, representing an increase of 23% over the previous year. The sedans and wagons of the E-Class remained very popular and unit sales of those models increased by 2% to 252,300 vehicles. Total sales of 329,000 units in the E-Class segment almost matched the high prior-year level. Mercedes-Benz further improved its position in the global market for luxury vehicles. A total of 125,100 vehicles in the S-Class segment were sold in 2014 (+75%), more than ever before in the long and successful history of that model series. Business with our SUVs remained very positive, with sales rising to the new record level of 341,500 vehicles (+6%). The C-Class performed extremely well in the year of its model changeover. Unit sales totaled 362,700 vehicles (+2%) despite the fact that the new C-Class models did not become available in all core markets until October 2014.

The new C-Class – dynamic and premium. Mercedes-Benz sets the benchmark in the premium mid-range segment with its all-new C-Class. The C-Class sets efficiency standards in its class, thanks to an intelligent lightweight design concept, excellent aerodynamics and new economical engines. Numerous new assistance systems provide the highest levels of safety, while a new chassis ensures exemplary ride and driving comfort as well as agile handling. In terms of appearance, the new C-Class adopts a progressive approach with its clear yet emotive design and its high-class interior. Many other innovations and appointment details underscore the sedan's comfort and refined sportiness. All in all, the perceived quality of the new C-Class feels like an "upgrade to a higher class."

The new C-Class sedan celebrated its successful launch in Europe in March 2014. The model has been available also as a wagon version since September 2014. The wagon shines with a clear yet emotive and sporty design, innovative technology, flexibility and greater cargo volume than the predecessor model.

The new models have been extremely well received by our customers and the trade press. A total of 219,400 new C-Class vehicles were delivered to customers in 2014.

The new Mercedes-Benz GLA – an all-round talent. The SUV from our new compact-model family combines superior everyday driving performance with off-road mobility. Its flexible interior and high-quality appointments showing loving attention to detail clearly position the GLA as a premium compact SUV. The new GLA rounds out the extensive range of Mercedes-Benz SUVs, and is the fourth of a total of five new compact models from the brand. Deliveries of the GLA to customers began in March 2014. The fifth compact model, the CLA Shooting Brake, will be available as of March 2015.

The new S-Class coupe – stylistically self-assured with refined sportiness. The new S-Class coupe, which has been available since September 2014, combines the classic proportions of a large, sporty coupe with modern luxury and forward-looking technology. As a worldwide first, the S-Class coupe can be optionally equipped with the MAGIC BODY CONTROL suspension system, which features a curve tilting function.

The B-Class: better than ever before. After sales of more than 350,000 units of the B-Class since its market launch in 2011, we have given the compact sports tourer a significant upgrade both inside and out. Five efficient diesel models with fuel consumption ranging from 3.6 to 5.0 l/100 km, four efficient gasoline models with fuel consumption ranging from 5.4 to 6.6 l/100 km, alternative drive systems (electrical and natural gas), and the optional 4MATIC all-wheel drive system ensure a unique selection in the model's segment. The sports tourer sets the standard in its class also with a drag coefficient of less than 0.25. The first new B-Class models were delivered in December 2014.

Mercedes-Maybach premieres. In November 2014, our new Mercedes-Maybach sub-brand and the first model from this new and exceptionally exclusive brand – the Mercedes-Maybach S 600[1] – celebrated their world premiere simultaneously in the United States and China. Mercedes-Maybach stands for prestigious exclusivity and is aimed at particularly discerning customers. With the combination of the very highest exclusivity, unparalleled comfort and state-of-the-art technology, the new Mercedes-Maybach S 600[1] represents the absolute pinnacle of the top-of-the-line automobile segment. The Mercedes-Maybach S 600[1] also offers a new dimension in seat comfort and relaxation. Thanks to extensive noise-insulation measures, this is the quietest production limousine in the world for passengers in the rear.

Mercedes-AMG: driving performance for sports car enthusiasts. The new Mercedes-AMG GT celebrated its world premiere in September 2014. This model marks the entry of the sports car and high-performance brand from Mercedes-Benz Cars into a new top-class sports-car segment that it had not previously occupied. This automobile, the second sports car that Mercedes-AMG has developed entirely on its own, underscores the brand's successful history. Entry into the compact class and expansion of the model range to include additional 4MATIC and S models have enabled Mercedes-AMG to attract new customer groups in both new and established markets. Within the framework of the AMG Green Performance Strategy, fleet fuel consumption has been reduced by 35% over the past five years with the help of an extensive range of technical modifications. New engine technologies and comprehensive lightweight design have made the AMG models, which already boast some of the lowest emissions in their respective segments, even more efficient than before.

New smart models – a new era begins. In July 2014, the smart brand unveiled two completely new models to the international media and the global public. The smart fortwo retains its uncompromising "shortness" of 2.69 meters, while the 3.49-meter forfour combines typical smart attributes with a feeling of great roominess and clever cargo loading options. The suspension system takes its cue from the technology used in the larger Mercedes model series; its roughly ten-centimeter wider track has led to a clear improvement in handling compared with the predecessor model. The smart fortwo's turning circle of 6.95 meters is the best in the world, while the forfour also boasts outstanding agility with a turning circle of 8.65 meters. The two are thus ideally prepared for the demands of urban driving. Customized infotainment options and clever connectivity solutions leave nothing to be desired, and the new smart models make a huge impression also with a range of safety features that set new standards in the brand's market segment.

Nearly all aspects of the smart fortwo have been improved and it now promises even more fun in the city with many innovative details.

The new C-Class wagon is a lifestyle automobile that combines dynamic design, high-class interior and innovative technology.

They include a reinforced tridion safety cell, comprehensive airbag solutions and assistance systems normally reserved for premium vehicles. The new fortwo and forfour models have been available in Europe since November 2014; additional markets will follow in 2015.

Despite being in its last year prior to a model changeover, smart was able to keep unit sales relatively stable at 92,500 cars in the year under review (2013: 98,200). The smart fortwo electric drive[2] remained very successful in the electric-car market.

Foundations laid for further growth in China. During the reporting year, we created the conditions necessary for further growth in China with the launch of nine new models, as well as by strengthening our sales network and making extensive investments in our local production and research locations. The consolidation of marketing and sales activities under the roof of a highly effective single organization, which began in 2013, was successfully completed in the year under review. We also added over 100 new sales outlets in more than 50 cities to our sales network in China, which now comprises a total of nearly 450 dealerships. In order to ensure that we can staff our growing sales organization with highly qualified employees, we opened Mercedes-Benz's biggest training center in the world for car dealership staff in Shanghai in July 2014. In addition, a new Mercedes-Benz Research & Development Center began operating in Beijing in November 2014, and will enable us to meet the requirements and expectations of our Chinese customers more effectively. We intensified the cooperation with our Chinese partner BAIC Motor Corporation during the year under review. As a result, annual capacity at Beijing Benz Automotive Co., Ltd. (BBAC) will be more than doubled to over 200,000 units by 2015.

Additional sales momentum has been generated in China since September 2014 by the C-Class long-wheelbase version, which is produced in and for China. This car was developed especially for the Chinese market and offers rear passengers about 80 millimeters more legroom. High-quality materials and precisely defined details lend the interior a feeling of modern luxury.

1 Mercedes-Maybach S 600: fuel consumption in l/100 km urban 16.9, extra-urban 8.7, combined 11.7; CO_2 emissions in g/km combined 274.
2 smart fortwo electric drive: electricity consumption in kWh/100 km 15.1; CO_2 emissions in g/km 0.0.

Numerous awards for Mercedes-Benz. The Mercedes-Benz brand was once again the recipient of numerous awards in 2014. The brand was honored not only on the basis of traditional criteria such as safety, comfort, value stability and environmental compatibility, but also for its innovative spirit and the fascinating design of its vehicles. For example, readers of Auto Zeitung selected Mercedes-Benz models as the vehicles with the best design in three categories. The GLA topped the SUV category while the new C-Class took top honors among sedans and was also voted the best vehicle overall. Readers who participated in the voting for the AUTO BILD Design Award chose models from Mercedes-Benz as Germany's most beautiful cars in five out of six categories. Among the winners here was the new S-Class coupe; the C-Class was named overall Design Champion in this competition as well. In the voting for the World Luxury Car, 69 top journalists from 22 countries selected the S-Class as the best luxury car in the world. Mercedes-Benz was once again named the most valuable European brand and the most valuable premium automotive brand in the world in the Interbrand rankings for Best Global Brands 2014. Mercedes-Benz is also the most innovative automobile brand, according to a study conducted by the Center of Automotive Management (CAM) and the Pricewaterhouse Coopers (PwC) corporate consulting firm.

Best Customer Experience. The Best Customer Experience program is designed to ensure completely personalized service for customers – from the initial contact to advice, test drives, purchases and aftersales services. Our goal here is to make Mercedes-Benz even more attractive to new contemporary-minded target groups, while at the same time maintaining the brand loyalty of established customers. To this end, Mercedes-Benz utilizes a multichannel approach that flexibly links a large number of different sales formats, thereby supplementing the services offered at traditional Mercedes-Benz showrooms. In late 2013, the brand became the first premium manufacturer to launch an online sales channel for new vehicles. The system is operated in a pilot project in cooperation with the Hamburg sales-and-service center. The pilot project was extended to Warsaw at the beginning of 2014. An analysis of the test-drive appointments made revealed that the online sales channel mainly attracted young people.

Progressive and unmistakable: The new CLA Shooting Brake perfectly combines the emotion of a coupe with the intelligence of a shooting brake.

A sports car in its purest form: The new Mercedes-AMG GT offers racetrack performance with great everyday practicality for enthusiasts.

An important component of Best Customer Experience is the “Mercedes me” service brand, which was presented for the first time in March 2014. “Mercedes me” allows easy access to existing and future services from the brand and is available around the clock at www.mercedes.me. The new service brand has already been launched in 15 countries and is adapted to the local range of services in each market. see pages 30 f

Expansion of the global production network. In order to meet the targets of our 2020 growth strategy, we are creating additional capacities worldwide and continually refining our flexible and highly efficient production network. The numerous investment decisions that have been made regarding our plants in Germany underscore their importance as centers of expertise. For example, we invested more than €3 billion in the modernization and restructuring of our car and engine plants in Germany in 2014. We are also expanding our vehicle production capacities in the United States and China. A new logistics center is being built in Speyer, Germany, to enable us to efficiently and flexibly manage the growing material flows in our global production network. This center will serve as a hub for delivery of components to our car plants in China, South Africa and the United States. The new C-Class is our first model to be manufactured on four different continents simultaneously. It took only six months to launch production of the vehicle first in Bremen and then in East London (South Africa), Tuscaloosa (USA) and finally Beijing, where the long-wheelbase version of the C-Class is built. As the lead plant, Bremen manages the global production of the C-Class, including everything from tooling strategies to training for staff from the international manufacturing locations, as well as product quality specifications. This guarantees top quality from the very beginning at all production facilities.

Formula 1 champions. Thanks to innovative hybrid technology and an outstanding team effort, MERCEDES AMG PETRONAS was able to win the 2014 Formula 1 Constructors’ Championship by a wide margin. Our two drivers also dominated nearly every race. Lewis Hamilton finished the season as the world champion with Nico Rosberg taking second place. The hybrid drive in the F1 W05 Hybrid championship car was the most efficient and successful drive system in the competition. That was one of the main reasons why the season was such a huge success for MERCEDES AMG PETRONAS. In a total of 19 races, the team captured 16 victories (11 of which were 1-2 finishes), 31 podium finishes and 18 pole positions. Because the new Formula 1 regulations focus on fuel efficiency, we can now use the knowledge we have gained with lightweight design and hybrid technology in our race cars to further improve our production vehicles.

Further reduction of CO_2 emissions. Our new engines and extremely fuel-efficient model variants once again enabled us to substantially reduce the average CO_2 emissions of the cars we sold in the European Union in 2014 – this time from 134 grams per kilometer to 129 g/km. That achievement was made possible in large part by our new compact-class models and our efficient hybrid drive systems. Our goal is to reduce the average CO_2 emissions of our new-vehicle fleet in the European Union to 125 g/km by 2016. see pages 109 f

Daimler Trucks.

Daimler Trucks is consolidating its position as a technology leader. The year 2014 was marked by the launch of numerous new models and groundbreaking technologies, with the biggest highlight being the presentation of the autonomously driving Mercedes-Benz Future Truck 2025. In the year under review, a strong product portfolio and positive market developments in the NAFTA region and Japan resulted in the highest unit sales for Daimler Trucks since 2006. Our strategy, which is based on the three pillars of technology leadership, global presence and intelligent platforms, continues to pay off. It puts us in a strong competitive position in our core markets and allows us to successfully expand into new markets and market segments. Our strategy thus enabled us to overcome challenges in Europe and Latin America and to achieve successful results in full-year 2014.

C.03
Daimler Trucks

	2014	2013	14/13
Amounts in millions of euros			% change
EBIT	**1,878**	1,637	+15
Revenue	**32,389**	31,473	+3
Return on sales (in %)	**5.8**	5.2	.
Investment in property, plant and equipment	**788**	839	-6
Research and development expenditure	**1,188**	1,171	+1
thereof capitalized	**34**	79	-57
Production	**497,710**	490,280	+2
Unit sales	**495,668**	484,211	+2
Employees (December 31)	**82,743**	79,020	+5

C.04
Unit sales by Daimler Trucks

	2014	2013	14/13
in thousands			% change
Total	**496**	484	+2
Western Europe	**57**	66	-13
thereof Germany	**29**	33	-13
United Kingdom	**8**	9	-14
France	**6**	9	-37
NAFTA	**161**	135	+19
thereof United States	**142**	118	+20
Latin America (excluding Mexico)	**47**	59	-21
thereof Brazil	**32**	39	-17
Asia	**167**	163	+3
thereof Japan	**44**	38	+14
Indonesia	**58**	65	-10
Additional information:			
BFDA (Auman Trucks)	**99**	103	-4
Total (including BFDA)	**595**	588	+1

Growth in unit sales, revenue and earnings. Daimler Trucks was able to increase its unit sales by 2% to 495,700 units in 2014. Revenue also rose, increasing to €32.4 billion (2013: €31.5 billion). At €1.9 billion, EBIT was well above the figure for the prior year. The earnings figure includes charges of €149 million related to workforce adjustments in Brazil and Germany as well as charges from the impairment of the carrying amount of the investment in Kamaz. The year under review was marked by very different developments in individual regions. A poor economic outlook and uncertainties associated with upcoming elections negatively impacted unit sales especially in Latin America and Indonesia. The truck market in Europe was noticeably affected by the introduction of the Euro VI emission standards at the beginning of 2014. Moreover, sales in the region were influenced by sluggish economic growth and the political situation in Eastern Europe. The situation was completely different in North America and Japan, as Daimler Trucks benefited from high demand for commercial vehicles in both markets. In addition, earnings were positively affected by the successful measures implemented within the framework of the Daimler Trucks #1 efficiency and growth program.

Daimler Trucks #1 on course to achieve its targets. The Daimler Trucks #1 excellence program was successfully continued during the year under review. More than 10,000 program initiatives had been implemented worldwide by the end of 2014. The program target of €1.6 billion will be achieved in 2015, when the measures will have been in effect for a full year.

The goal of Daimler Trucks #1 is to improve the competitiveness and profitability of Daimler Trucks on a sustained basis. All units at the division have been working continually to increase their unit sales and efficiency since the start of the program. To this end, numerous measures have been defined and implemented along the entire value chain in all regions. This has enabled us to achieve substantial reductions in production, material and fixed costs worldwide. Moreover, our product offensive and the systematic development of new markets have allowed us to exploit additional growth potential.

Powerhouse with the star: The Mercedes-Benz SLT – as an Actros or Arocs variant – can pull extra-heavy loads weighing up to 250 metric tons.

Division-wide strategic initiatives for utilizing global synergy potential were also launched successfully during the year under review. One result of Daimler Trucks #1 is our newly established module management system, with which initial economies of scale were achieved in pilot projects for multiple brands. This development was supported by organizational consolidation that has led to optimal coordination with the Development and Procurement departments.

The systematic alignment of Daimler Trucks' business activities in Asia is also creating benefits. Our new Asia Business Model has led to extensive cooperation between development, production and sales units, which in turn has allowed us to exploit synergy and growth potential at our Japanese and Indian subsidiaries. For example, Daimler Trucks is now benefiting more from growth opportunities in the up-and-coming markets of Southeast Asia and Africa by supplying them with medium- and heavy-duty FUSO brand trucks made in India. With the start of production of the left-hand-drive versions and the Euro IV and Euro V versions, these vehicles can also be exported to the Middle East and Latin America.

Outstanding product acceptance thanks to low total cost of ownership. Daimler Trucks once again increased its unit sales in 2014. At 495,700 units, sales were at their highest level since 2006. The high degree of market acceptance for our products is largely due to the fact that Daimler Trucks consistently focuses on customer requirements – as evidenced by an extremely competitive total cost of ownership, which is the most important factor in our customers' purchasing decisions. Improving fuel efficiency is therefore a top priority in all regions. The Euro VI Actros in Europe, the Freightliner Cascadia Evolution in North America and the FUSO Super Great V in Japan are all trendsetters for fuel economy.

The fact that Mercedes-Benz products are extremely popular is demonstrated by our top position in the segment for medium- and heavy-duty trucks in **Western Europe**, where despite a difficult market environment, we were able to record a slight increase in market share to 24.4% (2013: 24.1%). At 57,400 units, sales in Western Europe were down 13% from the previous year. The truck market in the region was negatively affected by sluggish economic growth and the introduction of the Euro VI emission standards at the beginning of 2014. The negative development was particularly noticeable in the fourth quarter, as unit sales in Q4 2013 had been boosted by purchases brought forward prior to the introduction of Euro VI. At 33,900 units, sales in **Eastern Europe** were lower than in the prior year. The increase in unit sales in Turkey to the record level of 22,200 vehicles could not offset declines in our other Eastern European markets. The ongoing difficult political and economic situation in Russia led to a substantial decline in sales in that market.

Sales success in North America: the Freightliner Cascadia Evolution with a highly efficient powertrain and low fuel consumption.

Our unit sales in **Latin America** fell significantly due to the lack of economic growth in that region. In our main market there, Brazil, sales declined by 17% to 32,200 units. Weak economic growth significantly curbed procurement throughout the market. In this difficult environment, we were able to increase the market share of our medium- and heavy-duty Mercedes-Benz trucks to 25.8% (2013: 24.7%). We will make major investments in our production facilities and products in the coming years in order to ensure we remain competitive in this strategically important market and are able to react flexibly to future changes.

Our market share of 37.2% in the **NAFTA region** (2013: 38.2%) once again made us the undisputed market leader in the segment for Class 6-8 trucks. Sales in the region rose to the record level of 161,500 units, which represents an increase of 19% over the previous year. The Freightliner Cascadia Evolution, which was added to the product range in 2013 and is a benchmark for fuel efficiency, made a major contribution to our sales success in the region. Our customers in North America have come to increasingly appreciate the benefits of a fully integrated heavy-duty powertrain from a single source. Engines, axles and transmissions are all from Daimler Trucks, which ensures optimally coordinated drive-system components. The expansion of production of the DT12 transmission to North America, which is planned for the end of 2015, will mark yet another milestone in the further development of our global and flexible production network.

The overall development of unit sales in **Asia** was positive in 2014, but the situation varied greatly from region to region. Whereas unit sales grew in Japan and India, they decreased in Indonesia. Sales in **Japan** rose by 14% to 43,900 units. The increase was particularly noticeable in the first quarter of 2014, as many customers chose to purchase trucks before the increase in VAT that went into effect on April 1, 2014. This was followed by a period of very small increases in unit sales. Nevertheless, the decline in sales that was anticipated by some market observers did not materialize. We successfully defended our market share and achieved an overall share of the Japanese truck market of 20.1% (2013: 20.2%). We increased our market share in **Indonesia** to 47.4% (2013: 46.9%). But due to the sharply contracting market in that country, our sales declined by 10% to 58,300 units. On the other hand, our sales in **India** rose to 10,300 units in the year under review (2013: 6,500) despite a slightly contracting market in that country. Our attractive product portfolio in India, which already comprises more than a dozen models, is sold through a network of approximately 80 dealerships in the country. This sales network is to be expanded further in 2015.

Daimler's MFTBC commercial vehicle subsidiary expands cooperation. Daimler's Mitsubishi Fuso Truck and Bus Corporation (MFTBC) commercial vehicle subsidiary in Japan intensified its cooperation with Nissan Motor Co. Ltd (Nissan) during the year under review. The two companies signed a contract in October 2014 covering the delivery of vans. Nissan will deliver the vans as complete vehicles, which will then be sold to commercial FUSO brand customers in export markets. Under the terms of the contract, Nissan is supplying its NV350 Urvan to MFTBC, which began selling the model as the FUSO Canter Van in the Middle East in late 2014. The new agreement supplements an existing strategic partnership between MFTBC and Nissan in Japan, in which MFTBC supplies its light-duty truck platform to Nissan and receives Nissan's light-duty truck platform in return. In addition, MFTBC has been supplying light-duty trucks to UD Trucks Corporation since September 2014. These vehicles are also based on FUSO's light-duty truck platform and are marketed in Japan under the name "Kazet."

Sale of RRPSH shares. In the first quarter of 2014, the Board of Management and the Supervisory Board of Daimler AG made the decision to transfer the company's 50% interest in Rolls-Royce Power Systems Holding GmbH (RRPSH) to its joint venture partner, Rolls-Royce Holdings plc (Rolls-Royce). Following this decision, Daimler exercised a put option for its stake in RRPSH that had been agreed on with Rolls-Royce in 2011. The sale of Daimler's shares in RRPSH was completed in August 2014 and generated proceeds for Daimler of €2.4 billion.

Expanded product range for the newest brand: BharatBenz presented the 4928TT and 4023TT semi-trailer tractors in 2014.

Successful cooperation with our partner in China. Daimler AG has a 50% interest in Beijing Foton Daimler Automotive Co., Ltd. (BFDA), a joint venture it operates with Beiqi Foton Motor Co, Ltd. Production of medium- and heavy-duty Auman brand trucks began in China in mid-2012. The partnership safeguards Daimler Trucks' presence in the important Chinese truck market. Sales of Auman brand trucks declined for market reasons by 4% to 99,200 units in 2014. More than 230,000 Auman trucks have already been sold since the beginning of the joint venture.

Strong presence with new products. Daimler Trucks unveiled new models around the globe in 2014 following the successful introduction of its Euro VI fleet in the previous few years. The Euro VI offensive was concluded in the first quarter of 2014 with the launch of the Actros and Arocs (SLT) heavy-haulage vehicles. These customized trucks can pull up to 250 metric tons and are often over 50 meters long. The vehicles are built at the Mercedes-Benz plant in Molsheim, France.

The new Western Star 5700XE was presented in the fall of 2014 and will be available to our North American customers in 2015. Numerous new aerodynamic features reduce air resistance and thus also improve fuel economy. The best fuel-efficiency performance is achieved when the models are equipped with an integrated powertrain from Daimler Trucks. The interaction of the Detroit brand engine, axles and DT12 automatic transmission with a highly intelligent powertrain management system ensures the highest efficiency.

Our product range in Japan has been expanded to include the new FUSO Super Great V heavy-duty truck. This vehicle also sets standards for economy. Its lower fuel consumption is made possible by an optimized 6R10 engine with tried-and-tested and continually refined technology based on our Heavy-Duty Engine Platform, as well as by a newly developed asymmetrical turbocharger. The new Super Great V is also the only truck whose full model range already beats by up to 5% the requirements of the FES fuel efficiency standards that will take effect in Japan in 2015.

Daimler Trucks has launched new products in Europe, North America and Japan, and the division's product offensive is successful also in emerging markets. In early 2014, we added new semitrailers and a construction and mining truck to the BharatBenz product range in India. The next highlight was unveiled in the third quarter – the BharatBenz 3143, which is scheduled to go into series production in the second half of 2015. BharatBenz is the first Indian brand to offer trucks in the segment with engines of over 400 horsepower, which has so far been dominated by European brands. The vehicles from the FUSO FI and FJ model series are another good example of Daimler Trucks' growing global presence. These medium- and heavy-duty trucks from the Japanese brand are also manufactured by Daimler India Commercial Vehicles (DICV) in Chennai. From there, they are exported to promising markets in Southeast Asia and Africa.

Successful IAA Commercial Vehicles. Daimler Trucks presented numerous vehicle world premieres, an extensive range of services and the spectacular Mercedes-Benz Future Truck 2025 at the 65th IAA Commercial Vehicles show in Hanover in September 2014. The Future Truck 2025 autonomously driving vehicle is a key component of the transportation system of the future. The Future Truck 2025 conserves resources, reduces emissions of all types, ensures the highest degree of safety and improves connectivity on the road. Radar sensors and camera systems make it possible for the Future Truck 2025 to drive autonomously without any need for communication with other vehicles or a control center. Mercedes-Benz has combined all the necessary technology in its highly intelligent Highway Pilot system, which is similar to an airplane autopilot. Back in July 2014, we presented the pioneering technologies in the Future Truck 2025 to the world by sending the vehicle on its very first journey on a stretch of autobahn near the city of Magdeburg. A detailed description of the Future Truck and its world premiere is presented on pages 14 ff of this Annual Report.

The Future Truck 2025 presented at the IAA Commercial Vehicles featured a new exterior and interior design, as well as numerous product innovations. They include the new Blind Spot Assist safety system, which Daimler will begin mass-producing in the coming years. We are thus underscoring our leading role in the area of active safety as we continue along the road to accident-free driving. Blind Spot Assist's radar sensors monitor both sides of the truck and warn of the presence of other road users that the driver cannot see.

Customer tests with the FUSO Canter E-Cell. FUSO is a trailblazer in the field of "green" drive systems for light commercial vehicles. The first fully electric light truck, which is being produced in a small-batch series, is completely emission-free and makes virtually no noise. This Canter E-Cell for the European market is built at the plant in Tramagal, Portugal. The first of these E-Cell trucks were delivered to customers for testing in July 2014. The tests under normal operating conditions are scheduled to run for one year. The handover of the vehicles to Portuguese customers marked yet another highlight in the anniversary year of the Tramagal plant, which began manufacturing trucks 50 years ago.

Mercedes-Benz Vans.

Mercedes-Benz Vans set a new record for unit sales in 2014 and recorded double-digit growth in both its core region of Western Europe and the United States. We successfully continued our product offensive in the year under review and upgraded our products in the mid-size van segment. Mercedes-Benz Vans sets benchmarks for customer focus, engineering, design and sustainability with its new V-Class multipurpose vehicle, as well as with the Vito, which is tailored to the needs of commercial customers. Thanks to our innovative products and further efficiency improvements, Mercedes-Benz Vans was once again able to record an increase in earnings in the year under review. We are continuing with our "Mercedes-Benz Vans goes global" growth strategy.

Unit sales, revenue and earnings above prior-year levels. Mercedes-Benz Vans set a new sales record in 2014, with deliveries rising by 9% to 294,600 units. At €10.0 billion, revenue was also higher than in the previous year (2013: €9.4 billion). EBIT of €682 million was 8% higher than in 2013. Earnings were impacted by the very positive sales development, as well as by the measures implemented within the framework of the Performance Vans efficiency program. Those measures included the introduction of more efficient production processes following the ramp-up of new products, the optimization of material use and the consistent utilization of the potential offered by the European and North American van markets. ↗ C.05

Continued growth. Mercedes-Benz Vans sold 294,600 vehicles worldwide in 2014. This figure marks a new sales record and an increase of 9% from the prior year. Our Sprinter, Vito and Citan vans are targeted mainly at commercial customers, while the Viano and V-Class models are designed primarily for private use. Unit sales in Western Europe, our most important market, rose by 12% to 190,000 vans in the year under review. The southern European markets experienced an especially strong comeback last year. Mercedes-Benz Vans sold 20,700 units of the Citan city van in Western Europe in 2014 (2013: 17,700). Sales of mid-size and large vans rose by 12% to 169,400 units. Growth was particularly strong in our German home market (+12%), where we also set a new sales record. Despite a difficult market environment in Eastern Europe, Mercedes-Benz Vans was able to increase its sales in that region to 30,800 units (+14%). This figure includes 6,700 Sprinter Classic models that were built and sold in Russia. The success story of our Sprinter continues in United States as well. With sales of 25,800 vehicles (2013: 22,800), we increased our market share in the United States to the new record level of 8.9%. At 12,800 units, sales in China were slightly above the prior-year level. Sales in Latin America declined by 18% to 16,100 units due to the difficult economic situation in that region.

C.05
Mercedes-Benz Vans

	2014	2013	14/13
Amounts in millions of euros			% change
EBIT	682	631	+8
Revenue	9,968	9,369	+6
Return on sales (in %)	6.8	6.7	.
Investment in property, plant and equipment	304	288	+6
Research and development expenditure	293	329	-11
thereof capitalized	68	139	-51
Production	299,008	270,675	+10
Unit sales	294,594	270,144	+9
Employees (December 31)	15,782	14,838	+6

C.06
Unit sales by Mercedes-Benz Vans

	2014	2013	14/13
			% change
Total	294,594	270,144	+9
Western Europe	190,019	169,175	+12
thereof Germany	79,898	71,520	+12
Eastern Europe	30,758	26,876	+14
United States	25,832	22,802	+13
Latin America (excluding Mexico)	16,063	19,580	-18
China	12,837	12,705	+1
Other markets	19,085	19,006	+0

We sold a total of 186,300 Sprinter vehicles worldwide during the year under review; this marks an increase of 12% over the previous year and a new record as well. Despite model change-overs, we were still able to significantly surpass the previous year's sales figure in the segment for mid-size vans (including the new V-Class) with sales of 86,000 units (2013: 80,900). Demand for the Citan city van rose by 10% to 22,100 units in the year under review.

The benchmark for multipurpose vehicles: the new Mercedes-Benz V-Class. The new Mercedes-Benz V-Class – the outstanding multipurpose vehicle with the three-pointed star – marks yet another milestone in our global growth strategy. With this vehicle, Mercedes-Benz Vans redefines the MPV and sets new standards in the segment both aesthetically and technologically. The model's design follows the new design idiom for Mercedes-Benz cars and ensures that the V-Class stands out visually from the crowd as it communicates a sense of modern luxury. This design convinced the panel of judges for the Red Dot Award, which is one of the world's biggest competitions for design quality. The panel selected the V-Class for its product-design award. The V-Class sets itself apart from the competition also with its wide range of assistance systems combining safety and comfort. They include the Crosswind Assist and Attention Assist systems as standard equipment and the optional Active Parking Assist. A completely new feature is a state-of-the-art multimedia system with a touchpad for operating all telematics functions. The V-Class makes a big impression also with its generous space and versatile seating and loading configurations. Access to a second loading level is obtained through a separately opening rear window for easy loading and unloading. In addition, state-of-the-art turbo-diesel engines with extremely low fuel consumption ensure optimal efficiency. The new V-Class focuses on three customer groups: families, people who participate in a lot of leisure activities involving extensive sports and outdoor equipment, and operators of luxury VIP shuttles or hotel shuttles. The new V-Class celebrated its world premiere in January 2014 and went into production in early March 2014 at our plant in Vitoria, Spain. The model has been available since the end of May.

Extreme efficiency, exemplary safety and unique comfort: Mercedes-Benz redefines the multipurpose vehicle with the V-Class.

The Mercedes-Benz Sprinter: the undisputed number one in its class.

The new Marco Polo: the perfect combination of leisure and daily use. The all-new Marco Polo camper van lays down a new marker in its segment and stands apart from its rivals with cutting-edge design, maximum functionality and perfect suitability for daily use. The camper van is equipped with a kitchen, a wardrobe and extremely comfortable beds, and can accommodate up to four people. With its compact body and outstanding technology, the Marco Polo offers the same dynamic, comfortable and economical ride as a Mercedes-Benz passenger car. The model can also easily be driven into any standard parking garage or car wash. Exemplary safety is ensured by numerous innovative driver assistance systems. The Marco Polo is very popular among customers, as evidenced by the fact that it was voted Compact Camper Van of the Year 2015 by readers of the Promobil trade journal. This distinction is awarded by the magazine every year.

The new Vito: The second global van from Mercedes-Benz Vans. The second major product highlight at Mercedes-Benz Vans in 2014 was the launch of the new Mercedes-Benz Vito, which sets new standards in the mid-size van segment. At its world premiere in Berlin at the end of July 2014, Mercedes-Benz Vans presented the versatile van in the range of 2.5–3.2 metric tons gross vehicle weight to the public for the first time. The new Vito offers a whole range of outstanding features. For one thing, it is the first vehicle in its class to be available with a choice of three different drive systems (rear, front and all-wheel drive) so that it can meet all customer requirements. The model also boasts a high payload and efficient engines. A Vito equipped with our BlueEFFICIENCY package achieves average fuel consumption of only 5.7 liters per 100 kilometers – no competitor can beat that. The Vito also features numerous innovative safety and assistance systems including Crosswind Assist, ATTENTION ASSIST, ADAPTIVE ESP and the Tire Pressure Monitoring System, all of which come as standard equipment. In addition, the Vito Tourer has allowed us to reposition ourselves in the passenger-transport segment, for which we have created our own model family with three equipment variants. The new Vito went into production at our plant in Vitoria, Spain, in mid-August 2014 and has been available on the market since October. Mercedes-Benz Vans invested around €190 million in the Vitoria plant to prepare it for the model changeover. The money was spent mainly on the modernization and reorganization of the plant's body shop, paint shop and assembly area. Following its application with the Sprinter, the division is now utilizing its "Mercedes-Benz Vans goes global" strategy with the Vito. As a result, the vehicle will be launched in North and South America in 2015.

Long-term production strategy defined for next-generation Sprinter. The Sprinter is ready for the future. In October 2014, the company decided to invest a substantial amount of money in the production of the new Sprinter generation. Mercedes-Benz Vans – the only manufacturer of large vans in Germany – will also produce the next generation of the Sprinter in Düsseldorf and Ludwigsfelde. Mercedes-Benz Vans will invest a total of €450 million in the modernization of the two plants in order to safeguard their future competitiveness. The Mercedes-Benz Sprinter is the global market leader in the large-van segment and is delivered to customers in some 130 countries around the world. This makes the Sprinter a key pillar of the "Mercedes-Benz Vans goes global" growth strategy, which aims to exploit additional sales potential in growth markets outside Europe. Because of the sharply rising demand for large vans in the North American market, Mercedes-Benz Vans has decided to manufacture the next generation of the Sprinter in North America as well.

Daimler Buses.

As the leading bus manufacturer in its core markets of Western Europe and Latin America, Daimler Buses focuses on supplying innovative and environmentally responsible products that meet its customers' business requirements. Higher sales of complete buses and progress made with additional efficiency measures led to a significant increase in earnings in 2014. A decline in demand for bus chassis in Latin America due to difficult market conditions in the region had a negative effect on unit sales, especially in the second half of the year. During the year under review, we once again improved our product portfolio with some important innovations.

C.07

Daimler Buses

	2014	2013	14/13
Amounts in millions of euros			% change
EBIT	**197**	124	+59
Revenue	**4,218**	4,105	+3
Return on sales (in %)	**4.7**	3.0	.
Investment in property, plant and equipment	**105**	76	+38
Research and development expenditure	**182**	187	-3
thereof capitalized	**11**	3	+267
Production	**31,485**	34,467	-9
Unit sales	**33,162**	33,705	-2
Employees (December 31)	**16,631**	16,603	+0

C.08

Unit sales by Daimler Buses

	2014	2013	14/13
			% change
Total	**33,162**	33,705	-2
Western Europe	**7,557**	6,714	+13
thereof Germany	**2,865**	2,440	+17
Mexico	**3,633**	2,959	+23
Latin America (excluding Mexico)	**17,614**	19,118	-8
Asia	**1,117**	1,704	-34
Other markets	**3,241**	3,210	+1

Earnings significantly above prior-year level. Sales of 33,200 buses and bus chassis worldwide by Daimler Buses in 2014 did not quite match the prior-year figure (2013: 33,700). Nevertheless, the division was able to significantly expand its leading position in its core markets for buses with a gross vehicle weight of over 8 metric tons. ↗ C.07 Business with complete buses in Western Europe improved considerably from the previous year. At €4.2 billion, revenue was slightly above the level of 2013 (€4.1 billion). Success with sales of complete buses and further efficiency improvements resulted in a substantial increase in EBIT to €197 million (2013: €124 million). The earnings increase was largely due to the fact that measures associated with the GLOBE 2013 growth and efficiency program had their full effect during the reporting year. The division actually exceeded the GLOBE 2013 earnings improvement target of €200 million.

Varied business development in core regions. In Western Europe, the Daimler Buses brands Mercedes-Benz and Setra offer not only a complete range of city buses, intercity buses and coaches, but also bus chassis. Thanks to a significant improvement in our complete bus business, sales in the region increased by 13% to 7,600 units. Daimler Buses also further expanded its leading position in Western Europe with its market share reaching an all-time high of 34.4% (2013: 30.9%). This reflects the very positive response to the new city-bus generation Citaro and the new Setra TopClass 500 and ComfortClass 500. High demand for our Mercedes-Benz buses had a very positive effect on our sales in Germany, which rose by 17% to 2,900 units. In addition, the coach segment was positively impacted by the growing business of long-distance bus services. Our market share in Germany expanded significantly to 57.1% (2013: 51.2%). In Turkey, we recorded sales of 700 units (2013: 1,200). This market-related sales decline had been previously anticipated. The market in Latin America (excluding Mexico) deteriorated significantly due to the region's difficult economic situation. Sales of Mercedes-Benz bus chassis in the region fell by 8% to 17,600 units. Nonetheless, we were able to significantly expand our leading position in Latin America to a market share of 48.6% (2013: 41.6%). At 3,600 units, sales in Mexico were significantly higher than in the previous year.

Upper picture: The Setra TopClass 500 is fitted with the TopSky Panorama glass roof and offers passengers exceptional space and comfort.
Lower picture: Plenty of space – the large-capacity articulated bus Mercedes-Benz CapaCity L offers a solution for urban traffic problems with space for 191 passengers.

Mercedes-Benz and Setra present new products and new brand messages. At the IAA Commercial Vehicles trade fair, Mercedes-Benz and Setra not only unveiled numerous new products and model variants, but also presented new brand messages. The Citaro G articulated bus is now available with the compact, horizontally installed OM 936 h six-cylinder in-line engine. The Mercedes-Benz Travego premium high-decker comes with the new Active Brake Assist 3 (ABA 3) system, which enables it to initiate an automatic emergency braking maneuver also when obstacles are stationary. Mercedes-Benz presented its “The standard for buses” brand claim at the IAA. The perfection, aesthetic appeal and fascination of buses from the Setra brand are reflected in its new brand claim “The Sign of Excellence.” Setra has expanded its ComfortClass 500 coach series to include two new vehicle lengths for high-decker (HD) versions. The brand has also placed the ComfortClass 500 series in a whole new segment through the addition of two middle-decker (MD) buses. This offers customers a cost-effective and flexible entry into the premium coach program of the Setra brand. Daimler Buses has also completed its Euro VI-compliant chassis program with the addition of the three-axle Mercedes-Benz OC 500 RF chassis for intercity buses and coaches.

Mercedes-Benz Citaro and Setra TopClass 500 receive international awards. During the year under review, the Mercedes-Benz Citaro Euro VI city bus received the Green Bus Award 2014 for the lowest fuel consumption in comparative tests. The Citaro also beat its rivals in the International Bus & Coach Competition (IBC). Meanwhile, the Setra TopClass 500 received the Red Dot Award Product Design 2014 from an international panel of experts, who cited the coach’s high-quality interior as well as its comfort and elegance as the main reasons for their selection. The TopClass 500 was named Coach of the Year 2014 also in Madrid, where the award panel was particularly impressed by the design concept for the exclusive long-distance coach, which combines the most modern luxury features with great efficiency. In addition, the TopClass 500 won the International Bus Planner Sustainability Prize 2015 for its intelligent Predictive Powertrain Control (PPC) system.

Mercedes-Benz Citaro is best-selling city bus of all time. Mercedes-Benz delivered its 40,000th Citaro city bus during the year under review, making the Citaro the best-selling bus of all time. At the same time, sales of Mercedes-Benz minibuses passed the 20,000 mark. The 3,000th regular-service Mercedes-Benz bus equipped with the economical Euro VI engine generation was delivered in December 2014.

Mercedes-Benz CapaCity L – a new high-capacity articulated bus – offers a solution for urban traffic problems. Daimler Buses has responded to transport problems in large cities with its new Mercedes-Benz CapaCity L, which is 21 meters long and can accommodate up to 191 passengers. It thus provides ideal transport capacities for applications in worldwide bus rapid transit (BRT) systems.

Smooth urban traffic flows with bus rapid transit sustainable mobility concept. Bus rapid transit systems attracted attention from around the globe during the 2014 World Cup in Brazil. Such systems ensured smooth and efficient transport to and from stadiums at nine of the 12 World Cup venues – but people in Brazil also rely on them all year round. More than 170 BRT systems are currently operating on all continents around the world. For transport operators, the main advantages of BRT systems are their low planning and construction costs and their relatively short implementation times and great adaptability. Daimler Buses therefore has a specialized team that helps cities and customers design optimal BRT systems. For example, a forum in Tokyo organized by Daimler Buses and Mitsubishi Fuso Truck and Bus Corporation in October 2014 provided customers, municipal authorities and the media with information on bus rapid transit systems.

Major international contracts. The RATP Group, which provides public transport services in the Paris metropolitan area, opted to purchase 199 Mercedes-Benz Citaro buses following a Europe-wide invitation to tender. The transport authority of the city of Basel in Switzerland ordered 106 new Mercedes-Benz Citaros as rigid and articulated versions. Singapore also likes the best-selling city bus, as evidenced by the fact that the local transport operator, SBS Transit, ordered 250 Mercedes-Benz Citaros in the year under review. Daimler will deliver 105 Mercedes-Benz Conecto articulated buses to the IETT public transport company in Istanbul. A total of 300 23-meter long O500 UAD CapaChassis were delivered to São Paulo in 2014, while Estrella Blanca in Mexico purchased 250 Mercedes-Benz Paradiso 1200 touring coaches.

Cornerstone laid for bus plant in India. Following the successful integration of its bus business into Daimler India Commercial Vehicles (DICV) in 2013, the company laid the cornerstone for a new bus plant in India during the year under review. Daimler is investing approximately €50 million in the new production facility, which is being built at the DICV site in Chennai. The plant is scheduled to be completed in the second quarter of 2015. Its product range will include front-engine buses from the BharatBenz brand that are tailored to the specific needs of the volume bus market in India. Existing rear-engine chassis for the premium bus segment will also be localized under the Mercedes-Benz brand name.

Daimler Financial Services.

The number of cars and commercial vehicles financed or leased by Daimler Financial Services reached a new all-time high of more than 3.3 million in 2014. New records were also set for new business and contract volume, and the number of brokered automotive insurance policies was higher than ever before as well. The mobility subsidiary moovel, which provides services including car2go flexible car-sharing, broke the one-million customer mark for the first time ever at the end of the year under review. Daimler Financial Services was named one of the 25 best international employers worldwide by the independent Great Place to Work institute.

Number of financed and leased vehicles reaches new record. During the year under review, Daimler Financial Services concluded 1.3 million new financing and leasing contracts worth a total of €47.9 billion. The total value of all new contracts therefore rose by 18%. More than 3.3 million financed or leased vehicles were on the books at the end of 2014; this corresponds to an 18% increase in contract volume to €99.0 billion. Adjusted for exchange-rate effects, the increase amounted to 12%. EBIT rose to a new high of €1,387 million (2013: €1,268 million). ↗ C.09

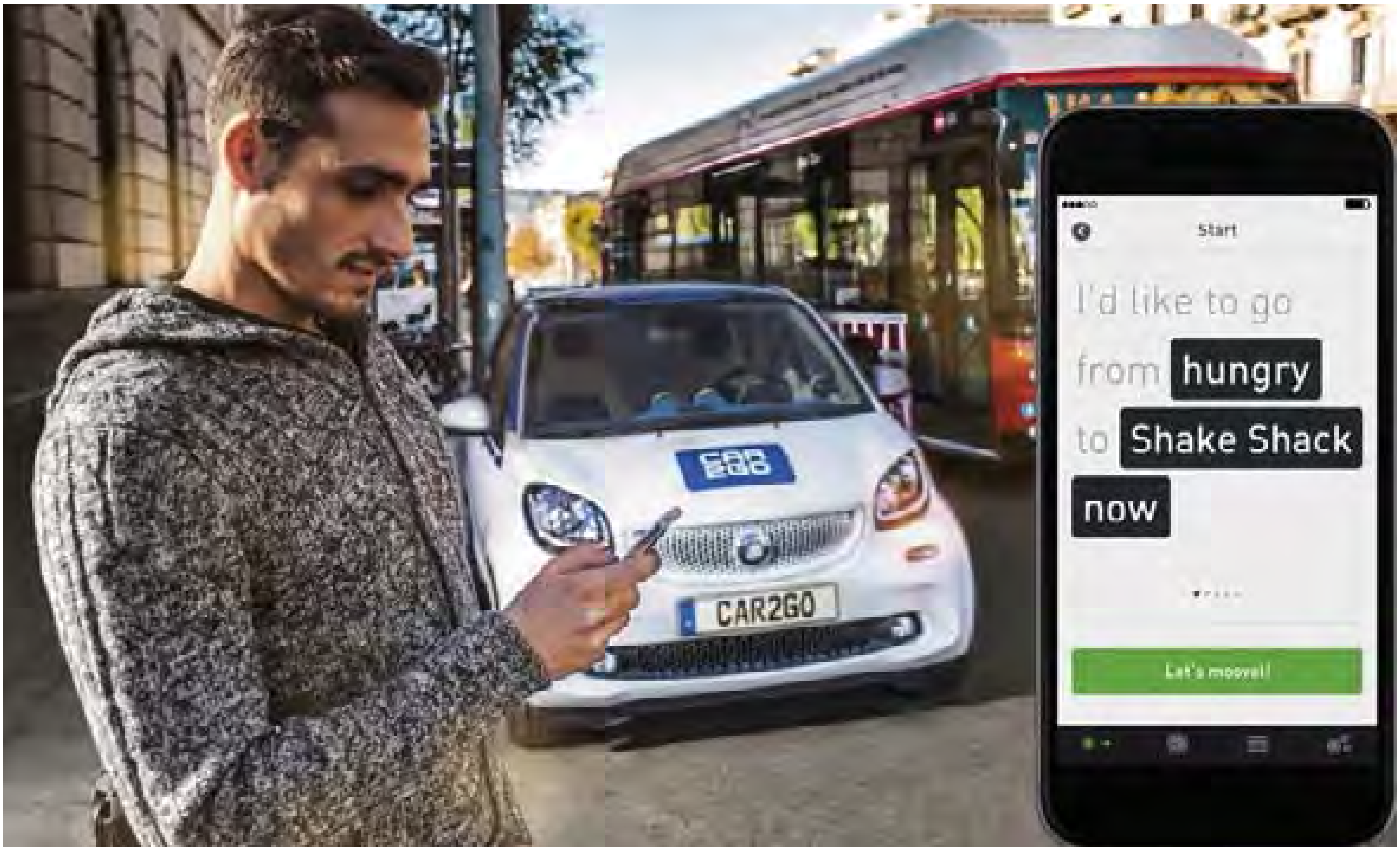
New business in Europe up 11%. During the year under review, Daimler Financial Services concluded approximately 690,000 new financing and leasing contracts worth €21.6 billion (+11%) in the Europe region. High rates of growth were recorded in Turkey (+30%) and the United Kingdom (+14%). In Germany, Mercedes-Benz Bank's new business increased by 8% to €9.9 billion; the volume of deposits in the direct banking business totaled €10.8 billion at the end of the year (-4%). Daimler Financial Services' contract volume in Europe rose by 8% to €40.4 billion.

Growth of 18% in the Americas. Daimler Financial Services was able to record an increase over the high level of new business of the previous year in the Americas region, where the company brokered about 437,700 new financing and leasing contracts worth €18.2 billion in 2014 (+18%). Strong growth was recorded in the United States (+21%) and Brazil (+18%). Total contract volume in the Americas rose by 25% to €43.1 billion. Adjusted for exchange-rate effects, the increase amounted to 12%.

C.09

Daimler Financial Services

	2014	2013	14/13
Amounts in millions of euros			% change
EBIT	1,387	1,268	+9
Revenue	15,991	14,522	+10
New business	47,912	40,533	+18
Contract volume	98,967	83,539	+18
Investment in property, plant and equipment	23	19	+21
Employees (December 31)	8,878	8,107	+10



Upper picture: Online or in direct dialog – customers of Daimler Financial Services can gain information on financing and leasing offers conveniently on all channels.
Lower picture: Everyone can find the right mode of transport for his or her needs with the new moovel app.

New business in Africa & Asia-Pacific region up 44%. New business in the Africa & Asia-Pacific region increased by 44% on the previous year, to €8.1 billion. Business development was especially strong in China (+128%), India (+66%) and South Korea (+66%). At the end of 2014, contract volume in the region totaled €15.4 billion, which corresponds to a 32% increase over the previous year. Adjusted for exchange-rate effects, the increase amounted to 24%.

More automotive insurance policies brokered than ever before. In the year under review, Daimler Financial Services set a new record by brokering approximately 1.4 million automotive insurance policies, an increase of 10% over the prior year. The demand for our insurance policies was particularly dynamic in China, where six out of ten Mercedes-Benz cars were once again delivered with an insurance policy brokered by us. Our cooperation with major insurance companies offers Mercedes customers the opportunity to receive attractive insurance conditions for their vehicles and to have their automobiles repaired at authorized service centers if they are damaged.

Stable business with fleet customers. In 2014, Daimler Financial Services once again supported its fleet customers with the financing and management of their vehicles and fleet. Daimler Fleet Management had a total of 305,000 contracts with clients in Europe on its books at the end of 2014, representing an increase of 1% over the previous year. With 140,000 contracts, new business was up by 6% compared with 2013. During the first quarter of 2014, Daimler Fleet Management expanded its range of services for fleet customers to include a new Corporate Carsharing program that allows employees to easily reserve vehicles from their company's fleet online for both business and private use. The introduction of innovative products such as the new xFleet customer reporting system and the Fleet app for fleet managers and drivers of company cars is helping Daimler Fleet Management expand its position as a provider of integrated solutions for commercial customers.

moovel with more than a million customers. Daimler Financial Services continued to develop its business operations in the area of innovative mobility services in 2014. At the end of the year, more than one million customers were registered with the moovel Group for the first time – 86% more than in 2013. With the car2go brand, moovel is the clear market leader for flexible short-term car rentals. In late November, a new system was launched that allows car2go customers to use a smartphone app to open any one of nearly 13,000 vehicles that were available at 29 locations at the end of the year. According to Mutabor Brand Report 2014, car2go is now number four in the ranking of the most innovative mobility brands. The car2go black brand introduced in 2014 is attracting new customer groups. At the end of the year, it became possible to rent and drive Mercedes-Benz B-Class vehicles from car2go black not only within cities but also between the cities Berlin, Frankfurt am Main, Hamburg, Stuttgart and Cologne.

The moovel app was also successfully expanded in 2014. With moovel, all registered customers can use the platform to find the best transport option for their individual needs; they can then book and purchase tickets directly with the moovel app. The mytaxi service and the complete range of services offered by the Deutsche Bahn railway company are fully integrated into the moovel app. Train tickets are made available in the app as QR codes, for example, so there is no longer any need to print tickets. In September 2014, moovel acquired Intelligent Apps GmbH, which offers the mytaxi taxi service app, and also took over the mobility platform provider RideScout LLC in the United States.

Daimler Financial Services among the world's best employers. Daimler Financial Services is the first German company to make it into the highly competitive ranking of the "25 World's Best Multinational Workplaces 2014." The independent Great Place to Work Institute compiles a ranking of the world's most attractive employers every year. The institute's most recent employee survey, whose results were used for the ranking, found that nine out of ten staff members at Daimler Financial Services think the company is a great place to work.

Toll Collect system expanded. The automatic system for truck-toll collection on German autobahns and selected highways continued to operate smoothly and reliably in 2014. Approximately 818,000 onboard devices for automatic toll collection were in operation at the end of the year, and a total of 28.0 billion kilometers driven was recorded. Daimler Financial Services holds a 45% equity interest in the Toll Collect consortium. In December 2014, the German federal government renewed the Toll Collect operating contract for another three years and also commissioned Toll Collect to expand the system to cover an additional 1,100 kilometers of federal highways in Germany, as well as trucks with a gross vehicle weight of between 7.5 and 12 metric tons. The Federal Republic of Germany has collected a total of €39 billion in tolls since Toll Collect went into operation at the beginning of 2005.

We act responsibly and sustainably.

Daimler's Board of Management and Supervisory Board are committed to the principles of good corporate governance. All of our activities are based on responsible, transparent and sustainable management.

D | Corporate Governance.

Report of the Audit Committee.

Dear Shareholders,

On the basis of applicable law, the German Corporate Governance Code and the Rules of Procedure of the Supervisory Board and its committees, the Audit Committee deals primarily with questions of financial reporting. In addition, it deals with the annual audit and reviews the qualifications and independence of the external auditors. Furthermore, it discusses the effectiveness and functional capabilities of the risk management system, the internal control system, the internal auditing system and compliance management.

After the external auditors are elected by the Annual Shareholders' Meeting, the Audit Committee engages the external auditors to conduct the annual audit and the auditors' review of interim financial statements, determines the important audit issues and negotiates the audit fees with the external auditors.

Several personnel changes occurred in the Audit Committee in 2014. The longstanding Chairman of the Audit Committee, Dr. Bernhard Walter, stepped down from the Supervisory Board as of the end of the Annual Shareholders' Meeting on April 9, 2014. Dr. Bernhard Walter had been a member of the Audit Committee since 1998 and its Chairman since 2004. Dr. Bernhard Walter passed away in January 2015 at the age of 72. With deep appreciation and remembrance, the Audit Committee bids farewell to its former Chairman, who had a major influence on the Committee over many years with his great prudence and experience.

Following the departure of Dr. Bernhard Walter on April 9, 2014, in its constitutive meeting after the Annual Shareholders' Meeting, the newly elected Supervisory Board elected Joe Kaeser as a member of the Audit Committee representing the shareholders. Subsequently, the members of the Audit Committee elected Dr. Clemens Börsig, a member of the Audit Committee since 2007, as the new Chairman of the Committee.

On April 30, 2014, Erich Klemm stepped down from the Supervisory Board and thus also from his position as Deputy Chairman of the Audit Committee. Effective as of May 1, 2014, the Supervisory Board elected Dr. Sabine Maassen to the Audit Committee as a member representing the employees. Furthermore, the members of the Audit Committee elected Michael Brecht as the Deputy Chairman of the Committee. As a result, the Audit Committee was fully and properly constituted.

As independent members of the Audit Committee, both the Chairman of the Committee, Dr. Clemens Börsig, and Joe Kaeser have expertise in the field of financial reporting, as well as special knowledge and experience in the application of accounting principles and methods of internal control. The same applied to Dr. Bernhard Walter, who was the Chairman of the Audit Committee until April 9, 2014.

The six meetings of the Audit Committee in 2014 were attended by, in addition to the members of the Committee, the Chairman of the Supervisory Board, the Chairman of the Board of Management, the members of the Board of Management responsible for Finance and Controlling and for Integrity and Legal Affairs, and the external auditors. The heads of specialist departments and other experts were also present for the appropriate items of the agenda. In addition, the Chairman of the Audit Committee held regular individual discussions, for example with the external auditors, the members of the Board of Management responsible for Finance and Controlling and for Integrity and Legal Affairs, and, if required, the heads of the specialist departments. The Chairman of the Audit Committee informed the Supervisory Board about the activities of the Committee and about the contents of its meetings and discussions in the following Supervisory Board meetings.

In a meeting in early February 2014, the Audit Committee dealt with the preliminary figures of the annual company financial statements and the annual consolidated financial statements for the year 2013, as well as with the proposal on the appropriation of profits made by the Board of Management. The preliminary key figures and the proposal on the appropriation of profits were published at the Annual Press Conference on February 6, 2014.

Dr. Clemens Börsig, Chairman of the Audit Committee.

In another meeting in February 2014 the Audit Committee reviewed and discussed in detail the annual company financial statements, the annual consolidated financial statements and the combined management report for Daimler AG and the Daimler Group for the year 2013, each of which had been issued with an unqualified audit opinion by the external auditors, as well as the proposal on the appropriation of profits. Following an intensive review and discussion, the Audit Committee recommended that the Supervisory Board approve the annual financial statements and the combined management report, and on this basis adopt the recommendation of the Board of Management to pay a dividend of €2.25 per share entitled to a dividend. Furthermore, the Audit Committee approved the Report of the Audit Committee for the year 2013. Also in this meeting, the Audit Committee discussed the report on the fees paid to the external auditors in the year 2013 for auditing and non-auditing services. The Audit Committee also decided to recommend to the Supervisory Board, and subsequently to the Annual Shareholders' Meeting, that KPMG be engaged to conduct the annual external audit and the external auditors' review of interim financial reports for financial year 2014; the results of the independence review and the discussion of the quality of the external audit were taken into consideration. Subject to the outcome of voting by the Annual Shareholders' Meeting, the Committee also discussed the proposal for the fees to be agreed upon with the external auditors for financial year 2014. Finally, the Audit Committee dealt with the draft agenda for the 2014 Annual Shareholders' Meeting and with the annual audit plan of the Internal Auditing department for the year 2014.

In the meetings during 2014 relating to the quarterly results, the Audit Committee discussed the interim financial reports before their publication with the Board of Management and with the external auditors engaged to carry out the auditors' review of interim financial statements. Each quarter, the Committee also dealt with notifications concerning possible violations of rules submitted by employees and third parties confidentially and if desired anonymously (if compatible with local data-protection law) to the Company's own whistleblower system, the BPO (Business Practices Office), which then processed them. In addition, the Committee received reports from the Group Compliance, Legal and Corporate Audit departments.

In its meeting in early June 2014, the Audit Committee discussed the Group's internal control and risk management system, and dealt in particular with its changes and further development. As well as the area of financial reporting, the internal control system also includes the functions of internal auditing and compliance management. Furthermore, the Committee received a report on the non-auditing services provided by the external auditors. In this meeting, the important audit issues for the external audit of the reporting period and the framework of approval for engaging the external auditors to provide non-audit services were also determined. In addition, this meeting was used to analyze the external audit for the year 2013.

Also in the meeting in June 2013, the Audit Committee dealt with new developments in accounting and financial reporting and other audit-relevant areas. Furthermore, the Committee was informed in detail about the Group's legal system and legal risk reporting, and received a report on the current status of financial market regulation and its impact on Group Treasury.

In the meeting held in July 2014, the Audit Committee received the annual report from the Group's Data Protection Officer and was informed about the main topics and current developments in the field of data protection. In its meeting in October 2014, the Committee dealt with a report on the implementation of the EU Audit Directive and after discussing a proposal by the Board of Management on that subject, made a recommendation to the Supervisory Board to restructure the real-estate portfolio in Germany.

In a meeting in early February 2015, the Audit Committee dealt with the preliminary figures of the annual company financial statements and the annual consolidated financial statements for the year 2014, as well as with the proposal on the appropriation of profits made by the Board of Management. The preliminary key figures and the proposal on the appropriation of profits were published at the Annual Press Conference on February 5, 2015.

In another meeting in mid-February 2015, the Audit Committee dealt with the annual company financial statements, the annual consolidated financial statements and the combined management report for Daimler AG and the Daimler Group for the year 2014, which had been issued with an unqualified audit opinion by the external auditors, as well as with the proposal on the appropriation of profit; thereby the external auditors reported on the results of their audit and were available to answer supplementary questions and to provide additional information. The audit reports on the company and consolidated financial statements and on the internal control system (ICS), the report on the risk management system for the year 2014, the Annual Report 2014 and important issues related to financial reporting were discussed with the external auditors. Following an intensive review and discussion, the Audit Committee recommended that the Supervisory Board approve the annual financial statements and the combined management report, and on this basis as before adopt the recommendation of the Board of Management to pay a dividend of €2.45 per share entitled to a dividend. Furthermore, the Audit Committee approved the Report of the Audit Committee for the year 2014.

Also in this meeting, the Audit Committee discussed the report on the fees paid to the external auditors in the year 2014 for auditing and non-auditing services. Taking into consideration the results of the independence review, the Audit Committee decided to recommend to the Supervisory Board, and subsequently to the Annual Shareholders' Meeting, that KPMG be engaged to conduct the annual external audit and the external auditors' review of interim financial reports for financial year 2015. Amongst other things, the Audit Committee based this recommendation on the very good results of the analysis of the quality of the external audit of financial year 2013 carried out by the Audit Committee in May 2014. Subject to the election of the proposed external auditors by the Annual Shareholders' Meeting, the Committee approved the fees to be agreed upon with the external auditors for the year 2015. Finally, within the framework of its responsibility, the Audit Committee dealt with the draft agenda for the 2015 Annual Shareholders' Meeting and the annual audit plan for 2015 of the Internal Auditing department.

As in previous years, the Audit Committee once again conducted a self-evaluation of its own activities in 2014. The positive results of this efficiency review were presented and discussed in the meeting in mid-February 2015. This did not result in any need for action with regard to the Committee's tasks, or with regard to the content, frequency or procedure of its meetings.

Stuttgart, February 2015

The Audit Committee

Dr. Clemens Börsig
Chairman

Integrity and Compliance.

A culture of integrity

Integrity is one of our four corporate values, which form the foundations for our business activities. We are convinced that doing business ethically brings us sustained success, and is also good for society as a whole. As a group of companies with global operations, we accept responsibility and want to be a pioneer in terms of ethical business conduct. Integrity is a permanent component of our corporate culture. The further development and permanent establishment of integrity is therefore also a component of the target agreements for Board of Management remuneration. Our business activities are also strongly guided by the ten principles of the UN Global Compact, of which Daimler is a founding member. We are also a member of the Global Compact LEAD Group.

We employ a broad range of measures that enable us to conduct a dialogue with our employees in order to foster a culture of integrity at the company. The regular exchange of opinions on questions of integrity brought about by this dialogue is an integral component of our everyday working life.

The most important result of our dialogue is our Integrity Code. The Code, which is based on a shared understanding of values that is derived from our dialogue with employees, lays out the principles for our everyday business conduct. Such principles include fairness, responsibility, mutual respect, transparency, openness, legal compliance and the honoring of rights. The Code is valid throughout the Group and is available in 22 languages. An intranet guide has been prepared for the application of the Code in everyday situations, providing answers to the most frequently asked questions. A team of experts is also available to answer questions on all aspects of the Code.

Training and communication. In September 2014, we introduced an online game known as “Monster Mission.” The game increases employee awareness of the principles contained in the Integrity Code by simulating typical everyday decision-making situations, and leads players to examine specific integrity-related issues. Employees from all over the globe can access the game anytime via the intranet and the extranet. The Integrity Code also forms the basis for the range of training courses we offer on integrity and compliance. Depending on the risk and the target group, we use classroom training or web-based training sessions. In this way we are helping to permanently anchor ethical and compliant behavior at the Group. In 2013, we rolled out a new course of web-based training for more than 100,000 employees that clearly communicates our principles of behavior and our shared understanding of values. Just under 40,000 additional employees from various levels of the hierarchy completed a comprehensive web-based training program on integrity, compliance and legal issues in 2014.

Managers as a role model. Our Integrity Code also defines the expectations that Daimler has of its managers. Due to their role of setting an example, they have a special responsibility for the culture of integrity at Daimler. All manager-training seminars also include modules that address the topic of integrity. In addition, integrity and compliance are important criteria in the annual target agreements and in assessing the target achievement of our managers.

External perspective through the Advisory Board. The Advisory Board for Integrity and Corporate Responsibility that we established in September 2012 with external experts from various fields accompanies the integrity process at Daimler with a constructively critical approach. In 2014, the Board once again met three times to exchange information and opinions on current topics with representatives of the Company.

An expert dialogue that extends beyond Daimler. In 2014, we held two specialist conferences in order to promote a dialogue with society on key issues related to integrity. First, various stakeholder groups attended the “Automobile on the Data Highway” conference organized by the Corporate Data Protection department. At the conference, guests from the worlds of business and industry, science, politics and public administration, as well as representatives of various media companies and associations, discussed the various aspects of data protection with speakers and other representatives from Daimler. The participants all agreed that this dialogue should be continued. At the “Responsible Sponsorship” conference, experts from business and industry, the political realm, the scientific community and the world of sports spoke with specialists from Daimler about integrity in sponsorship.

Many of the participants at these conferences asked us about our experience with issues related to compliance. For this reason, we decided to offer a practical seminar on compliance – the Daimler Compliance Academy. The first seminar took place in April 2014 in Germany.

Whereas previous external training programs were designed solely for business partners and suppliers, the Academy marks the first time we've offered a seminar for compliance officers from companies active in all different sectors. The seminar also seeks to create a platform for exchanging experiences related to compliance trends and challenges.

Compliance

Compliance is an essential element of integrity culture at Daimler. For us, it is only natural that we adhere to all relevant legislation, voluntary commitments and internal rules, and that we act in accordance with ethical principles. We place the utmost priority on complying with all applicable anti-corruption regulations and on maintaining and promoting fair competition. We have set this out in binding form in our Integrity Code, and we intend to permanently establish integrity and compliance as fixed components of our value chain.

Compliance management system (CMS) as a foundation. Our CMS is based on national and international standards and helps us to ensure that we conduct ourselves in conformance with applicable laws and regulations in our day-to-day business. We continually review the effectiveness of the system (through our internal audits as well), and we adjust it to worldwide developments, changed risks and new legal requirements. In this way, we continuously improve its efficiency and effectiveness. In 2014, for example, we developed new processes for examining and complying with international sanctions and we also expanded measures for preventing money laundering in goods trading and the inadvertent financing of terrorist organizations.

Analysis of compliance risks. In 2014, we once again assessed the compliance risks of all our business units. Both qualitative and quantitative indicators were assessed, including the respective business model, business environment and type of contracting-party relationship. The results of this analysis are the basis for risk management. Together with the business units, we define measures to be taken to minimize risks. One focus of our activities is on sales companies in high-risk countries. The responsibility for implementing and monitoring these measures lies within the management of each business unit, which cooperates closely with the Group Compliance department.

Strengthening our worldwide structures. Our Compliance Organization is structured along the lines of our divisions. This structure has proved its worth and enables us to offer effective support and advice to the divisions. Among other things, the organization consists of divisional and regional compliance officers. In addition, local compliance managers throughout the world make sure that our standards are observed. In order to guarantee the divisional and regional compliance officers' independence from the divisions, the officers report directly to the Chief Compliance Officer. The latter reports directly to the Member of the Board of Management for Integrity and Legal Affairs and to the Chairman of the Supervisory Board.

We offer specific training courses to ensure compliance staff members remain up to date on the repeated changes made to laws and regulations. All new compliance employees also receive comprehensive orientation through a practical compliance seminar.

Whistleblower system. Our whistleblower system BPO (Business Practices Office) serves as a valuable source of information on possible risks and specific violations of rules. It's therefore an important instrument for good corporate governance, and it also helps prevent damage to our Company's reputation.

Our whistleblower system receives information on misconduct from employees and from external parties worldwide, around the clock, through various reporting channels and – if allowed by local law – also anonymously. The prerequisites for the acceptance of a whistleblower system are that it is organized in a fair manner, that it follows the principle of proportionality, and that the whistleblowers and the other parties involved are equally protected. We laid down these criteria in a corporate policy with worldwide validity in 2013. Since February 1, 2012, we have also commissioned an independent lawyer as a neutral intermediary in Germany. This intermediary also accepts information on violations of rules and, due to his or her professional duty of discretion, is obliged to maintain confidentiality.

Cooperation with our business partners. We regard our business partners' integrity and behavior in conformance with regulations as an indispensable precondition for trusting cooperation. In the selection of our direct business partners, we ensure that they comply with the law and observe ethical principles. We offer our business partners target group-focused training programs in line with the specific risks they face. In addition, we have clearly formulated the expectations we have of our business partners in the brochure "Ethical Business. Our Shared Responsibility." We reserve the right to terminate our cooperation with business partners who fail to conform to our standards.

Antitrust law

Our Group-wide antitrust-compliance program, which is oriented towards national and international standards, helps us to ensure adherence to antitrust laws in our business operations. By assessing qualitative and quantitative factors, we systematically analyze the antitrust risks of all our business units. The results of this analysis form the basis for our risk management and for the definition of the measures to be taken to counteract any risks related to antitrust law. We help our employees to recognize situations that might be critical from an antitrust perspective and to act in compliance with regulations in their daily work by means of training courses as well as written advice and practical examples. Our employees also have access at all times to an advisory hotline especially established by the Legal department for questions on antitrust and cartel matters. Our antitrust-compliance program defines a binding Daimler standard on how matters of competition law are to be assessed internally. In this context, we focus in particular on the strict standards of the European antitrust authorities and courts. Our standard is the basis for effective implementation of the program and allows us, guided and supported by our Legal department, to ensure a uniform level of compliance and advice throughout the Group. We regularly review our antitrust compliance program in order to continually adapt it to worldwide developments, new legal requirements and changing risks, and to constantly improve its effectiveness.

Declaration by the Board of Management and Supervisory Board of Daimler AG pursuant to Section 161 of the German Stock Corporation Act (AktG) regarding the German Corporate Governance Code.

Daimler AG satisfies the recommendations of the German Corporate Governance Code Commission in the Code version dated June 24, 2014, since their publication by the Federal Ministry of Justice in the official section of the Federal Gazette on September 30, 2014 with the exception of Clause 3.8 Paragraph 3 (D & O insurance deductible for the Supervisory Board) and one deviation from Clause 5.4.1 Paragraph 2 (concrete objectives for the composition of the Supervisory Board), which was declared as a precautionary measure, and will continue to observe the recommendations with the aforesaid deviations. Since the issuance of the last compliance declaration in December 2013, Daimler AG has observed the recommendations of the German Corporate Governance Code in the version dated May 13, 2013 with the aforementioned exceptions and the deviation from Clause 4.2.3 Paragraph 2 sentence 6 (upper limits for the remuneration of the members of the Board of Management and its variable remuneration components) declared as a precautionary measure in the last compliance declaration for the period until December 31, 2013.

D&O insurance deductible for the Supervisory Board (Clause 3.8, Paragraph 3). As in previous years, the Directors' & Officers' liability insurance (D & O insurance) also contains a provision for a deductible for the members of the Supervisory Board, which is appropriate in the view of Daimler AG. However, this deductible does not correspond to the legally required deductible for members of the Board of Management in the amount of at least 10% of the damage up to at least one and a half of the fixed annual remuneration. Since the remuneration structure of the Supervisory Board is limited to fixed remuneration without performance bonus components, setting a deductible for Supervisory Board members in the amount of 1.5 times the fixed annual remuneration would have a disproportionate economic impact when compared with the members of the Board of Management, whose compensation consists of fixed and performance bonus components.

Specific objectives for the composition of the Supervisory Board (Clause 5.4.1 Paragraph 2). The Supervisory Board has limited its target objective for its composition regarding the number of independent members of the Supervisory Board and in consideration of potential conflicts of interest to the appointments for the shareholders' side in the light of the German Co-Determination Act and due to the lack of influence on the appointments for the employee side.

The deviation from clause 4.2.3 Pargraph 2 sentence 6, which was declared as a precautionary measure in the compliance declaration of December 2013, (maximum amounts for the overall remuneration and variable remuneration components of the Board of Management) ceased to apply effective from January 1, 2014, when the members of the Board of Management approved the inclusion of the upper limits specified in clause 4.2.3 Paragraph 2 sentence 6 of the Code in their current service agreements.

Stuttgart, December 2014

For the Supervisory Board	For the Board of Management
Dr. Manfred Bischoff	Dr. Dieter Zetsche
Chairman	Chairman

Corporate Governance Report.

Good corporate governance is a reflection of the responsible management of a company. The Board of Management and the Supervisory Board aim to align the Group's management and supervision with nationally and internationally recognized standards in order to secure sustainable value creation at the Daimler Group with its strong traditions.

The main principles applied in our corporate governance

German Corporate Governance Code. The legal framework for the corporate governance of Daimler AG is provided by German law, in particular the Stock Corporation Act (AktG), the Codetermination Act (MitbestG) and legislation concerning capital markets, as well as by the Company's Articles of Incorporation. The German Corporate Governance Code gives recommendations and makes suggestions for the details of this framework. These were neither altered nor supplemented during the year under review. The Government Commission for the German Corporate Governance Code merely refined in the Code appendix the description of the recommended sample charts for depicting board of management remuneration and then published this revised description in the German Federal Gazette on September 30, 2014.

There is no statutory duty to follow the standards contained in the recommendations and suggestions of the Code. However, according to the principle of comply or explain, the Board of Management and the Supervisory Board of Daimler AG are obliged by Section 161 of the German Stock Corporation Act (AktG) to make a declaration of compliance with regard to the recommendations of the German Corporate Governance Code and to disclose and justify any deviations from the Code's recommendations. With the exceptions disclosed and justified in the declaration of compliance of December 2014, Daimler AG has followed and continues to follow the recommendations of the German Corporate Governance Code. The declaration of compliance is printed on page 181 of this Annual Report and can also be accessed on our website at daimler.com/dai/gcgc. Previous, no longer applicable declarations of compliance from the past five years, and the current German Corporate Governance Code are also available there.

Daimler AG has followed and continues to follow the suggestions of the Code with just one exception: Deviating from the suggestion in Clause 2.3.4, the Annual Shareholders' Meeting is not transmitted in its entirety on the Internet, but only until the end of the report by the Board of Management, in order to protect the character of the Annual Shareholders' Meeting as a meeting attended by our shareholders in person. An additional factor is that continuing the broadcast after that point, in particular broadcasting comments made by individual shareholders, could impair the discussion between shareholders and management, and might also be construed as an unjustified infringement of shareholders' privacy rights. When considering this matter, the interests of transmission do not automatically take precedence over shareholders' privacy rights. This is reflected by the statutory requirement for the entire transmission to have a legal basis in the Company's Articles of Incorporation or in the rules of procedure for shareholders' meetings.

The principles guiding our conduct. Additional relevant principles of corporate governance that go beyond the legal requirements but are applied throughout the Group are our Standards of Business Conduct. They are composed of several documents and policies and are based on the company values of passion, respect, integrity and discipline. These standards serve as a frame of reference at Daimler that helps ensure behavior in conformance with applicable regulations and the principles of integrity.

Integrity Code. The Integrity Code defines the principles of behavior and guidelines for everyday conduct at Daimler. This applies to interpersonal conduct within the company as well as conduct toward customers and business partners. Fairness, responsibility and compliance with legislation are key principles in this context. The Integrity Code is based on a shared understanding of values, which was developed together with the Daimler employees. In addition to general principles of behavior, it includes requirements and regulations concerning the protection of human rights, dealing with conflicts of interest and preventing all forms of corruption.

The “Principles of Social Responsibility” also form part of the Integrity Code. They are binding for the entire Group. In the Principles of Social Responsibility, Daimler commits itself to the principles of the UN Global Compact and thus to internationally recognized human and workers’ rights, such as the prohibition of child labor and forced labor, as well as freedom of association and sustainable protection of the environment. Daimler also commits itself to guaranteeing equal opportunities and adhering to the principle of “equal pay for equal work.” The Integrity Code is available on the Internet at daimler.com/dai/iac.

Business Partner Brochure. For Daimler, ethical conduct is a prerequisite for trusting cooperation. We have formulated our ethical principles and the expectations we have of our business partners in the brochure “Ethical Business. Our Shared Responsibility.” More than 63,000 external partners have received the brochure worldwide – for example, all suppliers, joint-venture partners, dealers, and marketing and sponsoring partners. The Business Partner Brochure is also available on the Internet at daimler.com/dai/iac.

Composition and mode of operation of the Board of Management, the Supervisory Board and its committees ↗ D.01

Daimler AG is obliged by the German Stock Corporation Act (AktG) to apply a dual management system featuring strict separation between the Board of Management and the Supervisory Board (two-tier board). Accordingly, the Board of Management manages the company while the Supervisory Board monitors and advises the Board of Management. No person may be a member of the two boards at the same time.

Board of Management. The Board of Management of Daimler AG had seven members at December 31, 2014 and was expanded to eight members as of Janaury 1, 2015. Information on their areas of responsibility and their curricula vitae are posted on our website at daimler.com/dai/bom. The members of the Board of Management and their areas of responsibility are also listed on pages 44 f of this Annual Report. No member of the Board of Management is a member of more than three supervisory boards of listed companies outside the Daimler Group or of similar boards or committees with comparable requirements of companies outside the Daimler Group.

The Board of Management manages Daimler AG and the Daimler Group. With the consent of the Supervisory Board, the Board of Management determines the Group’s strategic focus, defines the corporate goals and makes decisions concerning operational planning issues. The members of the Board of Management must represent the interests of the Company and share responsibility for managing the Group’s entire business. Irrespective of this overall responsibility, the individual members of the Board of Management manage their allocated areas on their own responsibility and within the framework of their instructions. Affairs of fundamental or great importance that affect the areas of responsibility of several Board of Management members are handled by the Board as a whole, which must approve all associated decisions. The Chairman of the Board of Management coordinates the work of the Board of Management.

The Board of Management prepares the consolidated interim reports, the annual company financial statements of Daimler AG, and the annual consolidated financial statements and the management report of the Company and the Group. It ensures that the provisions of applicable law, official regulations and the Group’s internal guidelines are adhered to, and works to make sure that the companies of the Group comply with those rules and regulations. The tasks of the Board of Management also include establishing and monitoring an appropriate and efficient risk management system.

For certain types of transaction of fundamental importance defined by the Supervisory Board, the Board of Management requires the consent of the Supervisory Board. At regular intervals, the Board of Management reports to the Supervisory Board on corporate strategy, corporate planning, profitability, business development and the situation of the Group, as well as on the internal control system, the risk management system and compliance. The Supervisory Board has specified the information and reporting duties of the Board of Management.

The Board of Management has also given itself a set of rules of procedure, which can be viewed on our website at daimler.com/dai/rop. Those rules describe for example the procedure to be observed when passing resolutions and ways to avoid conflicts of interest.

The Board of Management has not formed any committees.

D.01

Governance structure

Shareholders (Annual Meeting of shareholders)

Election of shareholder representatives to the Supervisory Board

Supervisory Board (10 shareholder and 10 employee representatives), Nomination Committee, Audit Committee, Presidential Committee, Mediation Committee

Appointments, monitoring, consulting

Board of Management

The Board of Management has committed to diversity management as a strategic factor of success that safeguards the future of the company, with the signed statement: Promote diversity. Create links. Shape the future.

When making appointments to executive positions at the Group, the Board of Management thus gives due consideration to the issue of diversity, with regard for example to the criteria of age, internationality and gender. The management of teams with a varied makeup requires a conscious approach to the teams' inherent diversity. A key element of our approach here is therefore to make managers more aware of the importance of diversity. For this purpose, we also use mentoring programs, communication activities, conferences, workshops and e-learning tools. By continually addressing diversity management issues, we help further develop our corporate culture.

A key area of action is the targeted promotion of women, by means for example of flexible working-time arrangements, company nurseries and special mentoring programs for women. The proportion of women in executive positions was 14.1% at the end of 2014 (2013: 12.7%) and is to be increased to 20% by 2020.

On December 11, 2014, the German federal cabinet decided on a revised draft of legislation for equal participation by women and men in executive positions. The new law is to take effect as soon as possible but the legislative procedure has not yet been concluded. According to the draft bill, the management boards of listed companies or companies subject to Germany's system of codetermination will have to set a target for the proportion of women at both levels below the management board by June 30, 2015 at the latest. If the proportion of women at the time when this target is set is below 30%, the target may not be lower than the proportion already reached. At the same time, a period is to be set for the achievement of the target. The first period may not be longer than two years. The Board of Management will pass a resolution on this target after the new law takes effect.

Supervisory Board. In accordance with the German Codetermination Act (MitbestG), the Supervisory Board of Daimler AG comprises 20 members. Half of them are elected by the shareholders at the Annual Meeting. The other half comprises members who are elected by the Company's employees who work in Germany. Information on the individual members of the Supervisory Board is available on the Internet at daimler.com/dai/supervisoryboard and on pages 52 f of this Annual Report. The members representing the shareholders and the members representing the employees are equally obliged by law to act in the Company's best interests.

The Supervisory Board monitors and advises the Board of Management with regard to its management of the Company. At regular intervals, the Supervisory Board receives reports from the Board of Management on the Group's strategy, corporate planning, revenue development, profitability, business development and general situation, as well as on the internal control system, the risk management system and compliance. The Supervisory Board has retained the right of approval for transactions of fundamental importance. Furthermore, the Supervisory Board has specified the information and reporting duties of the Board of Management to the Supervisory Board, to the Audit Committee and – between the meetings of the Supervisory Board – to the Chairman of the Supervisory Board.

The Supervisory Board's duties include appointing and recalling the members of the Board of Management. Initial appointments are usually made for a period of three years. In connection with the composition of the Board of Management, the Supervisory Board pays attention not only to the members' appropriate specialist qualifications, with due consideration of the Group's international operations, but also to diversity. This applies in particular to age, nationality, gender and other personal characteristics.

The draft of legislation of December 11, 2014 for equal participation by women and men in executive positions calls for the supervisory boards of listed companies or companies subject to German law on codetermination to set a target for the proportion of women in the management board by June 30, 2015 at the latest. If the proportion of women at the time when this target is set is below 30%, the target may not be lower than the proportion already reached. At the same time, a period is to be set for the achievement of the target. The first period may not be longer than two years. Since January 1, 2015, the Board of Management has had eight members again. It has one female member, Dr. Hohmann-Dennhardt, so the current proportion is 12.5%. The Supervisory Board will pass a resolution on a target for women in the Board of Management after the new law takes effect.

The Supervisory Board also decides on the system of remuneration for the Board of Management, reviews it regularly and determines the individual remuneration of each member of the Board of Management with consideration of the ratio of Board of Management remuneration to the remuneration of the senior executives and the workforce as a whole, also with regard to development over time. For this comparison, the Supervisory Board has defined the senior executives by applying Daimler's internal terminology for the hierarchical levels and has defined the workforce of Daimler AG in Germany as the relevant workforce. For the individual Board of Management remuneration in total and with regard to its variable components, the Supervisory Board has set upper limits taking effect as of January 1, 2014. Further information on Board of Management remuneration can be found in the Remuneration Report of this Annual Report. pages 118 ff

The Supervisory Board reviews the annual company financial statements, the annual consolidated financial statements and the management report of the Company and the Group, as well as the proposal for the appropriation of distributable profits. Following discussions with the external auditors and taking into consideration the audit reports of the external auditors and the results of the review by the Audit Committee, the Supervisory Board states whether, after the final results of its own review, any objections are to be raised. If that is not the case, the Supervisory Board approves the financial statements and the management reports. Upon being approved, the annual company financial statements are adopted. The Supervisory Board reports to the Annual Shareholders' Meeting on the results of its own review and on the manner and scope of its supervision of the Board of Management during the previous financial year. The Report of the Supervisory Board for the year 2014 is available on pages 46 ff of this Annual Report and on the Internet at daimler.com/dai/sbc.

The Supervisory Board has given itself a set of rules of procedure, which regulate not only its duties and responsibilities and the personal requirements placed upon its members, but above all the convening and preparation of its meetings and the procedure of passing resolutions. The rules of procedure of the Supervisory Board can be viewed on our website at daimler.com/dai/rop.

Meetings of the Supervisory Board are regularly prepared in separate discussions of the members representing the employees and of the members representing the shareholders with the members of the Board of Management. Each Supervisory Board meeting includes a so-called executive session for discussions of the Supervisory Board in the absence of the members of the Board of Management.

The Supervisory Board is to be composed so that its members together dispose of the knowledge, skills and specialist experience that are required for the proper execution of their tasks. Proposals by the Supervisory Board of candidates for election by the Shareholders' Meeting as members representing the shareholders of Daimler AG, for which the Nomination Committee makes recommendations, take not only the requirements of applicable law, the Articles of Incorporation and the German Corporate Governance Code into consideration, but also a list of criteria of qualifications and experience. They include for example market knowledge in the regions important to Daimler, expertise in the management of technologies and experience in certain management functions. Other important conditions for productive work in the Supervisory Board and for being able to properly supervise and advise the Board of Management are the members' personality and integrity as well as individual diversity with regard to age, internationality, gender and other personal characteristics.

With regard to its own composition, the Supervisory Board has set the following goals, which, while considering the Group's specific situation, also consider the international activities of the Group, potential conflicts of interest, the number of independent Supervisory Board members, an age limit to be set, and diversity, and allow for the appropriate participation of women.

– In order to ensure sufficient internationality, for example through many years of international experience, the Supervisory Board set a target in 2010 of a proportion of at least 40% of international members representing the shareholders, and the resulting proportion of the entire Supervisory Board of at least 20%. Until the Annual Shareholders' Meeting held in 2014, this target was significantly overachieved, irrespective of the many years of international experience of a great majority of the members representing the shareholders, due to the international origins of Dr. Paul Achleitner, Sari Baldauf, Petraea Heynike, Andrea Jung, Gerard Kleisterlee and Lloyd G. Trotter on the shareholders' side (60%) and Valter Sanches on the employers' side, resulting in an international proportion of more than 30% for the entire Supervisory Board. Following the end of the Annual Shareholders' Meeting on April 9, 2014, two members on the shareholders' side with international origins stepped down from the Supervisory Board: Gerard Kleisterlee and Lloyd G. Trotter. As a result, the proportion of Supervisory Board members representing the shareholders with international origins decreased to 40% on the shareholders side and 20% of the entire Supervisory Board. As a precautionary measure and in order to maintain flexibility with future appointments, the Supervisory Board has decided to adjust the target for its own composition with regard to securing appropriate internationality, for example through many years of international experience, to at least 30% international members representing the shareholders and a resulting proportion of 15% of the entire Supervisory Board. Irrespective of the many years of international experience of a great majority of the members representing the shareholders, the new target is currently significantly overachieved due to the international origins of Dr. Paul Achleitner, Sari Baldauf, Petraea Heynike and Andrea Jung on the shareholders' side (40%) and Valter Sanches on the employers' side, resulting in an international proportion of more than 20% for the entire Supervisory Board.

- At least half of the members of the Supervisory Board representing the shareholders should have
  - neither an advisory nor a board function for a customer, supplier, creditor, or other third party nor
  - a business or personal relationship to the Company or its boards

  whose specific details could cause a conflict of interests. As described in the report of the Supervisory Board on page 49 of this Annual Report, there was one isolated individual case in a particular situation during the reporting period where there might have been the appearance of a potential conflict of interest during a specific vote. As a highly precautionary measure, the Supervisory Board member in question in these cases refrained from taking part in the discussions and the voting process regarding the issue that may have led to a conflict of interest. With this exception, there were no instances of a potential conflict of interest that might have affected a shareholder representative on the Supervisory Board.
- In order to ensure the independent advice and supervision of the Board of Management by the Supervisory Board, the rules of procedure of the Supervisory Board already stipulate that more than half of the members of the Supervisory Board representing the shareholders are to be independent as defined by the German Corporate Governance Code and that no person may be a member of the Supervisory Board who is a member of a board of, or advises, a significant competitor of the Daimler Group. At present, there are no indications for any of the members of the Supervisory Board representing the shareholders that relevant relationships or circumstances exist that would compromise their independence. In particular, this is not the case with their relationships or circumstances vis-a-vis the Company, the Board of Management or other Supervisory Board members. No member of the Supervisory Board is a member of a board of, or advises, a significant competitor.
- The rules of procedure of the Supervisory Board stipulate that candidates for election as representatives of the shareholders who are to hold the position for a full period of office should generally not be over the age of 72 at the time of the election. This is intended to ensure a broad range of potential Supervisory Board candidates and also to allow reelection. None of the members of the Supervisory Board currently in office who were proposed and elected for a full period of office exceeded the applicable general age limit at the time of his or her election.
- With regard to appropriate participation of women and on the basis of the Daimler Group's targets, the Supervisory Board has resolved that at least 20% of all members of the Supervisory Board are to be women. In addition, at least 30% of the Supervisory Board members representing the shareholders should be female. These targets have already been met. With Sari Baldauf, Petraea Heynike and Andrea Jung, 30% of the members on the shareholders' side are women. With the members on the employees' side, Dr. Sabine Maaßen and Elke Tönjes-Werner, the proportion of women on the entire Supervisory Board is 25%. The draft of legislation for equal participation by women and men in executive positions of December 11, 2014 calls for the supervisory boards of listed companies subject to German law on parity codetermination to have a binding gender ratio of at least 30% women for new appointments as of 2016. The ratio is to apply to the entire supervisory board. If the side of the supervisory board representing the shareholders or the side representing the employees objects to the chairman of the supervisory board about the application of the ratio to the entire supervisory board, the minimum ratio is to apply separately to the shareholders' side and to the employees' side for that election. If the draft legislation becomes law, the target set by the Supervisory Board for appropriate participation by women will be replaced by the requirements of the new law.

The Chairman of the Supervisory Board, Dr. Manfred Bischoff, is a former member of the Board of Management. After stepping down from the Board of Management in December 2003, he was first elected to the Supervisory Board after a cooling-off period of more than two years in April 2006, and was first elected as the Chairman of the Supervisory Board after a cooling-off period of more than three years in April 2007. One member of the Supervisory Board is a member of the board of management of a listed company. Excluding his membership of that company's board of management, he is a member of no more than three supervisory boards of listed companies or similar company boards or committees with comparable requirements, including his membership of the Supervisory Board of Daimler AG. No member of the Supervisory Board is a member of a board of, or advises, a significant competitor. The members of the Supervisory Board attend in their own responsibility such courses of training and further training as might be necessary for the performance of their tasks and are supported by the Company in doing so. Daimler AG offers courses of further training to the members of its Supervisory Board as required. Possible contents of such courses include subjects of technological and economic developments, accounting and financial reporting, internal control and risk management systems, compliance, new legislation and board of management remuneration.

Composition and mode of operation of the committees of the Supervisory Board. The Supervisory Board has formed four committees, which perform to the extent legally permissible the tasks assigned to them in the name of and on behalf of the entire Supervisory Board: the Presidential Committee, the Nomination Committee, the Audit Committee and the Mediation Committee. The committee chairpersons report to the entire Supervisory Board on the committees' work at the latest in the meeting of the Supervisory Board following each committee meeting. The Supervisory Board has issued rules of procedure for each of its committees. These rules of procedure can be viewed on our website at daimler.com/dai/rop, as well as information on the current composition of these committees daimler.com/dai/sbc, which is also available on page 53 of this Annual Report.

Presidential Committee. The Presidential Committee is composed of the Chairman of the Supervisory Board, his Deputy, and two other members, who are elected by a majority of the votes cast on the relevant resolution of the Supervisory Board.

The Presidential Committee makes recommendations to the Supervisory Board on the appointment of members of the Board of Management and is responsible for their contractual affairs. It submits proposals to the Supervisory Board on the design of the remuneration system for the Board of Management and on the appropriate total individual remuneration of its members. In this context, it follows the relevant recommendations of the German Corporate Governance Code. The Presidential Committee also decides on the granting of approval for sideline activities of the members of the Board of Management, reports to the Supervisory Board regularly and without delay on consents it has issued and once a year submits to the Supervisory Board for its approval a complete list of the sideline activities of each member of the Board of Management.

In addition, the Presidential Committee decides on questions of corporate governance, on which it also makes recommendations to the Supervisory Board. It supports and advises the Chairman of the Supervisory Board and his Deputy, and prepares the meetings of the Supervisory Board.

Nomination Committee. The Nomination Committee is composed of at least three members, who are elected by a majority of the votes cast by the members of the Supervisory Board representing the shareholders. It is the only Supervisory Board Committee comprised solely of members representing the shareholders and makes recommendations to the Supervisory Board concerning persons to be proposed for election as members of the Supervisory Board representing the shareholders at the Annual Shareholders' Meeting. In doing so, the Nomination Committee takes into consideration the requirements of the German Corporate Governance Code and the rules of procedure of the Supervisory Board, as well as the specific goals that the Supervisory Board has set for its own composition. Furthermore, it defines the requirements for each specific position to be occupied.

Audit Committee. The Audit Committee is composed of four members, who are elected by a majority of the votes cast on the relevant resolution of the Supervisory Board. The Chairman of the Supervisory Board is not simultaneously the Chairman of the Audit Committee.

The Chairman of the Audit Committee, Dr. Clemens Börsig, fulfills the criteria for independence. Dr. Clemens Börsig and the new member of the Audit Committee, Joe Kaeser, have expertise in the field of financial reporting and special knowledge and experience in the application of accounting principles and internal methods of control. Dr. h.c. Bernhard Walter, the Chairman of the Audit Committee until he stepped down from the Supervisory Board in April 2014, also fulfilled the requirements of independence and of expertise and long experience in the stated fields. With great sadness and gratitude, the Supervisory Board bids farewell to Dr. Walter, who passed away in January 2015.

The Audit Committee deals with the supervision of the accounting process and the annual external audit, the risk and compliance management system, and the internal control and auditing system. At least once a year, it discusses with the Board of Management the effectiveness and functionality of the risk management system, the internal control and auditing system and the compliance management system. It regularly receives reports on the work of the Internal Auditing department and the Compliance Organization. At least four times a year, the Audit Committee receives a report from the Business Practices Office on complaints and information about any breaches of guidelines or criminal offenses on the part of high-level executives. It regularly receives information about the handling of these complaints and notifications.

The Audit Committee discusses with the Board of Management the interim reports on the first quarter, first half and first nine months of the year before they are published. On the basis of the report of the external auditors, the Audit Committee reviews the annual company financial statements and the annual consolidated financial statements, as well as the management report of the Company and the Group, and discusses them with the external auditors. The responsible auditor at KPMG AG Wirtschaftsprüfungsgesellschaft, the company of auditors commissioned to carry out the external audit, is Dr. Axel Thümler. The Audit Committee makes a proposal to the Supervisory Board on the adoption of the annual company financial statements of Daimler AG, on the approval of the annual consolidated financial statements and on the appropriation of profits. The Committee also makes recommendations for the proposal on the election of external auditors, assesses those auditors' suitability and independence, and, after the external auditors are elected by the Annual Meeting, it engages them to conduct the annual audit of the company and consolidated financial statements and to review the interim reports, negotiates an audit fee, and determines the focus of the annual audit. The external auditors report to the Audit Committee on all accounting matters that might be regarded as critical and on any material weaknesses of the internal control and risk management system with regard to accounting that might be discovered during the audit.

Finally, the Audit Committee approves services that are not directly related to the annual audit provided by the firm of external auditors or its affiliates to Daimler AG or to companies of the Daimler Group.

Mediation Committee. The Mediation Committee is composed of the Chairman of the Supervisory Board and his Deputy, as well as one member of the Supervisory Board representing the employees and one member of the Supervisory Board representing the shareholders, each elected with a majority of the votes cast. It is formed solely to perform the functions laid down in Section 31 Subsection 3 of the German Codetermination Act (MitbestG). Accordingly, the Mediation Committee has the task of making proposals on the appointment of members of the Board of Management if in the first vote the majority required for the appointment of a Board of Management member of two thirds of the members of the Supervisory Board is not achieved.

Shareholders and the Annual Shareholders' Meeting

The Company's shareholders exercise their membership rights, in particular their information and voting rights, at the Shareholders' Meeting. Each share in Daimler AG entitles its owner to one vote. There are no multiple voting rights, preferred stock, or maximum voting rights at Daimler AG. Documents and information relating to the Annual Shareholders' Meeting can be found on our website at daimler.com/ir/am. The Annual Shareholders' Meeting is generally held within four months of the end of a financial year. The Company facilitates the personal exercise of the shareholders' rights and proxy voting in a variety of ways, such as by appointing proxies who are strictly bound by the shareholders' voting instructions and who can be contacted also during the Annual Shareholders' Meeting. Absentee voting is also possible. It is possible to authorize the Daimler-appointed proxies and give them voting instructions or to cast absentee votes by using the so-called e-service for shareholders.

Among other matters, the Annual Shareholders' Meeting decides on the appropriation of distributable profits, the ratification of the actions of the members of the Board of Management and of the Supervisory Board, the election of the external auditors, the election of the members of the Supervisory Board representing the shareholders and the remuneration of the Supervisory Board. The Annual Meeting also makes other decisions, especially on amendments to the Articles of Incorporation, capital measures and the approval of certain intercompany agreements. Shareholders can submit countermotions on resolutions proposed by the Board of Management and the Supervisory Board and, within the provisions of applicable law, can challenge resolutions passed by the Annual Shareholders' Meeting in a court of law.

The influence of the Annual Shareholders' Meeting on the management of the Company is limited by law, however. The Shareholders' Meeting can only make management decisions if it is requested to do so by the Board of Management.

Deviating from the suggestions in Clause 2.3.4 of the German Corporate Governance Code, the Annual Shareholders' Meeting is not transmitted in its entirety on the Internet, but only until the end of the report by the Board of Management.

We maintain close contacts with our shareholders in the context of our comprehensive investor relations and public relations activities. We regularly and comprehensively inform our shareholders, financial analysts, shareholder associations, the media and the interested public about the situation of the Group, and inform them without delay about any significant changes in its business.

In addition to other methods of communication, we also make extensive use of the Company's website. All of the important information disclosed in 2014, including annual and interim reports, press releases, voting rights notifications from major shareholders, presentations, and audio recordings of analyst and investor events and conference calls, as well as the financial calendar, can be found at daimler.com/investors. All the dates of important disclosures such as annual reports and interim reports and the date of the Annual Shareholders' Meeting are announced in advance in the financial calendar. The financial calendar is also printed inside the back cover of this Annual Report. Disclosures are made in English as well as in German.

Directors' Dealings

As of December 31, 2014, the members of the Board of Management held a total of 0.26 million shares or options on shares of Daimler AG (0.025% of the shares issued). At the same date, members of the Supervisory Board held a total of 0.02 million shares or options on shares of Daimler AG (0.002% of the shares issued).

Members of the Board of Management and the Supervisory Board and, pursuant to the provisions of Section 15a of the German Securities Trading Act (WpHG), persons in a close relationship with the aforementioned persons, are obliged to notify the Bundesanstalt für Finanzdienstleistungsaufsicht (the German financial services supervisory authority) and Daimler AG of any transactions involving shares of Daimler AG or related financial instruments, so-called directors' dealings. Daimler AG is obliged to disclose such transactions without delay after being notified of them. No transactions as defined by Section 15a of the German Securities Trading Act (WpHG) took place in 2014. Current information is published on our website at daimler.com/dai/dd/en.

Risk management and financial reporting

Risk management at the Group. Daimler has a risk management system commensurate with its size and position as a company with global operations. see pages 132 ff
The risk management system is one component of the overall planning, controlling and reporting process. Its goal is to enable the company's management to recognize significant risks at an early stage and to initiate appropriate countermeasures in a timely manner. The Supervisory Board deals with the risk management system in particular with regard to the approval of the operational planning. The Audit Committee discusses at least once a year the effectiveness and functionality of the risk management system with the Board of Management and the external auditors. In addition, the Audit Committee regularly deals with the risk report. The Chairman of the Supervisory Board has regular contacts with the Board of Management to discuss not only the Group's strategy and business development but also the issue of risk management. The Corporate Audit department monitors adherence to the legal framework and Group standards by means of targeted audits and initiates appropriate actions as required.

Accounting policies. The consolidated financial statements of the Daimler Group are prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union, and with the supplementary standards to be applied according to Section 315a Subsection 1 of the German Commercial Code (HGB). Details of the IFRS are provided in this Annual Report in the Notes to the Consolidated Financial Statements. See Note 1 of the Notes to the Consolidated Financial Statements. The annual financial statements of Daimler AG, which is the parent company, are prepared in accordance with the accounting standards of the German Commercial Code (HGB). Both sets of financial statements are audited by a firm of accountants elected by the Annual Shareholders' Meeting to conduct the external audit.

Interim reports for the Daimler Group are prepared in accordance with IFRS for interim reporting, as adopted by the European Union, as well as, with regard to the interim management reports, the applicable provisions of the German Securities Trading Act (WpHG). Interim financial reports are reviewed by the external auditors elected by the Annual Shareholders' Meeting.

Corporate governance statement

The corporate governance statement to be issued pursuant to Section 289a of the German Commercial Code (HGB) is published simultaneously with the Annual Report including the Corporate Governance Report at daimler.com/dai/dsr and can be accessed there.

We have a sound financial basis.

The Consolidated Financial Statements presented as follows have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union (EU). They also comply with additional requirements set forth in Section 315a (1) of the German Commercial Code (HGB).

E | Consolidated Financial Statements.

Consolidated Statement of Income.

E.01

	Note	Consolidated 2014	Consolidated 2013[1]	Industrial Business (unaudited additional information) 2014	Industrial Business (unaudited additional information) 2013[1]	Daimler Financial Services (unaudited additional information) 2014	Daimler Financial Services (unaudited additional information) 2013[1]
In millions of euros							
Revenue	4	129,872	117,982	113,881	103,460	15,991	14,522
Cost of sales	5	-101,688	-92,855	-88,091	-80,552	-13,597	-12,303
Gross profit		28,184	25,127	25,790	22,908	2,394	2,219
Selling expenses	5	-11,534	-11,050	-11,103	-10,589	-431	-461
General administrative expenses	5	-3,329	-3,188	-2,693	-2,660	-636	-528
Research and non-capitalized development costs	5	-4,532	-4,205	-4,532	-4,205	–	–
Other operating income	6	1,759	1,530	1,676	1,467	83	63
Other operating expense	6	-1,160	-399	-1,139	-380	-21	-19
Profit/loss on equity method investments, net	13	897	3,345	912	3,344	-15	1
Other financial expense, net	7	458	-349	445	-342	13	-7
Interest income	8	145	212	145	212	–	–
Interest expense	8	-715	-884	-707	-878	-8	-6
Profit before income taxes[2]		10,173	10,139	8,794	8,877	1,379	1,262
Income taxes	9	-2,883	-1,419	-2,387	-874	-496	-545
Net profit		7,290	8,720	6,407	8,003	883	717
thereof profit attributable to non-controlling interests		328	1,878				
thereof profit attributable to shareholders of Daimler AG		6,962	6,842				
Earnings per share (in euros) for profit attributable to shareholders of Daimler AG	35						
Basic		6.51	6.40				
Diluted		6.51	6.40				

1 Information related to reclassification within functional expenses is presented in Note 1.
2 The reconciliation of Group EBIT to profit before income taxes is presented in Note 33.

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income/Loss[1].

E.02

	Daimler Group 2014	Shareholders of Daimler AG 2014	Non-controlling interests 2014	Daimler Group 2013	Shareholders of Daimler AG 2013	Non-controlling interests 2013
In millions of euros						
Net profit	7,290	6,962	328	8,720	6,842	1,878
Unrealized gains/losses from currency translation adjustments	1,800	1,744	56	-1,531	-1,485	-46
Unrealized gains/losses from financial assets available-for-sale						
Unrealized gains/losses (pre-tax)	205	205	–	35	34	1
Reclassifications to profit and loss (pre-tax)	–	–	–	-1	-1	–
Taxes on unrealized gains/losses and on reclassifications	-6	-6	–	-6	-6	–
Unrealized gains/losses from financial assets available-for-sale (after tax)	199	199	–	28	27	1
Unrealized gains/losses from derivative financial instruments						
Unrealized gains/losses (pre-tax)	-2,433	-2,432	-1	1,388	1,389	-1
Reclassifications to profit and loss (pre-tax)	-253	-253	–	-248	-248	–
Taxes on unrealized gains/losses and on reclassifications	800	800	–	-338	-338	–
Unrealized gains/losses from derivative financial instruments (after tax)	-1,886	-1,885	-1	802	803	-1
Unrealized gains/losses from equity-method investments						
Unrealized gains/losses (pre-tax)	11	11	–	-21	-61	40
Reclassifications to profit and loss (pre-tax)	–	–	–	93	93	–
Taxes on unrealized gains/losses and on reclassifications	–	–	–	-56	-43	-13
Unrealized gains/losses from equity-method investments (after tax)	11	11	–	16	-11	27
Items that may be reclassified to profit/loss	124	69	55	-685	-666	-19
Actuarial gains/losses on equity-method investments (pre-tax)	–	–	–	-1	-1	–
Taxes on actuarial gains/losses on equity-method investments	–	–	–	–	–	–
Actuarial gains/losses on equity-method investments (after tax)	–	–	–	-1	-1	–
Actuarial gains/losses from pensions and similar obligations (pre-tax)	-5,378	-5,378	–	1,491	1,491	–
Taxes on actuarial gains/losses from pensions and similar obligations	1,682	1,682	–	-372	-372	–
Actuarial gains/losses from pensions and similar obligations (after tax)	-3,696	-3,696	–	1,119	1,119	–
Items that will not be reclassified to profit/loss	-3,696	-3,696	–	1,118	1,118	–
Other comprehensive income/loss, net of taxes	-3,572	-3,627	55	433	452	-19
Total comprehensive income	3,718	3,335	383	9,153	7,294	1,859

1 See Note 20 for other information on comprehensive income/loss.

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position.

E.03

		Consolidated		Industrial Business (unaudited additional information)		Daimler Financial Services (unaudited additional information)	
		At December 31,		At December 31,		At December 31,	
	Note	**2014**	2013	**2014**	2013	**2014**	2013
In millions of euros							
Assets							
Intangible assets	10	**9,367**	9,388	**9,202**	9,289	**165**	99
Property, plant and equipment	11	**23,182**	21,779	**23,125**	21,732	**57**	47
Equipment on operating leases	12	**33,050**	28,160	**14,374**	13,207	**18,676**	14,953
Equity-method investments	13	**2,294**	3,432	**2,264**	3,419	**30**	13
Receivables from financial services	14	**34,910**	27,769	**-49**	-29	**34,959**	27,798
Marketable debt securities	15	**1,374**	1,666	**6**	6	**1,368**	1,660
Other financial assets	16	**3,634**	3,523	**-1,140**	-767	**4,774**	4,290
Deferred tax assets	9	**4,124**	1,829	**3,610**	1,348	**514**	481
Other assets	17	**555**	531	**-2,178**	-1,818	**2,733**	2,349
Total non-current assets		**112,490**	98,077	**49,214**	46,387	**63,276**	51,690
Inventories	18	**20,864**	17,349	**20,004**	16,648	**860**	701
Trade receivables	19	**8,634**	7,803	**7,824**	7,208	**810**	595
Receivables from financial services	14	**26,769**	23,001	**-25**	-14	**26,794**	23,015
Cash and cash equivalents		**9,667**	11,053	**8,341**	9,845	**1,326**	1,208
Marketable debt securities	15	**5,260**	5,400	**5,150**	5,297	**110**	103
Other financial assets	16	**2,353**	2,718	**-7,099**	-6,670	**9,452**	9,388
Other assets	17	**3,598**	3,117	**772**	447	**2,826**	2,670
Total current assets		**77,145**	70,441	**34,967**	32,761	**42,178**	37,680
Total assets		**189,635**	168,518	**84,181**	79,148	**105,454**	89,370
Equity and liabilities							
Share capital		**3,070**	3,069				
Capital reserve		**11,906**	11,850				
Retained earnings		**28,487**	27,628				
Other reserves		**202**	133				
Treasury shares		**–**	–				
Equity attributable to shareholders of Daimler AG		**43,665**	42,680				
Non-controlling interests		**919**	683				
Total equity	20	**44,584**	43,363	**36,967**	36,767	**7,617**	6,596
Provisions for pensions and similar obligations	22	**12,806**	9,869	**12,630**	9,726	**176**	143
Provisions for income taxes		**851**	823	**850**	823	**1**	–
Provisions for other risks	23	**6,712**	5,270	**6,590**	5,152	**122**	118
Financing liabilities	24	**50,399**	44,746	**10,325**	13,542	**40,074**	31,204
Other financial liabilities	25	**2,644**	1,701	**2,231**	1,575	**413**	126
Deferred tax liabilities	9	**1,070**	892	**-1,618**	-1,300	**2,688**	2,192
Deferred income	26	**3,581**	2,728	**3,101**	2,283	**480**	445
Other liabilities	27	**14**	18	**14**	15	**–**	3
Total non-current liabilities		**78,077**	66,047	**34,123**	31,816	**43,954**	34,231
Trade payables		**10,178**	9,086	**9,852**	8,778	**326**	308
Provisions for income taxes		**757**	517	**679**	438	**78**	79
Provisions for other risks	23	**7,267**	6,619	**6,830**	6,230	**437**	389
Financing liabilities	24	**36,290**	32,992	**-13,518**	-12,218	**49,808**	45,210
Other financial liabilities	25	**8,062**	6,575	**6,198**	4,797	**1,864**	1,778
Deferred income	26	**2,413**	1,868	**1,674**	1,351	**739**	517
Other liabilities	27	**2,007**	1,451	**1,376**	1,189	**631**	262
Total current liabilities		**66,974**	59,108	**13,091**	10,565	**53,883**	48,543
Total equity and liabilities		**189,635**	168,518	**84,181**	79,148	**105,454**	89,370

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows[1].

E.04

	Consolidated		Industrial Business (unaudited additional information)		Daimler Financial Services (unaudited additional information)	
	2014	2013	**2014**	2013	**2014**	2013
In millions of euros						
Profit before income taxes	**10,173**	10,139	**8,794**	8,877	**1,379**	1,262
Depreciation and amortization/impairments	**4,999**	4,368	**4,964**	4,343	**35**	25
Other non-cash expense and income	**-850**	-3,345	**-898**	-3,380	**48**	35
Gains (-)/losses on disposals of assets	**-1,053**	193	**-1,053**	193	**–**	–
Change in operating assets and liabilities						
Inventories	**-2,768**	-592	**-2,734**	-475	**-34**	-117
Trade receivables	**-606**	-695	**-430**	-757	**-176**	62
Trade payables	**853**	610	**845**	602	**8**	8
Receivables from financial services	**-8,065**	-5,334	**-914**	267	**-7,151**	-5,601
Vehicles on operating leases	**-2,819**	-2,990	**-24**	-263	**-2,795**	-2,727
Other operating assets and liabilities	**1,032**	2,240	**819**	1,950	**213**	290
Income taxes paid	**-2,170**	-1,309	**-1,830**	-1,044	**-340**	-265
Cash provided by/used for operating activities	**-1,274**	3,285	**7,539**	10,313	**-8,813**	-7,028
Additions to property, plant and equipment	**-4,844**	-4,975	**-4,821**	-4,956	**-23**	-19
Additions to intangible assets	**-1,463**	-1,932	**-1,443**	-1,894	**-20**	-38
Proceeds from disposals of property, plant and equipment and intangible assets	**209**	180	**194**	170	**15**	10
Investments in share property	**-172**	-969	**-91**	-964	**-81**	-5
Proceeds from disposals of share property	**3,098**	2,414	**3,098**	2,413	**–**	1
Acquisition of marketable debt securities	**-3,341**	-6,566	**-3,281**	-6,072	**-60**	-494
Proceeds from sales of marketable debt securities	**3,834**	4,991	**3,476**	4,524	**358**	467
Other	**-30**	28	**-19**	12	**-11**	16
Cash provided by/used for investing activities	**-2,709**	-6,829	**-2,887**	-6,767	**178**	-62
Change in short-term financing liabilities	**2,129**	845	**722**	-454	**1,407**	1,299
Additions to long-term financing liabilities	**37,354**	37,602	**13,711**	15,302	**23,643**	22,300
Repayment of long-term financing liabilities	**-34,650**	-31,987	**-11,858**	-10,643	**-22,792**	-21,344
Dividend paid to shareholders of Daimler AG	**-2,407**	-2,349	**-2,407**	-2,349	**–**	–
Dividends paid to non-controlling interests	**-158**	-269	**-156**	-268	**-2**	-1
Proceeds from the issuance of share capital	**42**	101	**29**	96	**13**	5
Acquisition of treasury shares	**-26**	-24	**-26**	-24	**–**	–
Acquisition of non-controlling interests in subsidiaries	**-10**	-73	**-10**	-73	**–**	–
Proceeds from disposals of interests in subsidiaries without loss of control	**–**	9	**–**	9	**–**	–
Internal equity and financing transactions	**–**	–	**-6,491**	-4,978	**6,491**	4,978
Cash provided by/used for financing activities	**2,274**	3,855	**-6,486**	-3,382	**8,760**	7,237
Effect of foreign exchange rate changes on cash and cash equivalents	**323**	-254	**330**	-206	**-7**	-48
Net increase/decrease in cash and cash equivalents	**-1,386**	57	**-1,504**	-42	**118**	99
Cash and cash equivalents at the beginning of the period	**11,053**	10,996	**9,845**	9,887	**1,208**	1,109
Cash and cash equivalents at the end of the period	**9,667**	11,053	**8,341**	9,845	**1,326**	1,208

1 See Note 28 for other information on consolidated statements of cash flows.

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity[1].

E.05

In millions of euros	Share capital	Capital reserves	Retained earnings[2]	Currency translation	Financial assets available for sale
Balance at January 1, 2013	3,063	12,026	22,017	516	234
Net profit	–	–	6,842	–	–
Other comprehensive income/loss before taxes	–	–	1,490	–1,485	33
Deferred taxes on other comprehensive income	–	–	–372	–	–6
Total comprehensive income/loss	–	–	7,960	–1,485	27
Dividends	–	–	–2,349	–	–
Share–based payment	–	2	–	–	–
Capital increase/Issue of new shares	6	72	–	–	–
Acquisition of treasury shares	–	–	–	–	–
Issue and disposal of treasury shares	–	–	–	–	–
Changes in ownership interests in subsidiaries	–	–23	–	–	–
Other	–	–227	–	–	–
Balance at December 31, 2013	3,069	11,850	27,628	–969	261
Balance at January 1, 2014	**3,069**	**11,850**	**27,628**	**-969**	**261**
Net profit	**–**	**–**	**6,962**	**–**	**–**
Other comprehensive income/loss before taxes	**–**	**–**	**-5,378**	**1,744**	**205**
Deferred taxes on other comprehensive income	**–**	**–**	**1,682**	**–**	**-6**
Total comprehensive income/loss	**–**	**–**	**3,266**	**1,744**	**199**
Dividends	**–**	**–**	**-2,407**	**–**	**–**
Capital increase/Issue of new shares	**1**	**2**	**–**	**–**	**–**
Acquisition of treasury shares	**–**	**–**	**–**	**–**	**–**
Issue and disposal of treasury shares	**–**	**–**	**–**	**–**	**–**
Other	**–**	**54**	**–**	**–**	**–**
Balance at December 31, 2014	**3,070**	**11,906**	**28,487**	**775**	**460**

1 See Note 20 for other information on changes in equity.
2 Retained earnings also include items that will not be reclassified to profit or loss. Actuarial losses from pensions and similar obligations amount to €8,892 million net of tax in 2014 (2013: €5,196 million net of tax).

The accompanying notes are an integral part of these consolidated financial statements.

Other reserves items that may be reclassified in profit/loss						
Derivative financial instruments	Share of investments accounted for using the equity method	Treasury share	**Equity attributable to shareholders of Daimler AG**	Non-controlling interests	**Total equity**	
						In millions of euros
50	-1	–	37,905	1,425	39,330	**Balance at January 1, 2013**
–	–	–	6,842	1,878	8,720	Net profit
1,141	32	–	1,211	-6	1,205	Other comprehensive income/loss before taxes
-338	-43	–	-759	-13	-772	Deferred taxes on other comprehensive income
803	-11	–	7,294	1,859	9,153	Total comprehensive income/loss
–	–	–	-2,349	-269	-2,618	Dividends
–	–	–	2	-	2	Share-based payment
–	–	–	78	7	85	Capital increase/Issue of new shares
–	–	-24	-24	–	-24	Acquisition of treasury shares
–	–	24	24	–	24	Issue and disposal of treasury shares
–	–	–	-23	-2,433	-2,456	Changes in ownership interests in subsidiaries
–	–	–	-227	94	-133	Other
853	-12	–	42,680	683	43,363	**Balance at December 31, 2013**
853	**–12**	**–**	**42,680**	**683**	**43,363**	**Balance at January 1, 2014**
–	**–**	**–**	**6,962**	**328**	**7,290**	Net profit
-2,685	**11**	**–**	**-6,103**	**55**	**-6,048**	Other comprehensive income/loss before taxes
800	**–**	**–**	**2,476**	**–**	**2,476**	Deferred taxes on other comprehensive income
-1,885	**11**	**–**	**3,335**	**383**	**3,718**	Total comprehensive income/loss
–	**–**	**–**	**-2,407**	**-158**	**-2,565**	Dividends
–	**–**	**–**	**3**	**20**	**23**	Capital increase/Issue of new shares
–	**–**	**–26**	**-26**	**–**	**-26**	Acquisition of treasury shares
–	**–**	**26**	**26**	**–**	**26**	Issue and disposal of treasury shares
–	**–**	**–**	**54**	**-9**	**45**	Other
-1,032	**–1**	**–**	**43,665**	**919**	**44,584**	**Balance at December 31, 2014**

Notes to the Consolidated Financial Statements.

1. Significant accounting policies

General information

The consolidated financial statements of Daimler AG and its subsidiaries (“Daimler” or “the Group”) have been prepared in accordance with Section 315a of the German Commercial Code (HGB) and comply with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

Daimler AG is a stock corporation organized under the laws of the Federal Republic of Germany. The company is entered in the Commercial Register of the Stuttgart District Court under No. HRB 19360 and its registered office is located at Mercedesstraße 137, 70327 Stuttgart, Germany.

The consolidated financial statements of Daimler AG are presented in euros (€). Unless otherwise stated, all amounts are stated in millions of euros. All figures shown are rounded in accordance with standard business rounding principles.

The Board of Management authorized the consolidated financial statements for publication on February 13, 2015.

Basis of preparation

Applied IFRSs. The accounting policies applied in the consolidated financial statements comply with the IFRSs required to be applied in the EU as of December 31, 2014.

IFRSs issued, EU endorsed and initially adopted in the reporting period. In May 2011, the IASB issued three new standards that provide guidance with respect to accounting for investments of the reporting entity in other entities. Daimler applies the new consolidation standards as of the mandatory effective date for IFRS users in the EU of January 1, 2014 on a retrospective basis.

IFRS 10 Consolidated Financial Statements supersedes consolidation rules in IAS 27 Consolidated and Separate Financial Statements as well as SIC-12 Consolidation – Special Purpose Entities. IFRS 10 establishes a single consolidation model based on control that applies to all entities. According to the new model, control exists if the parent company has the power of decision over the subsidiary based on voting rights or other rights, if it participates in positive and negative variable returns from the subsidiary, and if it can affect these returns by its power of decision. The Group companies were analyzed based on the new control concept. As a result, two companies were reclassified. These companies are exclusively companies with subordinate importance for the Group and for the presentation of a true and fair view of its profitability, liquidity and capital resources and financial position due to their inactive or minor business activities. Therefore, these companies are not consolidated and hence have no effect on the consolidated financial statements.

IFRS 11 Joint Arrangements provides new guidance on accounting for joint arrangements. The standard supersedes IAS 31 Interests in Joint Ventures as well as SIC-13 Jointly Controlled Entities – Non-Monetary Contributions by Ventures. In the future, it has to be decided whether a joint operation or a joint venture exists. In a joint venture, the parties that have joint control have rights to the net assets. Interests in a joint venture are to be accounted for as an investment using the equity method. This does not affect Daimler due to the fact that joint ventures were already accounted for using the equity method in the past. A joint operation exists if the parties that have joint control have rights to the assets and obligations for the liabilities. In this case, the proportionate assets, liabilities, revenues and expenses have to be recognized. As of the reporting date, six joint operations exist, which have no material effect on the consolidated financial statements.

IFRS 12 Disclosure of Interests in Other Entities provides guidance on disclosure requirements for interests in other entities by combining existing disclosure requirements from several standards in IFRS 12. See Notes 3 and 13 for further information on extended disclosure requirements.

All other IFRSs with mandatory initial application in the EU as of January 1, 2014 had no significant impact on the consolidated financial statements.

IFRSs issued but neither EU endorsed nor yet adopted. In July 2014, the IASB published IFRS 9 Financial Instruments, which shall supersede IAS 39. IFRS 9 deals with the classification, recognition and measurement (including impairment) of financial instruments as well as with regulations for general hedge accounting. With IFRS 9, additional notes will be required, as specified by the revised IFRS 7 Financial Instruments – Disclosures. Subject to being endorsed by the EU, application of IFRS 9 is mandatory for reporting periods beginning on or after January 1, 2018. Early adoption is permitted. Investigation of the effects on the consolidated financial statements of adopting IFRS 9 has not yet been completed.

In May 2014, the IASB published IFRS 15 Revenue from Contracts with Customers. It replaces existing guidance for revenue recognition, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. The new standard defines a comprehensive framework for determining whether, in which amount and at which date revenue is recognized. The new standard specifies a uniform, five-step model for revenue recognition, which is generally to be applied to all contracts with customers. Disclosure requirements are also extended. Subject to being endorsed by the EU, application of IFRS 15 is mandatory for reporting periods beginning on or after January 1, 2017. Early adoption is permitted. Investigation of the effects on the consolidated financial statements of adopting IFRS 15 has not yet been completed.

Subject to EU endorsement of these standards, which are then to be adopted in future periods, Daimler does not currently plan to apply these standards earlier. Other IFRSs issued but not EU endorsed are not expected to have a significant impact on the Group's profitability, liquidity and capital resources or financial position.

Presentation. Presentation in the consolidated statement of financial position differentiates between current and non-current assets and liabilities. Assets and liabilities are classified as current if they are expected to be realized or settled within one year or within a longer and normal operating cycle. Deferred tax assets and liabilities as well as assets and provisions for pensions and similar obligations are generally presented as non-current items.

The consolidated statement of income is presented using the cost-of-sales method.

Commercial practices with respect to certain products manufactured by the Group necessitate that sales financing, including leasing alternatives, be made available to the Group's customers. Accordingly, the Group's consolidated financial statements are significantly influenced by the activities of its financial services business.

To enhance readers' understanding of the Group's profitability, liquidity and capital resources and financial position, unaudited information with respect to the Group's industrial and financial services business activities (Daimler Financial Services) is provided in addition to the audited consolidated financial statements. Such information, however, is not required by IFRS and is not intended to, and does not represent the separate IFRS profitability, liquidity and capital resources and financial position of the Group's industrial or financial services business activities. Eliminations of the effects of transactions between the industrial and financial services businesses have generally been allocated to the industrial business columns.

Reclassifications within functional costs. In the course of the organizational focus of the divisions on their customers and markets, corporate functions in each country are being streamlined and functional departments are being aligned more closely with the needs of the divisions. In this context, Daimler has reviewed the allocation of the cost centers in the headquarters functions to the individual functional costs. As a result, amongst other changes, IT services and personnel expenses have been reclassified from general administrative expenses to the other functional costs.

Table ↗ **E.06** shows the effects of the retrospective change of the allocation to the individual functional costs on the consolidated statement of income in 2013.

Table ↗ **E.07** shows the effects on the consolidated statement of income in 2014 if the original allocation of the cost centers to the individual functional costs had been retained.

There are no effects on net profit, basic and diluted earnings per share or Group equity.

E.06

Effects of reclassifications within functional costs

	2013 disclosed	Reclassifi-cations	**2013 changed**
In millions of euros			
Cost of sales	92,457	398	**92,855**
Selling expenses	10,875	175	**11,050**
General administrative expenses	3,865	-677	**3,188**
Research and non-capitalized development costs	4,101	104	**4,205**

E.07

Effects of retention of original presentation of functional costs

	2014 changed	Reclassifi-cations	2014 previous classifi-cation
In millions of euros			
Cost of sales	**101,688**	-461	101,227
Selling expenses	**11,534**	-204	11,330
General administrative expenses	**3,329**	787	4,116
Research and non-capitalized development costs	**4,532**	-122	4,410

Measurement. The consolidated financial statements have been prepared on the historical cost basis with the exception of certain items such as available-for-sale financial assets, derivative financial instruments, hedged items, and pensions and similar obligations. The measurement models applied to those exceptions are described below.

Principles of consolidation. The consolidated financial statements include the financial statements of Daimler AG and the financial statements of all subsidiaries, including structured entities which are directly or indirectly controlled by Daimler AG. Control exists if the parent company has the power of decision over a subsidiary based on voting rights or other rights, if it participates in positive and negative variable returns from a subsidiary, and if it can affect these returns by its power of decision.

Structured entities which are controlled also have to be consolidated. Accordingly, the assets and liabilities remain in the consolidated statement of financial position. Structured entities are entities which have been designed so that voting or similar rights are not relevant in deciding who controls the entity. This is the case for example if voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

The financial statements of consolidated subsidiaries which are included in the consolidated financial statements are generally prepared as of the reporting date of the consolidated financial statements. The financial statements of Daimler AG and its subsidiaries included in the consolidated financial statements are prepared using uniform recognition and measurement principles. All intercompany assets and liabilities, equity, income and expenses as well as cash flows from transactions between consolidated entities are entirely eliminated in the course of the consolidation process.

Business combinations are accounted for using the purchase method.

Changes in equity interests in Group subsidiaries that reduce or increase Daimler's percentage ownership without loss of control are accounted for as an equity transaction between owners.

Investments in associated companies, joint ventures or joint operations. An associated company is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee. Associated companies are generally accounted for using the equity method.

For entities over which Daimler has joint control together with a partner (joint arrangements), it has to be decided if a joint operation or a joint venture exists. In a joint venture, the parties that have joint control of the arrangement have rights to the net assets of the arrangement. For joint ventures, the equity method has to be applied. A joint operation exists when the jointly controlling parties have direct rights to the assets and obligations for the liabilities. In this case, the prorated assets and liabilities and the prorated income and expenses are generally to be recognized. As the joint operations recognized at the end of the reporting period have no significant impact on the consolidated financial statements, they continue to be accounted for using the equity method.

In the special event that the financial statements of associated companies, joint ventures or joint operations should not be available in good time, the Group's proportionate share of the results of operations is included in Daimler's consolidated financial statements with a one to three-month time lag. Adjustments are made for all significant events or transactions that occur during the time lag (see also Note 13).

Subsidiaries measured at amortized cost. Subsidiaries, associated companies, joint ventures and joint operations whose business is non-active or of low volume and that are not material for the Group and the fair presentation of financial position, liquidity and capital resources, and profitability are generally measured at amortized cost in the consolidated financial statements.

Foreign currency translation. Transactions in foreign currency are translated at the relevant foreign exchange rates prevailing at the transaction date. In subsequent periods, assets and liabilities denominated in foreign currency are translated into euros using period-end exchange rates; gains and losses from this measurement are recognized in profit and loss (except for gains and losses resulting from the translation of available-for-sale equity instruments, which are recognized in other comprehensive income/loss).

Assets and liabilities of foreign companies for which the functional currency is not the euro are translated into euros using period-end exchange rates. The translation adjustments are presented in other comprehensive income/loss. The components of equity are translated using historical rates. The statements of income and cash flows are translated into euros using average exchange rates during the respective periods.

The exchange rates of the US dollar, the British pound, the Japanese yen, the Chinese renminbi and the Russian ruble – the most significant foreign currencies for Daimler – were as shown in table ↗ E.08.

E.08
Exchange rates

					2014					2013
	USD	GBP	JPY	CNY	RUB	USD	GBP	JPY	CNY	RUB
	1 € =	1 € =	1 € =	1 € =	1 € =	1 € =	1 € =	1 € =	1 € =	1 € =
Average exchange rate on December 31	**1.2141**	**0.7789**	**145.2300**	**7.5358**	**72.3370**	1.3791	0.8337	144.7200	8.3491	45.3246
Average exchange rates during the respective period										
First quarter	**1.3696**	**0.8279**	**140.8000**	**8.3576**	**48.0425**	1.3206	0.8511	121.7900	8.2209	40.1518
Second quarter	**1.3711**	**0.8147**	**140.0000**	**8.5438**	**47.9415**	1.3062	0.8506	129.0700	8.0376	41.3464
Third quarter	**1.3256**	**0.7938**	**137.7500**	**8.1734**	**48.0583**	1.3242	0.8545	131.0200	8.1111	43.4394
Fourth quarter	**1.2498**	**0.7891**	**142.7500**	**7.6824**	**59.7160**	1.3610	0.8407	136.4800	8.2903	44.2920

Accounting policies

Revenue recognition. Revenue from sales of vehicles, service parts and other related products is recognized when the risks and rewards of ownership of the goods are transferred to the customer, the amount of revenue can be estimated reliably and collectability is reasonably assured. Revenue is recognized net of sales reductions such as cash discounts and sales incentives granted.

Daimler uses a variety of sales promotion programs dependent on various market conditions in individual countries as well as the respective product life cycles and product-related factors (such as amounts of discounts offered by competitors, excess industry production capacity, the intensity of market competition and consumer demand for the products). These programs comprise cash offers to dealers and customers as well as lease subsidies or loans at reduced interest rates.

Revenue also includes revenue from the rental and leasing business as well as interest from the financial services business at Daimler Financial Services. The revenue from the rental and leasing business results from operating leases and is recognized on a straight-line basis over the periods of the contracts. In addition, sales revenue is generated at the end of lease contracts from the subsequent sale of the vehicles. Revenue from receivables from financial services is recognized using the effective interest method. When loans are issued below market rates, related receivables are recognized at present value and revenue is reduced for the interest incentive granted. If subsidized leasing fees are agreed upon in connection with finance leases, revenue from the sale of a vehicle is reduced by the amount of the interest incentive granted.

The Group offers extended, separately priced warranties for certain products. Revenue from these contracts is deferred and recognized over the contract period in proportion to the costs expected to be incurred based on historical information. In circumstances in which there is insufficient historical information, income from extended warranty contracts is recognized on a straight-line basis. A loss on these contracts is recognized in the current period if the sum of the expected costs for services under the contract exceeds unearned revenue.

For transactions with multiple deliverables, such as when vehicles are sold with free or reduced-in-price service programs, the Group allocates revenue to the various elements based on their estimated fair values.

Research and non-capitalized development costs. Expenditure for research and development that does not meet the conditions for capitalization according to IAS 38 Intangible Assets is expensed as incurred.

Borrowing costs. Borrowing costs are expensed as incurred unless they are directly attributable to the acquisition, construction or production of a qualifying asset and are therefore part of the cost of that asset. Depreciation of the capitalized borrowing costs is presented within cost of sales.

Government grants. Government grants related to assets are deducted from the carrying amount of the asset and are recognized in profit or loss over the life of a depreciable asset as a reduced depreciation expense. Government grants which compensate the Group for expenses are recognized as other operating income in the same period as the expenses themselves.

Profit/loss from equity-method investments. This item includes all income and expenses in connection with investments accounted for using the equity method. In addition to the prorated profits and losses from financial investments, it also includes profits and losses resulting from the sale of equity interests or the remeasurement of equity interests following a loss of significant influence. Daimler's share of dilution gains and losses occurring if the Group or other owners do not participate in capital increases of companies in which shares are held and accounted for using the equity method are also included in profit/loss from equity-method investments. This item also includes losses and/or gains on the impairment of investments' carrying amounts or on the reversal of such impairments.

Other financial income/expense, net. Other financial income/expense, net includes all income and expense from financial transactions which are not included in interest income and/or interest expense, and for Daimler Financial Services are not included in revenue and/or cost of sales. For example, expense from the compounding of interest on provisions for other risks is recorded in this line item.

Furthermore, income and expenses from equity interests are included in other financial income/expense, net, if such income or expenses are not presented under equity-method investments.

Interest income and interest expense. Interest income and interest expense include interest income from investments in securities, cash and cash equivalents as well as interest expense from liabilities. Furthermore, interest and changes in fair values related to interest rate hedging activities as well as income and expense resulting from the allocation of premiums and discounts are included. The interest components of defined benefit pension obligations and other similar obligations as well as of the plan assets available to cover these obligations are also presented in this line item.

An exception to the aforementioned principles is made for Daimler Financial Services. In this case, interest income and expense and gains or losses from derivative financial instruments are disclosed under revenue and cost of sales respectively.

Income taxes. Income taxes are comprised of current income taxes and deferred taxes.

Current income taxes are calculated based on the respective local taxable income and local tax rules for the period. In addition, current income taxes presented for the period include adjustments for uncertain tax payments or tax refunds for periods not yet finally assessed including interest expense and penalties on the underpayment of taxes. For the case that amounts included in the tax return might not be realized (uncertain tax positions), a provision for income taxes is recognized. The amount is based on the best possible assessment of the expected tax payment. Tax refund claims from uncertain tax positions are recognized when it is predominantly likely and thus reasonably expected that they can be realized. Only in the case of tax loss carryforwards or unused tax credits, no provision for taxes or tax claim is recognized for these uncertain tax positions. Instead the deferred tax assets for the unused tax loss carryforwards or tax credits are to be adjusted.

Changes in deferred tax assets and liabilities are generally recognized through profit and loss in deferred taxes in the consolidated statement of income, except for changes recognized in other comprehensive income/loss or directly in equity.

Deferred tax assets or liabilities are calculated on the basis of temporary differences between the tax basis and the financial reporting of assets and liabilities including differences from consolidation, on unused tax loss carryforwards and unused tax credits. Measurement is based on the tax rates expected to be effective in the period in which an asset is recognized or a liability is settled. For this purpose, the tax rates and tax rules are used which have been enacted at the reporting date or are soon to be enacted. Daimler recognizes a valuation allowance for deferred tax assets when it is unlikely that a corresponding amount of future taxable profit will be available against which the deductible temporary differences, tax loss carryforwards and tax credits can be utilized. Deferred tax liabilities for taxable temporary differences in connection with investments in subsidiaries, branches, associates and interests in joint arrangements are not recognized if the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Earnings per share. Basic earnings per share are calculated by dividing profit attributable to shareholders of Daimler AG by the weighted average number of shares outstanding. Diluted earnings per share in 2013 additionally reflect the potential dilution that would occur if all stock option plans were exercised. No stock options existed at December 31, 2014.

Intangible assets. Intangible assets acquired are measured at cost less accumulated amortization. If necessary, accumulated impairment losses are recognized.

Intangible assets with indefinite lives are reviewed annually to determine whether indefinite-life assessment continues to be appropriate. If not, the change in the useful-life assessment from indefinite to finite is made on a prospective basis.

Intangible assets other than development costs with finite useful lives are generally amortized on a straight-line basis over their useful lives (three to ten years) and are tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period for intangible assets with finite useful lives is reviewed at least at each year-end. Changes in expected useful lives are treated as changes in accounting estimates. The amortization expense on intangible assets with finite useful lives is recorded in functional costs.

Development costs for vehicles and components are recognized if the conditions for capitalization according to IAS 38 are met. Subsequent to initial recognition, the asset is carried at cost less accumulated amortization and accumulated impairment losses. Capitalized development costs include all direct costs and allocable overheads and are amortized on a straight-line basis over the expected product life cycle (a maximum of ten years). Amortization of capitalized development costs is an element of manufacturing costs and is allocated to those vehicles and components by which they were generated and is included in cost of sales when the inventory (vehicles) is sold.

Goodwill. For acquisitions, goodwill represents the excess of the consideration transferred over the fair values assigned to the identifiable assets proportionally acquired and liabilities assumed. Goodwill is accounted for at the subsidiaries in the functional currency of those subsidiaries.

In connection with obtaining control, non-controlling interest in the acquiree is principally recognized at the proportionate share of the acquiree's identifiable assets, which are measured at fair value.

Property, plant and equipment. Property, plant and equipment are measured at acquisition or manufacturing costs less accumulated depreciation. If necessary, accumulated impairment losses are recognized.

The costs of internally produced equipment and facilities include all direct costs and allocable overheads. Acquisition or manufacturing costs include the estimated costs, if any, of dismantling and removing the item and restoring the site.

Property, plant and equipment are depreciated over the useful lives as shown in table ↗ E.09.

Leasing. Leasing includes all arrangements that transfer the right to use a specified asset for a stated period of time in return for a payment, even if the right to use such asset is not explicitly described in an arrangement. The Group is a lessee of property, plant and equipment and a lessor of its products. It is evaluated on the basis of the risks and rewards of a leased asset whether the ownership of the leased asset is attributed to the lessee (finance lease) or to the lessor (operating lease).

E.09

Useful lives of property, plant and equipment

Buildings and site improvements	10 to 50 years
Technical equipment and machinery	6 to 25 years
Other equipment, factory and office equipment	3 to 30 years

Daimler as lessee. In the case of an operating lease, the lease payments or rental payments are immediately expensed.

Assets carries as finance leases are measured at the beginning of the (lease) contract at the lower of the present value of the minimum lease payments and the fair value of the leased object, and in the following periods less accumulated depreciation and other accumulated fair-value impairments. Depreciation is on a straight-line basis; residual values of the assets are given due consideration. Payment obligations resulting from future lease payments are discounted and disclosed under financing liabilities.

Sale and lease back. The same accounting principles apply to assets if Daimler sells such assets and leases them back from the buyer.

Daimler as lessor. Operating leases relate to vehicles that the Group produces itself and leases to third parties or vehicles that the Group sells and guarantees to buy back or guarantees a residual value. These vehicles are capitalized at (depreciated) cost of production under leased equipment in the industrial business and are depreciated over the contract term on a straight-line basis with consideration of the expected residual values. Changes in the expected residual values lead either to prospective adjustments of the scheduled depreciation or to an impairment if necessary.

Operating leases also relate to Group products that Daimler Financial Services acquires from non-Group dealers or other third parties and leases to end customers. These vehicles are presented at (depreciated) cost of acquisition under leased equipment in the Daimler Financial Services segment. If these vehicles are subsidized, the subsidies are deducted from the cost of acquisition. After revenue is received from the sale to independent dealers, these vehicles generate revenue from lease payments and subsequent resale on the basis of the leasing contracts. The revenue received from the sale of these vehicles to the dealers is estimated by the Group as being of the magnitude of the addition to leased equipment at Daimler Financial Services. In 2014, additions to leased equipment at Daimler Financial Services amounted to approximately €9 billion (2013: approximately €8 billion).

In the case of finance leases, the Group presents the receivables in amount of the net investment of the lease agreements under receivables from financial services. The net investment of a lease agreement is the gross investment (future minimum lease payments and non-guaranteed residual value) discounted at the rate upon which the lease agreement is based.

Equity-method investments. On the date of acquisition, a positive difference between cost of acquisition and Daimler's share of the fair values of the identifiable assets and liabilities of the associated company or joint venture are determined and recognized as investor level goodwill. The goodwill is included in the carrying amount of the equity-method investment. With step acquisition of an equity interest by which significant influence or joint control is achieved for the first time, the investment is generally accounted for on the basis of IFRS 3 Business Combinations. This means that the previously held equity interest is remeasured on the date of acquisition; any resulting gain or loss is recognized through profit and loss. If an equity interest in an existing associated company is increased without any resulting change in significant influence, goodwill is determined only for the additionally acquired interest; the previous investment is not remeasured at fair value.

Daimler reviews on each balance-sheet date whether there is any objective indication of impairments of equity-method investments. If such indications exist, the Group determines the impairment loss to be recognized. If the carrying amount exceeds the recoverable amount of an investment, the carrying amount is written down to the recoverable amount. The recoverable amount is the greater of fair value less costs to sell and value in use. An impairment or impairment reversal is recognized in the consolidated statement of income under income/loss on equity-method investments; this also includes any gains and/or losses on the sale of equity-method investments.

Interim gains or losses (to be eliminated) from transactions with companies accounted for at-equity are recognized through profit and loss with corresponding adjustments of the investments' carrying amounts.

Impairment of non-current non-financial assets. Daimler assesses at each reporting date whether there is an indication that an asset may be impaired. If such indication exists, Daimler estimates the recoverable amount of the asset. The recoverable amount is determined for each individual asset unless the asset generates cash inflows that are not largely independent of those from other assets or groups of assets (cash-generating units). In addition, goodwill and other intangible assets with indefinite useful lives are tested annually for impairment; this takes place at the level of the cash-generating units. If the carrying amount of an asset or of a cash-generating unit exceeds the recoverable amount, an impairment loss is recognized for the difference.

The recoverable amount is the higher of fair value less costs of disposal and value in use. For cash-generating units, which at Daimler correspond to the reportable segments, Daimler in a first step determines the respective recoverable amount as value in use and compares it with the respective carrying amount (including goodwill). Value in use is measured by discounting expected future cash flows from the continuing use of the cash-generating units using a risk-adjusted interest rate. Future cash flows are determined on the basis of the long-term planning, which is approved by the Board of Management and which is valid at the date when the impairment test is conducted. This planning is based on expectations regarding future market share, the growth of the respective markets as well as the products' profitability. The multi-year planning comprises a planning horizon until 2021 and therefore mainly covers the product life cycles of our automotive business. The rounded risk-adjusted interest rates used to discount cash flows, which are calculated for each segment, are currently unchanged from the previous year at 8% after taxes for the cash-generating units of the industrial business and 9% after taxes for Daimler Financial Services. Whereas the discount rate for Daimler Financial Services represents the cost of equity, the risk-adjusted interest rate for the cash-generating units of the industrial business is based on the weighted average cost of capital (WACC). These are calculated based on the capital asset pricing model (CAPM) taking into account current market expectations. In calculating the risk-adjusted interest rate for impairment test purposes, specific peer group information for beta factors, capital structure data and cost of debt are used. Periods not covered by the forecast are taken into account by recognizing a residual value (terminal value), which generally does not consider any growth rates. In addition, several sensitivity analyses are conducted. These show that even in case of more unfavorable premises for main influencing factors with respect to the original planning, no need for impairment exists. If value in use is lower than the carrying amount, fair value less costs of disposal is additionally calculated to determine the recoverable amount.

An assessment for assets other than goodwill is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If this is the case, Daimler records a partial or entire reversal of the impairment; the carrying amount is thereby increased to its recoverable amount. However, the increased carrying amount may not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized in prior years.

Non-current assets held for sale and disposal groups. The Group classifies non-current assets or disposal groups as held for sale if the conditions of IFRS 5 Non-current assets held for sale and discontinued operations are fulfilled. In this case, the assets or disposal groups are no longer depreciated but measured at the lower of carrying amount and fair value less costs to sell. If fair value less costs to sell subsequently increases, any impairment loss previously recognized is reversed, this reversal is restricted to the impairment loss previously recognized for the assets or disposal group concerned. The Group generally discloses these assets or disposal groups separately in the consolidated statement of financial position.

Inventories. Inventories are measured at the lower of cost and net realizable value. The net realizable value is the estimated selling price less any remaining costs to sell. The cost of inventories is generally based on the specific identification method and includes costs incurred in acquiring the inventories and bringing them to their existing location and condition. Costs for large numbers of inventories that are interchangeable are allocated under the average cost formula. In the case of manufactured inventories and work in progress, cost also includes production overheads based on normal capacity.

Financial instruments. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments in the form of financial assets and financial liabilities are generally presented separately. Financial instruments are recognized as soon as Daimler becomes a party to the contractual provisions of the financial instrument. In the case of purchases or sales of financial assets through the regular market, Daimler uses the transaction date as the date of initial recognition or derecognition.

Upon initial recognition, financial instruments are measured at fair value. For the purpose of subsequent measurement, financial instruments are allocated to one of the categories mentioned in IAS 39 Financial Instruments: Recognition and Measurement. Transaction costs directly attributable to acquisition or issuance are considered by determining the carrying amount if the financial instruments are not measured at fair value through profit or loss.

Financial assets. Financial assets primarily comprise receivables from financial services, trade receivables, receivables from banks, cash on hand, derivative financial assets and marketable securities and investments.

Financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss include those financial assets designated as held for trading.

Derivatives, including embedded derivatives separated from the host contract, which are not classified as hedging instruments in hedge accounting, as well as shares and marketable debt securities acquired for the purpose of selling in the near term are classified as held for trading. Gains or losses on these financial assets are recognized in profit or loss.

Loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, such as receivables from financial services or trade receivables. After initial recognition, loans and receivables are subsequently carried at amortized cost using the effective interest method less any impairment losses. Gains and losses are recognized in the statement of income when the loans and receivables are impaired or derecognized. Interest effects on the application of the effective interest method are also recognized in profit or loss.

Available-for-sale financial assets. Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or that are not classified in any of the preceding categories. This category includes equity instruments and debt instruments such as government bonds, corporate bonds and commercial papers.

After initial measurement, available-for-sale financial assets are measured at fair value, with unrealized gains or losses being recognized in other comprehensive income/loss. If objective evidence of impairment exists or if changes occur in the fair value of a debt instrument resulting from currency fluctuations, these changes are recognized in profit or loss. Upon disposal of financial assets, the accumulated gains and losses recognized in other comprehensive income/loss resulting from measurement at fair value are recognized in profit or loss. If a reliable estimate cannot be made of the fair value of an unquoted equity instrument, such as an investment in a German limited liability company, this instrument is measured at cost (less any impairment losses). Interest earned on available-for-sale financial assets is generally reported as interest income using the effective interest method. Dividends are recognized in profit or loss when the right of payment has been established.

Cash and cash equivalents. Cash and cash equivalents consist primarily of cash on hand, checks and demand deposits at banks, as well as debt instruments and certificates of deposits with a remaining term when acquired of up to three months, which are not subject to any material value fluctuations. Cash and cash equivalents correspond with the classification in the consolidated statement of cash flows.

Impairment of financial assets. At each reporting date, the carrying amounts of financial assets other than those to be measured at fair value through profit or loss are assessed to determine whether there is objective evidence of impairment. Objective evidence may exist for example if a debtor is facing serious financial difficulties or there is a substantial change in the debtor's technological, economic, legal or market environment. For quoted equity instruments, a significant or prolonged decline in fair value is additional objective evidence of possible impairment. Daimler has defined criteria for the significance and duration of a decline in fair value. A decline in fair value is deemed significant if it exceeds 20% of the carrying amount of the investment; a decline is deemed prolonged if the carrying amount exceeds the fair value for a period longer than nine months.

Loans and receivables. If there are objective indications that the value of a loan or receivable has to be impaired, the amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of expected future cash flows (excluding expected future credit losses that have not yet been incurred), discounted at the original effective interest rate of the financial asset. The amount of the impairment loss is recognized in profit or loss.

If, in a subsequent reporting period, the amount of the impairment loss decreases and the decrease can be attributed objectively to an event occurring after the impairment was recognized, the impairment loss recorded in prior periods is reversed and recognized in profit or loss.

In most cases, an impairment loss on loans and receivables (e.g. receivables from financial services including finance lease receivables and trade receivables) is recorded using allowance accounts. The decision to account for credit risks using an allowance account or by directly reducing the receivable depends on the estimated probability of the loss of receivables.

Available-for-sale financial assets. If an available-for-sale financial asset is impaired, the difference between its cost (net of any principal payment and amortization) and its current fair value (less any impairment loss previously recognized in the statement of income) is reclassified from other comprehensive income/loss to the statement of income. Reversals with respect to equity instruments classified as available for sale are recognized in other comprehensive income/loss. Reversals of impairment losses on debt instruments are recognized through the statement of income if the increase in fair value of the instrument can be objectively attributed to an event occurring after the impairment losses were recognized in the consolidated statement of income.

Offsetting financial instruments. Financial assets and financial liabilities are offset and the net amount is presented in the consolidated statement of financial position provided that an enforceable right currently exists to offset the amounts involved, and there is an intention either to carry out the offsetting on a net basis or to settle a liability when the related asset is sold.

Financial liabilities. Financial liabilities primarily include trade payables, liabilities to banks, bonds, derivative financial liabilities and other liabilities.

Financial liabilities measured at amortized cost. After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest method.

Financial liabilities at fair value through profit or loss. Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Derivatives, (including embedded derivatives separated from the host contract) which are not used as hedging instruments in hedge accounting, are classified as held for trading. Gains or losses on liabilities held for trading are recognized in profit or loss.

Derivative financial instruments and hedge accounting. The Group uses derivative financial instruments exclusively for hedging financial risks that arise from its commercial business or refinancing activities. These are mainly interest rate risks, currency risks and commodity price risks.

Embedded derivatives are separated from the host contract, which is not measured at fair value through profit or loss, if an analysis shows that the economic characteristics and risks of embedded derivatives are not closely related to those of the host contract.

Derivative financial instruments are measured at fair value upon initial recognition and at each subsequent reporting date. The fair value of listed derivatives is equal to their positive or negative market value. If a market value is not available, fair value is calculated using standard financial valuation models such as discounted cash flow or option pricing models. Derivatives are presented as assets if their fair value is positive and as liabilities if the fair value is negative.

If the requirements for hedge accounting set out in IAS 39 are met, Daimler designates and documents the hedge relationship from the date a derivative contract is entered into as a fair value hedge, a cash flow hedge or a hedge of a net investment in a foreign business operation. In a fair value hedge, the fair value of a recognized asset or liability or an unrecognized firm commitment is hedged. In a cash flow hedge, the variability of cash flows to be received or paid from expected transactions related to a recognized asset or liability or a highly probable forecast transaction are hedged. The documentation of the hedging relationship includes the objectives and strategy of risk management, the type of hedging relationship, the nature of the risk being hedged, the identification of the hedging instrument and the hedged item, as well as a description of the method used to assess hedge effectiveness. Hedging transactions are expected to be highly effective in achieving offsetting risks from changes in fair value or cash flows and are regularly assessed to determine that they have actually been highly effective throughout the financial reporting periods for which they are designated.

Changes in the fair value of derivative financial instruments are recognized periodically in either profit or loss or other comprehensive income/loss, depending on whether the derivative is designated as a hedge of changes in fair value or cash flows. For fair value hedges, changes in the fair value of the hedged item and the derivative are recognized in profit or loss. For cash flow hedges, fair value changes in the effective portion of the hedging instrument after taxes are recognized in other comprehensive income/loss. Amounts recognized in other comprehensive income/loss are reclassified to the statement of income when the hedged underlying transaction affects the statement of income. The ineffective portions of fair value changes are recognized in profit or loss.

If derivative financial instruments do not or no longer qualify for hedge accounting because the qualifying criteria for hedge accounting are not or are no longer met, the derivative financial instruments are classified as held for trading and are measured at fair value through profit or loss.

Pensions and similar obligations. The measurement of defined benefit plans for pensions and other post-employment benefit obligations (medical care) in accordance with IAS 19 Employee Benefits is based on the projected unit credit method. Plan assets invested to cover defined benefit pension obligations and other post-employment benefit obligations (medical care) are measured at fair value and offset against the corresponding obligations. For the valuation of defined benefit plans, differences between actuarial assumptions used and actual developments as well as changes in actuarial assumptions result in actuarial gains and losses, which have a direct impact on the consolidated statement of financial position or on the consolidated statement of income.

The balance of defined benefit plans for pensions and other post-employment benefit obligations and plan assets (net pension obligation or net pension assets) accrues interest at the discount rate used as a basis for the measurement of the gross pension obligation. The resulting net interest expense or income is recognized in profit and loss under interest expense or interest income in the consolidated statement of income. The other expenses resulting from pension obligations and other post-employment benefit obligations (medical care), which mainly result from entitlements acquired during the year under review, are taken into consideration in the functional costs in the consolidated statement of income.

The discount factors used to calculate the present values of defined benefit pension obligations are to be determined by reference to market yields at the end of the reporting period on high-quality corporate bonds in the respective markets. For very long maturities, there are no high-quality corporate bonds available as a benchmark. The respective discount factors are estimated by extrapolating current market rates along the yield curve.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognized when the curtailment or settlement occurs.

Provisions for other risks. A provision is recognized when a liability to third parties has been incurred, an outflow of resources is probable and the amount of the obligation can be reasonably estimated. The amount recognized as a provision represents the best estimate of the obligation at the balance sheet date. Provisions with an original maturity of more than one year are discounted to the present value of the expenditures expected to settle the obligation at the end of the reporting period. Provisions are regularly reviewed and adjusted as further information becomes available or circumstances change.

A provision for expected warranty costs is recognized when a product is sold, upon lease inception, or when a new warranty program is initiated. Estimates for accrued warranty costs are primarily based on historical experience.

Daimler records the fair value of an asset retirement obligation from the period in which the obligation is incurred.

Restructuring provisions are set up in connection with programs that materially change the scope of business performed by a segment or business unit or the manner in which business is conducted. In most cases, restructuring expenses include termination benefits and compensation payments due to the termination of agreements with suppliers and dealers. Restructuring provisions are recognized when the Group has a detailed formal plan that has either commenced implementation or been announced.

Share-based payment. Share-based payment comprises cash-settled liability awards.

Liability awards are measured at fair value at each balance sheet date until settlement and are classified as provisions. The profit or loss of the period equals the addition to and/or the reversal of the provision during the reporting period and the dividend equivalent paid during the period, and is included in the functional costs.

Presentation in the consolidated statement of cash flows. Interest paid as well as interest and dividends received are classified as cash provided by/used for operating activities. The cash flows from short-term marketable debt securities with high turnover rates and significant amounts are offset and presented within cash used for investing activities.

2. Accounting estimates and assessments

In the consolidated financial statements, to a certain degree, estimates, assessments and assumptions have to be made which can affect the amounts and reporting of assets and liabilities, the reporting of contingent assets and liabilities on the balance sheet date and the amounts of income and expense reported for the period. The major items affected by such estimates, assessments and assumptions are described as follows. Actual amounts may differ from the estimates. Changes in the estimates, assessments and assumptions can have a material impact on the consolidated financial statements.

Recoverable amounts of cash-generating units and equity-method investments. In the context of impairment tests for non-financial assets, estimates have to be made to determine the recoverable amounts of cash-generating units. Assumptions have to be made in particular with regard to future cash inflows and outflows for the planning period and the following periods. The estimates include assumptions regarding future market share and the growth of the respective markets as well as regarding the products' profitability. On the basis of the impairment tests carried out in 2014, the recoverable amounts are substantially larger than the net assets of the Group's cash-generating units.

When objective evidence of impairment is present, estimates and assessments also have to be made to determine the recoverable amount of an equity method financial investment. The determination of the recoverable amount is based on assumptions regarding future business developments for the determination of the expected future cash flows of that financial investment. See Note 13 for the presentation of carrying amounts and fair values of equity-method financial investments in listed companies.

Recoverable amount of equipment on operating leases. Daimler regularly reviews the factors determining the values of its leased vehicles. In particular, it is necessary to estimate the residual values of vehicles at the end of their leases, which constitute a substantial part of the expected future cash flows from leased assets. In this context, assumptions have to be made regarding the future supply of and demand for vehicles, as well as the development of vehicle prices. Those assumptions are determined either by qualified estimates or by publications provided by expert third parties; qualified estimates are based, as far as they are publicly available, on external data with consideration of internally available additional information such as historical experience of price developments and recent sale prices. The residual values thus determined serve as a basis for systematic depreciation; changes in residual values lead either to prospective adjustments of the systematic depreciation or, in the case of a significant drop in expected residual values, to impairment. If systematic depreciation is prospectively adjusted, changes in estimates of residual values do not have a direct effect but are equally distributed over the remaining periods of the lease contracts.

Collectability of receivables from financial services. The Group regularly estimates the risk of default on receivables from financial services. Many factors are taken into consideration in this context, including historical loss experience, the size and composition of certain portfolios, current economic events and conditions and the estimated fair values and adequacy of collateral. Changes in economic conditions can lead to changes in our customers' creditworthiness and to changes in used vehicle prices, which would have a direct effect on the market values of the vehicles assigned as collateral. Changes to the estimation and assessment of these factors influence the allowance for credit losses with a resulting impact on the Group's net profit. See also Notes 14 and 32 for further information.

Product warranties. The recognition and measurement of provisions for product warranties is generally connected with estimates.

The Group provides various types of product warranties depending on the type of product and market conditions. Provisions for product warranties are generally recognized when vehicles are sold, upon lease inception, or when new warranty programs are initiated. Based on historical warranty claim experience, assumptions have to be made on the type and extent of future warranty claims and customer goodwill, as well as on possible recall or buyback campaigns for each model series. In addition, the estimates also include assumptions on the amounts of potential repair costs per vehicle and the effects of possible time or mileage limits. The provisions are regularly adjusted to reflect new information.

Further information on provisions for other risks is provided in Note 23.

Legal proceedings. Various legal proceedings, claims and governmental investigations are pending against Daimler AG and its subsidiaries on a wide range of topics. Adverse decisions in one or more of those proceedings could require us to pay substantial compensatory and punitive damages or to undertake service actions, recall campaigns or other costly actions. Litigation and governmental investigations often involve complex legal issues and are connected with a high degree of uncertainty. Accordingly, the assessment of whether an obligation exists on the balance sheet date as a result of an event in the past, and whether a future cash outflow is likely and the obligation can be reliably estimated, largely depends on estimations by the management. Daimler regularly evaluates the current stage of legal proceedings, also with the involvement of external legal counsel. It is therefore possible that the amounts of provisions for pending or potential litigation will have to be adjusted due to future developments. Changes in estimates and premises can have a material effect on the Group's future profitability. It is also possible that provisions accrued for some legal proceedings may turn out to be insufficient once such proceedings have ended. Daimler may also become liable for payments in legal proceedings no provisions were established for. Although the final resolution of any such proceedings could have a material effect on Daimler's operating results and cash flows for a particular reporting period, Daimler believes that it should not materially affect the Group's financial position.

Pensions and similar obligations. The calculation of provisions for pensions and similar obligations and the related pension cost are based on various mathematical models. The calculations are subject to various assumptions on matters such as current actuarially developed probabilities (e.g. discount factors and cost-of-living increases), future fluctuations with regard to age and period of service, and experience with the probability of occurrence of pension payments, annuities or lump sums. As a result of changed market or economic conditions, the probabilities on which the influencing factors are based, may differ from current developments. The financial effects of deviations of the main factors are calculated with the use of sensitivity analyses. See Note 22 for further information.

Income taxes. The calculation of income taxes of Daimler AG and its subsidiaries is based on the legislation and regulations applicable in the various countries. Due to their complexity, the tax items presented in the financial statements are possibly subject to different interpretation by taxpayers on the one hand and local tax authorities on the other. For the calculation of deferred tax assets, assumptions have to be made regarding future taxable income and the time of realization of the deferred tax assets. In this context, Daimler takes into consideration, among other things, the projected earnings from business operations, the effects on earnings of the reversal of taxable temporary differences, and realizable tax strategies. As future business developments are uncertain and are sometimes beyond Daimler's control, the assumptions to be made in connection with accounting for deferred tax assets are connected with a substantial degree of uncertainty. On each balance sheet date, Daimler carries out impairment tests on deferred tax assets on the basis of the planned taxable income in future financial years; if Daimler assesses that the probability of future tax advantages being partially or fully unrealized is more than 50%, the deferred tax assets are impaired. Further information is provided in Note 9.

3. Consolidated Group

Composition of the Group. Table ↗ E.10 shows the composition of the Group.

The aggregate balance sheet totals of the subsidiaries, associated companies, joint ventures and joint operations accounted for at amortized cost whose business is non-active or of low volume and which are not material for the Group and the fair presentation of its profitability, liquidity and capital resources and financial position would amount to approximately 1% of the Group's balance sheet total; the aggregate revenues and the aggregate net profit would amount to approximately 1% of the Group's revenue and net profit.

A detailed list of the companies included in the consolidated financial statements and of the equity investments of Daimler AG pursuant to Sections 285 und 313 of the German Commercial Code (HGB) is provided in the statement of investments. Further information is provided in Note 39.

Acquisitions and disposals of consolidated subsidiaries. The increase in the number of consolidated subsidiaries also includes additions due to the Group's internal restructuring, which had no effect on the balance sheet total or on net profit.

Structured entities. The structured entities of the Group are rental companies and asset-backed-securities (ABS) companies. The purpose of the rental companies primarily is the acquisition, renting and management of assets. The ABS companies are primarily used for the Group's refinancing. The assets transferred to structured entities usually result from the Group's leasing and sales financing business. Those entities refinance the purchase price by issuing securities.

At the reporting date, the Group has business relationships with 18 controlled structured entities, of which 16 are fully consolidated. In addition, the Group has relationships with 5 non-controlled structured entities. The unconsolidated structured entities are not material for the Group's profitability, liquidity and capital resources and financial position.

E.10

Composition of the Group

		At December 31,
	2014	2013
Consolidated subsidiaries	**327**	320
Germany	**60**	49
International	**267**	271
Unconsolidated subsidiaries	**80**	92
Germany	**33**	35
International	**47**	57
Subsidiaries accounted for using the equity method	**5**	3
Germany	**0**	0
International	**5**	3
Joint operations accounted for using the equity method	**3**	3
Germany	**1**	1
International	**2**	2
Joint ventures accounted for using the equity method	**13**	15
Germany	**3**	4
International	**10**	11
Associated companies accounted for using the equity method	**12**	12
Germany	**–**	–
International	**9**	9
Joint operations, joint ventures and associated companies accounted for at (amortized) cost	**30**	29
Germany	**15**	13
International	**15**	16
	470	474

Acquisitions and disposals of equity-method investments

Disposals in the year 2014

RRPSH. In the first quarter of 2014, the Board of Management and the Supervisory Board of Daimler AG decided to sell the 50% equity interest in Rolls-Royce Power Systems Holding GmbH (RRPSH) to the partner Rolls-Royce Holdings plc (Rolls-Royce). For that purpose, Daimler exercised a put option on its stake in RRPSH that had been agreed upon with Rolls-Royce in 2011. The transaction was closed in the third quarter of 2014 and the agreed purchase price of €2,433 million was received. The gain on the sale amounted to €1,006 million. In addition, the measurement of the put option resulted in an expense of €118 million in the first quarter of 2014 (2013: €60 million).

Tesla. In the fourth quarter of 2014, the Group sold its 4% equity interest in Tesla Motors, Inc. (Tesla) and prematurely terminated the related hedging instrument. In the second quarter of 2014, the remeasurement of the Tesla shares after the end of Daimler's significant influence on Tesla led to a non-cash gain of €718 million. An expense of approximately €124 million and a cash inflow of €625 million resulted from the hedging instrument and the sale of the equity interest. A gain of €594 million resulted in total.

E.11
Revenue

In millions of euros	2014	2013
Sales of goods	114,013	103,594
Rental and leasing business	12,245	10,966
Interest from the financial services business at Daimler Financial Services	3,180	3,040
Sales of other services	434	382
	129,872	117,982

E.12
Cost of sales

In millions of euros	2014	2013
Expense of goods sold	-91,574	-83,377
Depreciation of equipment on operating leases	-5,049	-4,376
Refinancing costs at Daimler Financial Services	-1,443	-1,578
Impairment losses on receivables from financial services	-433	-416
Other cost of sales	-3,189	-3,108
	-101,688	-92,855

Acquisitions and disposals in the year 2013

BAIC Motor. In 2013, BAIC Motor Corporation Ltd. (BAIC Motor) issued new shares to Daimler representing a 12% equity interest for a price of €627 million (including transaction costs). At the same time, BAIC Motor increased its equity interest in the joint venture Beijing Benz Automotive Co., Ltd. (BBAC) by 1% to 51%; Daimler increased its equity interest in the jointly owned sales company Beijing Mercedes-Benz Sales Service Co., Ltd. also by 1% to 51%.

EADS. In 2013, Daimler sold its equity interest in the European Aeronautic Defence and Space Company EADS N.V. (since January 2, 2014: Airbus Group N.V.) and lost its significant influence on that company.

See Note 13 for further information on the associated companies accounted for using the equity method.

4. Revenue

Table ↗ E.11 shows the composition of revenue at Group level.

Revenue by segment ↗ E.87 and region ↗ E.89 is presented in Note 33.

5. Functional costs

Cost of sales. Items included in cost of sales are shown in table ↗ E.12.

Amortization expense of capitalized development costs in the amount of €1,212 million (2013: €1,134 million) is presented in expense of goods sold.

Selling expenses. In 2014, selling expenses amounted to €11,534 million (2013: €11,050 million). Selling expenses include direct selling costs as well as selling overhead expenses and consist of personnel expenses, material costs and other selling costs.

General administrative expenses. General administrative expenses amounted to €3,329 million in 2014 (2013: €3,188 million) and comprise expenses which were not attributable to production, sales or research and development functions, including personnel expenses, depreciation and amortization on fixed and intangible assets, and other administrative costs.

Research and non-capitalized development costs. Research and non-capitalized development costs were €4,532 million in 2014 (2013: €4,205 million) and primarily comprise personnel expenses and material costs.

Optimization programs. Measures and programs with implementation costs that materially impacted EBIT of the segments are briefly described below.

In the course of the organizational focus on the divisions, Daimler started a restructuring program for its sales organization in Germany in 2014. Selected sales-and-service centers and outlets are being combined into car and commercial vehicles outlets in order to steadily increase the profitability of Daimler's own dealer activities in the highly competitive German market. In addition, the restructuring program includes the plan to sell selected operations of the Group's current sales network, primarily by the end of 2015. Due to their minor impact on the Group's profitability, liquidity and capital resources and financial position, assets and liabilities held for sale are not presented separately in the consolidated statement of financial position. At December 31, 2014, this disposal group's assets amounted to €300 million and its liabilities amounted to €27 million. Measurement at fair value less cost to sell led to an impairment of property, plant and equipment in an amount of €93 million, which affected all automotive segments, but mainly the Mercedes-Benz Cars segment.

For these restructuring measures, the Group anticipates further negative effects on earnings of up to €0.5 billion in 2015 and 2016.

Moreover, in January 2013, Daimler Trucks announced workforce adjustments as part of its goal of increasing its profitability by stronger utilization of efficiencies. In the administrative area in Brazil, a voluntary redundancy program was launched in the first quarter of 2013 leading to a reduction of approximately 1,000 jobs. In April 2014, Daimler Trucks announced the continuation of the workforce adjustments in Brazil with the start of a voluntary program that led to a reduction of about 1,500 jobs in 2014, mostly in the production area. These workforce adjustments also affected Daimler Buses to a small extent.

In addition, in non-productive areas in Germany, a reduction of approximately 800 jobs is planned for which a program was started in May 2013, based on socially acceptable voluntary measures, that was continued in 2014.

The Group anticipates further expenses of up to €50 million in 2015 for these optimization programs at Daimler Trucks.

Finally, EBIT at Daimler Buses in 2013 included expenses related to the optimization measures started in Western Europe and North America in 2012. This optimization program was successfully completed by the end of 2013.

Table ↗ E.13 shows the effects of the optimization programs on the key figures of the segments.

In addition to the impairments of property, plant and equipment mentioned above, the expenses listed in table ↗ E.13 primarily relate to personnel measures and are included in the line items within the consolidated statement of income as shown in table ↗ E.14.

Cash effects resulting from the optimization programs are mainly expected until the end of 2017.

E.13

Optimization programs

	2014	2013
In millions of euros		
Mercedes-Benz Cars		
EBIT	-81	–
Cash flow	-5	–
Provisions for optimization programs[1]	–	–
Daimler Trucks		
EBIT	-165	-116
Cash flow	-170	-50
Provisions for optimization programs[1]	6	64
Mercedes-Benz Vans		
EBIT	-17	–
Cash flow	-1	–
Provisions for optimization programs[1]	–	–
Daimler Buses		
EBIT	-14	-39
Cash flow	-25	-39
Provisions for optimization programs[1]	13	36

1 Amounts of provisions for optimization programs as of December 31.

E.14

Income and expenses associated with optimization programs

	2014	2013
In millions of euros		
Cost of sales	-95	-71
Selling expenses	-33	-14
General administrative expenses	-43	-50
Research and non-capitalized development costs	-13	-13
Other operating expenses	-93	-10
Other operating income	–	3
	-277	-155

Personnel expenses and average number of employees. Personnel expenses included in the consolidated statement of income amounted to €19,607 million in 2014 (2013: €18,753 million). The average numbers of people employed are shown in table ↗ **E.15**.

Due to the organizational focus of the divisions on their customers and markets, the numbers of employees previously reported under sales and marketing are included in the respective divisions in 2014. This does not apply, however, to the Group's own sales-and-service centers in Germany and the logistics center in Germersheim, whose employees are included under group functions and services as of 2014. The employees previously shown under Other are also included herein.

Information on the total remuneration of the current and former members of the Board of Management and the current members of the Supervisory Board is provided in Note 37.

E.15
Average number of employees

	2014	2013
Mercedes-Benz Cars	**128,883**	97,003
Daimler Trucks	**83,343**	80,186
Mercedes-Benz Vans	**16,147**	15,073
Daimler Buses	**16,419**	16,557
Daimler Financial Services	**8,594**	7,937
Group functions and services	**26,471**	–
Sales and marketing	**–**	52,151
Other	**–**	6,477
	279,857	275,384

E.16
Other operating income

	2014	2013
In millions of euros		
Income from costs recharged to third parties	**1,039**	840
Government grants and subsidies	**92**	86
Gains on sales of property, plant and equipment	**63**	47
Rental income, not relating to sales financing	**59**	45
Reimbursements under insurance policies	**19**	26
Other miscellaneous income	**487**	486
	1,759	1,530

E.17
Other operating expense

	2014	2013
In millions of euros		
Losses on sales of property, plant and equipment	**-120**	-88
Impairment on property, plant and equipment	**-93**	–
Other miscellaneous expenses	**-947**	-311
	-1,160	-399

6. Other operating income and expense

The composition of other operating income is shown in table ↗ **E.16**.

Income from costs recharged to third parties includes income from licenses and patents, shipping costs and other costs charged to third parties, with related expenses primarily within the functional costs.

Government grants and subsidies mainly comprise reimbursements relating to current part-time early retirement contracts and subsidies for alternative drive systems.

The composition of other operating expense is shown in table ↗ **E.17**.

Further information on the impairment of property, plant and equipment is provided in Note 5.

Other miscellaneous expense includes losses from disposals of current assets, changes in other provisions (partially in connection with legal proceedings) and additional miscellaneous items. The line item includes an addition of €600 million to the provision for EU Commission antitrust proceedings concerning European commercial vehicle manufacturers.

7. Other financial income/expense, net

Table ↗ **E.18** shows the components of other financial income/expense, net.

In 2014, miscellaneous other financial income/expense, net includes income from the disposal of the 50% equity interest in RRPSH of €1,006 million (2013: €0 million) as well as income from the disposal of the Tesla shares of €88 million (2013: €0 million). It also includes expenses of €118 million (2013: €60 million) from the measurement of the RRPSH put option and of €212 million (2013: €23 million) from hedging the Tesla share price. In 2013, a loss of €140 million on the sale of the remaining EADS shares is disclosed.

8. Interest income and interest expense

Table ↗ **E.19** shows the components of interest income and interest expense.

9. Income taxes

Profit before income taxes is comprised as shown in table ↗ **E.20**.

Profit before income taxes in Germany includes profit/loss from equity-method investments if the equity interests in those companies are held by German companies.

Table ↗ **E.21** shows the components of income taxes.

The current tax expense includes tax benefits at German and foreign companies of €53 million (2013: €1,038 million) recognized for prior periods.

The deferred tax expense is comprised of the components shown in table ↗ **E.22**.

For German companies, in 2014 and 2013, deferred taxes were calculated using a federal corporate income tax rate of 15%, a solidarity tax surcharge of 5.5% on each year's federal corporate income taxes, and a trade tax rate of 14%. In total, the tax rate applied for the calculation of German deferred taxes in both years amounted to 29.825%. For non-German companies, the deferred taxes at period-end were calculated using the tax rates of the respective countries.

Table ↗ **E.23** shows a reconciliation of expected income tax expense to actual income tax expense determined using the unchanged applicable German combined statutory tax rate of 29.825%.

In 2014 and 2013, the Group released valuation allowances on deferred tax assets of foreign subsidiaries. The resulting tax benefits are included in the line item change of valuation allowance on deferred tax assets.

Tax-free income and non-deductible expenses include all other effects at foreign and German companies relating to tax-free income and non-deductible expenses, for instance tax-free gains included in net periodic pension costs at the German companies and tax-free results of our equity-method investments. Moreover, the line item includes tax-free gains realized on the sale of RRPSH in 2014 and on the sale and remeasurement of EADS shares in 2013 as well as non-deductible expenses in connection with the EU commission's ongoing antitrust proceedings concerning European commercial vehicle manufacturers in 2014. Furthermore, in 2013, the line item also includes tax benefits relating to tax assessments of prior years. The tax benefits relating to tax assessments of prior years consist of the current tax benefits recognized for prior periods as well as partly offsetting deferred tax expenses recognized for prior periods.

E.18
Other financial income/expense, net

	2014	2013
In millions of euros		
Expense from compounding of provisions and effects of changes in discount rates[1]	-353	-95
Miscellaneous other financial income/expense, net	811	-254
	458	-349

1 Excluding the expense from compounding provisions for pensions and similar obligations.

E.19
Interest income and interest expense

	2014	2013
In millions of euros		
Interest income		
Net interest income on the net assets of defined benefit pension plans	3	2
Interest and similar income	142	210
	145	212
Interest expense		
Net interest expense on the net obligation from defined benefit pension plans	-350	-355
Interest and similar expense	-365	-529
	-715	-884

E.20
Profit before income taxes

	2014	2013
In millions of euros		
German companies	2,960	5,630
Non-German companies	7,213	4,509
	10,173	10,139

E.21
Components of income taxes

	2014	2013
In millions of euros		
Current taxes		
German companies	-1,125	202
Non-German companies	-1,395	-1,007
Deferred taxes		
German companies	242	-180
Non-German companies	-605	-434
	-2,883	-1,419

E.22
Components of deferred tax expense

	2014	2013
In millions of euros		
Deferred taxes	-363	-614
due to temporary differences	-44	-710
due to tax loss carryforwards and tax credits	-319	96

E.23

Reconciliation of expected income tax expense to actual income tax expense

	2014	2013
In millions of euros		
Expected income tax expense	-3,034	-3,024
Foreign tax rate differential	-91	-51
Trade tax rate differential	21	54
Tax law changes	-21	-10
Change of valuation allowance on deferred tax assets	276	143
Tax-free income and non-deductible expenses	-44	1,546
Other	10	-77
Actual income tax expense	-2,883	-1,419

E.24

Deferred tax assets and liabilities

	At December 31, 2014	2013
In millions of euros		
Deferred tax assets	4,124	1,829
Deferred tax liabilities	-1,070	-892
Deferred tax assets, net	3,054	937

E.25

Split of tax assets and liabilities before offset

	At December 31, 2014	2013
In millions of euros		
Intangible assets	52	59
Property, plant and equipment	327	367
Equipment on operating leases	1,273	1,131
Inventories	752	603
Receivables from financial services	275	275
Other financial assets	4,349	3,406
Tax loss carryforwards and unused tax credits	3,323	3,542
Provisions for pensions and similar obligations	958	818
Other provisions	2,313	1,862
Liabilities	1,384	614
Deferred income	1,186	899
Other	315	292
	16,507	13,868
Valuation allowances	-918	-1,081
Deferred tax assets, gross	15,589	12,787
Development costs	-2,162	-2,195
Other intangible assets	-73	-175
Property, plant and equipment	-1,639	-1,442
Equipment on operating leases	-6,053	-4,940
Inventories	-50	-72
Receivables from financial services	-736	-656
Other financial assets	-352	-249
Other assets	-189	-98
Provisions for pensions and similar obligations	-872	-1,604
Other provisions	-177	-159
Other	-232	-260
Deferred tax liabilities, gross	-12,535	-11,850
Deferred tax assets, net	3,054	937

Deferred tax assets and deferred tax liabilities are offset if the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority and if there is the right to set off current tax assets against current tax liabilities. In the presentation of deferred tax assets and liabilities in the consolidated statement of financial position, no difference is made between current and non-current. In the consolidated statement of financial position, deferred tax assets and liabilities are presented as shown in table ↗ E.24.

In respect of each type of temporary difference and in respect of each type of unutilized tax loss carryforwards and unutilized tax credits, the deferred tax assets and liabilities before offset are summarized in table ↗ E.25.

The development of deferred tax assets, net, is shown in table ↗ E.26.

Including the items recognized in other comprehensive income/loss (including items from equity-method investments), the expense for income taxes is comprised as shown in table ↗ E.27.

In the consolidated statement of financial position, the valuation allowances on deferred tax assets, which are mainly attributable to foreign companies, decreased by €163 million compared to December 31, 2013. On the one hand, this is a result of the reversal of valuation allowances of €276 million recorded in net profit. On the other hand, an increase of the valuation allowance was recognized in equity, mainly due to currency translation.

At December 31, 2014, the valuation allowance on deferred tax assets relates, among other things, to corporate income tax loss carryforwards (€484 million), tax loss carryforwards in connection with capital losses (€10 million) and tax credits (€11 million). €20 million of the deferred tax assets for corporate income tax loss carryforwards adjusted by a valuation allowance relates to tax loss carryforwards which expire at various dates from 2018 through 2019, €152 million relates to tax loss carryforwards which expire at various dates from 2020 through 2024, €49 million relates to tax loss carryforwards which expire at various dates from 2025 through 2034 and €263 million relates to tax loss carryforwards which can be carried forward indefinitely. The deferred tax assets on loss carryforwards connected with capital losses were partly reduced by valuation allowances because the carryforward periods of those losses are limited and can only be utilized with future capital gains. The tax loss carryforwards connected with capital losses expire at the end of 2016. Of the tax credit carryforwards adjusted by a valuation allowance, €5 million expire at various dates from 2015 through 2018 and €4 million expire at various dates from 2020 through 2034; €2 million relates to tax credits which can be carried forward indefinitely.

Furthermore, the valuation allowance primarily relates to temporary differences as well as net operating losses for state and local taxes at the US companies. Daimler believes that it is more likely than not that those deferred tax assets cannot be utilized. In 2014 and prior years, the Group had tax losses at several subsidiaries in several countries. After offsetting the deferred tax assets with deferred tax liabilities, the deferred tax assets not subject to valuation allowances amounted to €466 million for those subsidiaries. Daimler believes it is more likely than not that future taxable income will be sufficient to allow utilization of the deferred tax assets. Daimler's current estimate of the amount of deferred tax assets that is considered realizable may change in the future, necessitating higher or lower valuation allowances.

The retained earnings of non-German subsidiaries are largely intended to be reinvested in those operations. The Group did not recognize deferred tax liabilities on retained earnings of non-German subsidiaries of €21,242 million (2013: €16,419 million). If earnings are paid out as dividends, an amount of 5% would be taxed under German taxation rules and, if applicable, with non-German withholding tax. Additionally, income tax consequences may arise if the dividends first have to be distributed by a non-German subsidiary to a non-German holding company. Normally, the distribution would lead to an additional income tax expense. It is not practicable to estimate the amount of taxable temporary differences for these undistributed foreign earnings.

The Group has various unresolved issues concerning open income tax years with the tax authorities in a number of jurisdictions. Daimler believes that it has recognized adequate provisions for any future income taxes that may be owed for all open tax years. As a result of future adjudications or changes in the opinions of the fiscal authorities, it cannot be ruled out that Daimler might receive tax refunds for previous years.

E.26

Change of deferred tax assets, net

	2014	2013
In millions of euros		
Deferred tax assets, net as of January 1	937	2,465
Deferred tax expense	-363	-614
Change in deferred tax expense/benefit on financial assets available-for-sale included in other comprehensive income/loss	-6	-6
Change in deferred tax expense/benefit on derivative financial instruments included in other comprehensive income/loss	800	-338
Change in deferred tax expense/benefit on actuarial gains/losses from defined benefit pension plans	1,682	-372
Other changes[1]	4	-198
Deferred tax assets, net as of December 31	3,054	937

1 Primarily effects from currency translation.

E.27

Tax expense in equity

	2014	2013
In millions of euros		
Income tax expense	-2,883	-1,419
Income tax expense/benefit recorded in other reserves	2,476	-772
	-407	-2,191

10. Intangible assets

Intangible assets developed as shown in table ↗ E.28.

At December 31, 2014, goodwill of €421 million (2013: €392 million) relates to the Daimler Trucks segment and of €192 million (2013: €188 million) relates to the Mercedes-Benz Cars segment.

Non-amortizable intangible assets primarily relate to goodwill and development costs for projects which have not yet been completed (carrying amount at December 31, 2014: €1,935 million; 2013: €1,913 million). In addition, other intangible assets with a carrying amount at December 31, 2014 of €264 million (2013: €275 million) are not amortizable. Other non-amortizable intangible assets are trademarks with indefinite useful lives, which relate to the Daimler Trucks segment as well as distribution rights of Mercedes-Benz Cars with indefinite useful lives. The Group plans to continue to use these assets unchanged.

Table ↗ E.29 shows the line items of the consolidated statement of income in which total amortization expense for intangible assets is included.

At December 31, 2014, intangible assets include capitalized borrowing costs on qualified assets according to IAS 23 in the amount of €58 million (2013: €60 million), which related only to capitalized development costs. In 2014, borrowing costs in the amount of €7 million (2013: €17 million) were capitalized; amortization amounted to €9 million (2013: €4 million). The base for the calculation of borrowing costs was an average cost of debt of 0.7% (2013: 0.9%).

E.28
Intangible assets

	Goodwill (acquired)	Development costs (internally generated)[2]	Other intangible assets (acquired)	Total
In millions of euros				
Acquisition or manufacturing costs				
Balance at January 1, 2013	1,002	11,319	2,609	14,930
Additions due to business combinations	–	–	–	–
Other additions	–	1,301	682	1,983
Reclassifications	–	–	–	–
Disposals	–	-678	-123	-801
Other changes[1]	-61	-42	-139	-242
Balance at December 31, 2013	941	11,900	3,029	15,870
Additions due to business combinations	**21**	**–**	**45**	**66**
Other additions	**–**	**1,155**	**315**	**1,470**
Reclassifications	**–**	**–**	**–**	**–**
Disposals	**–**	**-912**	**-231**	**-1,143**
Other changes[1]	**55**	**10**	**93**	**158**
Balance at December 31, 2014	**1,017**	**12,153**	**3,251**	**16,421**
Amortization/impairment				
Balance at January 1, 2013	273	4,159	1,613	6,045
Additions	–	1,138	242	1,380
Reclassifications	–	–	–	–
Disposals	–	-667	-116	-783
Other changes[1]	-13	-40	-107	-160
Balance at December 31, 2013	260	4,590	1,632	6,482
Additions	**–**	**1,221**	**286**	**1,507**
Reclassifications	**–**	**–**	**–**	**–**
Disposals	**–**	**-911**	**-139**	**-1,050**
Other changes[1]	**17**	**8**	**90**	**115**
Balance at December 31, 2014	**277**	**4,908**	**1,869**	**7,054**
Carrying amount at December 31, 2013	681	7,310	1,397	9,388
Carrying amount at December 31, 2014	**740**	**7,245**	**1,382**	**9,367**

1 Primarily changes from currency translation.
2 Including capitalized borrowing costs on development costs.

E.29

Amortization expense for intangible assets in the consolidated statement of income

	2014	2013
In millions of euros		
Cost of sales	1,344	1,319
Selling expenses	92	30
General administrative expenses	41	25
Research and non-capitalized development costs	30	6
	1,507	1,380

E.30

Property, plant and equipment

	Land, leasehold improvements and buildings including buildings on land owned by others	Technical equipment and machinery	Other equipment, factory and office equipment	Advance payments relating to plant and equipment and construction in progress	Total
In millions of euros					
Acquisition or manufacturing costs					
Balance at January 1, 2013	14,941	20,760	20,282	2,260	58,243
Additions due to business acquisitions	–	–	–	–	–
Other additions	218	1,181	1,853	1,833	5,085
Reclassifications	199	918	536	-1,666	-13
Disposals	-76	-945	-700	-27	-1,748
Other changes[1]	-447	-339	-463	-127	-1,376
Balance at December 31, 2013	14,835	21,575	21,508	2,273	60,191
Additions due to business acquisitions	–	–	–	–	–
Other additions	228	833	1,415	2,267	4,743
Reclassifications	238	1,239	568	-2,036	9
Disposals	-158	-930	-1,066	-32	-2,186
Other changes[1]	253	362	461	49	1,125
Balance at December 31, 2014	15,396	23,079	22,886	2,521	63,882
Depreciation/impairment					
Balance at January 1, 2013	7,968	14,237	15,438	1	37,644
Additions	258	1,070	1,664	–	2,992
Reclassifications	–	–	–	–	–
Disposals	-32	-875	-625	–	-1,532
Other changes[1]	-150	-207	-335	.	-692
Balance at December 31, 2013	8,044	14,225	16,142	1	38,412
Additions[2]	420	1,210	1,861	10	3,501
Reclassifications	–	108	-108	–	–
Disposals	-118	-825	-970	–	-1,913
Other changes[1]	108	241	352	-1	700
Balance at December 31, 2014	8,454	14,959	17,277	10	40,700
Carrying amount at December 31, 2013	6,791	7,350	5,366	2,272	21,779
Carrying amount at December 31, 2014	6,942	8,120	5,609	2,511	23,182

1 Primarily changes from currency translation.
2 Includes impairments of property, plant and equipment of €93 million in connection with the planned disposal of selected sites of the Group's own sales network.

E.31

Equipment on operating leases

In millions of euros	
Acquisition or manufacturing costs	
Balance at January 1, 2013	32,345
Additions due to business combinations	–
Other additions	15,953
Reclassifications	13
Disposals	-12,458
Other changes[1]	-975
Balance at December 31, 2013	34,878
Additions due to business combinations	**–**
Other additions	**18,052**
Reclassifications	**-9**
Disposals	**-14,479**
Other changes[1]	**2,486**
Balance at December 31, 2014	**40,928**
Depreciation/impairment	
Balance at January 1, 2013	6,287
Additions	4,376
Reclassifications	–
Disposals	-3,733
Other changes[1]	-212
Balance at December 31, 2013	6,718
Additions	**5,049**
Reclassifications	**–**
Disposals	**-4,341**
Other changes[1]	**452**
Balance at December 31, 2014	**7,878**
Carrying amount at December 31, 2013	28,160
Carrying amount at December 31, 2014	**33,050**

1 Primarily changes from currency translation.

E.32

Maturity of minimum lease payments for equipment on operating leases

	At December 31,	
	2014	2013
In millions of euros		
Maturity		
within one year	**5,742**	4,877
between one and five years	**5,990**	4,692
later than 5 years	**48**	112
	11,780	9,681

11. Property, plant and equipment

Property, plant and equipment developed as shown in table ↗ E.30.

In 2014, government grants of €47 million (2013: €34 million) were deducted from property, plant and equipment.

Property, plant and equipment include buildings, technical equipment and other equipment capitalized under finance lease arrangements with a carrying amount of €238 million (2013: €262 million). In 2014, additions to and depreciation expense on assets under finance lease arrangements amounted to €19 million (2013: €17 million) and €40 million (2013: €67 million), respectively.

12. Equipment on operating leases

The development of equipment on operating leases is shown in table ↗ E.31.

At December 31, 2014, equipment on operating leases with a carrying amount of €4,367 million is pledged as security for liabilities from ABS transactions related to a securitization transaction of future lease payments on operating leases and related vehicles (2013: €5,084 million) (see also Note 24).

Minimum lease payments. Non-cancelable future lease payments to Daimler for equipment on operating leases are due as presented in table ↗ E.32.

13. Equity-method investments

Table ↗ E.33 shows the carrying amounts and profits/losses from equity-method investments.

Table ↗ E.34 presents key figures on interests in associated companies accounted for using the equity method in the Group's consolidated financial statements.

E.33

Summarized carrying amounts and profits/losses from equity-method investments

In millions of euros	Associated companies	Joint ventures	Joint operations	Subsidiaries	Total
At December 31, 2014					
Equity investment[1]	**1,795**	**448**	**44**	**7**	**2,294**
Equity result[1]	**864**	**26**	**5**	**2**	**897**
At December 31, 2013					
Equity investment[1]	3,029	358	40	5	3,432
Equity result[1]	3,469	-130	5	1	3,345

1 Including investor-level adjustments.

E.34

Key figures on interests in associated companies accounted for using the equity method

In millions of euros	EADS	RRPSH	BBAC	BAIC Motor	Kamaz	Others	Total
At December 31, 2014							
Equity interest (in %)	**–**	**–**	**49.0**	**10.1**	**15.0**	**–**	**–**
Stock market price[1]	**–**	**–**	**–**	**730**	**38**	**–**	**–**
Equity investment[2]	**–**	**–**	**852**	**686**	**71**	**186**	**1,795**
Equity result[2]	**–**	**13**	**133**	**34**	**–32**	**716**	**864**
Dividends to Daimler	**–**	**92**	**–**	**10**	**1**	**–**	**–**
At December 31, 2013							
Equity interest (in %)	–	50.0	49.0	12.0	15.0	–	–
Stock market price[1]	–	–	–	–	121	–	–
Equity investment[2]	–	1.494	640	595	155	145	3.029
Equity result[2]	3.397	62	84	–	12	–86	3.469
Dividends to Daimler	–	71	101	23	2	–	–

1 Proportionate stock market prices.
2 Including investor-level adjustments.

Airbus Group N.V. (formerly EADS). The Group reported its investment in and its proportionate share in the profits and losses of the European Aeronautic Defence and Space Company EADS N.V. (EADS), a global leader in aerospace, defense and related services, in the reconciliation of total segments' assets to Group assets and total segments' EBIT to Group EBIT, respectively, in the segment reporting.

At December 31, 2012 Daimler disclosed an equity interest of approximately 14.9% in EADS. Because of the agreed participation rights in the Supervisory Board, Daimler was able to exercise significant influence on EADS. The 14.9% interest in EADS was held by a subsidiary of Daimler which in 2007 issued equity interests to investors in exchange for cash. As a result of that transaction, the Group reported a non-controlling interest in its consolidated statement of financial position representing the investor's ownership ("Dedalus-investors") of the consolidated subsidiary that issued the equity interest. At December 31, 2012, the amount reported as non-controlling interest reflected the investor's 50% share in the net assets of that subsidiary.

On March 27, 2013, the Extraordinary Shareholders' Meeting of EADS approved the new management and shareholder structure. Subsequently, the shareholders' pact concluded in 2000 was dissolved and replaced with a new shareholders' pact without the participation of Daimler on April 2, 2013. At the same time, EADS shares which were previously held by Daimler but were economically allocable to the Dedalus investors were transferred to the Dedalus investors. With the dissolution of the previous shareholders' pact, Daimler lost its significant influence on EADS. As a result of that loss and of the transfer of the EADS shares to the Dedalus investors, the EADS shares were remeasured through profit or loss at the then higher stock-market price of EADS shares on April 2, 2013. Overall, this resulted in income of €3,356 million, which was recognized in Group EBIT in 2013. Of that amount, €1,669 million was allocable to Daimler shareholders and €1,687 million was allocable to the Dedalus investors. The income of €3,356 million was disclosed within equity-method investments and was therefore solely a book gain with no impact on cash. Furthermore, income of €41 million resulted from measurement using the equity method, thereof €34 million in the first quarter of 2013 and €7 million in the second quarter of 2013.

On April 16, 2013, the Group announced that it would sell its remaining stake of approximately 7.4% in EADS through an accelerated placement procedure. The sale, which took place on April 17, 2013, at an offer price of €37 per EADS share, led to an additional expense of €184 million in Group EBIT in 2013. The additional expense was disclosed within other financial expenses, net, and resulted from the fall in the EADS share price since April 2, 2013. The sale generated a cash inflow of €2,239 million in 2013. Following the conclusion of the transaction, Daimler no longer holds any shares in EADS. Moreover, in 2013, the Group entered into cash-settled contracts with both Goldman Sachs and Morgan Stanley, which allowed a limited upside participation in the EADS share price until the end of 2013. This resulted in income of €44 million disclosed within other financial expenses, net, for the year 2013.

RRPSH/RRPS (formerly Tognum AG). Rolls-Royce Power Systems Holding GmbH (RRPSH) and its subsidiary Rolls-Royce Power Systems AG (RRPS) operate in development, manufacturing, distribution and service, in particular in the fields of reciprocating engines, energy generation and other engines and related components. RRPSH and its subsidiary procure engines, other parts and services from Daimler AG.

On September 25, 2012, the dependent company RRPS, formerly Tognum AG (Tognum) and the controlling company RRPSH concluded a control and profit and loss transfer agreement, resulting in Tognum subordinating the management of its company under the control of RRPSH and committing to transfer its entire profits to RRPSH. On November 15, 2012, Tognum's shareholders' meeting approved the control and profit and loss transfer agreement, which was then entered in the commercial register on December 19, 2012.

On January 1, 2013, Rolls-Royce assumed, as contractually agreed, control over RRPSH and RRPSH was included as a subsidiary in the consolidated financial statements of Rolls-Royce. Daimler continued to exercise significant influence on Tognum through its equity interest in RRPSH.

The decision of the regional court of Frankfurt am Main of November 15, 2011 to transfer Tognum AG shares which are not already owned by RRPSH in return for compensation (a "squeeze-out" under German takeover law) took effect in March 2013 and RRPSH has held 100% of Tognum's shares since then.

The objections to the decision were withdrawn because the appellant's representatives and RRPSH agreed to an out-of-court settlement. The minority shareholders of Tognum AG, whose shares were transferred to RRPSH in the context of the "squeeze-out" under German takeover law, and the former shareholders of Tognum AG, who accepted the compensation of the control and profit and loss transfer agreement effective December 19, 2012, received compensation of €31.61 per share pursuant to the out-of-court settlement.

In 2011, Rolls-Royce granted Daimler the right to exercise a put option on the shares it held in RRPSH at a price which generally hedged Daimler's investment in RRPSH. Starting on January 1, 2013, the put option had a duration of six years. On December 31, 2013, the value of this option was €118 million. The option was recognized as an asset to be measured at fair value through profit or loss. The change in the fair value of the option during 2013 resulted in an expense of €60 million, which was recognized in other financial expense, net. The carrying amount of this option, which was presented under other financial assets, as well as changes in its fair value were recognized in the segment reporting as corporate items in the reconciliation to Group figures. Further details of the put option are provided in Note 31.

In March 2014, Daimler decided to sell its 50% equity interest in the investment in RRPSH to its partner Rolls-Royce. For that purpose, Daimler exercised the put option on its stake in RRPSH that was agreed upon with Rolls-Royce in 2011. The carrying amount of the equity interest of €1,415 million, which was allocated to the Daimler Trucks segment, was reclassified to assets held for sale. Measurement using the equity method was ended. The proportionate share in the results of RRPSH was allocated to the Daimler Trucks segment. In mid-April 2014, the sale price of €2,433 million was agreed upon. The transaction was consummated on August 26, 2014, when antitrust law and foreign-trade law approvals had been obtained; the board members and management representatives from Daimler in RRPSH companies resigned. The proceeds of the sale of €1,006 million are classified as other financial result and, in the segment reporting, are presented in the reconciliation of total segments' EBIT to Group EBIT.

BBAC. Beijing Benz Automotive Co., Ltd. (BBAC) was founded by Daimler Greater China Ltd. (DGRC), Daimler AG und BAIC Motor Corporation Ltd. (BAIC Motor) as a joint venture. BBAC produces and distributes Mercedes-Benz passenger cars and spare parts in China. In 2013, Daimler participated in a capital increase and made a payment of approximately €160 million. The Chinese partner BAIC Motor participated with the same amount. On November 18, 2013, BAIC Motor increased its stake in BBAC by 1% to 51% by way of a capital increase in which Daimler did not participate. As a result of this transaction, Daimler's equity interest in BBAC decreased to 49% and the Group classified the investment in BBAC as an associated company; the company had been accounted for as a joint venture until the end of the third quarter of 2013. The effect of the change of status of BBAC was not material; the investment in BBAC continues to be accounted for using the equity method. The investment and the proportionate share in the results of BBAC are allocated to the Mercedes-Benz Cars segment.

In addition, Daimler plans to contribute equity of €0.3 billion according to its shareholding ratio to BBAC in 2015. Additional funds needed by BBAC to finance its investment will be directly raised in the capital markets by BBAC.

BAIC Motor. BAIC Motor Corporation Ltd. (BAIC Motor) is the passenger car division of BAIC Group, one of the leading automotive companies in China. Directly or via subsidiaries, BAIC Motor is engaged in the business of researching, developing, manufacturing, selling, marketing and servicing automotive vehicles and related parts and components and all related services. On November 18, 2013, BAIC Motor issued new shares to Daimler representing a 12% equity interest in BAIC Motor for a purchase price of €627 million including transaction costs. Due to Daimler's representation on the board of directors of BAIC Motor and other contractual arrangements, the Group classifies this investment as an investment in an associate, to be accounted for using the equity-method; in the segment reporting, the investment's carrying amount and its proportionate share of profit or loss are presented in the reconciliation of total segment's assets to Group assets and total segments' EBIT to Group EBIT, respectively. In December 2013 and in June 2014, the shareholders of BAIC Motor decided to pay a dividend. The portions of €23 million and €10 million attributable to Daimler decreased the investments carrying amounts accordingly. The effects on the consolidated financial statements resulting from allocating the purchase price to the identifiable assets and liabilities are not material.

On December 19, 2014, BAIC Motor successfully placed its equity securities for trading on the Hong Kong Stock Exchange, also with the issue of new shares. As a result, Daimler's interest in BAIC Motor was diluted from 12.0% to 10.1%. Daimler continues to classify this investment as an investment in an associate, to be accounted for using the equity-method. The effect of dilution was not material.

Kamaz. Daimler and the Russian truck manufacturer Kamaz OAO (Kamaz) have signed a license agreement to produce Axor and Atego driver's cabs as well as delivery contracts for cabs, engines and axles for trucks and buses of the Russian company within the framework of their strategic partnership. Resulting from its agreed representation on the board of directors of Kamaz and its significant contractual rights as a minority shareholder, the Group can exercise significant influence on Kamaz. Therefore, the Group accounts for its equity interest in Kamaz using the equity method; the investment and the proportionate share in the profit and loss of Kamaz are allocated to the Daimler Trucks segment.

In 2010, the Group and the European Bank for Reconstruction and Development (EBRD) agreed to increase their strategic investment in Kamaz. Daimler increased its equity interest in Kamaz to 15%. Of that interest, 4% was legally held by EBRD, but Daimler was deemed to be the economic owner of those shares due to the equity-method measurement. In October 2014, Daimler agreed with EBRD to take over the remaining 4% interest. With this step, Daimler has raised its investment in Kamaz to 15% also in legal terms.

In 2014, the Group recognized an impairment loss of €30 million with respect to its investment in Kamaz. The loss is included in the line item profit/loss on equity-method investments, net.

Table ↗ **E.35** shows summarized IFRS financial information after purchase price allocation for the significant associated companies which were the basis for equity-method accounting in the Group's consolidated financial statements

E.35

Summarized IFRS financial information on significant associated companies accounted for using the equity method

		BBAC[1]		BAIC Motor[2]		Kamaz[3]
	2014	2013	**2014**	2013	**2014**	2013
In millions of euros						
Information on the statement of income						
Revenue	**5,767**	4,490	**5,211**	1,667	**2,124**	2,620
Profit/loss from continuing operations after taxes	**310**	192	**384**	359	**9**	99
Profit/loss from discontinued operations after taxes	**–**	–	**–**	–	**–**	–
Other comprehensive income/loss	**.**	–	**–**	–	**-5**	1
Total comprehensive income	**310**	192	**384**	359	**4**	100
Information on the statement of financial position and reconciliation to equity-method carrying amounts						
Non-current assets	**3,314**	2,048	**10,127**	8,268	**595**	971
Current assets	**2,648**	740	**4,314**	4,001	**685**	1,016
Non-current liabilities	**584**	214	**1,784**	2,539	**210**	289
Current liabilities	**3,484**	1,168	**6,586**	4,405	**476**	673
Equity (including non-controlling interest)	**1,894**	1,406	**6,071**	5,325	**594**	1,025
Equity (excluding non-controlling interests) attributable to the Group	**928**	689	**594**	533	**89**	150
Unrealized profit (-)/loss (+) on sales to/purchases from	**-76**	-49	**–**	–	**–**	–
Goodwill	**–**	–	**86**	77	**4**	6
Other	**.**	–	**6**	-15	**-22**	-1
Carrying amount of equity-method investment	**852**	640	**686**	595	**71**	155

1 BBAC:
Figures for the statement of income relate to the period of January 1 to December 31.
Figures for the statement of financial position and the reconciliation to equity-method carrying amounts relate to the balance sheet date December 31.

2 BAIC Motor:
Figures for the statement of income relate for the year 2014 to the period of January 1 to September 30 (for the year 2013 to the period of January 1 to December 31).
Figures for the statement of financial position and the reconciliation to equity-method carrying amounts relate for the year 2014 to the balance sheet date September 30 (for the year 2013 to the balance sheet date December 31).
Figures for BAIC Motor are based on local GAAP.

3 Kamaz:
Figures for the statement of income relate to the period from October 1 to September 30.
Figures for the statement of financial position and the reconciliation to equity-method carrying amounts relate to the balance sheet date September 30.
In order to consolidate the company without a time lag, adjustments are made as of December 31, which are included in line item Other.

Other minor equity-method investments. The Group's investment in Tesla Motors, Inc. (Tesla) was included in other minor equity-method investments in associated companies. In 2013, the Group realized a dilution gain of €11 million due to a capital increase in which Daimler did not take part. The equity interest in Tesla amounted to 4% at December 31, 2013; the fair value and carrying amount of the investment were €531 million and €13 million at that time. Due to its representation on the board of directors, participation in decision-making processes and jointly conducted projects, the Group was able to exercise significant influence on Tesla. Therefore, the Group accounted for its equity interest in Tesla using the equity method. Since the annual shareholders' meeting of Tesla on June 3, 2014, no representative of Daimler has been a member of the Board of Directors. Therefore, Daimler's significant influence on Tesla ended on the day of the annual shareholders' meeting. After that, the equity interest was recognized until it was sold as a financial asset available for sale at fair value based on the stock-market price. The difference between the first-time fair value measurement on June 3, 2014 using the stock-market price and the carrying amount measured by applying the equity method resulted in a non-cash gain of €718 million affecting Group EBIT in the second quarter of 2014. The gain was presented under equity-method investments. On December 31, 2013 the carrying amount was assigned to the Mercedes-Benz Cars segment. The investment was sold in the fourth quarter of 2014. The gain on the remeasurement and sale of the Tesla shares is presented in the segment reporting in the reconciliation of total segments' EBIT to Group EBIT. Further information is provided in Note 33.

In addition, the equity-method profits and losses of other minor investments mainly contain startup losses at several companies in the area of alternative drive systems (2014: €34 million; 2013: €205 million), which are allocated to the Mercedes-Benz Cars segment. Impairments of investments of €30 million (2013: €174 million) are included in those amounts.

In 2012, an impairment loss was recognized on the investment in the joint venture Fujian Benz Automotive Co. Ltd. (FBAC); in the second quarter of 2014, the impairment was reversed based on improved profit expectations, leading to a gain of €61 million. FBAC received a capital increase of €24 million in the third quarter of 2014. The investment and the proportionate share in the profits and losses of FBAC are allocated to the Mercedes-Benz Vans segment.

In the first quarter of 2014, a capital increase of €34 million took place at the joint venture Shenzen BYD Daimler New Technology Co. Ltd. (SBDNT). On April 4, 2014, Daimler provided a joint and separate liability guarantee to external banks which agreed to provide a syndicated loan facility to SBDNT. The guarantee provided by Daimler amounts to maximum of CNY 750 million (approximately €100 million) and equates to the Group's share in the loan granted to SBDNT based on its 50% equity interest in SBDNT. The carrying amount of the investment in SBDNT is allocated to the Mercedes-Benz Cars segment.

In March 2014, Daimler acquired the 50.1% of the shares in Li-Tec Battery GmbH (Li-Tec), which had previously been held by Evonik Degussa GmbH (Evonik), and therefore became the sole owner of the company. The effects on the consolidated financial statements are not material.

Daimler does not recognize losses in relation with equity-method investments of €60 million (2013: €0 million) as Daimler is not obliged to compensate these losses.

Table ↗ E.36 shows summarized aggregated financial information for the other minor equity-method investments after purchase price allocation and on a pro rata basis.

Further information on equity-method investments is provided in Notes 3 and 36.

E.36

Summarized aggregated financial information on minor equity-method investments

	Associated companies		Joint ventures	
	2014	2013	**2014**	2013
In millions of euros				
Summarized aggregated financial information (pro rata)				
Profit/loss from continuing operations after taxes	**–**	-9	**-85**	-25
Profit/loss from discontinued operations after taxes	**–**	–	**–**	–
Other comprehensive income/loss	**7**	-2	**1**	–
Total comprehensive income/loss	**7**	-11	**-84**	-25

14. Receivables from financial services

Table ↗ E.37 shows the components of receivables from financial services.

Types of receivables. Receivables from sales financing with customers include receivables from credit financing for customers who purchased their vehicle either from a dealer or directly from Daimler.

Receivables from sales financing with dealers represent loans for floor financing programs for vehicles sold by the Group's automotive businesses to dealers or loans for assets purchased by dealers from third parties, primarily used vehicles traded in by dealers' customer or real estate such as dealers' show-rooms.

E.37
Receivables from financial services

	At December 31, 2014			At December 31, 2013		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Sales financing with customers	10,307	22,852	33,159	9,065	17,599	26,664
Sales financing with dealers	11,786	2,203	13,989	9,781	1,723	11,504
Finance-lease contracts	5,084	10,368	15,452	4,545	8,928	13,473
Gross carrying amount	27,177	35,423	62,600	23,391	28,250	51,641
Allowances for doubtful accounts	-408	-513	-921	-390	-481	-871
Carrying amount, net	26,769	34,910	61,679	23,001	27,769	50,770

E.38
Maturities of the finance lease contracts

	At December 31, 2014				At December 31, 2013			
	< 1 year	1 year up to 5 years	> 5 years	Total	< 1 year	1 year up to 5 years	> 5 years	Total
In millions of euros								
Contractual future lease payments	5,145	9,104	571	14,820	4,667	7,568	482	12,717
Unguaranteed residual values	483	1,744	46	2,273	367	1,796	56	2,219
Gross investment	5,628	10,848	617	17,093	5,034	9,364	538	14,936
Unearned finance income	-544	-995	-102	-1,641	-489	-889	-85	-1,463
Gross carrying amount	5,084	9,853	515	15,452	4,545	8,475	453	13,473
Allowances for doubtful accounts	-159	-208	-5	-372	-150	-213	-15	-378
Carrying amount, net	4,925	9,645	510	15,080	4,395	8,262	438	13,095

Receivables from finance-lease contracts consist of receivables from leasing contracts for which all substantial risks and rewards incidental to the leasing objects are transferred to the lessee.

At December 31, 2014, finance-lease contracts included non-automotive assets from contracts of the financial services business with third parties (leveraged leases) in the amount of €365 million (December 31, 2013: €455 million).

Maturities of the finance lease contracts are shown in table ↗ E.38.

All cash flow effects attributable to receivables from financial services are presented within cash provided by/used for operating activities in the consolidated statement of cash flows.

Allowances. Changes in the allowance account for receivables from financial services are shown in table ↗ E.39.

The total expense from the impairment of receivables from financial services amounted to €433 million in 2014 (2013: €416 million).

Credit risks. Table ↗ E.40 provides an overview of credit risks included in receivables from financial services.

Receivables not subject to an individual impairment assessment are grouped and subject to collective impairment allowances to cover credit losses.

Further information on financial risks and nature of risks is provided in Note 32.

At December 31, 2014, receivables from financial services with a carrying amount of €3,068 million (2013: €3,007 million) were pledged as collateral for liabilities from ABS transactions (see also Note 24).

Within the context of the ongoing concentration on the automotive business, Daimler Financial Services sold a non-automotive asset that was subject to finance lease contracts in 2014. This resulted in a cash inflow of €69 million (2013: €48 million). The pre-tax income from this transaction in 2014 amounted to €45 million (2013: €11 million), and was allocated to the EBIT of the Daimler Financial Services segment.

E.39

Changes in the allowance account for receivables from financial services

In millions of euros	**2014**	2013
Balance at January 1	**871**	938
Charged to costs and expenses	**421**	405
Amounts written off	**-208**	-273
Reversals	**-166**	-137
Currency translation and other changes	**3**	-62
Balance at December 31	**921**	871

E.40

Credit risks included in receivables from financial services

In millions of euros	At December 31, **2014**	2013
Receivables, neither past due nor impaired individually	**58,142**	47,264
Receivables past due, not impaired individually		
less than 30 days	**1,517**	1,479
30 to 59 days	**330**	266
60 to 89 days	**75**	59
90 to 119 days	**42**	38
120 days or more	**116**	173
Total	**2,080**	2,015
Receivables impaired individually	**1,457**	1,491
Carrying amount, net	**61,679**	50,770

15. Marketable debt securities

The marketable debt securities with a carrying amount of €6,634 million (2013: €7,066 million) are part of the Group's liquidity management and comprise debt instruments classified as available-for-sale. When a short-term liquidity requirement is covered with quoted securities, those securities are presented as current assets.

At December 31, 2014, a pool of marketable debt securities with a carrying amount of €204 million (2013: €204 million) was pledged as collateral, almost exclusively for liabilities to financial institutions.

Further information on marketable debt securities is provided in Note 31.

16. Other financial assets

The line item other financial assets presented in the consolidated statement of financial position is comprised of the classes shown in table ↗ **E.41**.

In 2014, equity instruments measured at cost with a carrying amount of €1 million were sold (2013: €37 million). The gains realized on the sales were €5 million in 2014 (2013: €15 million). As of December 31, 2014, the Group did not generally intend to dispose of any of the reported equity instruments.

Financial assets recognized at fair value through profit or loss relate exclusively to derivative financial instruments which are not used in hedge accounting.

At December 31, 2014, receivables with a carrying amount of €302 million (2013: €198 million) were pledged as collateral for liabilities from ABS transactions (see also Note 24).

As of December 31, 2013, other receivables and financial assets included a loan (including accumulated interest) to Chrysler LLC of US $2.2 billion, which was fully impaired. It was derecognized in 2014.

Further information on other financial assets is provided in Note 31.

E.41
Other financial assets

	At December 31, 2014			At December 31, 2013		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Available-for-sale financial assets	–	2,269	2,269	–	2,052	2,052
thereof equity instruments recognized at fair value through profit or loss	–	1,647	1,647	–	1,452	1,452
thereof equity instruments carried at cost	–	622	622	–	600	600
Derivative financial instruments used in hedge accounting	574	722	1,296	1,006	697	1,703
Financial assets recognized at fair value through profit or loss	42	55	97	81	269	350
Other receivables and financial assets	1,737	588	2,325	1,631	505	2,136
	2,353	3,634	5,987	2,718	3,523	6,241

17. Other assets

Non-financial other assets are comprised as shown in table ↗ E.42.

Other expected reimbursements predominantly relate to recovery claims from our suppliers in connection with issued product warranties.

18. Inventories

Inventories are comprised as shown in table ↗ E.43.

The amount of write-down of inventories to net realizable value recognized as expense in cost of sales was €391 million in 2014 (2013: €311 million). Inventories that are expected to be turned over after more than twelve months amounted to €977 million at December 31, 2014 (2013: €798 million) and are primarily spare parts.

Based on the requirement to provide collateral for certain vested employee benefits in Germany, the value of company cars included in inventories at Daimler AG in an amount of €609 million at December 31, 2014 (2013: €627 million) was pledged as collateral to the Daimler Pension Trust e.V.

The carrying amount of inventories recognized during the period by taking possession of collateral held as security amounted to €91 million at December 31, 2014 (2013: €60 million). Those assets are utilized in the context of the normal business cycle.

E.42
Other assets

		At December 31, 2014			At December 31, 2013	
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Reimbursements due to income tax refunds	517	40	557	650	35	685
Reimbursements due to other tax refunds	2,190	22	2,212	1,686	21	1,707
Reimbursements due to the Medicare Act (USA)	–	81	81	–	108	108
Other expected reimbursements	175	146	321	138	104	242
Prepaid expenses	294	130	424	296	147	443
Others	422	136	558	347	116	463
	3,598	555	4,153	3,117	531	3,648

E.43
Inventories

	At December 31, 2014	2013
In millions of euros		
Raw materials and manufacturing supplies	2,409	2,011
Work in progress	2,936	2,275
Finished goods, parts and products held for resale	15,412	13,028
Advance payments to suppliers	107	35
	20,864	17,349

19. Trade receivables

Trade receivables are comprised as shown in table ↗ E.44.

At December 31, 2014, €78 million of the trade receivables mature after more than one year (2013: €116 million).

Allowances. Table ↗ E.45 shows changes in the allowance account for trade receivables.

The total expense from the impairment of trade receivables amounted to €130 million in 2014 (2013: €105 million).

Credit risks. Table ↗ E.46 provides an overview of credit risks included in trade receivables.

Receivables not subject to an individual impairment assessment are grouped and subject to collective impairment allowances to cover credit losses.

Further information on financial risk and types of risk is provided in Note 32.

E.44

Trade receivables

	At December 31, 2014	2013
In millions of euros		
Gross carrying amount	9,046	8,200
Allowances for doubtful accounts	-412	-397
Net carrying amount	8,634	7,803

E.45

Changes in the allowance account for trade receivables

	2014	2013
In millions of euros		
Balance at January 1	397	402
Charged to costs and expenses	73	66
Amounts written off	-66	-59
Currency translation and other changes	8	-12
Balance at December 31	412	397

20. Equity

See also the consolidated statement of changes in equity ↗ E.05.

Share capital. The share capital is divided into no-par-value shares. All shares are fully paid up. Each share confers the right to one vote at the Annual Shareholders' Meeting of Daimler AG and, if applicable, with the exception of any new shares potentially not entitled to dividends, to an equal portion of the profits as defined by the dividend distribution decided upon at the Annual Shareholders' Meeting. Each share represents a proportionate amount of approximately €2.87 of the share capital. See ↗ E.47 for the development of shares issued or outstanding.

Approved capital. The Annual Shareholders' Meeting held on April 9, 2014, once again authorized the Board of Management, with the consent of the Supervisory Board, to increase the share capital of Daimler AG in the period until April 8, 2019 by a total of €1.0 billion in one lump sum or by separate partial amounts at different times by issuing new, registered no-par-value shares in exchange for cash and/or non-cash contributions (Approved Capital 2014). The new shares are generally to be offered to the shareholders for subscription (also by way of indirect subscription pursuant to Section 186 Subsection 5 Sentence 1 of the German Stock Corporation Act (AktG)). Among other things, the Board of Management was authorized with the consent of the Supervisory Board to exclude shareholders' subscription rights under certain conditions and within defined limits.

Approved Capital 2014 replaces Approved Capital 2009, which was limited until April 7, 2014 and had not been utilized. Approved Capital 2014 has not yet been issued.

Conditional capital. By resolution of the Annual Meeting on April 14, 2010, the Board of Management was authorized, with the consent of the Supervisory Board, until April 13, 2015 to issue once or several times convertible and/or warrant bonds or a combination of these instruments ("bonds") with a total face value of up to €10.0 billion and a maturity of no more than ten years. The Board of Management is allowed to grant the holders of these bonds conversion or warrant rights for new registered no-par-value shares in Daimler AG with an allocable portion of the share capital of up to €500 million in accordance with the details defined in the terms and conditions of the bonds. Among other things, the Board of Management was authorized with the consent of the Supervisory Board to exclude shareholders' subscription rights for the bonds with conversion or warrant rights for new registered no-par-value shares in Daimler AG under certain conditions and within defined limits. The bonds can also be issued by majority-owned direct or indirect subsidiaries of Daimler AG.

Accordingly, the share capital is conditionally increased by an amount of up to €500 million (Conditional Capital 2010). The authorization to issue convertible and/or warrant bonds has not yet been utilized.

Stock option plan. The Stock option plan initiated in 2004 expired on March 31, 2014. Of the 0.2 million options granting subscription rights to new shares representing €0.6 million of the share capital remaining from this plan on December 31, 2013, 0.1 million options granting subscription rights to new shares representing €0.2 million of the share capital were exercised in 2014. The remaining options that had not been exercised by March 31, 2014 expired on that date.

Treasury shares. By resolution of the Annual Shareholders' Meeting held on April 14, 2010, the Board of Management, with the consent of the Supervisory Board, was authorized until April 13, 2015 to acquire treasury shares for all legal purposes in a volume up to 10% of the share capital issued as of the day of the resolution. The authorization applies for example to the purchase of shares for the purpose of cancellation, for using them for business combinations or to acquire companies, or for disposal in other ways than through the stock exchange or by offering them to all shareholders. This authorization was not exercised in the reporting period.

As was the case at December 31, 2013, no treasury shares are held by Daimler AG at December 31, 2014.

Employee share purchase plan. In 2014, 0.4 million Daimler shares representing €1.1 million or 0.04% of the share capital were purchased for a price of €26 million and reissued to employees (2013: 0.5 million Daimler shares representing €1.5 million or 0.05% of the share capital were purchased for a price of €24 million).

Capital reserves. Capital reserves primarily comprise premiums arising on the issue of shares as well as expenses relating to the exercise of stock option plans and the issue of employee shares, effects from changes in ownership interests in consolidated entities and related transaction costs.

Retained earnings. Retained earnings comprise the accumulated net profits and losses of all companies included in Daimler's consolidated financial statements, less any profits distributed. In addition, the effects of remeasuring defined benefit plans as well as the related deferred taxes are presented within retained earnings.

Dividends. Under the German Stock Corporation Act (AktG), the dividend is paid out of the distributable profit reported in the annual financial statements of Daimler AG (parent company only) in accordance with the German Commercial Code (HGB). For the year ended December 31, 2014, the Daimler management will propose to the shareholders at the Annual Shareholders' Meeting to pay out €2,621 million of the distributable profit of Daimler AG as a dividend to the shareholders, equivalent to €2.45 per no-par-value share entitled to a dividend (2013: €2,407 million and €2.25 per no-par-value share entitled to a dividend respectively).

Other reserves. Other reserves comprise accumulated unrealized gains/losses from currency translation of the financial statements of the consolidated foreign companies and accumulated unrealized gains/losses on the measurement of financial assets available-for-sale, derivative financial instruments and equity-method investments.

Table ↗ E.02 shows the details of changes in other reserves in other comprehensive income/loss.

In the line item unrealized gains/losses from equity-method investments, the amounts for 2014 include unrealized gains from currency translation of €11 million before taxes and after taxes (amounts attributable to shareholders of Daimler AG only). In 2013, the line item includes the following components (amounts attributable to shareholders of Daimler AG only): unrealized losses from currency translation of €80 million before and after taxes, unrealized losses from financial assets available-for-sale of €41 million before taxes and €38 million after taxes, and unrealized gains from derivative financial instruments of €153 million before taxes and €107 million after taxes.

E.46
Credit risks included in trade receivables

	At December 31, 2014	2013
In millions of euros		
Receivables neither past due nor impaired individually	5,270	5,536
Receivables past due, not impaired individually		
less than 30 days	969	554
30 to 59 days	151	113
60 to 89 days	42	36
90 to 119 days	18	24
120 days or more	78	76
Total	1,258	803
Receivables impaired individually	2,106	1,464
Carrying amount, net	8,634	7,803

E.47
Development of shares issued

	2014	2013
In millions of shares		
Shares outstanding/issued on January 1	1,070	1,068
Shares repurchased in the share buyback program and not cancelled (previous years)	.	-1
Reissued shares to employees in the employee share purchase plan	.	1
Creation of new shares by exercise of stock options	.	2
Shares outstanding/issued on December 31	1,070	1,070

21. Share-based payment

As of December 31, 2014, the Group has the 2011–2014 Performance Phantom Share Plans (PPSP) outstanding. The PPSP are cash-settled share-based payment instruments and are measured at their respective fair values at the balance sheet date. The PPSP are paid out at the end of the stipulated holding period; earlier, pro-rated payoff is possible in the case of benefits leaving the Group only if certain defined conditions are met. PPSP 2010 was paid out as planned in the first quarter of 2014.

Moreover, 50% of the annual bonus of the members of the Board of Management is paid out after a waiting period of one year. The actual payout is determined by the development of Daimler shares compared to an automobile related index (Auto-STOXX). The fair value of this medium-term annual bonus, which depends on this development, is measured by using the intrinsic value at the reporting date.

In 2014, rights from Stock Option Plan (SOP) 2004 also existed. The exercisable stock options granted in 2004 were equity-settled share-based payment instruments and were measured at fair value at the date of grant. The unexercised rights from Stock Option Plan 2004 expired on March 31, 2014.

E.48

Effects of share-based payment

	Expense		Provision at December 31,	
	2014	2013	**2014**	2013
In millions of euros				
PPSP	**-173**	-250	**363**	344
SOP	**–**	-2	**–**	–
Medium-term component of annual bonus of the members of the Board of Management	**-6**	-7	**12**	11
	-179	-259	**375**	355

Options granted to the Board of Management in 2004 for which – according to the recommendations of the German Corporate Governance Code – the Presidential Committee can impose a limit or reserve the right to impose a limit in the event of exceptional and unpredictable developments were measured at their intrinsic values as of balance sheet date. The options were exercised completely in 2013.

The pre-tax effects of share-based payment arrangements for the executive managers of the Group and the members of the Board of Management of Daimler AG on the consolidated statement of income and consolidated statement of financial position are shown in table ↗ **E.48**.

Table ↗ **E.49** shows expenses in the consolidated statement of income resulting from the rights of current members of the Board of Management.

The details shown in table ↗ **E.49** do not represent any paid or committed remuneration, but refer to expenses calculated according to IFRS. Details of the remuneration of the members of the Board of Management in 2014 can be found in the Remuneration Report. Management Report from page 118

Performance Phantom Share Plans. In 2014, the Group adopted a Performance Phantom Share Plan (PPSP), similar to those used from 2005 to 2013, under which eligible employees are granted phantom shares entitling them to receive cash payments after four years. During the four-year period between the allocation of the preliminary phantom shares and the payout of the plan at the end of the term, the phantom shares earn a dividend equivalent in the amount of the actual dividend paid on ordinary Daimler shares. The amount of cash paid to eligible employees at the end of the holding period is based on the number of vested phantom shares (determined over a three-year performance period) multiplied by the quoted price of Daimler's ordinary shares (calculated as an average price over a specified period at the end of the four–year plan period). The vesting period is therefore four years. For the plans granted as of 2009, the quoted price of Daimler's ordinary shares to be used for the payout is limited to 2.5 times the Daimler share price at the date of grant. For the plans granted as of the beginning of 2012, the payout for the members of the Board of Management is also limited to 2.5 times the allotment value used to determine the preliminary number of phantom shares. The limitation of the payout for the members of the Board of Management also includes the dividend equivalents paid out after January 1, 2014.

Determination of the number of phantom shares that vest of the existing PPSP 2011 to 2013 is based on return on net assets derived from internal targets and return on sales compared with benchmarks oriented towards competitors.

The number of phantom shares that vest of the PPSP granted in 2014 will be based on the relative share performance, which measures the development of the price of a share price index based on a competitor group including Daimler, and the return on sales (RoS) compared with benchmarks oriented towards competitors. Special rules apply for the members of the Board of Management: Daimler's RoS must be not equal to but higher than that of the competitors in order to achieve the same target achievement as the other plan participants.

The Group recognizes a provision for awarding the PPSP in the consolidated statement of financial position. Since payment per vested phantom share depends on the quoted price of Daimler's ordinary shares, that quoted price essentially represents the fair value of each phantom share. The proportionate remuneration expenses from the PPSP recognized in the individual years are determined on the price of Daimler ordinary shares and the estimated target achievement.

Stock Option Plans. In April 2000, the Annual Shareholders' Meeting approved the Daimler Stock Option Plan (SOP), which granted stock options for the purchase of Daimler ordinary shares to eligible employees. Options granted under the SOP were exercisable at a reference price per Daimler ordinary share, which was determined in advance, plus a 20% premium. The options became exercisable in equal installments at the earliest on the second and third anniversaries of the date of grant. All unexercised options expired ten years after the date of grant. If the market price per Daimler ordinary share on the date of exercise was at least 20% higher than the reference price, the holder was entitled to receive a cash payment equal to the original exercise premium of 20%. No new stock options were granted after 2004. The last SOP plan 2004 expired on March 31, 2014. All unexercised rights expired.

In the event of exercise, the Group generally issued ordinary shares.

E.49

Expenses in the consolidated statement of income resulting from share-based payments to current members of the Board of Management

	Dr. Dieter Zetsche		Dr. Wolfgang Bernhard		Dr. Christine Hohmann-Dennhardt		Wilfried Porth	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
In millions of euros								
PPSP	**-6.1**	-10.9	**-2.5**	-4.2	**-2.3**	-2.5	**-2.5**	-4.4
SOP	**–**	-1.6	**–**	–	**–**	–	**–**	–
Medium-term component of the annual bonus	**-1.8**	-1.9	**-0.7**	-0.6	**-0.7**	-0.6	**-0.7**	-0.7

	Andreas Renschler[1]		Hubertus Troska		Bodo Uebber		Prof. Dr. Thomas Weber	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
In millions of euros								
PPSP	**-0.2**	-4.9	**-1.6**	-2.2	**-2.9**	-5.2	**-2.6**	-4.6
SOP	**–**	–	**–**	–	**–**	–	**–**	-0.1
Medium-term component of the annual bonus	**-0.1**	-0.7	**-0.7**	-0.6	**-0.8**	-0.8	**-0.7**	-0.7

1 Stepped down from the Board of Management as of January 28, 2014. Amounts are included pro rata for 2014.

Table ↗ **E.50** shows the development of the stock options issued.

The weighted average share price of Daimler ordinary shares during the exercise period was €66.40 (2013: €48.83).

The stock options issued to active members of the Board of Management were exercised completely in 2013. The members of the Board of Management Dr. Dieter Zetsche and Prof. Dr. Thomas Weber each exercised 0.1 million options. The departing board member Andreas Renschler, who stepped down from the Board of Management as of January 28, 2014, exercised fewer than 0.1 million stock options in 2013. The average exercise price was €43.57 per share. The members of the Board of Management Dr. Wolfgang Bernhard, Dr. Christine Hohmann-Dennhardt, Wilfried Porth, Hubertus Troska and Bodo Uebber had no outstanding or exercisable option rights in the year 2013.

22. Pensions and similar obligations

Table ↗ **E.51** shows the composition of provisions for pension benefit plans and similar obligations.

At the Daimler Group, defined benefit pension obligations exist as well as, to a smaller extent, defined contribution pension obligations, specific to the various countries. In addition, healthcare benefit obligations are recognized outside Germany.

Defined benefit pension plans

Provisions for pension obligations are made for defined commitments to active and former employees of the Daimler Group and their survivors. The defined benefit pension plans provided by Daimler generally vary according to the economic, tax and legal circumstances of the country concerned. Most of the defined benefit pension plans also provide benefits in the case of invalidity and death.

The Group's main German and non-German pension plans are described below.

E.50

Development of the stock options issued

	2014		2013	
	Number of stock options in millions	Average exercise price in euros per share	Number of stock options in millions	Average exercise price in euros per share
Balance at beginning of year	**0.2**	**43.57**	2.7	42.24
Exercised	**-0.1**	**43.57**	-2.2	42.62
Disposals/Forfeited	**-0.1**	**43.57**	-0.3	37.33
Outstanding at end of year	–	–	0.2	43.57
Exercisable at end of year	–	–	0.2	43.57

German plans. Most employees in Germany have defined benefit pension plans; most of the pension plans for the active workforce are based on individual retirement benefit accounts, to which the company makes annual contributions. The amount of the contributions for employees paid according to wage-tariff agreements depends on the tariff classification in the respective year, and for executives it depends on their respective income. For the commitments to retirement benefits made until 2011, the contributions continue to be converted into capital components and credited to the individual pension account with the application of fixed factors related to each employee's age. The conversion factors include a fixed value increase. The pension plans were newly structured for new entrants in 2011 to reduce the risks associated with defined benefit plans. New entrants now benefit from value increases of the contributions through an investment fund with a special lifecycle model. The company guarantees at a minimum the value of the contributions paid in. Pension payments are made either as a life annuity, twelve annual installments, or a single lump sum.

In addition, previously concluded defined benefit plans exist which primarily depend on employees' wage-tariff classification upon transition into the benefit phase and which foresee a life annuity.

As well as the employer-financed pension plans granted by German companies, the employees of some companies are also offered various earnings-conversion models.

Most of the pension obligations in Germany relating to defined benefit pension plans are funded by assets invested in long-term outsourced funds. Contractual trust arrangements (CTA) exist between Daimler AG as well as some subsidiaries in Germany and the Daimler Pension Trust e.V. The Daimler Pension Trust e.V. acts as a collateral trust fund.

In Germany, there are no statutory or regulatory minimum funding requirements.

Non-German plans. Significant plans exist primarily in the United States and Japan. They comprise plans relating to final salaries as well as plans relating to salary based components. Most of the obligations outside Germany from defined benefit pension plans are funded by assets outplaced into long-term investment funds.

Risks from defined benefit pension plans. The general requirements with regard to retirement benefit models are laid down in the Pension Policy, which has Group-wide validity. Accordingly, the committed benefits are intended to contribute to additional financial security during retirement, and in the case of death or invalidity to be capable of being planned and fulfilled by the respective company of the Group and to have a low-risk structure. In addition, a committee exists that approves new pension plans and amendments to existing pension plans as well as guidelines relating to company retirement benefits.

The obligations from defined benefit pension plans and the pension plan assets can be subject to fluctuations over time. This can cause the funded status to be negatively or positively impacted. Fluctuations in the defined benefit pension obligations result at the Daimler Group in particular from changes in financial assumptions such as discount rates and increases in the cost of living, but also from changes in demographic assumptions such as adjusted life expectancies. With most of the German plans, expected long-term wage and salary increases do not have an impact on the amount of the obligation.

The fair value of plan assets is predominantly determined by the situation on the capital markets. Unfavorable developments, especially of equity prices and fixed-interest securities, could reduce that fair value. The diversification of fund assets, the engagement of asset managers using quantitative and qualitative analyses, and the continual monitoring of performance and risk help to reduce associated investment risk. The Group regularly makes additional contributions to the plan assets in order to cover future obligations from defined benefit pension plans. In addition, the Group made an extraordinary contribution of €2.5 billion in 2014 to sustainably strengthen the German plan assets.

As a general principle, it is the Group's objective to design new pension plans as defined benefit plans based on capital components or on annual contributions, or as defined contribution plans.

E.51

Compositions of provisions for pension benefit plans and similar obligations

	December 31, 2014	2013
In millions of euros		
Provision for pension benefits	11,619	8,624
Provision for other post-employment benefits	1,187	1,245
	12,806	9,869

Reconciliation of the net obligation from defined benefit pension plans. The development of the relevant factors is shown in table ↗ E.52.

Composition of plan assets. Plan assets and income from plan assets are used solely to pay pension benefits and to administer the plans. The composition of the Group's pension plan assets is shown in table ↗ E.53.

E.52

Present value of defined benefit pension obligations and fair value of plan assets

			2014			2013
	Total	German plans	Non-German plans	Total	German plans	Non-German plans
In millions of euros						
Present value of the defined benefit obligation at January 1	23,230	20,310	2,920	23,943	20,698	3,245
Current service cost	527	437	90	548	453	95
Interest cost	822	679	143	755	635	120
Contributions by plan participants	57	55	2	56	52	4
Actuarial gains (-)/losses from changes in demographic assumptions	168	99	69	-14	-71	57
Actuarial gains (-)/losses from changes in financial assumptions	5,867	5,629	238	-1,136	-892	-244
Actuarial gains (-)/losses from experience adjustments	-32	-41	9	121	121	–
Actuarial gains (-)/losses	6,003	5,687	316	-1,029	-842	-187
Past service cost, curtailments and settlements	22	19	3	–	–	–
Pension benefits paid	-841	-697	-144	-829	-691	-138
Currency exchange-rate changes and other changes	307	6	301	-214	5	-219
Present value of the defined benefit obligation at December 31	30,127	26,496	3,631	23,230	20,310	2,920
Fair value of plan assets at January 1	14,668	12,588	2,080	14,207	12,143	2,064
Interest income from plan assets	533	429	104	464	381	83
Actuarial gains	761	571	190	262	199	63
Actual return on plan assets	1,294	1,000	294	726	580	146
Contributions by the employer	3,111	2,975	136	537	448	89
Contributions by plan participants	57	53	4	57	52	5
Pension benefits paid	-773	-650	-123	-763	-641	-122
Currency exchange-rate changes and other changes	224	7	217	-96	6	-102
Fair value of plan assets at December 31	18,581	15,973	2,608	14,668	12,588	2,080
Funded status	-11,546	-10,523	-1,023	-8,562	-7,722	-840
thereof recognized in other assets	73	–	73	62	–	62
thereof recognized in provisions for pensions and similar obligations	-11,619	-10,523	-1,096	-8,624	-7,722	-902

Market prices are available for equities and bonds due to their listing in active markets. Most of the bonds have investment grade ratings. They include government bonds of very good creditworthiness.

The investment strategy is reviewed regularly and adjusted if deemed necessary. The investment strategy is determined by Investment Committees, which are generally composed of representatives of the Finance and Human Resources departments. Several pension plans use dedicated liability driven investment approaches to take the structure of pension obligations into account in the investment process.

E.53

Composition of pension plan assets

			2014			2013
	Total	German plans	Non-German plans	Total	German plans	Non-German plans
In millions of euros						
Energy, commodities and utilities	832	718	114	839	737	102
Financials	1,097	925	172	995	861	134
Healthcare	461	367	94	387	322	65
Industrials	503	416	87	479	408	71
Consumer goods	955	788	167	865	732	133
Information technology and telecommunication services	778	650	128	636	538	98
Others	64	–	64	88	–	88
Equities	4,690	3,864	826	4,289	3,598	691
Government bonds in EUR	3,854	3,853	1	4,084	4,078	6
Government bonds in USD	969	555	414	936	628	308
Government bonds in other currencies	443	–	443	329	–	329
Government bonds	5,266	4,408	858	5,349	4,706	643
Corporate bonds in EUR	2,247	2,241	6	886	885	1
Corporate bonds in USD	1,925	1,521	404	829	574	255
Corporate bonds in other currencies	200	44	156	233	42	191
Corporate bonds	4,372	3,806	566	1,948	1,501	447
Securitized bonds	54	5	49	1,066	1,009	57
Bonds	9,692	8,219	1,473	8,363	7,216	1,147
Other exchange-traded instruments[1]	-4	-5	1	5	1	4
Total exchange-traded instruments	14,378	12,078	2,300	12,657	10,815	1,842
Alternative investments[2]	674	567	107	690	592	98
Real estate	514	410	104	496	408	88
Other non-exchange-traded instruments[1]	-123	-154	31	85	78	7
Cash and cash equivalents	3,138	3,072	66	740	695	45
Total non-exchange-traded instruments	4,203	3,895	308	2,011	1,773	238
Plan assets at December 31	18,581	15,973	2,608	14,668	12,588	2,080
thereof fair value of own transferable financial instruments	7	7	–	3	3	–
thereof fair value of self-used plan assets	88	88	–	96	96	–

1 Includes derivative financial instruments which could have a negative fair value at the balance sheet date.
2 Alternative investments mainly comprise private equity.

Pension cost. The components of pension cost included in the consolidated statement of income are shown in table ↗ **E.54**.

Table ↗ **E.55** shows the line items within the consolidated statement of income in which the net periodic pension cost is included.

Measurement assumptions. The measurement date for the Group's defined benefit pension obligations and plan assets is generally December 31. The measurement date for the Group's net periodic pension cost is generally January 1. The assumptions used to calculate the defined benefit obligations vary according to the economic conditions of the countries in which the pension plans are situated.

Calculation of the defined benefit obligation uses life expectancy for the German plans is based on the 2005 G mortality tables of K. Heubeck. For Non-German plans, comparable country-specific calculation methods are used.

Table ↗ **E.56** shows the significant weighted average measurement factors used to calculate pension benefit obligations.

Discount rates for German and non-German pension plans are determined annually as of December 31 on the basis of high-quality corporate bonds with maturities and currencies matching those of the pension payments.

Sensitivity analysis. An increase or decrease in the main actuarial assumptions would affect the present value of the defined benefit pension obligations as shown in table ↗ **E.57**.

The calculations carried out by actuaries were done in isolation for the evaluation parameters regarded as important. This means that if there is a simultaneous change in several parameters, the individual results cannot be summed due to correlation effects. With a change in the parameters, the sensitivities shown cannot be used to derive a linear development of the defined benefit obligation.

For the calculation of the sensitivity of life expectancy, by means of fixed (non-age-dependent) factors for a reference person, a life expectancy one year higher or one year lower was achieved.

Effect on future cash flows. Daimler currently plans to make contributions of €0.7 billion to its pension plans for the year 2015; the final amount is usually set in the fourth quarter of a financial year. In addition, the Group expects to make pension benefit payments of €0.9 billion in 2015.

The weighted average duration of the defined benefit obligations is shown in table ↗ **E.58**.

E.54
Pension cost

			2014			2013
	Total	German plans	Non-German plans	Total	German plans	Non-German plans
In millions of euros						
Current service cost	**-527**	**-437**	**-90**	-548	-453	-95
Past service cost, curtailments and settlements	**-22**	**-19**	**-3**	–	–	–
Net interest expense	**-292**	**-250**	**-42**	-293	-253	-40
Net interest income	**3**	**–**	**3**	2	–	2
	-838	**-706**	**-132**	-839	-706	-133

E.55

Net periodic pension cost within the consolidated statement of income

	2014	2013
In millions of euros		
Cost of sales	-318	-313
Selling expenses	-106	-121
General administrative expenses	-51	-43
Research and non-capitalized development costs	-74	-71
Interest income	3	2
Interest expense	-292	-293
	-838	-839

E.56

Significant factors for the calculation of pension benefit obligations

	German plans At December 31, 2014	German plans At December 31, 2013	Non-German plans At December 31, 2014	Non-German plans At December 31, 2013
In percent				
Discount rates	1.9	3.4	3.9	4.5
Expected increase in cost of living[1]	1.8	1.8	–	–

1 For German plans, expected increases in cost of living may affect – depending on the design of the pension plan – the obligation to the Group's current employees as well as retirees and their survivors. For most non-German plans, expected increases in cost of living do not have a material impact on the amount of the obligation.

E.57

Sensitivity analysis for the present value of the defined benefit obligation

		At December 31, 2014 Total	At December 31, 2014 German plans	At December 31, 2014 Non-German plans	At December 31, 2013 Total	At December 31, 2013 German plans	At December 31, 2013 Non-German plans
In millions of euros							
Sensitivity for discount rates	+ 0.25%	-1,210	-1,080	-130	-800	-720	-80
Sensitivity for discount rates	- 0.25%	1,270	1,140	130	860	760	100
Sensitivity for expected increase in cost of living	+ 0.10%	120	110	10	100	90	10
Sensitivity for expected increase in cost of living	- 0.10%	-130	-120	-10	-100	-90	-10
Sensitivity for life expectancy	+ 1 year	520	480	40	360	350	10
Sensitivity for life expectancy	- 1 year	-540	-500	40	-390	-380	-10

E.58

Weighted average duration of the defined benefit obligations

	2014	2013
in years		
German plans	17	16
Non-German plans	16	16

Defined contribution pension plans

Under defined contribution pension plans, Daimler makes defined contributions to external insurance policies or investment funds. There are fundamentally no further contractual obligations or risks for Daimler in excess of the defined contributions. The Group also pays contributions to governmental pension schemes. In 2014, the total cost from defined contribution plans amounted to €1.4 billion (2013: €1.3 billion). Of those payments, €1.3 billion (2013: €1.2 billion) was related to governmental pension plans.

E.59

Key data for other post-employment benefits

	2014	2013
In millions of euros		
Present value of defined benefit obligations	**1,193**	1,258
Fair value of plan assets and reimbursement rights	**87**	121
Funded status	**-1,106**	-1,137
Net periodic cost for other post-employment benefits	**-51**	-92

Multi-employer plans. Daimler participates in some collectively bargained defined benefit pension plans maintained by more than one employer. The Group presents several of these plans in its consolidated financial statements as defined contribution plans because the information required to use defined benefit accounting is not available in a timely manner or in sufficient detail. The Group cannot exercise direct control over such plans and the plan trustees have no legal obligation to share information directly with participating employers. Higher contributions by the Group to such a pension plan could be required in particular when an underfunded status exceeds a specific level. Exit from such a plan can lead to the companies involved having to offset the potential future shortfall relating to their share of the plan. Furthermore, the possibility exists that Daimler can be liable for other participants' obligations. At December 31, 2014, the Group does not anticipate significant costs from the existing collective plans of multiple employers; no exit from any of these plans is intended.

Other post-employment benefits

Certain foreign subsidiaries of Daimler, mainly in the United States, provide their employees with post-employment health care benefits with defined entitlements, which have to be accounted for as defined benefit plans. These obligations are funded to a small extent through reimbursement rights and plan assets. Table ↗ **E.59** shows key data for other post-employment benefits

Significant risks for other post-employment benefits (medical care) relate to rising healthcare costs and lower contributions to those costs from the public sector. In addition, these plans are subject to the usual risks for defined benefit plans, in particular the risk of changes in discount rates.

In May 2014, Daimler Trucks North America LLC and the United Auto Workers union (UAW) entered into an agreement to settle a healthcare plan as part of a collective bargaining agreement. As a result of this agreement, the obligation to the active eligible employees was settled in the fourth quarter of 2014. The resulting cash outflow from this transaction was approximately €0.3 billion. The transfer of the obligation to the retirees is subject to US court approval. The approval was received in December 2014 and became legally binding with expiration of the deadline for notices of appeal at the end of January 2015. The cash outflow from this transaction (approximately €0.1 billion) will occur in the first quarter of 2015. The settlement has no material impact on the Group's consolidated statement of income or on the EBIT of Daimler Trucks.

23. Provisions for other risks

The development of provisions for other risks is summarized in table ↗ E.60.

Product warranties. Daimler issues various types of product warranties, under which it generally guarantees the performance of products delivered and services rendered for a certain period. The provision for these product warranties covers expected costs for legal and contractual warranty claims as well as expected costs for policy coverage, recall campaigns and buyback commitments. The provision for buyback commitments represents the expected costs related to the Group's obligation under certain conditions to repurchase vehicles from customers. Buybacks may occur for a number of reasons including litigation, compliance with laws and regulations in a particular region and customer satisfaction issues. The utilization date of product warranties depends on the incidence of the warranty claims and can span the entire term of the product warranties. The cash outflow for non-current product warranties is principally expected within a period until 2017.

Personnel and social costs. Provisions for personnel and social costs primarily comprise expected expenses of the Group for employee anniversary bonuses, profit sharing arrangements and management bonuses as well as early retirement and partial retirement plans. The additions recorded to the provisions for profit sharing and management bonuses in the reporting year usually result in cash outflows in the following year. The cash outflow for non-current provisions for personnel and social costs is primarily expected within a period until 2025.

Other. Provisions for other risks include obligations for expected reductions in revenue already recognized such as bonuses, discounts and other price reduction commitments. They also include expected costs in connection with liability and litigation risks, provisions for optimization programs, provisions for environmental protection risks, as well as provisions for other taxes and various other risks which cannot be allocated to other categories.

Further information on other provisions for other risks is provided in Notes 5 and 29.

E.60
Provisions for other risks

	Product warranties	Personnel and social costs	Other	Total
In millions of euros				
Balance at December 31, 2013	4,705	3,233	3,951	11,889
thereof current	2,380	1,501	2,738	6,619
thereof non-current	2,325	1,732	1,213	5,270
Additions	**2,617**	**1,967**	**3,088**	**7,672**
Utilizations	**-2,182**	**-1,474**	**-1,882**	**-5,538**
Reversals	**-270**	**-46**	**-325**	**-641**
Addition of accrued interest and effects of changes in discount rates	**32**	**284**	**37**	**353**
Currency translation and other changes	**86**	**-23**	**181**	**244**
Balance at December 31, 2014	**4,988**	**3,941**	**5,050**	**13,979**
thereof current	**2,423**	**1,806**	**3,038**	**7,267**
thereof non-current	**2,565**	**2,135**	**2,012**	**6,712**

24. Financing liabilities

The composition of financing liabilities is shown in table ↗ **E.61**.

Liabilities from finance leases relate primarily to leases of property, plant and equipment which transfer substantially all risks and rewards to the Group as lessee. Future minimum lease payments under finance leases amounted to €436 million at December 31, 2014 (2013: €474 million). The reconciliation of future minimum lease payments from finance lease arrangements to the corresponding liabilities is shown in table ↗ **E.62**.

E.61
Financing liabilities

		At December 31, 2014			At December 31, 2013	
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Notes/bonds	**9,914**	**33,262**	**43,176**	9,091	29,653	38,744
Commercial paper	**2,269**	**8**	**2,277**	1,086	–	1,086
Liabilities to financial institutions	**11,101**	**11,792**	**22,893**	10,173	8,916	19,089
Deposits in the direct banking business	**8,350**	**2,503**	**10,853**	8,539	2,718	11,257
Liabilities from ABS transactions	**4,114**	**1,875**	**5,989**	3,478	2,653	6,131
Liabilities from finance leases	**40**	**245**	**285**	39	271	310
Loans, other financing liabilities	**502**	**714**	**1,216**	586	535	1,121
	36,290	**50,399**	**86,689**	32,992	44,746	77,738

E.62
Reconciliation of minimum lease payments to liabilities from finance lease arrangements

	Future minimum lease payments at December 31,		Interest included in future minimum lease payments at December 31,		Liabilities from finance lease arrangements at December 31,	
	2014	2013	**2014**	2013	**2014**	2013
In millions of euros						
Maturity						
within one year	**56**	53	**16**	14	**40**	39
between one and five years	**149**	160	**56**	56	**93**	104
later than five years	**231**	261	**79**	94	**152**	167
	436	474	**151**	164	**285**	310

25. Other financial liabilities

The composition of other financial liabilities is shown in table ↗ E.63.

Financial liabilities recognized at fair value through profit or loss relate exclusively to derivative financial instruments which are not used in hedge accounting.

Further information on other financial liabilities is provided in Note 31.

26. Deferred income

The composition of deferred income is shown in table ↗ E.64.

27. Other liabilities

Table ↗ E.65 shows the composition of other liabilities.

E.63
Other financial liabilities

		At December 31, 2014			At December 31, 2013	
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Derivative financial instruments used in hedge accounting	**1,409**	**908**	**2,317**	178	217	395
Financial liabilities recognized at fair value through profit or loss	**228**	**131**	**359**	150	263	413
Liabilities from residual value guarantees	**888**	**1,024**	**1,912**	857	934	1,791
Liabilities from wages and salaries	**885**	**27**	**912**	744	24	768
Accrued interest expenses	**800**	**–**	**800**	893	–	893
Deposits received	**400**	**392**	**792**	508	109	617
Other	**3,452**	**162**	**3,614**	3,245	154	3,399
Miscellaneous other financial liabilities	**6,425**	**1,605**	**8,030**	6,247	1,221	7,468
	8,062	**2,644**	**10,706**	6,575	1,701	8,276

E.64
Deferred income and prepaid expenses

		At December 31, 2014			At December 31, 2013	
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Deferral of revenue from multi-year service and maintenance agreements	**1,216**	**1,935**	**3,151**	977	1,331	2,308
Deferral of sales revenue received from sales with residual-value guarantees	**370**	**866**	**1,236**	301	743	1,044
Deferral of advance rental payments received from operating lease arrangements	**581**	**466**	**1,047**	254	333	587
Other deferred income	**246**	**314**	**560**	336	321	657
	2,413	**3,581**	**5,994**	1,868	2,728	4,596

E.65
Other liabilities

		At December 31, 2014			At December 31, 2013	
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Income tax liabilities	**151**	**11**	**162**	181	12	193
Other tax liabilities	**1,552**	**1**	**1,553**	1,011	2	1,013
Miscellaneous other liabilities	**304**	**2**	**306**	259	4	263
	2,007	**14**	**2,021**	1,451	18	1,469

28. Consolidated statement of cash flows

Calculation of funds. At December 31, 2014, cash and cash equivalents included restricted funds of €112 million (2013: €69 million). The restricted funds primarily relate to subsidiaries where exchange controls apply so that the Group has restricted access to the funds.

Cash provided by/used for operating activities. Changes in other operating assets and liabilities are shown in table ↗ E.66.

E.66
Changes in other operating assets and liabilities

	2014	2013
In millions of euros		
Provisions	-838	573
Financial instruments	289	131
Miscellaneous other assets and liabilities	1,581	1,536
	1,032	2,240

E.67
Cash flows included in cash provided by/used for operating activities

	2014	2013
In millions of euros		
Interest paid	-445	-385
Interest received	136	172
Dividends received	171	144

The decrease in provisions in the reporting year mainly resulted from provisions for pensions and similar obligations primarily due to an extraordinary contribution to the German pension fund assets. Contrary effects were caused by the addition to the provision for the EU Commission's antitrust proceedings concerning European commercial vehicle manufacturers and the increase in the provision for personnel costs. In the prior year, the change in the provisions was primarily influenced by the increases in provisions for dealer incentives and for personnel costs.

Table ↗ E.67 shows cash flows included in cash provided by/used for operating activities.

The line item other non-cash expense and income within the reconciliation of profit before income taxes to cash provided by/used for operating activities primarily included the effect of the remeasurement of the Tesla shares (see Note 13).

Cash provided by financing activities. Cash provided by financing activities includes cash flows from hedging the currency risks of financial liabilities. In 2014, cash provided by financing activities included payments for the reduction of the outstanding finance lease liabilities of €46 million (2013: €52 million).

29. Legal proceedings

Various legal proceedings, claims and governmental investigations (legal proceedings) are pending against Daimler AG and its subsidiaries on a wide range of topics, including vehicle safety, emissions, fuel economy, financial services, dealer, supplier and other contractual relationships, intellectual property rights, product warranties, environmental matters, antitrust matters and shareholder matters. Legal proceedings relating to products deal with claims on account of alleged vehicle defects. Some of these claims are asserted by way of class action suits. Adverse decisions in one or more of these proceedings could require us to pay substantial compensatory and punitive damages or undertake service actions, recall campaigns or other costly actions.

In mid-January 2011, the European Commission carried out antitrust investigations of European commercial vehicle manufacturers, including Daimler AG. If antitrust infringements are discovered, the European Commission can impose considerable fines depending on the gravity of the infringement. In November 2014, the European Commission served Daimler with its statement of objections which, from the European Commission's perspective, further explains and legally evaluates the relevant facts. Resulting from knowledge gained from access to essential documents of the European Commission's file, Daimler AG, in December 2014, decided to increase provisions by €600 million. Daimler is taking the Commission's initial suspicion very seriously and is also – parallel to the Commission's investigations – carrying out its own extensive internal investigation to clarify the underlying circumstances. The company is cooperating with the authorities but will at the same time – while stating the company's legal view – safeguard its rights in the further proceedings and is also reviewing all of its procedural options. In accordance with IAS 37.92, the Group does not provide further information on this antitrust investigation and the associated risk for the Group, especially with regard to the measures taken in this context, in order not to impair the outcome of the proceeding.

The Federal Republic of Germany initiated arbitration proceedings against Daimler Financial Services AG, Deutsche Telekom AG and Toll Collect GbR and submitted its statement of claims in August 2005. It seeks damages, contractual penalties and the transfer of intellectual property rights to Toll Collect GmbH. In particular, the Federal Republic of Germany is claiming
- lost revenue of €3.33 billion for the period September 1, 2003 through December 31, 2004 plus interest at 5% per annum above the respective base rate since submission of claims (an amount of €2 billion as at the date of September 29, 2014),
- and contractual penalties of approximately €1.65 billion through July 31, 2005 plus interest at 5% per annum above the respective base rate since submission of claims (an amount of €225 million as at the date of September 29, 2014),
- plus refinancing costs of €196 million.

Since, among other things, some of the contractual penalties are dependent on time and further claims for contractual penalties have been asserted by the Federal Republic of Germany, the amount claimed as contractual penalties may increase. The defendants submitted their response to the statement of claims on June 30, 2006. The Federal Republic of Germany delivered its reply to the arbitrators on February 15, 2007, and the defendants delivered their rebuttal on October 1, 2007 (see also Note 30). The arbitrators held the first hearing on June 16 and 17, 2008. Additional briefs from the claimant and the defendants have been filed since then. A hearing of witnesses and experts took place between December 6 and 14, 2010. The parties submitted further written statements on July 15 and November 15, 2011. After the Tribunal's President resigned for personal reasons as of March 30, 2012, the new President was determined by the Administrative Court in Berlin as of October 29, 2012. The arbitrators held further hearings in May and October 2014. In accordance with IAS 37.92, no further information is disclosed regarding the arbitration proceedings and the related risks to the company, in particular regarding the measures taken by the company, in order to prevent negative effects on the proceedings. Daimler believes the claims of the Federal Republic of Germany are without merit and will continue to defend itself vigorously.

The Group recognizes provisions in connection with pending or threatened proceedings to the extent that a loss is probable and can be reasonably estimated. Such provisions are reflected in the Group's consolidated financial statements and are based on estimates. Risks resulting from legal proceedings, however, sometimes cannot be assessed reliably or only to a limited extent. Consequently, provisions accrued for some legal proceedings may turn out to be insufficient once such proceedings have ended. Daimler may also become liable for payments in legal proceedings no provisions were established for. Although the final resolution of any such proceedings could have a material effect on Daimler's operating results and cash flows for a particular reporting period, Daimler believes that it should not materially affect the Group's financial position.

30. Financial guarantees, contingent liabilities and other financial obligations

Financial guarantees. Financial guarantees principally represent contractual arrangements. These guarantees generally provide that in the event of default or non-payment by the primary debtor, the Group will be required to settle such financial obligations. The maximum potential obligation resulting from these guarantees amounted to €786 million at December 31, 2014 (2013: €772 million) and includes liabilities recognized in the amount of €84 million (2013: €80 million). These amounts include financial guarantees, which the Group issued for the benefit of Chrysler in connection with the Chrysler transactions entered into in 2007 and 2009. At December 31, 2014, these guarantees amounted to €0.3 billion. For a portion of these financial guarantees, Chrysler provided collateral of €0.2 billion to an escrow account.

Contingent liabilities. Table ↗ **E.68** shows estimates of the financial effects of contingent liabilities at December 31.

Guarantees under buyback commitments represent arrangements whereby the Group guarantees specified trade-in or resale values for sold vehicles. Such guarantees provide the holder with the right to return purchased vehicles to the Group, the right being primarily contingent on the future purchase of vehicles or services. The provisions recognized in connection with these buyback commitments, amounted to €58 million at December 31, 2014 (2013: €43 million). Residual value guarantees related to arrangements for which revenue recognition is precluded due to the Group's obligation to repurchase assets sold to unrelated guaranteed parties are included in other financial liabilities.

E.68

Composition of contingent liabilities

	At December 31, 2014	2013
In millions of euros		
Guarantees under buyback commitments	**1,208**	974
Other contingent liabilities	**383**	370
	1,591	1,344

Other contingent liabilities comprise contingent liabilities which constitute other guarantees as well as miscellaneous contingent liabilities which do not constitute other guarantees. At December 31, 2014, the best estimate for potential obligations from other guarantees for which no provisions had yet been recognized was €34 million (2013: €42 million). The miscellaneous contingent liabilities which do not constitute other guarantees primarily comprise potential obligations from other tax and customs duty risks; the best estimate for potential obligations at December 31, 2014 amounts to €349 million (2013: €328 million).

In 2002, our subsidiary Daimler Financial Services AG, Deutsche Telekom AG and Compagnie Financière et Industrielle des Autoroutes S.A. (Cofiroute) entered into a consortium agreement in order to jointly develop, install and operate under a contract with the Federal Republic of Germany (operating agreement) a system for the electronic collection of tolls for all commercial vehicles over 12 tons GVW using German highways. Daimler Financial Services AG and Deutsche Telekom AG each hold a 45% equity interest and Cofiroute holds the remaining 10% equity interest in both the consortium (Toll Collect GbR) and the joint venture company (Toll Collect GmbH) (together Toll Collect).

According to the operating agreement, the toll collection system had to be operational no later than August 31, 2003. After a delay of the launch date of the toll collection system, which resulted in a loss of revenue for Toll Collect and in payments of contractual penalties for delays, the toll collection system was introduced on January 1, 2005 with on-board units that allowed for slightly less than full technical performance in accordance with the technical specification (phase 1). On January 1, 2006, the toll collection system was installed and started to operate with full effectiveness as specified in the operating agreement (phase 2). On December 20, 2005, Toll Collect GmbH received a preliminary operating permit as specified in the operating agreement. Toll Collect GmbH expects to receive the final operating permit, and continues to operate the toll collection system under the preliminary operating permit in the interim.

Failure to perform various obligations under the operating agreement may result in penalties, additional revenue reductions and damage claims that could become significant over time.

However, penalties and revenue reductions are capped at €150 million per year until the final operating permit has been issued and at €100 million per year following the issuance of the final operating permit. These cap amounts are subject to a 3% increase for every year of operation.

Beginning in June 2006, the Federal Republic of Germany began reducing monthly payments to Toll Collect GmbH by €8 million in partial set-off against amounts claimed in the arbitration proceeding referred to below. This offsetting may require the consortium members to provide additional operating funds to Toll Collect GmbH.

The operating agreement calls for the submission of all disputes related to the toll collection system to arbitration. The Federal Republic of Germany has initiated arbitration proceedings against Daimler Financial Services AG, Deutsche Telekom AG and the consortium. According to the statement of claims received in August 2005, the Federal Republic of Germany is seeking damages including contractual penalties and reimbursement of lost revenue that allegedly arose from delays in the operability of the toll collection system. See Note 29 for additional information.

Each of the consortium members (including Daimler Financial Services AG) has provided guarantees supporting the obligations of Toll Collect GmbH towards the Federal Republic of Germany relating to the completion and operation of the toll collection system, which are subject to specific triggering events. In addition, Daimler AG has guaranteed bank loans obtained by Toll Collect GmbH. The guarantees are described in detail below:

- *Guarantee of bank loans.* Daimler AG issued a guarantee to third parties up to a maximum amount of €100 million for bank loans which could be obtained by Toll Collect GmbH. This amount represents the Group's 50% share of Toll Collect GmbH's external financing guaranteed by its shareholders.
- *Equity maintenance undertaking.* The consortium members have the obligation to contribute, on a joint and several basis, additional funds to Toll Collect GmbH as may be necessary for Toll Collect GmbH to maintain a minimum equity (based on German Commercial Code accounting principles) of 15% of total assets (a so-called "equity maintenance undertaking"). This obligation will terminate on August 31, 2015, when the operating agreement expires, or earlier if the agreement is terminated. Such obligation may arise if Toll Collect GmbH is subject to revenue reductions caused by underperformance, if the Federal Republic of Germany is successful in claiming lost revenue against Toll Collect GmbH for any period the system was not fully operational, or if Toll Collect GmbH incurs penalties that may become payable under the above mentioned agreements. If such penalties, revenue reductions or other events reduce Toll Collect GmbH's equity to a level below the minimum equity percentage agreed upon, the consortium members are obligated to fund Toll Collect GmbH's operations to the extent necessary to reach the required minimum equity.

Cofiroute's risks and obligations are limited to €70 million. Daimler Financial Services AG and Deutsche Telekom AG are jointly obliged to indemnify Cofiroute for amounts exceeding this limitation.

While Daimler's maximum future obligation resulting from the guarantee of the bank loan can be determined (2014: €100 million), the Group is unable to reasonably estimate the amount or range of amounts of possible loss resulting from the financial guarantee in form of the equity maintenance undertaking due to the various uncertainties described above, although it could be material. Only the guarantee for the bank loan is included in the above disclosures for financial guarantees.

Obligations from product warranties and extended product warranties are not included in the above disclosures. See Note 23 for provisions relating to such obligations.

Other financial obligations. The composition of other financial obligations is shown in Table ↗ **E.69**.

In connection with its production programs, Daimler has committed to purchase various volumes of parts and components over extended periods. The Group also has entered into service arrangements for the provision of future services. In addition, the Group has committed to purchase or invest in the construction and maintenance of production facilities. Amounts under the latter arrangements represent commitments to purchase plant or equipment in the future.

E.69

Composition of other financial obligations (nominal amounts)

	At December 31, 2014	2013
In millions of euros		
Commitments from purchasing contracts	**9,769**	9,771
Long-term rental and leasing agreements	**2,157**	1,980
Irrevocable credit commitments	**1,320**	1,508
Other miscellaneous financial commitments	**2,318**	1,356
	15,564	14,615

The Group has additional other financial obligations resulting from non-cancelable long-term rental agreements and operating leases for property, plant and equipment; the contracts partially include renewal or repurchase options and escalation clauses. In 2014, Daimler recognized as expense rental payments of €517 million (2013: €501 million). Table ↗ **E.70** provides an overview of when future minimum lease payments under non-cancelable long-term rental and lease agreements fall due (nominal amounts).

In addition, the Group had issued irrevocable loan commitments as of December 31, 2014. These loan commitments had not been utilized as of that date. An overview of the maturities of irrevocable credit commitments is shown in table ↗ **E.85** in Note 32.

Miscellaneous other financial commitments primarily comprise financial obligations to make payments in connection with capital contributions to be made into the share capital of unconsolidated subsidiaries or associated companies as well as obligations in connection with cooperation agreements.

E.70

Future minimum lease payments under long-term rental and lease agreements

	At December 31, 2014	2013
In millions of euros		
Maturity		
within one year	**416**	376
between one and five years	**1,112**	1,032
later than five years	**629**	572
	2,157	1,980

31. Financial instruments

Carrying amounts and fair values of financial instruments

Table ↗ **E.71** shows the carrying amounts and fair values of the Group's financial instruments. The fair value of a financial instrument is the price at which a party would accept the rights and/or obligations of that financial instrument from another independent party. Given the varying influencing factors, the reported fair values can only be viewed as indicators of the prices that may actually be achieved on the market.

The fair values of financial instruments were calculated on the basis of market information available on the balance sheet date. The following methods and premises were used:

Receivables from financial services. The fair values of receivables from financial services with variable interest rates are estimated to be equal to the respective carrying amounts because the interest rates agreed and those available in the market do not significantly differ. The fair values of receivables from financial services with fixed interest rates are determined on the basis of discounted expected future cash flows.

The discounting is based on the current interest rates at which similar loans with identical terms could have been obtained as of December 31, 2014 and December 31, 2013.

Trade receivables and cash and cash equivalents. Due to the short terms of these financial instruments, it is assumed that their fair values are equal to the carrying amounts.

Marketable debt securities and other financial assets. *Financial assets available-for-sale* include:
- debt and equity instruments measured at fair value; these instruments were measured using quoted market prices at December 31. Otherwise, the fair value measurement of these debt and equity instruments is based on inputs that are either directly or indirectly observable on active markets. Equity instruments measured at fair value predominantly comprise the investments in Nissan Motor Co., Ltd. (Nissan) and Renault SA (Renault).
- equity interests measured at cost; fair values could not be determined for these financial instruments because no stock exchange or market prices are available. These equity interests comprise investments in non-listed companies for which no objective evidence existed at the balance sheet date that these assets were impaired and whose fair values cannot be determined with sufficient reliability. It is assumed that the fair values approximate the carrying amounts.

Financial assets recognized at fair value through profit or loss include derivative financial instruments not used in hedge accounting. These financial instruments as well as *derivative financial instruments used in hedge accounting* comprise:
- derivative currency hedging contracts; the fair values of cross currency interest rate swaps are determined on the basis of the discounted estimated future cash flows using market interest rates appropriate to the remaining terms of the financial instruments. The valuation of currency forwards is based on market quotes of forward curves; currency options were measured using price quotations or option pricing models using market data.
- derivative interest rate hedging contracts; the fair values of interest rate hedging instruments (e.g. interest rate swaps) are calculated on the basis of the discounted estimated future cash flows using the market interest rates appropriate to the remaining terms of the financial instruments.
- derivative commodity hedging contracts; the fair values of commodity hedging contracts (e.g. commodity forwards) are determined on the basis of current reference prices with consideration of forward premiums and discounts.

Other receivables and assets are carried at amortized cost. Because of the predominantly short maturities of these financial instruments, it is assumed that the fair values approximate the carrying amounts.

Financing liabilities. The fair values of bonds, loans, commercial paper, deposits in the direct banking business and liabilities from ABS transactions are calculated as the present values of the estimated future cash flows. Market interest rates for the appropriate terms are used for discounting.

Trade payables. Due to the short maturities of these financial instruments, it is assumed that their fair values are equal to the carrying amounts.

E.71

Carrying amounts and fair values of financial instruments

	At December 31, 2014		At December 31, 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
In millions of euros				
Financial assets				
Receivables from financial services	**61,679**	**62,057**	50,770	51,115
Trade receivables	**8,634**	**8,634**	7,803	7,803
Cash and cash equivalents	**9,667**	**9,667**	11,053	11,053
Marketable debt securities				
Available-for-sale financial assets	**6,634**	**6,634**	7,066	7,066
Other financial assets				
Available-for-sale financial assets	**2,269**	**2,269**	2,052	2,052
thereof equity instruments measured at fair value	**1,647**	**1,647**	1,452	1,452
thereof equity instruments measured at cost	**622**	**622**	600	600
Financial assets recognized at fair value through profit or loss	**97**	**97**	350	350
Derivative financial instruments used in hedge accounting	**1,296**	**1,296**	1,703	1,703
Other receivables and assets	**2,325**	**2,325**	2,136	2,136
	92,601	**92,979**	82,933	83,278
Financial liabilities				
Financing liabilities	**86,689**	**88,043**	77,738	79,026
Trade payables	**10,178**	**10,178**	9,086	9,086
Other financial liabilities				
Financial liabilities recognized at fair value through profit or loss	**359**	**359**	413	413
Derivative financial instruments used in hedge accounting	**2,317**	**2,317**	395	395
Miscellaneous other financial liabilities	**8,030**	**8,030**	7,468	7,468
	107,573	**108,927**	95,100	96,388

Other financial liabilities. *Financial liabilities recognized at fair value through profit or loss* comprise derivative financial instruments not used in hedge accounting. For information regarding these financial instruments as well as *derivative financial instruments used in hedge accounting*, see the notes above under marketable debt securities and other financial assets.

Miscellaneous other financial liabilities are carried at amortized cost. Because of the predominantly short maturities of these financial instruments, it is assumed that the fair values approximate the carrying amounts.

Offsetting of financial instruments. The Group concludes derivative transactions in accordance with the master netting arrangements (framework agreement) of the International Swaps and Derivatives Association (ISDA) and other appropriate national framework agreements. However, these arrangements do not meet the criteria for netting in the consolidated statement of financial position according to IAS 32.42, as they allow netting only in the case of future events such as default or insolvency on the part of the Group or the counterparty.

Table ↗ **E.72** shows the carrying amounts of the derivative financial instruments subject to the described arrangements as well as the possible financial effects of netting in accordance with the master netting arrangements.

Table ↗ **E.73** provides an overview of the classification into measurement hierarchies of financial assets and liabilities measured at fair value (according to IFRS 13).

At the end of each reporting period, Daimler reviews the necessity of reclassification between the measurement hierarchies.

E.72

Disclosure for recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement

	At December 31, 2014			At December 31, 2013		
	Gross and net amounts of financial instruments in the balance sheet	Amounts subject to a master netting arrangement	Net amounts	Gross and net amounts of financial instruments in the balance sheet	Amounts subject to a master netting arrangement	Net amounts
In millions of euros						
Other financial assets	**1,393**	**-670**	**723**	2,053	-206	1,847
Other financial liabilities	**2,676**	**-670**	**2,006**	808	-206	602

1 The other financial assets which are subject to a master netting arrangement comprise derivative financial instruments that are included in hedge accounting and financial assets measured at fair value through profit or loss (see Note 16).
2 The other financial liabilities which are subject to a master netting arrangement comprise derivative financial instruments that are included in hedge accounting and financial liabilities measured at fair value through profit or loss (see Note 25).

For the determination of the credit risk from derivative financial instruments which are allocated to the Level 2 measurement hierarchy, the exception described in IFRS 13.48 (portfolios managed on basis of net exposure) is applied.

The development of financial assets recognized at fair value through profit or loss and classified as Level 3 is shown in table ↗ E.74.

The financial assets shown as classified as level 3 and presented in table ↗ E.74 consist solely of Daimler's option to sell the shares it held in RRPSH to Rolls-Royce (see also Note 13). Daimler sold its shares in RRPSH to Rolls-Royce in 2014. The option was exercised and derecognized through profit or loss.

E.73

Measurement hierarchy of financial assets and liabilities measured at fair value

	At December 31, 2014				At December 31, 2013			
	Total	Level 1[1]	Level 2[2]	Level 3[3]	Total	Level 1[1]	Level 2[2]	Level 3[3]
In millions of euros								
Available-for-sale financial assets								
Financial assets available for sale	**8,281**	**6,158**	**2,123**	**–**	8,518	6,264	2,254	–
thereof equity instruments	**1,647**	**1,642**	**5**	**–**	1,452	1,446	6	–
thereof marketable debt securities	**6,634**	**4,516**	**2,118**	**–**	7,066	4,818	2,248	–
Financial assets measured at fair value through profit or loss	**97**	**–**	**97**	**–**	350	–	232	118
Derivative financial instruments used in hedge accounting	**1,296**	**–**	**1,296**	**–**	1,703	–	1,703	–
	9,674	**6,158**	**3,516**	**–**	10,571	6,264	4,189	118
Liabilities measured at fair value								
Financial liabilities measured at fair value through profit or loss	**359**	**–**	**359**	**–**	413	–	413	–
Derivative financial instruments used in hedge accounting	**2,317**	**–**	**2,317**	**–**	395	–	395	–
	2,676	**–**	**2,676**	**–**	808	–	808	–

1 Fair value measurement of these assets and liabilities is based on quoted prices (unadjusted) in active markets for these or identical assets or liabilities.
2 Fair value measurement of these assets and liabilities is based on inputs that are observable on active markets either directly (i.e. as prices) or indirectly (i.e. derived from prices).
3 Fair value measurement of these assets and liabilities is based on inputs for which no observable market data is available.

E.74

Development of financial assets recognized at fair value through profit or loss classified as level 3

	2014	2013
In millions of euros		
Balance at January 1	**118**	178
Losses recognized in other financial income/expense, net	**-118**	-60
Balance at December 31	**–**	118

Table ↗ **E.75** shows into which measurement hierarchy (according to IFRS 13) the fair values of the financial assets and liabilities are classified which are not measured at fair value in the consolidated statement of financial position.

The carrying amounts of financial instruments presented according to IAS 39 measurement categories are shown in table ↗ **E.76**.

E.75

Measurement hierarchy of financial assets and liabilities not measured at fair value

			At December 31, 2014				At December 31, 2013	
	Total	Level 1[1]	Level 2[2]	Level 3[3]	Total	Level 1[1]	Level 2[2]	Level 3[3]
In millions of euros								
Financial assets measured at cost								
Receivables from financial services	**62,057**	**–**	**62,057**	**–**	51,115	–	51,115	–
Financial liabilities measured at cost								
Financing liabilities	**88,043**	**39,525**	**48,518**	**–**	79,026	36,384	42,642	–
thereof bonds	**44,367**	**39,525**	**4,842**	**–**	39,656	35,161	4,495	–
thereof liabilities from ABS transactions	**5,996**	**–**	**5,996**	**–**	6,145	1,223	4,922	–
thereof other financing liabilities	**37,680**	**–**	**37,680**	**–**	33,225	–	33,225	–

1 Fair value measurement of these assets and liabilities is based on quoted prices (unadjusted) in active markets for these or identical assets or liabilities.
2 Fair value measurement of these assets and liabilities is based on inputs that are observable on active markets either directly (i.e. as prices) or indirectly (i.e. derived from prices).
3 Fair value measurement of these assets and liabilities is based on inputs for which no observable market data is available.

Net gains or losses

Table ↗ E.77 shows the net gains or losses of financial instruments included in the consolidated statement of income (excluding derivative financial instruments used in hedge accounting).

Net losses of financial assets and liabilities recognized at fair value through profit or loss primarily include gains and losses attributable to changes in market value.

Net gains on available-for-sale financial assets mainly include income from the measurement of equity interests as well as realized gains from their disposal.

Net losses on loans and receivables mainly include impairment losses that are charged to cost of sales, selling expenses and other financial income/expense, net. Foreign currency gains and losses are also included.

Net gains on financial liabilities measured at cost mainly include gains and losses from the measurement of liabilities denominated in foreign currencies.

E.76

Carrying amounts of financial instruments presented according to IAS 39 measurement categories

	At December 31, 2014	2013
In millions of euros		
Assets		
Receivables from financial services[1]	**46,599**	37,675
Trade receivables	**8,634**	7,803
Other receivables and assets	**2,325**	2,136
Loans and receivables	**57,558**	47,614
Marketable debt securities	**6,634**	7,066
Other financial assets	**2,269**	2,052
Available-for-sale financial assets	**8,903**	9,118
Financial assets recognized at fair value through profit or loss[2]	**97**	350
Liabilities		
Trade payables	**10,178**	9,086
Financing liabilities[3]	**86,404**	77,428
Other financial liabilities[4]	**7,946**	7,388
Financial liabilities measured at cost	**104,528**	93,902
Financial liabilities recognized at fair value through profit or loss[2]	**359**	413

The table above does not include cash and cash equivalents or the carrying amounts of derivative financial instruments used in hedge accounting as these financial instruments are not assigned to an IAS 39 measurement category.

1 This does not include lease receivables of €15,080 million as of December 31, 2014 (2013: €13,095 million) as these are not assigned to an IAS 39 measurement category.
2 Financial instruments classified as held for trading purposes. These figures comprise financial instruments that are not used in hedge accounting.
3 This does not include liabilities from finance leases of €285 million as of December 31, 2014 (2013: €310 million) as these are not assigned to an IAS 39 measurement category.
4 This does not include liabilities from financial guarantees of €84 million as of December 31, 2014 (2013: €80 million) as these are not assigned to an IAS 39 measurement category.

E.77

Net gains/losses

	2014	2013
In millions of euros		
Financial assets and liabilities recognized at fair value through profit or loss[1]	**-578**	-218
Available-for-sale financial assets	**235**	90
Loans and receivables	**-210**	-598
Financial liabilities measured at cost	**124**	74

1 Financial instruments classified as held for trading; these amounts relate to financial instruments that are not used in hedge accounting.

E.78
Total interest income and total interest expense

	2014	2013
In millions of euros		
Total interest income	3,089	2,964
Total interest expense	-1,666	-1,977

E.79
Fair values of hedging instruments

	At December 31, 2014	2013
In millions of euros		
Fair value hedges	535	118
Cash flow hedges	-1,527	1,177
Hedges of net investments in foreign operations	-29	13

E.80
Net gains/losses from fair value hedges

	2014	2013
In millions of euros		
Net gains/losses from hedging instruments	553	-386
Net gains/losses from underlying transactions	-552	413

E.81
Unrealized gains/losses from cash flow hedges

	2014	2013
In millions of euros		
Unrealized gains/losses	-2,433	1,388

E.82
Reclassifications of pre-tax gains/losses from equity to the statement of income

	2014	2013
In millions of euros		
Revenue	340	286
Cost of sales	-90	-36
Interest income	–	–
Interest expense	-2	-2
	248	248

Total interest income and total interest expense

Total interest income and total interest expense for financial assets or financial liabilities that are not measured at fair value through profit or loss are shown in table ↗ E.78.

See Note 1 for qualitative descriptions of accounting for financial instruments (including derivative financial instruments).

Information on derivative financial instruments

Use of derivatives. The Group uses derivative financial instruments exclusively for hedging financial risks that arise from its commercial business or refinancing activities. These are mainly interest rate risks, currency risks and commodity price risks. For these hedging purposes, the Group mainly uses currency forward transactions, cross currency interest rate swaps, interest rate swaps, options and commodity forwards.

Fair values of hedging instruments. Table ↗ E.79 shows the fair values of hedging instruments at the end of the reporting period.

Fair value hedges. The Group uses fair value hedges primarily for hedging interest rate risks.

Net gains and losses from these hedging instruments and the changes in the value of the underlying transactions are shown in table ↗ E.80.

Cash flow hedges. The Group uses cash flow hedges for hedging currency risks, interest rate risks and commodity price risks.

Unrealized pre-tax gains and losses on the measurement of derivatives, which are recognized in other comprehensive income, are shown in table ↗ E.81.

Table ↗ E.82 provides an overview of the reclassifications of pre-tax gains/losses from equity to the statement of income for the period.

Net profit for 2014 includes net losses (before income taxes) of €17 million (2013: €7 million) attributable to the ineffectiveness of derivative financial instruments entered into for hedging purposes (hedge-ineffectiveness).

In 2014, the discontinuation of cash flow hedges as a result of non-realizable hedged items resulted in losses of €6 million (2013: €8 million).

The maturities of the interest rate hedges and cross currency interest rate hedges as well as of the commodity hedges correspond with those of the underlying transactions. The realization of the underlying transactions of the cash flow hedges is expected to correspond with the maturities of the hedging transactions shown in table ↗ E.83. As of December 31, 2014, Daimler utilized derivative instruments with a maximum maturity of 36 months (2013: 36 months) as hedges for currency risks arising from future transactions.

Hedges of net investments in foreign operations. Daimler also partially hedges the foreign currency risk of selected investments with the application of derivative financial instruments.

Nominal values of derivative financial instruments. Table ↗ E.83 shows the nominal values of derivative financial instruments entered into for the purpose of hedging currency risks, interest rate risks and commodity price risks that arise from the Group's operating and/or financing activities.

Hedging transactions for which the effects from the measurement of the hedging instrument and the underlying transaction to a large extent offset each other in the consolidated statement of income mostly not classify for hedge accounting.

Even if derivative financial instruments do not or no longer qualify for hedge accounting, these instruments are still hedging financial risks from the operating business. A hedging instrument is terminated if the hedged item no longer exists or is no longer expected to occur.

Explanations of the hedging of exchange rate risks, interest rate risks and commodity price risks can be found in Note 32 in the sub-item finance market risk.

E.83

Nominal values of derivative financial instruments

	At December 31, 2014			At December 31, 2013
	Nominal values	Maturity ≤ 1 year	Maturity > 1 year	Nominal values
In millions of euros				
Hedging of currency risks from receivables/liabilities				
Forward exchange contracts	5,513	5,511	2	5,747
Cross currency interest rate swaps	5,803	2,246	3,557	4,776
thereof cash flow hedges	2,137	843	1,294	1,305
thereof fair value hedges	2,926	1,264	1,662	2,541
Hedging of currency risks from forecasted transactions				
Forward exchange contracts and currency options	41,621	25,511	16,110	30,439
thereof cash flow hedges	39,873	23,813	16,060	29,525
Hedging of currency risks of net investments in foreign operations				
Currency swaps	545	545	–	1,898
thereof hedging of net investments in foreign operations	545	545	–	1,898
Hedging of interest rate risks from receivables/liabilities				
Interest rate swaps	31,884	5,087	26,797	29,656
thereof cash flow hedges	1,647	897	750	3,837
thereof fair value hedges	27,384	4,176	23,208	22,775
Hedging of commodity price risks from forecasted transactions				
Forward commodity contracts	1,460	659	801	1,389
thereof cash flow hedges	1,305	540	765	1,059
Total nominal values of derivative financial instruments	86,826	39,559	47,267	73,905
thereof cash flow hedges	44,962	26,093	18,869	35,726
thereof fair value hedges	30,310	5,440	24,870	25,316

32. Management of financial risks

General information on financial risks

As a result of its businesses and the global nature of its operations, Daimler is exposed in particular to market risks from changes in foreign currency exchange rates and interest rates, while commodity price risks arise from procurement. An equity price risk results from investments in listed companies (including Nissan, Renault, BAIC Motor and Kamaz). In addition, the Group is exposed to credit risks from its leasing and financing activities and from its operating business (trade receivables). With regard to the leasing and financing activities, credit risks arise from operating lease contracts, finance lease contracts and financing contracts. Furthermore, the Group is exposed to liquidity and country risks relating to its credit and market risks or a deterioration of its operating business or financial market disturbances. If these financial risks materialize, they could adversely affect Daimler's profitability, liquidity and capital resources and financial position.

E.84

Maximum risk positions of financial assets and loan commitments

	See also Note	Maximum risk position 2014	Maximum risk position 2013
In millions of euros			
Liquid assets		**16,301**	18,119
Receivables from financial services	14	**61,679**	50,770
Trade receivables	19	**8,634**	7,803
Derivative financial instruments used in hedge accounting (assets only)	16	**1,296**	1,703
Derivative financial instruments not used in hedge accounting (assets only)	16	**97**	350
Loan commitments	30	**1,320**	1,508
Other receivables and financial assets	16	**2,325**	2,136

Daimler has established guidelines for risk controlling procedures and for the use of financial instruments, including a clear segregation of duties with regard to financial activities, settlement, accounting and the related controlling. The guidelines upon which the Group's risk management processes for financial risks are based are designed to identify and analyze these risks throughout the Group, to set appropriate risk limits and controls and to monitor the risks by means of reliable and up-to-date administrative and information systems. The guidelines and systems are regularly reviewed and adjusted to changes in markets and products.

The Group manages and monitors these risks primarily through its operating and financing activities and, if required, through the use of derivative financial instruments. Daimler uses derivative financial instruments exclusively for hedging financial risks that arise from its commercial business or refinancing activities. Without these derivative financial instruments, the Group would be exposed to higher financial risks (additional information on financial instruments and especially on the nominal values of the derivative financial instruments used is included in Note 31). Daimler regularly evaluates its financial risks with due consideration of changes in key economic indicators and up-to-date market information.

Any market sensitive instruments including equity and debt securities that the plan assets hold to finance pension and other post-employment healthcare benefits are not included in the following quantitative and qualitative analysis. See Note 22 for additional information on Daimler's pension and other post-employment benefits.

Credit risk

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt in accordance with the contractual terms. Credit risk encompasses both the direct risk of default and the risk of a deterioration of creditworthiness as well as concentration risks.

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts (without consideration of collateral, if available). Table ↗ **E.84** shows the maximum risk positions.

Liquid assets. Liquid assets consist of cash and cash equivalents and marketable debt securities classified as available-for-sale. With the investment of liquid assets, banks and issuers of securities are selected very carefully and diversified in accordance with a limit system. In the past years, the limit methodology was continuously enhanced to counteract the decline of the creditworthiness of the banking sector in the course of the financial crisis. Additionally, liquid assets are increasingly also held at financial institutions outside Europe with high creditworthiness and as bonds issued by German federal states. At the same time, the Group has increased the number of financial institutions with which investments are made. In connection with investment decisions, priority is placed on the borrower's very high creditworthiness and on balanced risk diversification. The limits and their utilizations are reassessed continuously. In this assessment Daimler also considers the credit risk assessment of its counterparties by the capital markets. In line with the Group's risk policy, most liquid assets are held in investments with an external rating of "A" or better.

Receivables from financial services. Daimler's financing and leasing activities are primarily focused on supporting the sales of the Group's automotive products. As a consequence of these activities, the Group is exposed to credit risk, which is monitored and managed based on defined standards, guidelines and procedures. Daimler Financial Services manages its credit risk irrespective of whether it is related to a financing contract or to an operating lease or a finance lease contract. For this reason, statements concerning the credit risk of Daimler Financial Services refer to the entire financing and leasing business, unless specified otherwise.

Exposure to credit risk from financing and lease activities is monitored based on the portfolio subject to credit risk. The portfolio subject to credit risk is an internal control quantity that consists of wholesale and retail receivables from financial services and the portion of the operating lease portfolio that is subject to credit risk. Receivables from financial services comprise claims arising from finance lease contracts and repayment claims from financing loans. The operating lease portfolio is reported under equipment on operating leases in the Group's consolidated financial statements. Overdue lease payments from operating lease contracts are recognized in trade receivables.

In addition, the Daimler Financial Services segment is exposed to credit risk from irrevocable loan commitments to retailers and end customers. At December 31, 2014, irrevocable loan commitments of Daimler Financial Services amounted to €1,306 million (2013: €1,407 million), of which €772 million had a maturity of less than one year (2013: €1,004 million), €249 million had maturities between one and three years (2013: €244 million), €172 million had maturities between three and four years (2013: €83 million) and €113 million had maturities between four and five years (2013: €76 million).

The Daimler Financial Services segment has guidelines setting the framework for effective risk management at a global as well as at a local level. In particular, these rules deal with minimum requirements for all risk-relevant credit processes, the definition of financing products offered, the evaluation of customer quality, requests for collateral as well as the treatment of unsecured loans and non-performing claims. The limitation of concentration risks is implemented primarily by means of global limits, which refer to single customer exposures. As of December 31, 2014, exposure to the biggest 15 customers did not exceed 4.0% (2013: 4.1%) of the total portfolio.

With respect to its financing and lease activities, the Group holds collateral for customer transactions. The value of collateral generally depends on the amount of the financed assets. The financed vehicles usually serve as collateral. Furthermore, Daimler Financial Services mitigates the credit risk from financing and lease activities, for example through advance payments from customers.

Scoring systems are applied for the assessment of the default risk of retail and small business customers. Corporate customers are evaluated using internal rating instruments. Both evaluation processes use external credit bureau data if available. The scoring and rating results as well as the availability of security and other risk mitigation instruments, such as advance payments, guarantees and, to a lower extent, residual debt insurances, are essential elements for credit decisions.

Significant loans and leases to corporate customers are tested individually for impairment. An individual loan or lease is considered impaired when there is objective evidence that the Group will be unable to collect all amounts due as specified by the contractual terms. Examples of objective evidence that loans or lease receivables may be impaired include the following factors: significant financial difficulty of the borrower, a rising probability that the borrower will become bankrupt, delinquency in his installment payments, and restructured or renegotiated contracts to avoid immediate default.

Loans and finance lease receivables related to retail or small business customers are grouped into homogeneous pools and collectively assessed for impairment. Impairments are required for example if there are adverse changes in the payment status of the borrowers included in the pool, adverse changes in expected loss frequency and severity, and adverse changes in economic conditions.

Within the framework of testing for impairment, existing collateral is generally given due consideration. In that context, any excess collateral of individual customers is not netted off with insufficient collateral of other customers. The maximum credit risk is limited by the fair value of collateral (e.g. financed vehicles).

If, in connection with contracts, a worsening of payment behavior or other causes of a need for impairment are recognized, collection procedures are initiated by claims management to obtain the overdue payments of the customer, to take possession of the asset financed or leased or, alternatively, to renegotiate the impaired contract. Restructuring policies and practices are based on the indicators or criteria which, in the judgment of local management, indicate that repayment will probably continue and that the total proceeds expected to be derived from the renegotiated contract exceed the expected proceeds to be derived from repossession and remarketing.

Impairment losses have remained at the favorable low level of the previous year in a globally stable risk situation.

Further details on receivables from financial services and the balance of the recorded impairments are provided in Note 14.

Trade receivables. Trade receivables are mostly receivables from worldwide sales activities of vehicles and spare parts. The credit risk from trade receivables encompasses the default risk of customers, e.g. dealers and general distribution companies, as well as other corporate and private customers. Daimler manages its credit risk from trade receivables using appropriate IT applications and databases on the basis of internal guidelines which have to be followed globally.

A significant part of the trade receivables from each country's domestic business is secured by various country-specific types of collateral. This collateral includes conditional sales, guarantees and sureties as well as mortgages and cash deposits. In order to prevent the credit risk Daimler assesses the credit worthiness of the counterparties.

For trade receivables from export business, Daimler also evaluates each general distribution company's creditworthiness by means of an internal rating process and its country risk. In this context, the year-end financial statements and other relevant information on the general distribution companies such as payment history are used and assessed.

Depending on the creditworthiness of the general distribution companies, Daimler usually establishes credit limits and limits credit risks with the following types of collateral:

- credit insurances,
- first-class bank guarantees and
- letters of credit.

These procedures are defined in the export credit guidelines, which have Group-wide validity.

Appropriate provisions are recognized for the risks inherent in trade receivables. For this purpose, all receivables are regularly reviewed and impairments are recognized if there is any objective indication of non-performance or other contractual violations. In general, substantial individual receivables and receivables whose realizability is jeopardized are assessed individually. In addition, taking country-specific risks and any collateral into consideration, the other receivables are grouped by similarity of contract and tested for impairment collectively. One important factor for the definition of the impairment to be recognized is the respective country risk.

Further information on trade receivables and the status of impairments recognized is provided in Note 19.

Derivative financial instruments. The Group uses derivative financial instruments exclusively for hedging financial risks that arise from its commercial business or refinancing activities. Daimler manages its credit risk exposure in connection with derivative financial instruments through a limit system, which is based on the review of each counterparty's financial strength. This system limits and diversifies the credit risk. As a result, Daimler is exposed to credit risk only to a small extent with respect to its derivative financial instruments. In accordance with the Group's risk policy, most derivatives are contracted with counterparties which have an external rating of "A" or better.

Other receivables and financial assets. With respect to other receivables and financial assets in 2014 and 2013, Daimler is exposed to credit risk only to a small extent.

Liquidity risk

Liquidity risk comprises the risk that a company cannot meet its financial obligations in full.

Daimler manages its liquidity by holding adequate volumes of liquid assets and by maintaining syndicated credit facilities in addition to the cash inflows generated by its operating business. Additionally, the possibility to securitize receivables of financial services business (ABS transactions) also reduces the Group's liquidity risk. Liquid assets comprise cash and cash equivalents as well as debt instruments classified as held for sale. The Group can dispose of these liquid assets at short notice.

In general, Daimler makes use of a broad spectrum of financial instruments to cover its funding requirements. Depending on funding requirements and market conditions, Daimler issues commercial paper, bonds and financial instruments secured by receivables in various currencies. In 2014, Daimler had very good access to the money and capital markets. Bank credit lines are also used to cover financing requirements. Potential downgrades of our credit ratings could have a negative impact on the Group's financing.

In addition, customer deposits at Mercedes-Benz Bank are used as a further source of refinancing.

The funds raised are used to finance working capital and capital expenditure as well as the cash needs of the lease and financing business and unexpected liquidity needs. In accordance with internal guidelines, the refunding of the lease and financing business is generally carried out with matching maturities so that financing liabilities have the same maturity profile as the leased assets and the receivables from financial services.

At December 31, 2014, liquidity amounted to €16.3 billion (2013: €18.1 billion). In 2014, significant cash inflows resulted from the positive contributions to earnings by the automotive segments and from the sale of the RRPSH and Tesla shares (see Note 3). Cash outflows mainly resulted from refinancing the portfolio growth of the leasing and sales financing activities of Daimler Financial Services, as well as from the unscheduled contribution to the German pension plan assets (see Note 22).

At December 31, 2014, the Group had short-term and long-term credit lines totaling €41.7 billion, of which €17.2 billion were not utilized. These credit lines include a syndicated €9.0 billion credit facility of Daimler AG with five year tenor and two extension options of two years in total which was signed with a syndicate of international banks in September 2013.
In 2014, Daimler exercised the option to extend the credit line by a further year until 2019. This syndicated facility serves as a back-up for commercial paper drawings and provides funds for general corporate purposes. At December 31, 2014, this facility had not been utilized.

From an operating point of view, the management of the Group's liquidity exposures is centralized by a daily cash pooling process. This process enables Daimler to manage its liquidity surplus and liquidity requirements according to the actual needs of the Group and each subsidiary. The Group's short-term and mid-term liquidity management takes into account the maturities of financial assets and financial liabilities and estimates of cash flows from the operating business.

Information on the Group's financing liabilities is also provided in Note 24.

Country risk

Country risk is the risk of economic loss arising from changes of political, economic, legal or social conditions in the respective country, e.g. resulting from sovereign measures such as expropriation or interdiction of foreign currency transfers.

Daimler is exposed to country risk mainly resulting from cross-border funding of Group companies and customers as well as cross-border capital investments at Group companies and joint ventures. Additionally, country risk also arises from cross-border investments of liquid assets with financial institutions.

Daimler manages these risks via country exposure limits (e.g. for export credits or for hard currency portfolios of financial services entities) and via insurance of equity investments in high-risk countries. An internal rating system serves as a basis for Daimler's risk-oriented country exposure management; it assigns all countries to risk classes, with consideration of external ratings and capital market indications of country risks.

Table ↗ E.85 provides an overview of how the future liquidity situation of the Group is affected by the cash flows from liabilities and financial guarantees as of December 31, 2014.

Finance market risks

The global nature of its businesses exposes Daimler to significant market risks resulting from fluctuations in foreign currency exchange rates and interest rates. In addition, the Group is exposed to market risks in terms of commodity price risk associated with its business operations, which the Group hedges partially through derivative financial instruments. The Group is also exposed to equity price risk in connection with its investments in listed companies (including Nissan, Renault, BAIC Motor and Kamaz). If these market risks materialize, they will adversely affect the Group's profitability, liquidity and capital resources and financial position.

Daimler manages market risks to minimize the impact of fluctuations in foreign exchange rates, interest rates and commodity prices on the results of the Group and its segments. The Group calculates its overall exposure to these market risks to provide the basis for hedging decisions, which include the selection of hedging instruments and the determination of hedging volumes and the corresponding periods. Decisions regarding the management of market risks resulting from fluctuations in foreign exchange rates, interest rates (asset-/liability management) and commodity prices are regularly made by the relevant Daimler risk management committees.

As part of its risk management system, Daimler employs value at risk. In performing these analyses, Daimler quantifies its market risk exposure to changes in foreign currency exchange rates and interest rates on a regular basis by predicting the potential loss over a target time horizon (holding period) and confidence level.

The value at risk calculations employed:

- express potential losses in fair values, and
- assume a 99% confidence level and a holding period of five days.

Daimler calculates the value at risk for exchange rate and interest rate risk according to the variance-covariance approach. The value at risk calculation method for commodity hedging instruments is based on a Monte Carlo simulation.

When calculating the value at risk by using the variance-covariance approach, Daimler first computes the current market value of the Group's financial instruments portfolio. Then the sensitivity of the portfolio value to changes in the relevant market risk factors, such as particular foreign currency exchange rates or interest rates of specific maturities, is quantified. Based on expected volatilities and correlations of these market risk factors, which are obtained from the RiskMetrics™ dataset, a statistical distribution of potential changes in the portfolio value at the end of the holding period is computed. The loss which is reached or exceeded with a probability of only 1% can be derived from this calculation and represents the value at risk.

E.85

Liquidity runoff for liabilities and financial guarantees[1]

	Total	2015	2016	2017	2018	2019	≥ 2020
In millions of euros							
Financing liabilities[2]	92,492	38,150	19,445	13,698	6,994	4,226	9,979
Derivative financial instruments[3]	3,359	1,858	1,095	281	79	24	22
Trade payables[4]	10,178	10,146	32	–	–	–	–
Miscellaneous other financial liabilities excluding accrued interest	7,230	5,625	535	469	249	109	243
Irrevocable loan commitments of the Daimler Financial Services segment and of Daimler AG[5]	1,320	786	–	249	172	113	–
Financial guarantees[6]	786	786	–	–	–	–	–
	115,365	57,351	21,107	14,697	7,494	4,472	10,244

1 The amounts were calculated as follows:
(a) If the counterparty can request payment at different dates, the liability is included on the basis of the earliest date on which Daimler can be required to pay. The customer deposits of Mercedes-Benz Bank are considered in this analysis to mature within the first year.
(b) The cash flows of floating interest financial instruments are estimated on the basis of forward rates.
2 The stated cash flows of financing liabilities consist of their undiscounted principal and interest payments.
3 The undiscounted sum of the net cash outflows of the derivative financial instruments is shown for the respective year. For individual periods, this may also include negative cash flows from derivatives with an overall positive fair value.
4 The cash outflows of trade payables are undiscounted.
5 The maximum available amounts are stated.
6 The maximum potential obligations under the issued guarantees are stated. It is assumed that the amounts are due within the first year.

The Monte Carlo simulation uses random numbers to generate possible changes in market risk factors over the holding period. The changes in market risk factors indicate a possible change in the portfolio value. Running multiple repetitions of this simulation leads to a distribution of portfolio value changes. The value at risk can be determined based on this distribution as the portfolio value loss which is reached or exceeded with a probability of 1%.

Oriented towards the risk management standards of the international banking industry, Daimler maintains its financial controlling system independent of operating Corporate Treasury and with a separate reporting line.

Exchange rate risk. *Transaction risk and currency risk management.* The global nature of Daimler's businesses exposes cash flows and earnings to risks arising from fluctuations in exchange rates. These risks primarily relate to fluctuations between the US dollar and the euro, which also apply to the export of vehicles to China and between the British pound and the euro.

In the operating vehicle business, the Group's exchange rate risk primarily arises when revenue is generated in a currency that is different from the currency in which the costs of generating the revenue are incurred (transaction risk). When the revenue is converted into the currency in which the costs are incurred, it may be inadequate to cover the costs if the value of the currency in which the revenue is generated declined in the interim relative to the value of the currency in which the costs were incurred. This risk exposure primarily affects the Mercedes-Benz Cars segment, which generates a major portion of its revenue in foreign currencies and incurs manufacturing costs primarily in euros. The Daimler Trucks segment is also subject to transaction risk, but to a lesser extent because of its global production network. The Mercedes-Benz Vans and Daimler Buses segments are also directly exposed to transaction risk, but only to a minor degree compared to the Mercedes-Benz Cars and Daimler Trucks segments. In addition, the Group is indirectly exposed to transaction risk from its equity-method investments.

Cash inflows and outflows of the business segments are offset if they are denominated in the same currency. This means that the exchange rate risk resulting from revenue generated in a particular currency can be offset by costs in the same currency, even if the revenue arises from a transaction independent of that in which the costs are incurred. As a result, only the net exposure is subject to transaction risk. In addition, natural hedging opportunities exist to the extent that currency exposures of the operating businesses of individual segments offset each other at Group level, thereby reducing overall currency exposure. These natural hedges eliminate the need for hedging to the extent of the matched exposures. To provide an additional natural hedge against any remaining transaction risk exposure, Daimler generally strives to increase cash outflows in the same currencies in which the Group has a net excess inflow.

In order to mitigate the impact of currency exchange rate fluctuations for the operating business (future transactions), Daimler continually assesses its exposure to exchange rate risks and hedges a portion of those risks by using derivative financial instruments. Daimler's Foreign Exchange Committee (FXCo) manages the Group's exchange rate risk and its hedging transactions through currency derivatives. The FXCo consists of representatives of the relevant segments and central functions. The Corporate Treasury department aggregate foreign currency exposures from Daimler's subsidiaries and operative units and carries out the FXCo's decisions concerning foreign currency hedging through transactions with international financial institutions. Risk Controlling regularly informs the Board of Management of the actions taken by Corporate Treasury based on the FXCo's decisions.

The Group's targeted hedge ratios for forecasted operating cash flows in foreign currency are indicated by a reference model. On the one hand, the hedging horizon is naturally limited by uncertainty related to cash flows that lie far in the future; on the other hand, it may also be limited by the fact that appropriate currency contracts are not available. This reference model aims to protect the Group from unfavorable movements in exchange rates while preserving some flexibility to participate in favorable developments. Based on this reference model and depending on the market outlook, the FXCo determines the hedging horizon, which usually varies from one to three years, as well as the average hedge ratios. Reflecting the character of the underlying risks, the hedge ratios decrease with increasing maturities. At year-end 2014, foreign exchange management showed an unhedged position in the automotive business for the underlying forecasted cash flows in US dollars in calendar year 2015 of 21% and for the underlying forecasted cash flows in British pounds in calendar year 2015 of 23%. The corresponding figures at year-end 2013 for calendar year 2014 were 35% for US dollars and 26% for British pounds. The lower unhedged US dollar position compared to the previous year contributes to a lower exposure of cash flows to currency risk with respect to the US dollar.

The hedged position of the operating vehicle businesses is influenced by the amount of derivative currency contracts held. The derivative financial instruments used to cover foreign currency exposure are primarily forward foreign exchange contracts and currency options. Daimler's guidelines call for a mixture of these instruments depending on the assessment of market conditions. Value at risk is used to measure the exchange rate risk inherent in these derivative financial instruments.

Table ↗ **E.86** shows the period-end, high, low and average value at risk figures of the exchange rate risk for the 2014 and 2013 portfolios of derivative financial instruments, which were entered into primarily in connection with the operative vehicle businesses. Average exposure has been computed on an end-of-quarter basis. The offsetting transactions underlying the derivative financial instruments are not included in the following value at risk presentation. See also table ↗ **E.83** for the nominal volumes on the balance sheet date of derivative currency instruments entered into to hedge the currency risk from forecasted transactions.

In 2014, the development of the value at risk from foreign currency hedging was mainly driven by changes in the nominal volume and by the increased foreign currency volatilities at year end.

The Group's investments in liquid assets or refinancing activities generally are not allowed to result in currency risk. Transaction risks arising from liquid assets or payables in foreign currencies that result from the Group's investment or refinancing on money and capital markets are generally hedged against currency risks at the time of investing or refinancing in accordance with Daimler's internal guidelines. The Group uses appropriate derivative financial instruments (e.g. cross currency interest rate swaps) to hedge against currency risk.

Since currency risks arising from the Group's investment refinancing in foreign currencies and the respective hedging transactions principally offset each other, these financial instruments are not included in the value at risk calculation presented.

Effects of currency translation. For purposes of Daimler's consolidated financial statements, the income and expenses and the assets and liabilities of subsidiaries located outside the euro zone are converted into euros. Therefore, period-to-period changes in average exchange rates may cause translation effects that have a significant impact on, for example, revenue, segment result (EBIT) and assets and liabilities of the Group. Unlike exchange rate transaction risk, exchange rate translation risk does not necessarily affect future cash flows. The Group's equity position reflects changes in book values caused by exchange rates. In general Daimler does not hedge against exchange rate translation risk.

Interest rate risk. Daimler uses a variety of interest rate sensitive financial instruments to manage the liquidity needs of its day-to-day operations. A substantial volume of interest rate sensitive assets and liabilities results from the leasing and sales financing business operated by the Daimler Financial Services segment. The Daimler Financial Services companies enter into transactions with customers that primarily result in fixed-rate receivables. Daimler's general policy is to match funding in terms of maturities and interest rates wherever economically feasible. However, for a limited portion of the receivables portfolio in selected and developed markets, the Group does not match funding in terms of maturities in order to take advantage of market opportunities. As a result, Daimler is exposed to risks due to changes in interest rates. In this regard, the Group is not exposed to any liquidity risks.

An asset/liability committee consisting of members of the Daimler Financial Services segment and the Corporate Treasury department manages the interest rate risk relating to Daimler's leasing and financing activities by setting targets for the interest rate risk position. The Treasury Risk Management department and the local Daimler Financial Services companies are jointly responsible for achieving these targets. As separate functions, the Daimler Financial Services Risk Management and the Daimler Financial Services Controlling & Reporting department monitors target achievement on a monthly basis. In order to achieve the targeted interest rate risk positions in terms of maturities and interest rate fixing periods, Daimler also uses derivative financial instruments such as interest rate swaps. Daimler assesses its interest rate risk position by comparing assets and liabilities for corresponding maturities, including the impact of the relevant derivative financial instruments.

Derivative financial instruments are also used in conjunction with the refinancing related to the industrial business. Daimler coordinates the funding activities of the industrial and financial services businesses at the Group level.

Table ↗ **E.86** shows the period-end, high, low and average value at risk figures of the interest rate risk for the 2014 and 2013 portfolio of interest rate sensitive financial instruments and derivative financial instruments of the Group, including the derivative financial instruments of the leasing and sales financing business. In this respect, the table shows the interest rate risk regarding the unhedged position of interest rate sensitive financial instruments. The average values have been computed on an end-of-quarter basis.

In the course of 2014, changes of the value at risk for interest rate sensitive financial instruments were primarily determined by the development of interest rate volatilities.

Commodity price risk. Daimler is exposed to the risk of changes in commodity prices in connection with procuring raw materials and manufacturing supplies used in production. A small portion of the raw material price risk, primarily relating to forecasted procurement of certain metals, is mitigated with the use of derivative financial instruments.

For precious metals, central commodity management shows an unhedged position of 32% of the forecasted commodity purchases at year-end 2014 for calendar year 2015. The corresponding figure at year-end 2013 was 27% for calendar year 2014.

Table ↗ **E.86** shows the period-end, high, low and average value at risk figures of the commodity price risk for the 2014 and 2013 portfolio of derivative financial instruments used to hedge raw material price risk. Average exposure has been computed on an end-of-quarter basis. The transactions underlying the derivative financial instruments are not included in the value at risk presentation. See also table ↗ **E.83** for the nominal values of derivative commodity price hedges at the balance sheet date.

Compared to the previous year, the value at risk of commodity derivatives has increased. The main reasons for this development were rising volatilities and for platinum an increase in the nominal hedge volume.

Equity price risk. Daimler predominantly holds investments in shares of companies which are classified as long-term investments, such as Nissan or Renault, or which are accounted for using the equity method, such as BAIC Motor or Kamaz. Therefore, the Group does not include these investments in a market risk assessment.

E.86

Value at risk for exchange rate risk, interest rate risk and commodity price risk

				2014				2013
	Period-end	High	Low	Average	Period-end	High	Low	Average
In millions of euros								
Exchange rate risk (from derivative financial instruments)	**731**	**731**	**370**	**494**	442	784	386	527
Interest rate risk	**36**	**39**	**30**	**36**	37	59	28	42
Commodity price risk (from derivative financial instruments)	**38**	**38**	**25**	**32**	24	38	24	32

33. Segment reporting

Reportable segments. The reportable segments of the Group are Mercedes-Benz Cars, Daimler Trucks, Mercedes-Benz Vans, Daimler Buses and Daimler Financial Services. The segments are largely organized and managed separately according to nature of products and services provided, brands, distribution channels and profile of customers.

The vehicle segments develop and manufacture passenger cars and off-road vehicles, trucks, vans and buses. Mercedes-Benz Cars sells passenger cars and off-road vehicles under the Mercedes-Benz brand and small cars under the smart brand. Daimler Trucks distributes its trucks under the brand names Mercedes-Benz, Freightliner, FUSO, Western Star, Thomas Built Buses and BharatBenz. The vans of the Mercedes-Benz Vans segment are primarily sold under the brand name Mercedes-Benz and also under the Freightliner brand. Daimler Buses sells completely built-up buses under the brand names Mercedes-Benz and Setra. In addition, Daimler Buses produces and sells bus chassis. The vehicle segments also sell related spare parts and accessories.

The Daimler Financial Services segment supports the sales of the Group's vehicle segments worldwide. Its product portfolio mainly comprises tailored financing and leasing packages for customers and dealers. The segment also provides services such as insurance, fleet management, investment products and credit cards, as well as various mobility services.

Management and reporting systems. The Group's management reporting and controlling systems principally use accounting policies that are the same as those described in Note 1 in the summary of significant accounting policies according to IFRS.

The Group measures the performance of its operating segments through a measure of segment profit or loss which is referred to as "EBIT" in our management and reporting system.

EBIT comprises gross profit, selling and general administrative expenses, research and non-capitalized development costs, other operating income and expense, and our share of profit/loss from equity-method investments, net, as well as other financial income/expense, net. Although amortization of capitalized borrowing costs is included in cost of sales, it is not included in EBIT.

Intersegment revenue is generally recorded at values that approximate third-party selling prices.

Segment assets principally comprise all assets. The industrial business segments' assets exclude income tax assets, assets from defined benefit pension plans and other post-employment benefit plans, and certain financial assets (including liquidity).

Segment liabilities principally comprise all liabilities. The industrial business segments' liabilities exclude income tax liabilities, liabilities from defined benefit pension plans and other post-employment benefit plans, and certain financial liabilities (including financing liabilities).

Daimler Financial Services' performance is measured on the basis of return on equity, which is the usual procedure in the banking business.

The residual value risks associated with the Group's operating leases and finance lease receivables are generally borne by the vehicle segments that manufactured the leased equipment. Risk sharing is based on agreements between the respective vehicle segments and Daimler Financial Services; the terms vary by vehicle segment and geographic region.

Non-current assets consist of intangible assets, property, plant and equipment and equipment on operating leases.

Capital expenditures for property, plant and equipment and intangible assets reflect the cash effective additions to these property, plant and equipment and intangible assets as far as they do not relate to capitalized borrowing costs, goodwill and finance leases.

Depreciation and amortization may also include impairments as far as they do not relate to goodwill.

Amortization of capitalized borrowing costs is not included in the amortization of intangible assets or depreciation of property, plant and equipment since it is not considered as part of EBIT.

Reconciliation. Reconciliation includes corporate items for which headquarters are responsible. Transactions between the segments are eliminated in the context of consolidation and the eliminated amounts are included in the reconciliation.

The effects of certain legal proceedings are excluded from the operative results and liabilities of the segments if such items are not indicative of the segments' performance, since their related results of operations may be distorted by the amount and the irregular nature of such events. This may also be the case for items that refer to more than one reportable segment.

Reconciliation also includes corporate projects and equity interests not allocated to the segments. If the Group hedges investments in associated companies for strategic reasons, the related financial assets and earnings effects are generally not allocated to the segments.

Information related to geographic areas. With respect to information about geographical regions, revenue is allocated to countries based on the location of the customer; non-current assets are presented according to the physical location of these assets.

Mercedes-Benz Cars. In 2014, in the segment Mercedes-Benz Cars the restructuring of the Group's sales organization had an effect of €81 million (see also Note 5). Furthermore, the segment profit of Mercedes-Benz Cars includes in profit/loss from equity-method investments an impairment of €30 million (2013: €174 million) on an investment in the area of alternative drive systems.

Daimler Trucks. In January 2013, Daimler Trucks decided on workforce adjustments in Germany and Brazil, which were continued in 2014. Expenses recorded in this regard and for the restructuring of the Group's sales organization amounted to €165 million in 2014 (2013: €116 million). In 2014, the optimization programs led to a cash outflow of €170 million (2013: €50 million) (see also Note 5).

Mercedes-Benz Vans. In 2014, profit/loss from equity-method investments for the segment Mercedes-Benz Vans includes the reversal of an impairment on the investment in FBAC of €61 million (2013: €0 million). In addition, the restructuring of the Group's sales organization affected Mercedes-Benz Vans by an amount of €17 million.

Daimler Buses. Expenses from the measures described under Daimler Trucks and from the restructuring of the Group's sales organization impacted Daimler Buses in 2014 with a total amount of €14 million. In the previous year, the expenses of €39 million included effects from the optimization programs in Western Europe and North America (see also Note 5).

Daimler Financial Services. The interest income and interest expenses of Daimler Financial Services are included in revenue and cost of sales, and are presented in Notes 4 and 5.

Table ↗ **E.87** presents segment information as of and for the years ended December 31, 2014 and 2013.

E.87

Segment information

In millions of euros	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Financial Services	Total Segments	Reconciliation	Consolidated Group
2014								
External revenue	70,899	30,302	9,601	4,155	14,915	129,872	–	129,872
Intersegment revenue	2,685	2,087	367	63	1,076	6,278	-6,278	–
Total revenue	73,584	32,389	9,968	4,218	15,991	136,150	-6,278	129,872
Segment profit (EBIT)	5,853	1,878	682	197	1,387	9,997	755	10,752
thereof profit/loss from equity-method investments	103	-1	63	1	-15	151	746	897
thereof expenses from compounding of provisions and changes in discount rates	-247	-70	-20	-11	-4	-352	-1	-353
Segment assets	51,950	20,181	5,895	3,562	105,454	187,042	2,593	189,635
thereof equity method investments	936	545	97	8	30	1,616	678	2,294
Segment liabilities	34,811	12,131	4,349	2,622	97,837	151,750	-6,699	145,051
Additions to non-current assets	10,949	1,896	1,004	507	9,899	24,255	10	24,265
thereof investments in intangible assets	1,238	77	115	13	20	1,463	–	1,463
thereof investments in property, plant and equipment	3,621	788	304	105	23	4,841	3	4,844
Depreciation and amortization of non-current assets[1]	4,562	1,435	452	225	3,368	10,042	15	10,057
thereof amortization of intangible assets	1,086	284	93	15	20	1,498	–	1,498
thereof depreciation of property, plant and equipment[1]	2,446	766	197	75	14	3,498	3	3,501

1 Includes impairments of property, plant and equipment of €93 million from the planned sale of selected sites of the Group's sales network, of which €64 million relates to Mercedes-Benz Cars, €13 million to Daimler Trucks, €14 million to Mercedes-Benz Vans and €2 million to Daimler Buses.

In millions of euros	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Financial Services	Total Segments	Reconciliation	Consolidated Group
2013								
External revenue	61,883	29,431	9,021	4,044	13,603	117,982	–	117,982
Intersegment revenue	2,424	2,042	348	61	919	5,794	-5,794	–
Total revenue	64,307	31,473	9,369	4,105	14,522	123,776	-5,794	117,982
Segment profit (EBIT)	4,006	1,637	631	124	1,268	7,666	3,149	10,815
thereof profit/loss from equity-method investments	-127	69	3	1	1	-53	3,398	3,345
thereof expenses from compounding of provisions and changes in discount rates	-57	-20	-8	-3	-5	-93	-2	-95
Segment assets	46,752	21,105	5,578	3,256	89,370	166,061	2,457	168,518
thereof equity method investments	706	2,109	2	6	13	2,836	596	3,432
Segment liabilities	28,917	11,005	3,987	2,403	82,774	129,086	-3,931	125,155
Additions to non-current assets	11,110	1,960	1,196	384	8,301	22,951	70	23,021
thereof investments in intangible assets	1,533	166	189	6	38	1,932	–	1,932
thereof investments in property, plant and equipment	3,710	839	288	76	19	4,932	43	4,975
Depreciation and amortization of non-current assets	3,857	1,457	375	200	2,824	8,713	35	8,748
thereof amortization of intangible assets	961	316	65	23	11	1,376	–	1,376
thereof depreciation of property, plant and equipment	1,972	784	151	72	14	2,993	-1	2,992

E.88

Reconciliation to Group figures

	2014	2013
In millions of euros		
Total of segments' profit (EBIT)	**9,997**	7,666
Result from the disposal of the investment in RRPSH	**1,006**	–
Equity-method investments		
Remeasurement of the investment in Tesla	**718**	–
Remeasurement and sale of the investment in EADS	**–**	3.397
Other income from equity-method investments[1]	**28**	1
Other corporate items	**-1,039**	-331
Eliminations	**42**	82
Group EBIT	**10,752**	10,815
Amortization of capitalized borrowing costs[2]	**-9**	-4
Interest income	**145**	212
Interest expense	**-715**	-884
Profit before income taxes	**10,173**	10,139
Total of segments' assets	**187,042**	166,061
Carrying amount of equity-method investments[3]	**678**	596
Income tax assets[4]	**4,028**	1,939
Unallocated financial assets (including liquidity) and assets from pensions and similar obligations[4]	**13,886**	14,560
Other corporate items and eliminations	**-15,999**	-14,638
Group assets	**189,635**	168,518
Total of segments' liabilities	**151,750**	129,086
Income tax liabilities[4]	**47**	61
Unallocated financial liabilities and liabilities from pensions and similar obligations[4]	**9,661**	11,551
Other corporate items and eliminations	**-16,407**	-15,543
Group liabilities	**145,051**	125,155

1 Mainly comprises the Group's proportionate share of profits and losses of BAIC Motor.
2 Amortization of capitalized borrowing costs is not considered in the internal performance measure "EBIT" but is included in cost of sales.
3 Mainly comprises the carrying amount of the investment in BAIC Motor.
4 Industrial business.

Reconciliations. Reconciliations of the total segment amounts to the respective items included in the consolidated financial statements are shown in table ↗ **E.88**.

Other corporate items in the reconciliation of the total segments' profit to Group EBIT. In 2014, the line item other corporate items comprises expenses of €600 million in connection with the ongoing EU Commission antitrust proceedings concerning European commercial vehicle manufacturers as well as further expenses in connection with legal proceedings. This line item also includes expenses of €212 million from the hedging of the Tesla share price (2013: €0 million) and income of €88 million from the sale of the Tesla shares (2013: €0 million), as well as expenses of €118 million from the measurement of the RRPSH put option (2013: €60 million). In the prior year, a loss of €140 million was disclosed in connection with the disposal of the remaining shares in EADS, which was reported within other financial income/expense, net.

Revenue and non-current assets by region. Revenue from external customers and non-current assets by region are shown in table ↗ **E.89**.

E.89

Revenue and non-current assets by region

	Revenue		Non-current assets	
	2014	2013	**2014**	2013
In millions of euros				
Western Europe	**43,722**	41,123	**40,519**	38,371
thereof Germany	**20,449**	20,227	**32,882**	32,070
United States	**33,310**	28,597	**18,161**	14,839
Other American countries	**9,550**	10,168	**2,778**	2,496
Asia	**29,446**	24,481	**1,859**	1,667
thereof China	**13,294**	10,705	**79**	41
Other countries	**13,844**	13,613	**2,282**	1,954
	129,872	117,982	**65,599**	59,327

34. Capital management

“Net assets” and “value added” represent the basis for capital management at Daimler. The assets and liabilities of the segments in accordance with IFRS provide the basis for the determination of net assets at Group level. The industrial segments are accountable for the operational net assets; all assets, liabilities and provisions which they are responsible for in day-to-day operations are therefore allocated to them. Performance measurement at Daimler Financial Services is on an equity basis, in line with the usual practice in the banking business. Net assets at Group level additionally include assets and liabilities from income taxes as well as other corporate items and eliminations.

The average annual net assets are calculated from the average quarterly net assets. The average quarterly net assets are calculated as an average of the net assets at the beginning and the end of the quarter and are shown in table ↗ E.90.

The cost of capital of the Group’s average net assets is reflected in “value added.” Value added shows the extent to which the Group achieves or exceeds the minimum return requirements of the shareholders and creditors, thus creating additional value. The required rate of return on net assets, and thus the cost of capital, are derived from the minimum rates of return that investors expect on their invested capital. The Group’s cost of capital comprises the cost of equity as well as the costs of debt and pension obligations of the industrial business; in addition, the expected returns on liquidity and on the plan assets of the pension funds of the industrial business are considered with the opposite sign. In the reporting period, the cost of capital used for our internal capital management amounted to 8% after taxes.

The objective of capital management is to increase value added among other things by optimizing the cost of capital. This is achieved on the one hand by the management of the net assets, for instance by optimizing working capital, which is within the operational responsibility of the segments. In addition, taking into account legal regulations, Daimler strives to optimize the costs and risks of its capital structure and, consequently, the cost of capital, with due consideration of applicable law. Examples of this include a balanced relationship between equity and financial liabilities as well as an appropriate level of liquidity, oriented towards the operational requirements.

35. Earnings per share

The calculation of basic and diluted earnings per share for net profit attributable to shareholders of Daimler AG is shown in table ↗ E.91.

E.90
Average net assets

	2014	2013
In millions of euros		
Mercedes-Benz Cars	17,114	16,658
Daimler Trucks	9,313	10,571
Mercedes-Benz Vans	1,742	1,547
Daimler Buses	982	1,068
Daimler Financial Services[1]	7,154	6,607
Net assets of the segments	36,305	36,451
Equity method investments[2]	618	638
Assets and liabilities from income taxes[3]	2,700	2,479
Other corporate items and eliminations[3]	1,156	1,080
Net assets Daimler Group	40,779	40,648

1 Equity
2 Unless allocated to the segments
3 Industrial business

E.91
Earnings per share

	2014	2013
In millions of euros		
Profit attributable to shareholders of Daimler AG – basic	6,962	6,842
Dilutive effects on net profit	–	–
Profit attributable to shareholders of Daimler AG – diluted	6,962	6,842
In millions of shares		
Weighted average number of shares outstanding – basic	1,069.8	1,068.8
Dilutive effect of stock options	–	0.3
Weighted average number of shares outstanding – diluted	1,069.8	1,069.1

36. Related party relationships

Related parties are deemed to be associated companies, joint ventures, joint operations and unconsolidated subsidiaries, as well as persons who exercise a significant influence on the financial and business policy of the Daimler Group. The latter category includes all persons in key positions and their close family members. At the Daimler Group, those persons are the members of the Board of Management and of the Supervisory Board.

Most of the goods and services supplied within the ordinary course of business between the Group and related parties comprise transactions with associated companies, joint ventures and joint operations, and are shown in table ↗ E.92.

Associated companies. A large proportion of the Group's sales of goods and services with associated companies as well as receivables results from business relations with Beijing Benz Automotive Co., Ltd. (BBAC). In December 2013, the shareholders of BBAC decided to pay a dividend, of which €101 million is attributable to Daimler. The related receivable is included in table ↗ E.92. As described under Note 13, in the third quarter of 2013, BAIC Motor increased its stake in the joint venture BBAC by 1% to 51%. As a result of this transaction, Daimler's equity interest in BBAC decreased to 49% and the Group classified the investment in BBAC as an associated company; the company had been accounted for as a joint venture until the end of the third quarter of 2013.

Significant transactions of goods and services also took place with Rolls-Royce Power Systems AG (RRPS), which is a subsidiary of RRPSH.

The purchases of goods and services shown in table ↗ E.92 were primarily from MBtech Group GmbH & Co. KGaA (MBtech Group). MBtech Group develops, integrates and tests components, systems, modules and vehicles worldwide.

Joint ventures. In the prior year, transactions with joint ventures predominantly related to the business relationship with BBAC (see information in the section on associated companies). Furthermore, significant sales of goods and services took place with Fujian Benz Automotive Co. Ltd. (FBAC) as well as with Mercedes-Benz Trucks Vostok OOO and Fuso Kamaz Trucks Rus Ltd., joint ventures established with Kamaz OAO, another of the Group's associated companies.

Until the end of March 2013, further significant sales and purchases of goods and services were related to Mercedes-Benz Österreich Vertriebsgesellschaft, which distributes vehicles and spare parts of the Group. In March 2013, the remaining shares of the entity were acquired together with other Pappas Group entities.

In connection with its 45% equity interest in Toll Collect GmbH, Daimler has issued guarantees which are not shown in table ↗ E.92 (€100 million at December 31, 2014 and €100 million at December 31, 2013).

Joint operations. Joint operations primarily relate to significant business transactions with Beijing Mercedes-Benz Sales Service Co., Ltd. (BMBS), which provides advisory and other services relating to marketing, sales and distribution in the Chinese market.

Note 13 provides details of the business operations of the significant associated companies and joint ventures, as well as significant transaction, in the year 2014.

Contributions to plan assets. In 2014 and 2013, the Group made contributions of €3,121 million and €560 million to its external funds to cover pension and other post-employment benefits. See also Note 22 for further information.

E.92

Transactions with related parties

	Sales of goods and services and other income		Purchases of goods and services and other expense		Receivables at December 31,		Payables at December 31,	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
In millions of euros								
Associated companies	**2,433**	1,184	**316**	417	**764**	713	**65**	61
thereof BBAC	**2,093**	1,685	**28**	54	**726**	569	**16**	12
Joint ventures	**646**	1,986[1]	**134**	165[1]	**195**	191	**6**	4
Joint operations	**25**	48	**221**	225	**44**	43	**22**	50

1 Includes transactions with BBAC until September 30, 2013

Board members. Throughout the world, the Group has business relationships with numerous entities that are customers and/or suppliers of the Group. Those customers and/or suppliers include companies that have a connection with some of the members of the Board of Management or of the Supervisory Board and close family members of these board members of Daimler AG or its subsidiaries.

Board of Management and Supervisory Board members and close family members of these board members may also purchase goods and services from Daimler AG or its subsidiaries as customers. When such business relationships exist, transactions are concluded on the basis of customary market conditions.

See Note 37 for information on the remuneration of board members.

37. Remuneration of the members of the Board of Management and the Supervisory Board

Remuneration granted to the members of the Board of Management and the Supervisory Board who were active as of December 31, 2014, affected net profit for the year ended December 31 as shown in table ↗ E.93.

Expenses for variable remuneration with long-term incentive effect, as shown in table ↗ E.93, result from the ongoing measurement at fair value at each balance sheet date of all rights granted and not yet due under the Performance Phantom Share Plans (PPSP). In the previous year, the stock options granted in 2004 were measured at their intrinsic value. These rights were fully exercised by the members of the Board of Management in the year 2013. In 2014, the active members of the Board of Management were granted 153,912 (2013: 251,359) phantom shares in connection with the PPSP; the fair value of these phantom shares at the grant date was €10.1 million (2013: €10.9 million). According to Section 314 Subsection 1 Number 6a of the German Commercial Code (HGB) the overall remuneration granted to the members of the Board of Management, excluding service cost resulting from entitlements to post-employment benefits, amounted to €29.9 million (2013: €32.1 million). See Note 21 for additional information on share-based payment of the members of the Board of Management.

The members of the Supervisory Board are solely granted short-term benefits for their board and committee activities, except for remuneration and other benefits paid to those members representing the employees in accordance with their contracts of employment. No remuneration was paid for services provided personally beyond board and committee activities, in particular for advisory or agency services, in 2014 or 2013.

No advance payments or loans were made to members of the Board of Management or to the members of the Supervisory Board of Daimler AG.

The payments made in 2014 to former members of the Board of Management of Daimler AG and their survivors amounted to €16.8 million (2013: €14.6 million). The pension provisions for former members of the Board of Management and their survivors amounted to €263.0 million as of December 31, 2014 (2013: €217.0 million).

Information regarding the remuneration of the members of the Board of Management and of the Supervisory Board is disclosed on an individual basis in the Remuneration Report, which is part of the Management Report.
Management Report from page 118

E.93

Remuneration of the members of the Board of Management and the Supervisory Board

	2014	2013
In millions of euros		
Remuneration granted to the members of the Board of Management		
Fixed remuneration	8.2	9.1
Short-term variable remuneration	5.8	6.1
Mid-term variable remuneration	6.2	6.6
Variable remuneration with a long-term incentive effect	20.7	40.6
Post-employment benefits (service cost)	2.8	2.5
Termination benefits	–	–
	43.7	64.9
Remuneration granted to the members of the Supervisory Board	3.6	3.0
	47.3	67.9

38. Principal accountant fees

The shareholders of Daimler AG elected KPMG AG Wirtschaftsprüfungsgesellschaft as the external auditor at the Annual Shareholders' Meeting held on April 9, 2014. The fees paid for services provided by KPMG AG Wirtschaftsprüfungsgesellschaft and companies of the worldwide KPMG group are shown in table ↗ E.94.

The annual audit fees are for the audit of the consolidated financial statements and the company financial statements of Daimler AG and all subsidiaries included in the Group's consolidated financial statements. Fees for other attestation services include in particular the review of the interim IFRS financial statements (2014: €5 million; 2013: €5 million) and fees relating to the audit of the internal control system (2014: €3 million; 2013: €3 million). The remaining fees primarily relate to project-related reviews performed in the context of the introduction of IT systems, attestation services in connection with capital market actions, other assurance services and, to a small extent, voluntary audits.

E.94
Accountant fees

	2014	2013
In millions of euros		
Audit of financial statements	**24**	24
thereof KPMG AG Wirtschaftsprüfungsgesellschaft	**10**	10
Other attestation services	**14**	13
thereof KPMG AG Wirtschaftsprüfungsgesellschaft	**10**	10
Tax consulting	**2**	2
thereof KPMG AG Wirtschaftsprüfungsgesellschaft	**1**	2
Other services	**4**	3
thereof KPMG AG Wirtschaftsprüfungsgesellschaft	**4**	2
	44	42

E.95
Third-party companies

Name of the company	Renault SA[2]	Nissan Motor Company Ltd.[3]
Headquarters of the company	Boulogne-Billancourt, France	Tokyo, Japan
Equity interest in %[1]	3.1	3.1
Total equity in millions of euros[4]	22,837	30,464
Net profit in millions of euros[4]	586	2,896

1 As of December 31, 2014.
2 Based on IFRS consolidated financial statements for the year ended December 31, 2013.
3 Based on national consolidated financial statements for the year ended March 31, 2014.
4 Excluding non-controlling interests.

The Audit Committee of the Supervisory Board of Daimler AG prepares a recommendation each year on the election of the auditor it has classified as independent. The independent auditor is then elected by the Annual Shareholders' Meeting of Daimler AG on the basis of the recommendation of the Supervisory Board. After the external auditor is appointed by the Supervisory Board of Daimler AG, the Audit Committee approves the conditions, scope and fees for the audit services, the review of the interim consolidated financial statements and the audit of the internal control system.

For all other permissible attestation services and other services (so-called non-audit services), the Audit Committee has implemented an approval process to monitor the independence of the external auditor, which regulates the principles and procedures of an advance approval of non-audit services by means of a clearly defined catalogue of services.

39. Additional information

German Corporate Governance Code. The Board of Management and the Supervisory Board of Daimler AG have issued a declaration pursuant to Section 161 of the German Stock Corporation Act (AktG) and have made it permanent available to their shareholders on Daimler's website at http://www.daimler.com/company/corporate-governance/company-declarations/declaration-to-161-aktg.

Third-party companies. At December 31, 2014, the Group was a shareholder of the companies included in table ↗ E.95 that meet the criteria of a significant third-party company as defined by the German Corporate Governance Code.

Information on investments. The statement of investments of Daimler AG pursuant to Sections 285 and 313 of the German Commercial Code (HGB) is presented in table ↗ E.96. Information on equity and earnings and information on investments pursuant to Section 285 No. 11 fourth part of the Sentence and/or Section 313 Subsection 2 No. 4 Sentence 2 of the HGB is omitted pursuant to Section 286 Subsection 3 Sentence 1 No. 1 and/or Section 313 Subsection 2 No. 4 Sentence 3 of the HGB to the extent that such information is of minor relevance for a fair presentation of the profitability, liquidity and capital resources and financial position of Daimler AG. In addition, the statement of investments (footnote 7) indicates which consolidated companies make use of the exemption pursuant to Section 264 Subsection 3 and/or Section 264b of the HGB. The consolidated financial statements of Daimler AG release those subsidiaries from the requirements that would otherwise apply.

E.96

Statement of investments of Daimler AG

Name of the Company	Domicile, Country	Capital share in %[1]	Equity in millions of €	Net income (loss) in millions of €	Footnote
I. Consolidated subsidiaries					
Atlantis Foundries (Pty.) Ltd.	Atlantis Industria, Republic of South Africa	100.00	–	–	
Banco Mercedes-Benz do Brasil S.A.	São Paulo, Brazil	100.00	440	40	
Belerofonte Empreendimentos Imobiliários Ltda.	São Paulo, Brazil	100.00	–	–	
BlackStar InvestCo LLC	Wilmington, USA	100.00	653	587	
Brooklands Estates Management Limited	Milton Keynes, United Kingdom	100.00	–	–	
Campo Largo Comercio de Veículos e Peças Ltda.	São Bernardo do Campo, Brazil	100.00	–	–	
car2go Canada Ltd.	Vancouver, Canada	100.00	–	–	
car2go Danmark A/S	Copenhagen, Denmark	100.00	–	–	
car2go Deutschland GmbH	Leinfelden-Echterdingen, Germany	100.00	6	-11	
car2go Europe GmbH	Leinfelden-Echterdingen, Germany	75.00	72	-13	
car2go Italia S.R.L.	Milan, Italy	100.00	–	–	
car2go N.A. LLC	Wilmington, USA	100.00	21	-18	
car2go Nederland B.V.	Utrecht, Netherlands	100.00	–	–	
car2go Österreich GmbH	Vienna, Austria	100.00	–	–	
car2go Sverige AB	Kista, Sweden	100.00	–	–	
car2go UK Ltd.	Milton Keynes, United Kingdom	100.00	–	–	
CARS Technik & Logistik GmbH	Wiedemar, Germany	100.00	–	–	7, 8
CLIDET NO 1048 (Proprietary) Limited	Centurion, Republic of South Africa	100.00	–	–	
Conemaugh Hydroelectric Projects, Inc.	Farmington Hills, USA	100.00	–	–	
Coventry Lane Holdings, L.L.C.	Farmington Hills, USA	100.00	–	–	
DAF Investments, Ltd.	Farmington Hills, USA	100.00	–	–	
Daimler AC Leasing, d.o.o.	Ljubljana, Slovenia	52.00	–	–	
Daimler Australia/Pacific Pty. Ltd.	Melbourne, Australia	100.00	–	–	
Daimler Automotive de Venezuela C.A.	Valencia, Venezuela	100.00	–	–	
Daimler Buses North America Inc.	Oriskany, USA	100.00	–	–	
Daimler Buses North America Ltd.	Mississauga, Canada	100.00	–	–	
Daimler Buses North Carolina LLC	Oriskany, USA	100.00	–	–	
Daimler Canada Finance Inc.	Montreal, Canada	100.00	203	1	11
Daimler Canada Investments Company	Halifax, Canada	100.00	–	–	
Daimler Capital Services LLC	Farmington Hills, USA	100.00	–	–	
Daimler Colombia S. A.	Bogota D.C., Colombia	100.00	–	–	
Daimler Export and Trade Finance GmbH	Berlin, Germany	100.00	–	–	7, 8
Daimler Finance North America LLC	Wilmington, USA	100.00	–	–	
Daimler Financial Services AG	Stuttgart, Germany	100.00	1,715	–	7, 8, 10
Daimler Financial Services India Private Limited	Chennai, India	100.00	–	–	
Daimler Financial Services Japan Co., Ltd.	Kawasaki, Japan	100.00	55	11	10
Daimler Financial Services México, S. de R.L. de C.V.	Mexico City, Mexico	100.00	–	–	
Daimler Financial Services, S.A. de C.V., S.O.F.O.M., E.N.R.	Mexico City, Mexico	100.00	–	–	
Daimler Fleet Management GmbH	Stuttgart, Germany	100.00	1	–	7, 8, 10
Daimler Fleet Management Singapore Pte. Ltd.	Singapore, Singapore	100.00	–	–	
Daimler Fleet Management South Africa (Pty.) Ltd.	Centurion, Republic of South Africa	65.00	29	10	
Daimler Fleet Management UK Limited	Milton Keynes, United Kingdom	100.00	–	–	
Daimler Fleet Services A.S.	Istanbul, Turkey	100.00	–	–	
Daimler FleetBoard GmbH	Stuttgart, Germany	100.00	–	–	7, 8
Daimler Greater China Ltd.	Beijing, PR China	100.00	889	245	
Daimler India Commercial Vehicles Private Limited	Chennai, India	100.00	177	-164	12
Daimler Insurance Agency LLC	Farmington Hills, USA	100.00	–	–	
Daimler Insurance Services GmbH	Stuttgart, Germany	100.00	–	–	7, 8
Daimler Insurance Services Japan Co., Ltd.	Tokyo, Japan	100.00	–	–	
Daimler Insurance Services UK Limited	Milton Keynes, United Kingdom	100.00	–	–	
Daimler International Finance B.V.	Utrecht, Netherlands	100.00	27	-10	10
Daimler Investments US Corporation	Montvale, USA	100.00	15,163	-54	11
Daimler Luft- und Raumfahrt Holding AG	Stuttgart, Germany	100.00	3,445	–	7, 8
Daimler Manufactura, S. de R.L. de C.V.	Mexico City, Mexico	100.00	–	–	
Daimler Mexico, S.A. de C.V.	Mexico City, Mexico	100.00	387	56	11
Daimler Motors Investments LLC	Farmington Hills, USA	100.00	–	–	
Daimler Nederland B.V.	Utrecht, Netherlands	100.00	833	3	11

Name of the Company	Domicile, Country	Capital share in %[1]	Equity in millions of €	Net income (loss) in millions of €	Footnote
Daimler North America Corporation	Montvale, USA	100.00	5,308	827	11
Daimler North America Finance Corporation	Newark, USA	100.00	36,917	342	11
Daimler Northeast Asia Parts Trading and Services Co., Ltd.	Beijing, PR China	100.00	85	20	
Daimler Parts Brand GmbH	Stuttgart, Germany	100.00	–	–	7, 8
Daimler Re Brokers GmbH	Bremen, Germany	74.90	–	–	7, 8
Daimler Re Insurance S.A. Luxembourg	Luxembourg, Luxembourg	100.00	–	–	
Daimler Real Estate GmbH	Berlin, Germany	100.00	–	–	7, 8
Daimler Retail Receivables LLC	Farmington Hills, USA	100.00	–	–	
DAIMLER SERVICIOS CORPORATIVOS MEXICO S. DE R.L. DE C.V.	Mexico City, Mexico	100.00	–	–	
Daimler South East Asia Pte. Ltd.	Singapore, Singapore	100.00	119	38	11
Daimler Trucks and Buses (China) Ltd.	Beijing, PR China	100.00	–	–	
Daimler Trucks Canada Ltd.	Mississauga, Canada	100.00	60	15	11
Daimler Trucks Korea Ltd.	Seoul, South Korea	100.00	–	–	
Daimler Trucks North America LLC	Portland, USA	100.00	2,035	1,013	11
Daimler Trucks Remarketing Corporation	Portland, USA	100.00	–	–	
Daimler Trust Holdings LLC	Farmington Hills, USA	100.00	–	–	
Daimler Trust Leasing Conduit LLC	Farmington Hills, USA	100.00	–	–	
Daimler Trust Leasing LLC	Farmington Hills, USA	100.00	–	–	
Daimler UK Limited	Milton Keynes, United Kingdom	100.00	599	115	
Daimler Vans Hong Kong Limited	Hong Kong, PR China	67.55	–	–	
Daimler Vans Manufacturing, LLC	Ladson, USA	100.00	–	–	
Daimler Vans USA, LLC	Montvale, USA	100.00	–	–	
Daimler Vehículos Comerciales Mexico S. de R.L. de C.V.	Mexico City, Mexico	100.00	–	–	
Daimler Vermögens- und Beteiligungsgesellschaft mbH	Stuttgart, Germany	100.00	8,815	–	7, 8
Daimler Verwaltungsgesellschaft für Grundbesitz mbH	Schönefeld, Germany	100.00	3,697	–	7, 8
Daimler Vorsorge und Versicherungsdienst GmbH	Berlin, Germany	100.00	–	–	7, 8
Daimspain S.L.	Madrid, Spain	100.00	1,620	39	
Daiprodco Mexico S. de R.L. de C.V.	Mexico City, Mexico	100.00	–	–	
DCS UTI LLC, Mercedes Series	Farmington Hills, USA	100.00	–	–	
Detroit Diesel Corporation	Detroit, USA	100.00	182	158	11
Detroit Diesel Remanufacturing LLC	Detroit, USA	100.00	60	17	11
Detroit Diesel Remanufacturing Mexicana, S. de R.L. de C.V.	Toluca, Mexico	100.00	–	–	
Detroit Diesel-Allison de Mexico, S. de R.L. de C.V.	San Juan Ixtacala, Mexico	100.00	–	–	
Deutsche Accumotive GmbH & Co. KG	Kirchheim unter Teck, Germany	100.00	–	–	7
EHG Elektroholding GmbH	Stuttgart, Germany	100.00	1,130	–	7, 8
EvoBus (Schweiz) AG	Kloten, Switzerland	100.00	–	–	
EvoBus (U.K.) Ltd.	Coventry, United Kingdom	100.00	–	–	
EvoBus Austria GmbH	Wiener Neudorf, Austria	100.00	–	–	
EvoBus Belgium N.V.	Kobbegem-Asse, Belgium	100.00	–	–	
EvoBus Ceská republika s.r.o.	Prague, Czech Republic	100.00	–	–	
EvoBus Danmark A/S	Koege, Denmark	100.00	–	–	
EvoBus France S.A.S.	Sarcelles, France	100.00	–	–	
EvoBus GmbH	Kirchheim unter Teck, Germany	100.00	173	–	7, 8
EvoBus Ibérica, S.A.	Sámano, Spain	100.00	–	–	
EvoBus Italia S.p.A.	Bomporto, Italy	100.00	–	–	
EvoBus Nederland B.V.	Nijkerk, Netherlands	100.00	–	–	
EvoBus Polska Sp. z o.o.	Wolica, Poland	100.00	–	–	
EvoBus Portugal, S.A.	Mem Martins, Portugal	100.00	–	–	
EvoBus Sverige AB	Vetlanda, Sweden	100.00	–	–	
Freightliner Custom Chassis Corporation	Gaffney, USA	100.00	35	70	11
Freightliner Holding Ltd.	Calgary, Canada	100.00	51	18	11
Freightliner Ltd.	Portland, USA	100.00	62	-16	11
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 1 OHG	Schönefeld, Germany	100.00	1,769	27	7
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 3 OHG	Schönefeld, Germany	100.00	–	–	7
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 4 OHG	Schönefeld, Germany	100.00	340	4	7
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 5 OHG	Schönefeld, Germany	100.00	584	20	7
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 6 OHG	Schönefeld, Germany	100.00	–	–	7

Name of the Company	Domicile, Country	Capital share in %[1]	Equity in millions of €	Net income (loss) in millions of €	Footnote
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Beta OHG	Schönefeld, Germany	100.00	271	1	7
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Delta OHG	Schönefeld, Germany	100.00	420	1	7
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Epsilon OHG	Schönefeld, Germany	100.00	325	1	7
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Gamma 1 OHG	Schönefeld, Germany	100.00	1,002	2	7
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Gamma 2 OHG	Schönefeld, Germany	100.00	–	–	7
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Gamma 3 OHG	Schönefeld, Germany	100.00	–	–	7
Grundstücksverwaltungsgesellschaft EvoBus GmbH & Co. OHG	Schönefeld, Germany	100.00	145	15	7, 9
Grundstücksverwaltungsgesellschaft Henne-Unimog GmbH & Co. OHG	Schönefeld, Germany	100.00	–	–	7
Henne-Unimog GmbH	Kirchheim-Heimstetten, Germany	100.00	–	–	7, 8
Intelligent Apps GmbH	Hamburg, Germany	100.00	–	–	
Intrepid Insurance Company	Farmington Hills, USA	100.00	–	–	
Invema Assessoria Empresarial Ltda	São Paulo, Brazil	100.00	–	–	
Koppieview Property (Pty) Ltd	Zwartkop, Republic of South Africa	100.00	–	–	
Li-Tec Battery GmbH	Kamenz, Germany	100.00	–	–	7, 8
MBarc Credit Canada Inc.	Mississauga, Canada	100.00	–	–	
MBV Projektmanagement AG	Stuttgart, Germany	100.00	–	–	7, 8
MDC Power GmbH	Kölleda, Germany	100.00	8	–	7, 8
MDC Technology GmbH	Arnstadt, Germany	100.00	–	–	7, 8
Mercedes AMG High Performance Powertrains Ltd	Brixworth, United Kingdom	100.00	106	11	
Mercedes-AMG GmbH	Affalterbach, Germany	100.00	21	-	7, 8
Mercedes-Benz - Aluguer de Veículos, Unipessoal Lda.	Mem Martins, Portugal	100.00	–	–	
Mercedes-Benz (China) Ltd.	Beijing, PR China	75.00	1,920	1,501	
Mercedes-Benz (Thailand) Limited	Bangkok, Thailand	100.00	171	103	
Mercedes-Benz (Yangzhou) Parts Distribution Co., Ltd.	Yangzhou, PR China	100.00	–	–	
Mercedes-Benz Accessories GmbH	Stuttgart, Germany	100.00	5	–	7, 8
Mercedes-Benz AG & Co. Grundstücksvermietung Objekt Franken KG	Schönefeld, Germany	90.00	–	–	4, 9
Mercedes-Benz AG & Co. Grundstücksvermietung Objekt Germersheim Betriebsvorrichtungen OHG	Schönefeld, Germany	99.00	–	–	4, 6, 9
Mercedes-Benz AG & Co. Grundstücksvermietung Objekt Germersheim KG	Schönefeld, Germany	99.00	–	–	4, 6
Mercedes-Benz AG & Co. Grundstücksvermietung Objekt Südwest KG	Schönefeld, Germany	99.00	–	–	4, 6
Mercedes-Benz AG & Co. Grundstücksvermietung Objekte Baden-Baden und Dresden OHG	Düsseldorf, Germany	100.00	–	–	4, 9
Mercedes-Benz AG & Co. Grundstücksvermietung Objekte Leipzig und Magdeburg KG	Düsseldorf, Germany	100.00	–	–	4
Mercedes-Benz AG & Co. Grundstücksvermietung Objekt Rhein-Main OHG	Schönefeld, Germany	90.00	–	–	4
Mercedes-Benz Antwerpen N.V.	Antwerp, Belgium	100.00	–	–	
Mercedes-Benz Argentina S.A.	Buenos Aires, Argentina	100.00	182	66	10
Mercedes-Benz Asia GmbH	Stuttgart, Germany	100.00	–	–	7, 8
Mercedes-Benz Australia/Pacific Pty Ltd	Melbourne, Australia	100.00	395	51	11
Mercedes-Benz Auto Finance Ltd.	Beijing, PR China	100.00	475	36	
Mercedes-Benz Auto Lease Trust 2013-A	Wilmington, USA	0.00	–	–	4
Mercedes-Benz Auto Lease Trust 2013-B	Wilmington, USA	0.00	–	–	4
Mercedes-Benz Auto Lease Trust 2014-A	Wilmington, USA	0.00	–	–	4
Mercedes-Benz Auto Receivables Trust 2012-1	Wilmington, USA	0.00	–	–	4
Mercedes-Benz Auto Receivables Trust 2013-1	Wilmington, USA	0.00	–	–	4
Mercedes-Benz Auto Receivables Trust 2014-1	Wilmington, USA	0.00	–	–	4
Mercedes-Benz Bank AG	Stuttgart, Germany	100.00	1,416	–	8, 10
Mercedes-Benz Bank Polska S.A.	Warsaw, Poland	100.00	–	–	
Mercedes-Benz Bank Rus OOO	Moscow, Russian Federation	100.00	90	17	10
Mercedes-Benz Bank Service Center GmbH	Berlin, Germany	100.00	–	–	
Mercedes-Benz Banking Service GmbH	Saarbrücken, Germany	100.00	–	–	7, 8

Name of the Company	Domicile, Country	Capital share in %[1]	Equity in millions of €	Net income (loss) in millions of €	Footnote
Mercedes-Benz Belgium Luxembourg S.A.	Brussels, Belgium	100.00	93	23	
Mercedes-Benz Bordeaux S.A.S.	Begles, France	100.00	–	–	
Mercedes-Benz Broker Biztositási Alkusz Hungary Kft.	Budapest, Hungary	100.00	–	–	
Mercedes-Benz Brooklands Limited	Milton Keynes, United Kingdom	100.00	–	–	
Mercedes-Benz Canada Inc.	Toronto, Canada	100.00	27	59	
Mercedes-Benz Capital Rus OOO	Moscow, Russian Federation	100.00	–	–	
Mercedes-Benz Ceská republika s.r.o.	Prague, Czech Republic	100.00	–	–	
Mercedes-Benz CharterWay España, S.A.	Alcobendas, Spain	100.00	–	–	
Mercedes-Benz CharterWay Gesellschaft mit beschränkter Haftung	Berlin, Germany	100.00	1	–	7, 8, 10
Mercedes-Benz CharterWay S.A.S.	Le Chesnay, France	100.00	–	–	
Mercedes-Benz CharterWay S.r.l.	Trento, Italy	100.00	–	–	
Mercedes-Benz Comercial, Unipessoal Lda.	Mem Martins, Portugal	100.00	–	–	
Mercedes-Benz Compañía Financiera Argentina S.A.	Buenos Aires, Argentina	100.00	–	–	
Mercedes-Benz Corretora de Seguros Ltda	São Paulo, Brazil	99.98	–	–	
Mercedes-Benz Côte d'Azur SAS	Villeneuve-Loubet, France	100.00	–	–	
Mercedes-Benz CPH A/S	Horsholm, Denmark	100.00	–	–	
Mercedes-Benz Credit Pénzügyi Szolgáltató Hungary Zrt.	Budapest, Hungary	100.00	–	–	
Mercedes-Benz Danmark A/S	Copenhagen, Denmark	100.00	–	–	
Mercedes-Benz Dealer Bedrijven B.V.	The Hague, Netherlands	100.00	–	–	
Mercedes-Benz Desarrollo de Mercados, S. de R.L. de C.V.	Mexico City, Mexico	100.00	–	–	
Mercedes-Benz do Brasil Assessoria Comercial Ltda.	São Paulo, Brazil	100.00	–	–	
Mercedes-Benz do Brasil Ltda.	São Bernardo do Campo, Brazil	100.00	786	-155	
Mercedes-Benz Drogenbos N.V.	Drogenbos, Belgium	100.00	–	–	
Mercedes-Benz Espana, S.A.	Alcobendas, Spain	99.96	402	60	
Mercedes-Benz Finance China Ltd.	Hong Kong, PR China	100.00	–	–	
Mercedes-Benz Finance Co., Ltd.	Tokyo, Japan	90.00	144	18	
Mercedes-Benz Financial Services Australia Pty. Ltd.	Melbourne, Australia	100.00	134	28	11
Mercedes-Benz Financial Services Austria GmbH	Salzburg, Austria	100.00	–	–	
Mercedes-Benz Financial Services BeLux NV	Brussels, Belgium	100.00	–	–	
Mercedes-Benz Financial Services Canada Corporation	Mississauga, Canada	100.00	184	63	11
Mercedes-Benz Financial Services Ceská republika s.r.o.	Prague, Czech Republic	100.00	64	13	
Mercedes-Benz Financial Services España, E.F.C., S.A.	Alcobendas, Spain	100.00	–	–	
Mercedes-Benz Financial Services France S.A.	Montigny-le-Bretonneux, France	100.00	234	15	
Mercedes-Benz Financial Services Hellas Vehicle Sales and Rental SA	Kifissia, Greece	100.00	–	–	
Mercedes-Benz Financial Services Hong Kong Ltd.	Hong Kong, PR China	80.00	–	–	
Mercedes-Benz Financial Services Italia SpA	Rome, Italy	100.00	–	–	
Mercedes-Benz Financial Services Korea Ltd.	Seoul, South Korea	80.00	107	13	10
Mercedes-Benz Financial Services Nederland B.V.	Utrecht, Netherlands	100.00	72	21	11
Mercedes-Benz Financial Services New Zealand Ltd	Auckland, New Zealand	100.00	–	–	
Mercedes-Benz Financial Services Portugal – Instituição Financeira de Crédito S.A.	Mem Martins, Portugal	100.00	–	–	
Mercedes-Benz Financial Services Rus OOO	Moscow, Russian Federation	100.00	–	–	
Mercedes-Benz Financial Services Schweiz AG	Schlieren, Switzerland	100.00	72	14	
Mercedes-Benz Financial Services Singapore Ltd.	Singapore, Singapore	85.00	–	–	
Mercedes-Benz Financial Services Slovakia s.r.o.	Bratislava, Slovakia	75.00	–	–	
Mercedes-Benz Financial Services South Africa (Pty) Ltd	Centurion, Republic of South Africa	100.00	119	18	
Mercedes-Benz Financial Services Taiwan Ltd.	Taipei, Taiwan	100.00	–	–	
Mercedes-Benz Financial Services UK Limited	Milton Keynes, United Kingdom	100.00	405	97	10
Mercedes-Benz Financial Services USA LLC	Farmington Hills, USA	100.00	1,781	349	11
Mercedes-Benz Finans Danmark A/S	Copenhagen, Denmark	100.00	–	–	
Mercedes-Benz Finans Sverige AB	Malmö, Sweden	100.00	–	–	
Mercedes-Benz Finansal Kiralama Türk A.S.	Istanbul, Turkey	100.00	–	–	
Mercedes-Benz Finansman Türk A.S.	Istanbul, Turkey	100.00	167	51	
Mercedes-Benz Försäljnings AB	Malmö, Sweden	100.00	–	–	
Mercedes-Benz France S.A.S.	Montigny le Bretonneux, France	100.00	320	29	
Mercedes-Benz Gent N.V.	Gent, Belgium	100.00	–	–	
Mercedes-Benz Grand Prix Ltd.	Brackley, United Kingdom	60.00	-112	-99	
Mercedes-Benz Hellas S.A.	Kifissia, Greece	100.00	–	–	
Mercedes-Benz Hong Kong Limited	Hong Kong, PR China	100.00	61	26	

Name of the Company	Domicile, Country	Capital share in %[1]	Equity in millions of €	Net income (loss) in millions of €	Footnote
Mercedes-Benz India Private Limited	Pune, India	100.00	123	24	12
Mercedes-Benz Insurance Broker SRL	Bucharest, Romania	100.00	–	–	
Mercedes-Benz Insurance Services Nederland B.V.	Utrecht, Netherlands	100.00	–	–	
Mercedes-Benz Insurance Services Taiwan Ltd.	Taipei, Taiwan	100.00	–	–	
Mercedes-Benz Italia S.p.A.	Rome, Italy	100.00	189	40	
Mercedes-Benz Japan Co., Ltd.	Tokyo, Japan	100.00	341	33	10
Mercedes-Benz Korea Limited	Seoul, South Korea	51.00	146	73	
Mercedes-Benz Leasing (Thailand) Co., Ltd.	Bangkok, Thailand	100.00	–	–	
Mercedes-Benz Leasing Co., Ltd.	Beijing, PR China	100.00	16	-12	
Mercedes-Benz Leasing do Brasil Arrendamento Mercantil S.A.	Barueri, Brazil	100.00	–	–	
Mercedes-Benz Leasing GmbH	Stuttgart, Germany	100.00	36	–	7, 8, 10
Mercedes-Benz Leasing Hrvatska d.o.o.	Zagreb, Croatia	100.00	–	–	
Mercedes-Benz Leasing IFN S.A.	Bucharest, Romania	100.00	–	–	
Mercedes-Benz Leasing Kft.	Budapest, Hungary	100.00	–	–	
Mercedes-Benz Leasing Polska Sp. z o.o.	Warsaw, Poland	100.00	–	–	
Mercedes-Benz Leasing Taiwan Ltd.	Taipei, Taiwan	100.00	–	–	
Mercedes-Benz Leasing Treuhand GmbH	Stuttgart, Germany	100.00	–	–	7, 8
Mercedes-Benz Ludwigsfelde GmbH	Ludwigsfelde, Germany	100.00	14	–	7, 8
Mercedes-Benz Luxembourg S.A.	Luxembourg, Luxembourg	90.00	–	–	
Mercedes-Benz Lyon S.A.S.	Lyon, France	100.00	–	–	
Mercedes-Benz Malaysia Sdn. Bhd.	Kuala Lumpur, Malaysia	51.00	32	43	
Mercedes-Benz Manhattan, Inc.	New York, USA	100.00	–	–	
Mercedes-Benz Manufacturing (Thailand) Limited	Bangkok, Thailand	100.00	–	–	
Mercedes-Benz Manufacturing Hungary Kft.	Kecskemét, Hungary	100.00	229	64	11
Mercedes-Benz Master Owner Trust	Wilmington, USA	0.00	–	–	4
Mercedes-Benz Mexico, S. de R.L. de C.V.	Mexico City, Mexico	100.00	15	12	
Mercedes-Benz Milano S.p.A.	Milan, Italy	100.00	–	–	
Mercedes-Benz Minibus GmbH	Dortmund, Germany	100.00	–	–	7, 8
Mercedes-Benz Mitarbeiter-Fahrzeuge Leasing GmbH	Stuttgart, Germany	100.00	–	–	7, 8
Mercedes-Benz Molsheim S.A.S.	Molsheim, France	100.00	–	–	
Mercedes-Benz Nederland B.V.	Utrecht, Netherlands	100.00	179	11	10
Mercedes-Benz New Zealand Ltd	Auckland, New Zealand	100.00	34	11	
Mercedes-Benz Ninove N.V.	Ninove, Belgium	100.00	–	–	
Mercedes-Benz Paris SAS	Le Port-Marly, France	100.00	–	–	
Mercedes-Benz Polska Sp. z.o.o	Warsaw, Poland	100.00	51	17	
Mercedes-Benz Portugal, S.A.	Mem Martins, Portugal	100.00	88	19	
Mercedes-Benz Renting, S.A.	Alcobendas, Spain	100.00	–	–	
Mercedes-Benz Research & Development North America, Inc.	Sunnyvale, USA	100.00	–	–	
Mercedes-Benz Retail Group UK Limited	Milton Keynes, United Kingdom	100.00	98	22	
Mercedes-Benz Retail, S.A.	Madrid, Spain	100.00	–	–	
Mercedes-Benz Risk Solutions South Africa (Pty.) Ltd.	Centurion, Republic of South Africa	100.00	–	–	
Mercedes-Benz Roma S.p.A.	Rome, Italy	100.00	–	–	
Mercedes-Benz Romania S.R.L.	Bucharest, Romania	100.00	–	–	
Mercedes-Benz Russia SAO	Moscow, Russian Federation	100.00	169	21	10
Mercedes-Benz Schweiz AG	Schlieren, Switzerland	100.00	157	62	
Mercedes-Benz Service Leasing SRL	Bucharest, Romania	100.00	–	–	
Mercedes-Benz Services Correduria de Seguros, S.A.	Alcobendas, Spain	100.00	–	–	
Mercedes-Benz Services Malaysia Sdn Bhd	Petaling Jaya, Malaysia	100.00	–	–	
Mercedes-Benz Servizi Assicurativi Italia S.p.A.	Rome, Italy	100.00	–	–	
Mercedes-Benz Sigorta Aracilik Hizmetleri A.S.	Istanbul, Turkey	100.00	–	–	
Mercedes-Benz Sosnowiec Sp. z o.o.	Sosnowiec, Poland	100.00	–	–	
Mercedes-Benz South Africa Ltd	Pretoria, Republic of South Africa	100.00	652	38	
Mercedes-Benz Sverige AB	Malmö, Sweden	100.00	39	10	
Mercedes-Benz Taiwan Ltd.	Taipei, Taiwan	51.00	118	61	
Mercedes-Benz Technical Center Nederland B.V.	Nijkerk, Netherlands	100.00	–	–	
Mercedes-Benz Türk A.S.	Istanbul, Turkey	66.91	930	244	11
Mercedes-Benz U.S. International, Inc.	Vance, USA	100.00	163	38	11
Mercedes-Benz Ubezpieczenia Sp. z o.o.	Warsaw, Poland	100.00	–	–	
Mercedes-Benz UK Limited	Milton Keynes, United Kingdom	100.00	213	-20	
Mercedes-Benz USA, LLC	Montvale, USA	100.00	236	196	11

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Mercedes-Benz V.I. Lille SAS	Vendeville, France	100.00	–	–	
Mercedes-Benz V.I. Lyon SAS	Genas, France	100.00	–	–	
Mercedes-Benz V.I. Paris Ile de France SAS	Herblay, France	100.00	–	–	
Mercedes-Benz V.I. Toulouse SAS	Fenouillet, France	100.00	–	–	
Mercedes-Benz Vietnam Ltd.	Ho Chi Minh City, Vietnam	70.00	42	12	
Mercedes-Benz Warszawa Sp. z o.o.	Warsaw, Poland	100.00	–	–	
Mercedes-Benz Waterloo S.A.	Waterloo, Belgium	100.00	–	–	
Mercedes-Benz Wavre S.A.	Wavre, Belgium	100.00	–	–	
Mercedes-Benz Wemmel N.V.	Wemmel, Belgium	100.00	–	–	
Mercedes-Benz Wholesale Receivables LLC	Farmington Hills, USA	100.00	–	–	
MFTA Canada, Inc.	Toronto, Canada	100.00	–	–	
Mitsubishi Fuso Truck and Bus Corporation	Kawasaki, Japan	89.29	614	218	10
Mitsubishi Fuso Truck of America, Inc.	Logan Township, USA	100.00	–	–	
MITSUBISHI TRUCKS EUROPE – Sociedade Europeia de Automóveis, S.A.	Tramagal, Portugal	100.00	–	–	
moovel GmbH	Leinfelden-Echterdingen, Germany	100.00	12	–	7, 8
Multistate LIHTC Holdings III Limited Partnership	Farmington Hills, USA	100.00	–	–	
MVSA COMPANY, INC.	Jacksonville, USA	100.00	–	–	
myTaxi Iberia SL	Barcelona, Spain	100.00	–	–	
N.V. Mercedes-Benz Aalst	Erembodegem, Belgium	100.00	–	–	
N.V. Mercedes-Benz Mechelen	Mechelen, Belgium	100.00	–	–	
NuCellSys GmbH	Kirchheim unter Teck, Germany	100.00	–	–	
ogotrac S.A.S.	Paris, France	100.00	–	–	
Outer Drive Holdings LLC	Detroit, USA	100.00	–	–	
P.T. Mercedes-Benz Distribution Indonesia	Jakarta, Indonesia	100.00	–	–	
P.T. Mercedes-Benz Indonesia	Bogor, Indonesia	100.00	–	–	
P.T. Star Engines Indonesia	Bogor, Indonesia	100.00	–	–	
Renting del Pacífico S.A.C.	Lima, Peru	100.00	–	–	
RideScout LLC	Austin, USA	100.00	–	–	
Sandown Motor Holdings (Pty) Ltd	Bryanston, Republic of South Africa	62.62	–	–	
SelecTrucks of America LLC	Portland, USA	100.00	–	–	
SelecTrucks of Toronto, Inc.	Mississauga, Canada	100.00	–	–	
Setra of North America, Inc.	Oriskany, USA	100.00	–	–	
Silver Arrow S.A.	Luxembourg, Luxembourg	0.00	–	–	4
smart France S.A.S.	Hambach, France	100.00	53	30	11
smart Vertriebs gmbh	Berlin, Germany	100.00	–	–	7, 8
Starexport Trading S.A.	São Bernardo do Campo, Brazil	100.00	301	3	
Sterling Truck Corporation	Portland, USA	100.00	-538	-2	11
Suffolk Leasing, Inc.	Farmington Hills, USA	100.00	–	–	
Sumperská správa majetku k.s.	Prague, Czech Republic	100.00	–	–	
Taunus-Auto-Verkaufs GmbH	Wiesbaden, Germany	100.00	–	–	7, 8
Thomas Built Buses of Canada Limited	Woodstock, Canada	100.00	–	–	
Thomas Built Buses, Inc.	High Point, USA	100.00	63	29	11
Tróia Empreendimentos Imobiliários Ltda	São Paulo, Brazil	100.00	–	–	
Trona Cogeneration Corporation	Farmington Hills, USA	100.00	–	–	
Western Star Trucks Sales, Inc	Portland, USA	100.00	–	–	
3218095 Nova Scotia Company	Halifax, Canada	100.00	–	–	
6353 Sunset Boulevard, Inc.	Hollywood, USA	100.00	–	–	
II. Unconsolidated subsidiaries[2]					
AEG do Brasil Produtos Eletricos e Eletronicos Ltda.	São Paulo, Brazil	100.00	–	–	
AEG Olympia Office GmbH	Stuttgart, Germany	100.00	–	–	8
Anota Fahrzeug Service- und Vertriebsgesellschaft mbH	Berlin, Germany	100.00	–	–	8
AutomotiveTraining & Consulting GmbH	Stuttgart, Germany	100.00	–	–	8
Brefa Bremsen- und Fahrzeugdienst AG (in Liquidation)	Niederzier, Germany	100.00	–	–	6
Cúspide GmbH	Stuttgart, Germany	100.00	–	–	
Daimler AG & Co. Anlagenverwaltung OHG	Ludwigsfelde, Germany	100.00	–	–	9
Daimler Culture Development Co., Ltd.	Beijing, PR China	50.00	–	–	4
Daimler Financial Services UK Trustees Ltd.	Milton Keynes, United Kingdom	100.00	–	–	
Daimler FleetBoard UK Ltd.	Tamworth, United Kingdom	100.00	–	–	
Daimler Group Services Berlin GmbH	Berlin, Germany	100.00	–	–	8

Name of the Company	Domicile, Country	Capital share in %[1]	Equity in millions of €	Net income (loss) in millions of €	Footnote
Daimler Group Services Madrid, S.A.	San Sebastián de los Reyes, Spain	100.00	–	–	
Daimler Group Services Philippines, Inc.	Cebu City, Philippines	99.99	–	–	
Daimler Grund Services GmbH	Schönefeld, Germany	100.00	–	–	7, 8
Daimler International Assignment Services USA, LLC	Farmington Hills, USA	100.00	–	–	
Daimler IT Retail GmbH	Böblingen, Germany	100.00	–	–	8
Daimler Middle East & Levant FZE	Dubai, United Arab Emirates	100.00	–	–	
Daimler Mitarbeiter Wohnfinanz GmbH	Stuttgart, Germany	100.00	–	–	8
Daimler Protics GmbH	Stuttgart, Germany	100.00	–	–	8
Daimler Purchasing Coordination Corp.	Farmington Hills, USA	100.00	–	–	
Daimler Starmark A/S	Horsholm, Denmark	100.00	–	–	
Daimler TSS GmbH	Ulm, Germany	100.00	–	–	8
Daimler UK Share Trustee Ltd.	Milton Keynes, United Kingdom	100.00	–	–	
Daimler UK Trustees Limited	Milton Keynes, United Kingdom	100.00	–	–	
Daimler Unterstützungskasse GmbH	Stuttgart, Germany	100.00	1,181	-61	5, 14
Deméter Empreendimentos Imobiliários Ltda.	São Paulo, Brazil	100.00	–	–	
Deutsche Accumotive Verwaltungs-GmbH	Kirchheim unter Teck, Germany	100.00	–	–	
EvoBus Reunion S. A.	Le Port, France	94.33	–	–	
EvoBus Russland OOO	Moscow, Russian Federation	100.00	–	–	
Fünfte Vermögensverwaltungsgesellschaft Zeus mbH	Stuttgart, Germany	100.00	–	–	
Gemini-Tur Excursoes Passagens e Turismo Ltda.	São Paulo, Brazil	100.00	–	–	
Grundstücksverwaltungsgesellschaft Taunus-Auto-Verkaufs-GmbH & Co. OHG	Schönefeld, Germany	100.00	–	–	9
Lapland Car Test Aktiebolag	Arvidsjaur, Sweden	100.00	–	–	
Legend Investments Ltd.	Milton Keynes, United Kingdom	100.00	–	–	
MB GTC GmbH Mercedes-Benz Gebrauchtteile Center	Neuhausen auf den Fildern, Germany	100.00	–	–	8
MB Relationship Marketing S.r.l.	Milan, Italy	100.00	–	–	
Mercedes-Benz Adm. Consorcios Ltda.	São Bernardo do Campo, Brazil	100.00	–	–	
Mercedes-Benz Customer Assistance Center Maastricht N.V.	Maastricht, Netherlands	100.00	–	–	
Mercedes-Benz Egypt S.A.E.	Cairo, Egypt	100.00	–	–	
Mercedes-Benz G GmbH	Raaba, Austria	100.00	–	–	
Mercedes-Benz GastroService GmbH	Gaggenau, Germany	100.00	–	–	8
Mercedes-Benz Hungária Kft.	Budapest, Hungary	100.00	–	–	
Mercedes-Benz Museum GmbH	Stuttgart, Germany	100.00	–	–	8
Mercedes-Benz Österreich GmbH	Salzburg, Austria	100.00	–	–	
Mercedes-Benz Project Consult GmbH	Stuttgart, Germany	100.00	–	–	8
Mercedes-Benz Research and Development India Private Limited	Bangalore, India	100.00	24	10	
Mercedes-Benz Slovakia s.r.o.	Bratislava, Slovakia	51.00	–	–	
Mercedes-Benz Solihull Ltd.	Milton Keynes, United Kingdom	100.00	–	–	
Mercedes-Benz Srbija i Crna Gora d.o.o.	Belgrade, Serbia	100.00	–	–	
Mercedes-Benz Venezuela S.A.	Valencia, Venezuela	100.00	–	–	
Mercedes-Benz Vertrieb PKW GmbH	Stuttgart, Germany	100.00	–	–	
Mercedes-Benz Vertriebsgesellschaft mbH	Berlin, Germany	100.00	–	–	8
MercedesService Card Beteiligungsgesellschaft mbH	Kleinostheim, Germany	51.00	–	–	
MercedesService Card GmbH & Co. KG	Kleinostheim, Germany	51.00	–	–	
Mitsubishi Fuso Bus Manufacturing Co., Ltd.	Toyama, Japan	100.00	–	–	
Monarch Cars (Tamworth) Ltd.	Milton Keynes, United Kingdom	100.00	–	–	
Montajes y Estampaciones Metálicas, S.L.	Esparraguera, Spain	51.00	–	–	
MORA Grundstücks-Verwaltungsgesellschaft mbH & Co. KG	Grünwald, Germany	100.00	–	–	4
MYTAXI POLSKA SPÓLKA Z OGRANICZONA ODPOWIEDZIALNOSCIA	Warsaw, Poland	100.00	–	–	
myTaxi Swiss GmbH	Zurich, Switzerland	100.00	–	–	
myTaxi UG	Hamburg, Germany	100.00	–	–	
myTaxi UK Ltd.	London, United Kingdom	100.00	–	–	
myTaxi USA Inc.	Washington D.C., USA	100.00	–	–	
NAG Nationale Automobil-Gesellschaft Aktiengesellschaft	Stuttgart, Germany	100.00	–	–	
PABCO Co., Ltd.	Ebina, Japan	100.00	–	–	
Porcher & Meffert Grundstücksgesellschaft mbH & Co. Stuttgart OHG	Schönefeld, Germany	100.00	–	–	
R.T.C. Management Company Limited	Bicester, United Kingdom	88.89	–	–	
Ring Garage AG Chur	Chur, Switzerland	100.00	–	–	

Name of the Company	Domicile, Country	Capital share in %[1]	Equity in millions of €	Net income (loss) in millions of €	Footnote
Russ & Janot GmbH	Erfurt, Germany	100.00	–	–	8
Ruth Verwaltungsgesellschaft mbH	Stuttgart, Germany	100.00	–	–	
SelecTrucks Comércio de Veículos Ltda	Mauá, Brazil	100.00	–	–	
Siebte Vermögensverwaltungsgesellschaft DVB mbH	Stuttgart, Germany	100.00	–	–	8
Star Assembly SRL	Sebes, Romania	100.00	–	–	
Star Egypt For Import LLC	Cairo, Egypt	99.50	–	–	
STAR TRANSMISSION SRL	Cugir, Romania	100.00	–	–	
STARKOM d.o.o.	Maribor, Slovenia	100.00	–	–	
T.O.C. (Schweiz) AG	Schlieren, Switzerland	51.00	–	–	
Vermögensverwaltungsgesellschaft Daimler Atlanta mbH	Stuttgart, Germany	100.00	–	–	
Woking Motors Limited	Milton Keynes, United Kingdom	100.00	–	–	
Zweite Vermögensverwaltungsgesellschaft Zeus mbH	Stuttgart, Germany	100.00	–	–	8
III. Subsidiaries accounted for using the equity method					
Auto Testing Company, Inc.	Laredo, USA	100.00	–	–	
Circulo Cerrado S.A. de Ahorro para Fines Determinados	Buenos Aires, Argentina	71.30	–	–	
DRIVEtest LLC	Laredo, USA	100.00	–	–	
Mercedes-Benz Capital Services NV	Brussels, Belgium	100.00	–	–	
MBtech Auto Testing Properties L.L.C.	Laredo, USA	100.00	–	–	
IV. Joint operations accounted for using the equity method					
AFCC Automotive Fuel Cell Cooperation Corp.	Burnaby, Canada	50.10	–	–	
EM-motive GmbH	Hildesheim, Germany	50.00	–	–	
North America Fuel Systems Remanufacturing LLC	Kentwood, USA	50.00	–	–	
V. Joint ventures accounted for using the equity method					
Beijing Foton Daimler Automotive Co., Ltd	Beijing, PR China	50.00	660	23	10
FKT Holding GmbH	Vienna, Austria	50.00	–	–	
Fujian Benz Automotive Co., Ltd.	Fuzhou, PR China	50.00	–	–	
Mercedes-Benz Trucks Vostok Holding GmbH	Vienna, Austria	50.00	–	–	
Polomex, S.A. de C.V.	Garcia, Mexico	26.00	–	–	
SelecTrucks of Atlanta LLC	McDonough, USA	50.00	–	–	
SelecTrucks of Houston LLC	Houston, USA	50.00	–	–	
SelecTrucks of Los Angeles LLC	Fontana, USA	50.00	–	–	
SelecTrucks of Omaha LLC	Council Bluffs, USA	50.00	–	–	
Shenzhen BYD Daimler New Technology Co., Ltd.	Shenzhen, PR China	50.00	193	-10	10
TASIAP GmbH	Stuttgart, Germany	60.00	–	–	
Toll Collect GbR	Berlin, Germany	45.00	–	–	
Toll Collect GmbH	Berlin, Germany	45.00	490	-129	13
VI. Associated companies accounted for using the equity method					
BAIC Motor Corporation Ltd.	Beijing, PR China	10.08	–	–	
Beijing Benz Automotive Co., Ltd.	Beijing, PR China	49.00	1,895	310	11
Blacklane GmbH	Berlin, Germany	17.13	–	–	
FlixBus GmbH	Munich, Germany	5.68	–	–	
FUSO LAND TRANSPORT Co.Ltd.	Kawasaki, Japan	21.67	–	–	
KAMAZ OAO	Naberezhnye Chelny, Russian Federation	15.00	–	–	
Kanagawa Mitsubishi Fuso Truck & Bus Sales Co., Ltd.	Yokohama, Japan	43.83	–	–	
MBtech Group GmbH & Co. KGaA	Sindelfingen, Germany	35.00	–	–	
MV Agusta Motor S.p.A.	Varese, Italy	25.00	–	–	
Okayama Mitsubishi Fuso Truck & Bus Sales Co., Ltd.	Okayama City, Japan	50.00	–	–	
P.T. Krama Yudha Tiga Berlian Motors	Jakarta, Indonesia	18.00	–	–	
P.T. Mitsubishi Krama Yudha Motors and Manufacturing	Jakarta, Indonesia	32.28	–	–	
VII. Joint operations, joint ventures and associated companies accounted for at (amortized) cost[2]					
ADA Abgaszentrum der Automobilindustrie GbR	Weissach, Germany	25.00	–	–	9
BDF IP Holdings Ltd.	Burnaby, Canada	33.00	–	–	
Beijing Mercedes-Benz Sales Service Co., Ltd.	Beijing, PR China	51.00	–	–	
carpooling.com GmbH	Munich, Germany	37.32	–	–	
COBUS Industries GmbH	Wiesbaden, Germany	40.82	–	–	
Egyptian-German Automotive Co. (EGA) S.A.E.	6th of October City, Egypt	26.00	–	–	

Name of the Company	Domicile, Country	Capital share in %[1]	Equity in millions of €	Net income (loss) in millions of €	Footnote
Esslinger Wohnungsbau GmbH	Esslingen am Neckar, Germany	26.57	–	–	
European Center for Information and Communication Technologies – EICT GmbH	Berlin, Germany	20.00	–	–	
EvoBus Hungária Kereskedelmi Kft.	Budapest, Hungary	33.33	–	–	
Gottapark, Inc.	San Francisco, USA	18.15	–	–	
Grundstücksgesellschaft Schlossplatz 1 mbH & Co. KG	Berlin, Germany	18.37	–	–	
INPRO Innovationsgesellschaft für fortgeschrittene Produktionssysteme in der Fahrzeugindustrie mbH	Berlin, Germany	20.00	–	–	
Institut für angewandte Systemtechnik Bremen GmbH	Bremen, Germany	26.25	–	–	
Juffali Industrial Products Company	Jeddah, Saudi Arabia	0.00	–	–	3
Lackzentrum Bielefeld GmbH	Bielefeld, Germany	33.33	–	–	
Laureus World Sports Awards Limited	London, United Kingdom	50.00	–	–	
MBtech Verwaltungs-GmbH	Sindelfingen, Germany	35.00	–	–	
Mercedes-Benz Buses Central Asia GmbH	Stuttgart, Germany	50.00	–	–	
Mercedes-Benz Lackzentrum Dresden GmbH	Dresden, Germany	36.00	–	–	
Mercedes-Benz Starmark I/S	Vejle, Denmark	50.00	–	–	
MFTB Taiwan Co., Ltd.	Taipei, Taiwan	33.40	–	–	
Motor Coach Holdings, LP	New York, USA	10.00	–	–	
National Automobile Industry Company Ltd.	Jeddah, Saudi Arabia	26.00	–	–	
Omuta Unso Co., Ltd.	Omuta, Japan	33.51	–	–	
PDB - Partnership for Dummy Technology and Biomechanics GbR	Ingolstadt, Germany	20.00	–	–	9
Reva SAS	Cunac, France	34.00	–	–	
smart-BRABUS GmbH	Bottrop, Germany	50.00	–	–	
STARCAM s.r.o.	Most, Czech Republic	51.00	–	–	
tiramizoo GmbH	Munich, Germany	13.86	–	–	
Toyo Kotsu Co., Ltd.	Sannoseki, Japan	28.20	–	–	

1 Share pursuant to Section 16 of the German Stock Corporation Act (AktG)
2 As the impact of these companies is not material for the consolidated financial statements, they are not consolidated and not accounted for using the equity method.
3 Joint control due to economic circumstances
4 Control due to economic circumstances
5 Control of the investment of the assets. No consolidation of the assets due to the contractual situation
6 In liquidation
7 Qualification for Section 264 Subsection 3 and Section 264b of the German Commercial Code (HGB)
8 Profit and loss transfer agreement with Daimler AG (direct or indirect)
9 Daimler AG is unlimited partner
10 Financial statements 2013
11 Financial Statements according to IFRS
12 Financial statements April 1, 2013 - March 31, 2014
13 Financial statements September 1, 2013 - August 31, 2014
14 Financial statements November 1, 2012 - October 31, 2013

Members of the Board of Management.

Dr. Dieter Zetsche
Chairman of the Board of Management,
Head of Mercedes-Benz Cars
Appointed until December 2016

Dr. Christine Hohmann-Dennhardt
Integrity and Legal Affairs
Appointed until February 2017

Wilfried Porth
Human Resources and
Labor Relations Director &
Mercedes-Benz Vans
Appointed until April 2017

Bodo Uebber
Finance & Controlling,
Daimler Financial Services
Appointed until December 2019

Dr. Wolfgang Bernhard
Daimler Trucks and Buses
Appointed until February 2018

Ola Källenius
Mercedes-Benz Cars Marketing & Sales
Appointed until December 2017

Hubertus Troska
Greater China
Appointed until December 2020

Prof. Dr. Thomas Weber
Group Research &
Mercedes-Benz Cars Development
Appointed until December 2016

Stuttgart, February 13, 2015

The Board of Management

Dieter Zetsche

Wolfgang Bernhard

Christine Hohmann-Dennhardt

Ola Källenius

Wilfried Porth

Hubertus Troska

Bodo Uebber

Thomas Weber

We pursue a sustainable and sound dividend policy.

At the Annual Shareholders' Meeting to be held on April 1, 2015, the Board of Management and the Supervisory Board will therefore propose an increase in the dividend to €2.45 per share (prior year: €2.25). With this proposal, we are expressing our confidence about the future business development.

F | Further Information.

Responsibility Statement.

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report, which has been combined with the management report for DAG, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Stuttgart, February 13, 2015

Dieter Zetsche

Wolfgang Bernhard

Christine Hohmann-Dennhardt

Ola Källenius

Wilfried Porth

Hubertus Troska

Bodo Uebber

Thomas Weber

Independent Auditor's Report.

Report on the Consolidated Financial Statements. We have audited the accompanying consolidated financial statements of Daimler AG, Stuttgart, and its subsidiaries, which comprise the consolidated statement of income, the consolidated statement of comprehensive income/loss, the consolidated statement of financial position, the consolidated statement of cash flows the consolidated statement of changes in equity and notes to the consolidated financial statements for the financial year from January 1 to December 31, 2014.

Board of Management's Responsibility for the Consolidated Financial Statements. The Board of Management of Daimler AG is responsible for the preparation of these consolidated financial statements. This responsibility includes preparing these consolidated financial statements in accordance with IFRSs as adopted by the EU, and the additional requirements of German law pursuant to Section 315a (1) of the German Commercial Code (HGB), to give a true and fair view of the net assets, financial position and results of operations of the group in accordance with these requirements. The Board of Management is also responsible for the internal controls that the Board of Management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Section 317 HGB and the German generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (IDW) as well as in supplementary compliance with International Standards on Auditing (ISA). Accordingly, we are required to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The selection of audit procedures depends on the auditor's professional judgment. This includes the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In assessing those risks, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements that give a true and fair view. The aim of this is to plan and perform audit procedures that are appropriate in the given circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion. Pursuant to Section 322 (3) sentence 1 HGB, we state that our audit of the consolidated financial statements has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply in all material respects with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315a (1) HGB and give a true and fair view of the net assets and financial position of the Group as at December 31, 2014 as well as the results of operations for the financial year then ended, in accordance with these requirements.

Report on the Combined Management Report. We have audited the accompanying group management report of Daimler AG, which is combined with the management report of the company for the financial year from January 1 to December 31, 2014. The Board of Management of Daimler AG is responsible for the preparation of this combined management report in compliance with the applicable requirements of German commercial law pursuant to Section 315a (1) HGB. We conducted our audit in accordance with Section 317 (2) HGB and the German generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (IDW). Accordingly, we are required to plan and perform the audit of the combined management report to obtain reasonable assurance about whether the combined management report is consistent with the consolidated financial statements and the audit findings, and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Pursuant to Section 322 (3) sentence 1 HGB, we state that our audit of the combined management report has not led to any reservations.

In our opinion, based on the findings of our audit of the consolidated financial statements and combined management report, the combined management report is consistent with the consolidated financial statements, and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Stuttgart, February 13, 2015

KPMG AG Wirtschaftsprüfungsgesellschaft

Becker
Wirtschaftsprüfer

Dr. Thümler
Wirtschaftsprüfer

Ten Year Summary.

F.01

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Amounts in millions of euros										
From the statements of income										
Revenue	95,209	99,222	101,569	98,469	78,924	97,761	106,540	114,297	117,982	**129,872**
Personnel expenses [1, 2]	24,650	23,574	20,256	15,066	13,928	16,454	17,424	18,002	18,753	**19,607**
Research and development expenditure [3]	3,928	3,733	4,148	4,442	4,181	4,849	5,634	5,644	5,489	**5,680**
thereof capitalized	591	715	990	1,387	1,285	1,373	1,460	1,465	1,284	**1,148**
Operating profit/EBIT [2]	2,873	4,992	8,710	2,730	-1,513	7,274	8,755	8,820	10,815	**10,752**
Operating margin (%) [2]	3.0	5.0	8.6	2.8	-1.9	7.4	8.2	7.7	9.2	**8.3**
Income/Profit (loss) before income taxes and extraordinary items [2]	2,426	4,902	9,181	2,795	-2,298	6,628	8,449	8,116	10,139	**10,173**
Net operating income/ Net operating profit (loss) [2]	4,834	4,032	4,123	1,370	-2,102	5,120	6,240	7,302	9,173	**7,678**
as % of net assets (RONA) [2]	10.0	8.3	10.5	4.4	-6.6	17.5	19.9	19.6	22.6	**18.8**
Net income/Net profit (loss) [2]	4,215	3,783	3,985	1,414	-2,644	4,674	6,029	6,830	8,720	**7,290**
Net income per share (€)/ Net profit (loss) per share (€) [2]	4.09	3.66	3.83	1.41	-2.63	4.28	5.32	6.02	6.40	**6.51**
Diluted net income per share (€)/ Diluted net profit (loss) per share (€) [2]	4.08	3.64	3.80	1.40	-2.63	4.28	5.31	6.02	6.40	**6.51**
Total dividend	1,527	1,542	1,928	556	0	1,971	2,346	2,349	2,407	**2,621**
Dividend per share (€)	1.50	1.50	2.00	0.60	0.00	1.85	2.20	2.20	2.25	**2.45**
From the statements of financial position										
Property, plant and equipment	35,295	32,747	14,650	16,087	15,965	17,593	19,180	20,599	21,779	**23,182**
Leased equipment	34,236	36,949	19,638	18,672	18,532	19,925	22,811	26,058	28,160	**33,050**
Other non-current assets [2]	76,200	67,507	39,686	42,077	40,044	41,309	45,023	48,947	48,138	**56,258**
Inventories	19,699	18,396	14,086	16,805	12,845	14,544	17,081	17,720	17,349	**20,864**
Liquid assets	8,063	8,409	15,631	6,912	9,800	10,903	9,576	10,996	11,053	**9,667**
Other current assets	54,519	53,626	31,403	31,672	31,635	31,556	34,461	38,742	42,039	**46,614**
Total assets [2]	228,012	217,634	135,094	132,225	128,821	135,830	148,132	163,062	168,518	**189,635**
Shareholders' equity [2]	35,957	37,346	38,230	32,730	31,827	37,953	41,337	39,330	43,363	**44,584**
thereof share capital	2,647	2,673	2,766	2,768	3,045	3,058	3,060	3,063	3,069	**3,070**
Equity ratio Group (%) [2]	15.1	16.5	26.9	24.3	24.7	26.5	26.3	22.7	24.3	**22.1**
Equity ratio industrial business (%) [2]	23.7	27.1	43.7	42.7	42.6	45.8	46.4	39.8	43.4	**40.8**
Non-current liabilities [2]	96,823	90,452	47,998	47,313	49,456	44,738	51,940	65,016	66,047	**78,077**
Current liabilities [2]	95,232	89,836	48,866	52,182	47,538	53,139	54,855	58,716	59,108	**66,974**
Net liquidity industrial business	8,016	9,861	12,912	3,106	7,285	11,938	11,981	11,508	13,834	**16,953**
Net assets (average) [2]	48,313	48,584	39,187	31,466	31,778	29,338	31,426	37,521	40,648	**40,779**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Amounts in millions of euros										
From the statements of cash flows [1]										
Investments in property, plant and equipment	6,480	5,874	4,247	3,559	2,423	3,653	4,158	4,827	4,975	**4,844**
Depreciation and amortization	7,363	7,169	4,146	3,023	3,264	3,364	3,575	4,067	4,368	**4,999**
Cash provided by (used for) operating activities	11,032	14,337	7,146	-786	10,961	8,544	-696	-1,100	3,285	**-1,274**
investing activities	-10,237	-15,857	26,479	-4,812	-8,950	-313	-6,537	-8,864	-6,829	**-2,709**
financing activities	-1,284	2,396	-25,204	-2,915	1,057	-7,551	5,842	11,506	3,855	**2,274**
Free cash flow of the industrial business	2,423	2,679	7,637	-3,915	2,706	5,432	989	1,452	4,842	**5,479**
From the stock exchanges										
Share price at year-end (€)	43.14	46.80	66.50	26.70	37.23	50.73	33.92	41.32	62.90	**68.97**
Average shares outstanding (in millions)	1,014.7	1,022.1	1,037.8	957.7	1,003.8	1,050.8	1,066.0	1,066.8	1,068.8	**1,069.8**
Average diluted shares outstanding (in millions)	1,017.7	1,027.3	1,047.3	959.9	1,003.8	1,051.5	1,067.1	1,067.1	1,069.1	**1,069.8**
Ratings										
Credit rating, long-term										
Standard & Poor’s	BBB	BBB	BBB+	A-	BBB+	BBB+	BBB+	A-	A-	**A-**
Moody’s	A3	Baa1	A3	A3	A3	A3	A3	A3	A3	**A3**
Fitch	BBB+	BBB+	A-	A-	BBB+	BBB+	A-	A-	A-	**A-**
DBRS	A (low)	A (low)	A (low)	A (low)	A (low)	A (low)	A (low)	A (low)	A (low)	**A (low)**
Average annual number of employees	296,109	277,771	271,704	274,330	258,628	258,120	267,274	274,605	275,384	**279,857**

1 Until August 3, 2007, including Chrysler.
2 For the year 2012, the figures have been adjusted, primarily for effects arising from application of the amended version of IAS 19.
3 The figure for 2013 has been adjusted due to reclassifications within functional costs.

Glossary.

BlueEFFICIENCY. Efficiency packages for saving fuel. They include measures taken inside engines, bodywork weight reductions, tires with low roll resistance, aerodynamic improvements, the ECO start-stop function etc. As a result, fuel consumption can be reduced by more than 20%.

BLUETEC. A combination of inner-engine measures to reduce emissions and treat exhaust gases. It improves diesel engines' efficiency for cars and commercial vehicles by optimizing their combustion, and reduces their emissions with SCR catalysts.

BRIC. This abbreviation stands for the four countries of Brazil, Russia, India and China.

Compliance. By the term compliance, we understand adherence to all laws, rules, regulations and voluntary commitments, as well as the related internal guidelines and policies in connection with all activities of the Daimler Group.

Consolidated Group. The consolidated Group is the total of all those companies that are included in the consolidated financial statements.

Corporate governance. The term corporate governance applies to the proper management and supervision of a company. The structure of corporate governance at Daimler AG is determined by Germany's Stock Corporation Act (AktG), Codetermination Act (MitbestG) and capital-market legislation.

Cost of capital. The cost of capital is the product of the average amount of capital employed and the cost-of-capital rate. The cost-of-capital rate is derived from the investors' required rate of return. see page 76

CSR – corporate social responsibility. A collective term for the social responsibility assumed by companies, including economic, environmental and social aspects.

EBIT. Earnings before interest and taxes are the measure of operating profit before taxes. see pages 82 ff

Equity method. Accounting and valuation method for shareholdings in associated companies and joint ventures.

Fair value. The amount for which an asset or liability could be exchanged in an arm's length transaction between knowledgeable and willing parties who are independent of each other.

Goodwill. Goodwill represents the excess of the cost of an acquired business over the fair values assigned to the separately identifiable assets acquired and liabilities assumed.

Hybrid drive. Hybrid drive systems combine internal-combustion engines with electric motors, which can be operated separately or together depending on the type of vehicle and driving situation.

IFRS – International Financial Reporting Standards. The IFRS are a set of standards and interpretations for companies' external accounting and financial reporting developed by an independent private-sector committee, the International Accounting Standards Board (IASB).

Integrity Code. The "Integrity Code" has been in effect since November 2012. It defines the principles of behavior and guidelines for everyday conduct that are applicable at Daimler. Fairness, responsibility and compliance with legislation are key principles in this context.

INTELLIGENT DRIVE. With this new technology from Mercedes-Benz, thanks to improved environment sensors, intelligent assistance systems analyze complex situations and recognize potential dangers in road traffic even better.

Lithium-ion batteries. They are at the heart of future electric drive systems. Compared with conventional batteries, lithium-ion batteries are considerably smaller and feature significantly higher power density, short charging times and long lives.

NEDC – New European Driving Cycle. A measuring method used in Europe for the objective assessment of vehicles' fuel consumption.

Net assets. Net assets represent the capital employed by the Group and the industrial divisions. The relevant capital basis for Daimler Financial Services is equity capital.
see page 76

Net operating profit. Net operating profit is the relevant parameter for measuring the Group's operating performance after taxes.

Rating. An assessment of a company's creditworthiness issued by a rating agency.

ROE – return on equity. The profitability of Daimler Financial Services is measured by return on equity. ROE is defined as the quotient of EBIT and shareholders' equity.

ROS – return on sales. The profitability of the industrial divisions is measured by return on sales. ROS is defined as the quotient of EBIT and revenue.

Value added. Value added indicates the extent to which operating profit exceeds the cost of capital. When value added is positive, return on net assets is higher than the cost of capital.
see pages 75 f

Value at risk. This measures the potential future loss (related to market value) for a given portfolio in a certain period and for which there is a certain probability that it will not be exceeded.

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daimler.com/investors

Publications for our shareholders:

Annual Report
(German, English)

Interim Reports for the 1st, 2nd and 3rd quarters
(German, English)

Sustainability Report
(German, English)

Brochure: Company Profile
(German, English)

daimler.com/ir/reports
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DAIMLER

Annual Financial Statements 2014. Daimler AG.

Cover:
F 015 Luxury in Motion. In early January 2015, Mercedes-Benz presented the new research vehicle “F 015 Luxury in Motion” at the International Consumer Electronics Show (CES) in Las Vegas. The autonomously driving luxury sedan shows how the automobile is being transformed from a vehicle into a space for private relaxation. With a very roomy lounge-style interior, the F 015 raises the aspects of comfort and luxury to a new level. A key idea of the research vehicle is the continuous exchange of information between car, occupants and the outside world. This takes place with the help of six displays harmoniously integrated into the dashboard as well as the sides and rear of the passenger compartment.

Daimler AG
Annual Financial Statements 2014

The Management Report of Daimler AG is combined with the Group Management Report in accordance with Section 315 Subsection 3 of the German Commercial Code (HGB) and published in the Group Annual Report 2014.

The Annual Financial Statements and the summarized Management Report of Daimler AG for the year 2014 are filed with the operator of the German Federal Gazette and published in the German Federal Gazette.

The Annual Financial Statements of Daimler AG and the Group Annual Report 2014 can be found in the "Investor Relations" section of our website
www.daimler.com/ir/reports

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Balance Sheet of Daimler AG

Assets

	Notes	**Dec. 31, 2014**	Dec. 31, 2013
In millions of euros			
Non-current assets			
Intangible assets	(1)	**928**	961
Property, plant and equipment (including equipment on operating leases)	(2)	**8,203**	7,992
Financial assets	(3)	**34,641**	35,795
		43,772	44,748
Current assets			
Inventories	(4)	**7,846**	6,682
Trade receivables	(5)	**2,216**	1,940
Receivables from subsidiaries	(5)	**20,062**	19,482
Other receivables and other assets	(5)	**2,501**	2,859
Securities	(6)	**5,206**	4,588
Cash and cash equivalents	(7)	**3,399**	4,718
		41,230	40,269
Prepaid expenses	(8)	**256**	259
		85,258	85,276

Equity and liabilities

	Notes	**Dec. 31, 2014**	Dec. 31, 2013
In millions of euros			
Equity			
Share capital	(9a)	**3,070**	3,069
(conditional capital €500 million)			
Capital reserve	(9b)	**11,480**	11,477
Retained earnings	(9c)	**19,891**	18,748
Distributable profit	(9d)	**2,621**	2,407
		37,062	35,701
Provisions			
Provisions for pensions and similar obligations	(10)	**1,391**	3,405
Other provisions	(11)	**10,470**	9,214
		11,861	12,619
Liabilities			
Trade liabilities	(12)	**5,412**	5,352
Liabilities to subsidiaries	(12)	**10,141**	12,774
Other liabilities	(12)	**20,238**	18,337
		35,791	36,463
Deferred income	(13)	**544**	493
		85,258	85,276

Income Statement of Daimler AG

	Notes	2014	2013
In millions of euros			
Revenue	(14)	**83,947**	75,531
Cost of sales	(15)	**-75,307**	-68,183
Gross profit		**8,640**	7,348
Selling expenses	(15)	**-6,518**	-6,243
General administrative expenses	(15)	**-1,885**	-1,779
Other operating income	(16)	**2,117**	1,921
Other operating expenses	(17)	**-995**	-424
Income/expense from investments in subsidiaries and associated companies, net	(18)	**4,665**	3,758
Interest income/expense, net	(19)	**-751**	-879
Other financial income/expense, net	(20)	**-279**	-192
Income from ordinary activities		**4,994**	3,510
Income taxes (expense, 2013: benefit)	(21)	**-1,223**	203
Net income	(22)	**3,771**	3,713
Transfer to retained earnings		**-1,150**	-1,306
Distributable profit		**2,621**	2,407

Notes to the Financial Statements of Daimler AG

Accounting policies and methods

The financial statements of Daimler AG have been prepared in accordance with the accounting principles of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG); the amounts shown are in millions of euros (€) and the comparable figures for the year ended December 31, 2013 are also shown. The items summarized in the balance sheet and the income statement are listed individually and explained in these notes.

For the sake of clarity, the system of presentation in accordance with Section 266 of the HGB has been modified. Other receivables and other assets comprise receivables from associated companies and other assets. Other provisions comprise provisions for taxes and miscellaneous provisions. Other liabilities comprise liabilities to associated companies, loans and bonds, liabilities to banks and other liabilities.

The income statement has been prepared according to the internationally predominant cost-of-sales method. The system of presentation according to Section 275 of the HGB has been modified to improve clarity with regard to financial activities. Financial activities are presented as net income/expense from investments in subsidiaries and associated companies, net interest income/expense and net other financial income/expense.

Recognition and measurement

Intangible assets are measured at cost of acquisition, reduced by systematic straight-line amortization. They have a useful life of between 2 and 30 years.

The capitalization option for self-produced intangible assets is not utilized. Research and development costs are immediately expensed.

Property, plant and equipment are measured at cost of acquisition or production, reduced by systematic depreciation.

The production costs of self-constructed assets comprise direct costs as well as prorated material and production overheads, including depreciation, to the extent that they are caused by the production process. In addition, production costs also include production-related general administrative expenses as well as production-related expenses for the company's social facilities, voluntary social benefits and for company pensions, to the extent that those costs are incurred during the period of production.

Systematic straight-line depreciation for technical equipment and machinery, other equipment and operating and office equipment is based on a useful life of 3 to 33 years. Correspondingly shorter periods apply for equipment used in multiple shifts.

Impairments are recognized if an asset has to be measured at a lower value.

Assets with costs of acquisition or production of up to €1,000 are immediately expensed.

Leased assets are measured at cost of acquisition or production and are systematically depreciated. Systematic depreciation is based on a useful life of 3 to 12 years. The method of depreciation is changed from declining-balance to straight-line as soon as the equal distribution of the carrying value over the remaining useful life leads to higher depreciation amounts. Leased assets which were first measured since January 1, 2008 are reduced by systematic depreciation using the straight-line method. Depending on the various lessees, leased assets first measured before January 1, 2008 are depreciated using the straight-line method or the declining-balance method.

For the sake of better clarity, the item of leased assets has been added to the schedule of non-current assets under property, plant and equipment.

Shares in subsidiaries, associated companies and *other financial assets* are measured at cost of acquisition, or, if there is an indication of permanent impairment, at the lower fair value. If the reasons for permanent impairment are no longer given, the value is written up. Loans bearing low interest or no interest are measured at their present values.

Raw materials, manufacturing supplies and *goods* are measured at the lower of cost of acquisition or fair value; *work in progress and finished products* are measured at cost of production. Cost of production comprises production material and labor as well as prorated material and production overheads, including depreciation, to the extent that they are caused by the production process. In addition production costs also include production-related general administrative expenses as well as production-related expenses for the company's social facilities, voluntary social benefits and for company pensions, to the extent that those costs are incurred during the period of production. Impairments are recognized if an asset has to be measured at a lower value.

Receivables and *other assets* are measured at their nominal values with consideration of all recognizable risks. If they have a residual period of more than one year and are non-interest bearing, they are discounted to their present value on the balance sheet date. To consider general credit risks, general allowances are recognized. Receivables and other assets with a residual term of less than one year which are denominated in foreign currencies are translated at the spot rates on the balance sheet date. Non-current assets denominated in foreign currencies are translated at the spot rates on the date when booked or at the lower rate on the balance sheet date.

Securities are measured at the lower of cost of acquisition or fair value on the balance sheet date.

Payments made prior to the balance sheet date that constitute expenses for a specific period after that date are reported as *prepaid expenses*. Any difference between the settlement amount and the lower issue amount of a liability is capitalized and amortized systematically over the period of the liability.

Deferred taxes are calculated on temporary differences of assets, liabilities, accruals and deferrals between the tax basis and the financial reporting according to HGB as well as on tax-loss carryforwards. Tax-loss carryforwards can only be taken into account if they can be offset against taxable income within the statutory period of five years. Deferred taxes are measured based on the combined tax rate of 29.825% for the income tax consolidation group of Daimler AG. The combined tax rate includes corporate income tax, trade tax and the solidarity surcharge. Deferred tax assets and deferred tax liabilities are netted. Any resulting tax liability is recorded as deferred tax liability in the balance sheet. Any resulting tax asset is not recognized, in line with the capitalization option.

Provisions for pensions and similar obligations for pension plans which stipulate a predefined benefit during retirement are recognized at the required settlement amounts in accordance with reasonable commercial judgment. The amounts are measured using the projected unit credit method. The discount rate is the average market interest rate published by the German Central Bank (Bundesbank) for an assumed residual period of 15 years. On, October 31, 2014, an interest rate of 4.55% was forecast for December 31, 2014 and was used as a basis for the measurement.

Provisions for retirement benefit obligations from pension plans for which later claims are related to the fair value of securities or similar assets are recognized at the fair values of those assets to the extent that they exceed a guaranteed minimum amount.

Assets to which other creditors have no recourse and which are solely used to fulfill retirement benefit obligations or similar long-term liabilities are offset against pension obligations. The offset assets are measured at their fair values. Expenses and income resulting from discounting are offset against the expenses and income of the offset assets under financial income.

Other provisions are recognized at the required settlement amounts in accordance with reasonable commercial judgment. Future increases in prices and costs until the time of settlement of the liabilities are taken into consideration. Provisions with a residual period of more than one year are discounted over that period using the average market interest rate as published by the German Central Bank (Bundesbank).

Other provisions also include provisions for taxes. In case the amounts included in the tax return might not be realized (uncertain tax positions), the provisions are based on the best estimate of the expected tax payments.

In accordance with Section 254 of the HGB, *derivative financial transactions* are linked as a hedging relationship with an underlying transaction, provided there is a direct hedging context between the financial transaction and the underlying transaction. Financial transactions for which no units of valuation are formed are measured individually at fair value. Any resulting unrealized losses are expensed.

Liabilities are measured at their settlement amounts. Liabilities denominated in foreign currencies with a residual period of up to one year are translated at the spot rates on the balance sheet date. Non-current liabilities denominated in foreign currencies are translated at the spot rates on the date when booked or at the higher rate on the balance sheet date.

Payments received prior to the balance sheet date that constitute income for a specific period after that date are reported as *deferred income*.

Daimler AG recognizes *revenue* from sales of vehicles, spare parts and other related products and services, and from leasing. Revenue is recognized net of discounts, cash sales incentives, customer bonuses and rebates granted. For transactions with multiple deliverables, such as when vehicles are sold with free service programs, Daimler AG allocates revenue to the various elements based on their objectively and reliably determined fair values. Outstanding elements are recognized in the balance sheet as deferred income.

Schedule of non-current assets

	Cost of acquisition or production					Depreciation/Amortization/Write-ups						Book value	
	Jan. 1, 2014	Additions	Reclassifications	Disposals	**Dec. 31, 2014**	**Jan. 1, 2014**	Additions	Write-ups	Reclassifications	Disposals	**Dec. 31, 2014**	**Dec. 31, 2014**	Dec. 31, 2013
In millions of euros													
Intangible assets													
Purchased concessions, industrial property rights and similar rights and values, as well as licenses to such rights and values	**985**	181	317	23	**1,460**	**415**	178	–	–	22	**571**	**889**	570
Advance payments made	**391**	38	-317	73	**39**	**–**	–	–	–	–	**–**	**39**	391
	1,376	219	–	96	**1,499**	**415**	178	–	–	22	**571**	**928**	961
Property, plant and equipment													
Technical equipment and machinery	**13,310**	652	330	585	**13,707**	**10,566**	996	–	92	549	**11,105**	**2,602**	2,744
Other equipment, factory and office equipment	**12,478**	907	100	273	**13,212**	**9,525**	1,174	–	-92	251	**10,356**	**2,856**	2,953
Leased assets	**1,731**	1,396	.	1,535	**1,592**	**371**	206	–	.	320	**257**	**1,335**	1,360
Advance payments made and construction in progress	**935**	916	-430	11	**1,410**	**–**	–	–	–	–	**–**	**1,410**	935
	28,454	3,871	–	2,404	**29,921**	**20,462**	2,376	–	–	1,120	**21,718**	**8,203**	7,992
Financial assets													
Shares in subsidiaries	**32,819**	379	151	39	**33,310**	**1,040**	89	243	151	20	**1,017**	**32,293**	31,779
Loans to subsidiaries	**816**	247	–	83	**980**	**3**	.	1	–	–	**2**	**978**	813
Shares in associated companies	**3,449**	7	-151	1,768	**1,537**	**264**	78	–	-151	9	**182**	**1,355**	3,185
Other loans	**23**	.	–	.	**23**	**5**	3	–	–	–	**8**	**15**	18
	37,107	633	–	1,890	**35,850**	**1,312**	170	244	–	29	**1,209**	**34,641**	35,795
Non-current assets	**66,937**	4,723	–	4,390	**67,270**	**22,189**	2,724	244	–	1,171	**23,498**	**43,772**	44,748

Notes to the Balance Sheet

1 Intangible assets

Intangible assets of €928 million primarily comprise purchased licenses, name rights, rights in connection with vehicle development and production from cooperation projects and similar values. Systematic amortization amounted to €178 million (2013: €94 million).

2 Property, plant and equipment

Additions of €3,871 million include leased assets of €1,396 million. These are primarily vehicles sold with leasing contracts. The other additions consist only of movable assets. Systematic depreciation on property, plant and equipment amounted to €2,376 million (2013: €2,219 million).

3 Financial assets

Shares in subsidiaries and associated companies decreased by €1,316 million to €33,648 million (2013: €34,964 million).

The decrease compared with 2013 was primarily caused by the sale to Rolls-Royce Holdings plc of the 50% interest in Rolls-Royce Power Systems Holding GmbH. This resulted in a disposal of investments of €1,752 million.

Significant additions to shares in subsidiaries relate contributions to equity at Daimler Vermögens- und Beteiligungsgesellschaft mbH and Daimler India Commercial Vehicles Private Limited.

In 2014, shares in subsidiaries and associated companies were impaired by an amount of €167 million (2013: €235 million). Write-ups amounted to €243 million (2013: €98 million).

The statement of investments pursuant to Section 285 of the German Commercial Code (HGB) is included in the "Statement of investments" chapter.

The development of non-current assets is presented in the schedule of non-current assets.

4 Inventories ↗ C.01

Finished products and goods comprise vehicles and spare parts produced both in the plants of Daimler AG and in the context of contract manufacturing. Used vehicles are also included.

5 Receivables and other assets ↗ C.02

Receivables from subsidiaries primarily include intragroup (cash) receivables within the scope of central financial and liquidity management (€15,195 million, 2013: €15,362 million), as well as trade receivables due to domestic and foreign subsidiaries (€4,867 million, 2013: €4,120 million). Receivables from associated companies primarily comprise trade receivables that originally arose from associated companies in Germany and abroad (€834 million, 2013: €715 million).

Other assets include tax-refund claims (€1,008 million, 2013: €1,135 million), accrued interest (€236 million, 2013: €356 million) and paid option premiums (€22 million, 2013: €66 million).

6 Securities

Securities consist solely of other securities, which include fixed or variable-interest marketable debt securities. The increase of €618 million is due in particular to the increased volume of variable-interest securities.

7 Cash and cash equivalents

Cash and cash equivalents amount to €3,399 million at the end of the year (2013: €4,718 million) and consist of bank balances, cash in hand and checks.

Liquidity also includes securities (€5,206 million, 2013: €4,588 million) as well as cash and cash equivalents.

8 Prepaid expenses

Prepaid expenses include discount amounts of €81 million. They result from the difference between the settlement amount and the lower issue amount of liabilities.

9 Equity ↗ C.03

a) Share capital

The share capital is divided into no-par value shares. All shares are fully paid up. Each share confers the right to one vote at the Annual Shareholders' Meeting of Daimler AG and, if applicable, with the exception of any new shares potentially not entitled to dividend, to an equal portion of the profits as defined by the dividend distribution resolved at the Annual Meeting. Each share represents a proportionate amount of approximately €2.87 of the share capital. ↗ C.04

Treasury shares. By resolution of the Annual Shareholders' Meeting on April 14, 2010, the Board of Management, with the consent of the Supervisory Board, was authorized until April 13, 2015 to acquire treasury shares for all legal purposes in a volume up to 10% of the share capital issued as of the day of the resolution. The authorization applies for example to the purchase of shares for the purpose of cancellation, for using them for business combinations or to acquire companies, or for disposal in other ways than through the stock exchange or by offering them to all shareholders. This authorization has not been exercised in the reporting period.

Through a final verdict reached by the higher regional court in Frankfurt am Main in November 2009, the exchange ratio specified in the domination and profit and loss transfer agreement between the former Daimler-Benz AG and the former AEG AG from 1988 as well as the compensation payment for unpaid AEG dividends determined in this agreement had been increased for the benefit of those AEG shareholders. In 2010, Daimler AG began to satisfy the claims of former AEG shareholders.

The claims resulting from the Frankfurt Higher Regional Court have meanwhile lapsed. In fulfilment of claims registered in 2012, only 268 treasury shares with a value of €0.01 million and representing €0.0008 million or 0.00003% of the share capital were acquired and transferred to former AEG shareholders in January 2013.

C.01
Inventories

In millions of euros	Dec. 31, 2014	Dec. 31, 2013
Raw materials and manufacturing supplies	1,551	1,256
Work in progress	1,265	1,093
Finished products and goods	4,992	4,367
Advance payments made	74	–
Inventories excluding advance payments received	7,882	6,716
Advance payments received	-36	-34
Inventories	7,846	6,682

C.02
Receivables and other assets

In millions of euros	Dec. 31, 2014	Dec. 31, 2013
Trade receivables	2,216	1,940
thereof more than 1 year until maturity	3	25
Receivables from subsidiaries	20,062	19,482
thereof more than 1 year until maturity	6,092	5,225
Receivables from associated companies	896	848
thereof more than 1 year until maturity	–	29
Other assets	1,605	2,011
thereof more than 1 year until maturity	29	60
Receivables and other assets	24,779	24,281
thereof more than 1 year until maturity	6,124	5,339

C.03
Equity

In millions of euros	Dec. 31, 2014	Dec. 31, 2013
Share capital	3,070	3,069
Capital reserve	11,480	11,477
Retained earnings	19,891	18,748
Distributable profit	2,621	2,407
Equity	37,062	35,701

C.04
Share capital

In millions of euros	2014	2013
Balance at January 1	3,069	3,063
Creation of new shares through the exercise of option rights	1	6
Balance at December 31	3,070	3,069
thereof treasury shares	–	–

C.05

Number of shares

	2014	2013
Shares outstanding / issued at January 1	**1,069,772,847**	1,067,578,882
Repurchase of treasury shares to settle obligations towards former AEG shareholders	–	-268
Utilization of treasury shares due to the settlement of obligations towards former AEG shareholders	–	268
Shares reacquired in the context of employee share programs and not cancelled	**-389,968**	-518,942
Sale of treasury shares to employees in the context of employee share programs	**389,968**	518,942
Creation of new shares by exercise of stock option plans	**64,600**	2,193,965
Shares outstanding / issued at December 31	**1,069,837,447**	1,069,772,847

As at December 31, 2013, Daimler AG held no treasury shares at December 31, 2014. ↗ C.05

Employee share programs. In connection with employee share programs in 2014, Daimler AG acquired 389,968 Daimler shares (2013: 518,942 Daimler shares) representing €1.12 million or 0.04% of the share capital for an average price of €66.30 per share and sold them to employees for an average price of €47.80 per share. The proportionate loss arising for Daimler AG of €6.52 million was offset against retained earnings. The proportionate loss of €0.69 million from the sale of employee shares to entitled employees of Group companies was charged by Daimler AG to the respective companies of the Group.

Approved capital. By resolution of the Annual Meeting on April 9, 2014, the Board of Management was authorized, with the consent of the Supervisory Board, to increase the share capital of the Company in the period until April 8, 2019 by a total of €1,000 million in one lump sum or by separate partial amounts at different times by issuing new, registered no-par-value shares in exchange for cash and/or non-cash contributions (Approved Capital 2014). The new shares are generally to be offered to the shareholders for subscription (also by way of indirect subscription pursuant to Section 186 Subsection 5 Sentence 1 of the German Stock Corporation Act (AktG)). Among other things, the Board of Management was authorized with the consent of the Supervisory Board to exclude shareholders' subscription rights under certain conditions and within defined limits.

Approved Capital 2014 replaces Approved Capital 2009, which was limited until April 7, 2014 and was not utilized. No shares have yet been issued from Approved Capital 2014.

Conditional capital. By resolution of the Annual Meeting on April 14, 2010, the Board of Management, was authorized with the consent of the Supervisory Board, until April 13, 2015 to issue once or several times convertible and/or warrant bonds or a combination of these instruments ("bonds") with a total face value of up to €10,000 million and a maturity of no more than ten years. The Board of Management is allowed to grant the holders of these bonds conversion and/or warrant rights for new registered no-par-value shares in Daimler AG with an allocable portion of the share capital of up to €500 million in accordance with the details defined in the terms and conditions of the bonds. Among other things, the Board of Management was authorized with the consent of the Supervisory Board to exclude shareholders' subscription rights for the bonds with conversion or warrant rights for new registered no-par-value shares in Daimler AG under certain conditions and within defined limits. The bonds can also be issued by majority-owned direct or indirect subsidiaries of Daimler AG.

Accordingly, the share capital is conditionally increased by an amount of up to €500 million (Conditional Capital 2010). The authorization to issue convertible and/or warrant bonds has not yet been utilized.

The share capital was conditionally increased as of December 31, 2013 by an amount of up to €90 million by the issue of new, registered no-par-value shares in Daimler AG (the remaining Conditional Capital II). The remaining Conditional Capital II covers subscription rights from the stock options issued until 2004. Stock options not exercised by March 31, 2014 expired on that date.

Stock option plan. Stock option plan initiated 2004 expired on March 31, 2014. From the remaining 212,675 options from this plan on December 31, 2013, granting subscription rights to new shares representing €0.6 million of the share capital, 64,600 options, granting subscription rights to new shares representing €0.2 million of the share capital had been exercised in 2014. Remaining options not been exercised until March 31, 2014 expired on this day.

b) Capital reserve

The capital reserve amounts to €11,480 million at the end of 2014. During 2014, €3 million were transferred to the capital reserve as a result of the exercise of share options from Stock Option Plan 2004. ↗ C.06

c) Retained earnings

At December 31, 2014 other retained earnings amount to €19,891 million. ↗ C.07

d) Distributable profit

Distributable profit for the year 2014 is calculated in accordance with Section 158 Subsection 1 of the German Stock Corporation Act (AktG) and amounts to €2,621 million. ↗ C.08

Information on amounts that may not be distributed. The valuation of the fair value of assets netted off against pension obligations led to an amount of €1,200 million that may not be distributed. On the other hand, retained earnings exist which may be freely disposed of in the amount of €19,891 million. Therefore, the distributable profit of €2,621 million is in fact fully distributable.

C.06
Capital reserve

In millions of euros	2014	2013
Balance at January 1	11,477	11,390
Transferred from exercise of options	3	87
Balance at December 31	11,480	11,477

C.07
Other retained earnings

In millions of euros	2013	2012
Balance at January 1	18,748	17,061
Purchase of treasury shares	-7	-8
Effects from the application of treasury shares	–	.
Allocated by the Annual Meeting	–	389
Transfer from net income	1,150	1,306
Balance at December 31	19,891	18,748
thereof treasury shares	–	–

C.08
Distributable profit

In millions of euros	2014
Balance at January 1	2,407
Dividend distribution	-2,407
Allocation to retained earnings by the Annual Meeting	–
Net income 2014	3,771
Allocation to retained earnings by the Board of Management and the Supervisory Board pursuant to Section 58 of the German Stock Corporation Act (AktG)	-1,150
Balance at December 31	2,621

Dividend

Pursuant to the German Stock Corporation Act (AktG), the maximum dividend that can be distributed to the shareholders is the distributable profit reported in the year-end financial statements of Daimler AG (individual financial statements) according to the German Commercial Code (HGB). The proposal will be made to the shareholders at the Annual Shareholders' Meeting that a dividend of €2,621 million (€2.45 per dividend-entitled share) should be paid to the shareholders out of the distributable profit of Daimler AG for the year 2014 (2013: €2,407 million equivalent to €2.25 per dividend-entitled share).

Share-based payment

As of December 31, 2014, Daimler AG has Performance Phantom Share Plans (PPSP) 2011 through 2014 in operation. As instruments of share-based payment with cash settlement, the PPSP are measured at their fair values on the balance sheet date. They are paid out at the end of their contractually defined periods; an earlier, proportionate payout is only possible under certain conditions when a beneficiary leaves the company. PPSP 2010 was paid out as planned in the first quarter of 2014.

In the year 2014, entitlements still existed from Stock Option Plan (SOP) 2004. The stock options granted in 2004 were defined as share-based payment with settlement through equity instruments at the fair values at the time when the plan was adopted. The non-exercised rights from SOP 2004 lapsed as of March 31, 2014.

Performance Phantom Share Plan. In 2014, Daimler AG adopted a Performance Phantom Share Plan similar to that used from 2005 through 2013, under which eligible board members and employees are granted phantom shares entitling them to receive cash payments provided that predefined targets are met in the three-year performance period. The amount of cash paid to eligible persons is based on the number of vested phantom shares (determined depending on target achievement over a three-year performance period) multiplied by the quoted price of Daimler's ordinary shares (calculated as an average price over a specified period at the end of the four years of service). The determination of target achievement for the existing PPSP 2011 through 2013 is based on return on net assets, derived from internal targets, and return on sales compared with benchmarks oriented towards the competition. For the PPSP adopted in 2014, the determination of target achievement is based on the relative share performance, which measures the development of a share-price index of a group of competitors including Daimler, and the return on sales (RoS) compared with benchmarks oriented towards the competition. In this context, special regulations apply to the members of the Board of Management to the extent that Daimler has to achieve a higher RoS than the average of its competitors in order to obtain the same target achievement as the other plan participants obtain in the case of a RoS equal to the average of the competitors.

Stock option plan. On the basis of the authorization granted by the Annual Shareholders' Meeting of April 2000, stock options for subscription to Daimler shares were granted to eligible board members and employees, for the last time in 2004. Options granted under the SOPs were exercisable at a reference price per Daimler ordinary share, which was determined in advance, plus a 20% premium. The options became exercisable in two equal installments on the second and third anniversaries of the date of grant. All unexercised options expired ten years after the date of grant. If the market price per Daimler ordinary share on the date of exercise was at least 20% higher than the reference price, the holder was entitled to receive a cash payment equal to the original exercise premium of 20%. The last SOP 2004 expired as of March 31, 2014. The rights that had not been exercised by then have therefore lapsed.

In order to serve the exercise of stock options, Daimler AG has primarily issued new shares.

10 Provisions for pensions and similar obligations

Provisions for pensions and similar obligations after offsetting with the related special purpose assets amount to €1,391 million at December 31, 2014 (2013: €3,405 million). ↗ C.09

The settlement amount for obligations that provide for a defined benefit during retirement is €15,284 million (2013: €14,180 million) and was calculated on the basis of the projected unit credit method. The calculation is based on the tables of mortality rates published by Heubeck (2005 G) and on a forecast interest rate of 4.55%. In the previous year, the market interest rate of 4.90% published by the German Central Bank (Bundesbank) was applied. The calculation also takes into account annual cost-of-living increases and annual pension entitlement increases of 1.80% (2013: 1.80%) and anticipated annual increases in wages and salaries of 3.0% (2013: 3.0%).

These obligations are offset with the special purpose assets. At December 31, 2014 those assets have a fair value of €13,893 million (2013: €10,775 million) and a cost of acquisition of €12,665 million (2013: €9,885 million).

The obligations for the pension plans, the amounts of which are determined by the fair values of securities or comparable assets, are recognized with the fair values of those assets at December 31, 2014 of €168 million (2013: €92 million), as this exceeds the guaranteed minimum value of the obligations at December 31, 2014. There is then an offset with those special purpose assets that have original acquisition costs of €164 million (2013: €91 million). As a result, this leads to the full offsetting of the obligations with the related special purpose assets.

The assets offset as of December 31, 2014 include the shares as shown in table ↗ C.10 of more than 10% in German or comparable foreign special funds as defined by Section 1 Subsection 10 of the German Capital Investment Act (KAGB) and investments in investment fund companies with variable equity pursuant to Sections 108 to 123 of the German Capital Investment Act (KAGB). The special funds include, as their investment focus, securities funds and a private equity fund with an international orientation which reflect individual investors' needs.

There are no restrictions on the possibility of returning the shares on stock-exchange trading days. The return of shares can be temporarily suspended under unusual circumstances that make suspension seem necessary under consideration of the interests of the investors.

11 Other provisions ↗ C.11

Provisions for taxes relate primarily to income taxes for years not yet finally assessed.

Miscellaneous provisions relate primarily to personnel and social obligations, worldwide warranty risks, obligations from the sales business, provisions for liability and litigation risks and unrealized losses from the valuation of derivative financial instruments. In addition, provisions are recognized for deferred maintenance that will be carried out in the first quarter of the following year. The increase in miscellaneous provisions primarily results from expenses relating to the ongoing antitrust investigations of European manufacturers of commercial vehicles by the EU Commission, an increase in personnel and social obligations and the higher provision for warranty claims due to increased unit sales.

C.09
Provisions for pensions and similar obligations

	Dec. 31, 2014	Dec. 31, 2013
In millions of euros		
Settlement amount of obligations from defined benefit plans	15,284	14,180
Fair value of related special purpose assets for obligations from defined benefit plans	-13,893	-10,775
Settlement amount for obligations from plans with commitments backed by securities	168	92
Fair value of related special purpose assets for obligations from plans with commitments backed by securities	-168	-92
Net value of pensions and similar obligations (provision)	1,391	3,405

C.10
Shares in investment funds by investment objective at Dec. 31, 2014

	Book value / fair value	Cost of acquisition	Difference	Dividend for the year	Daily return possible
In millions of euros					
Mixed funds	10,826	9,708	1,118	313	yes
Private equity funds	428	394	34	–	yes
Equity funds	29	26	3	1	yes
Bond funds	7	7	.	.	yes
	11,290	10,135	1,155	314	

C.11
Other provisions

	Dec. 31, 2014	Dec. 31, 2013
In millions of euros		
Provisions for taxes	1,001	856
Miscellaneous provisions	9,469	8,358
	10,470	9,214

C.12
Liabilities

In millions of euros	Dec. 31, 2014	Dec. 31, 2013
Notes/bonds and commercial paper	16,989	15,464
of which due in less than 1 year	3,185	2,390
of which due in more than 5 years	5,075	4,250
Liabilities to banks	2,108	1,698
of which due in less than 1 year	.	10
of which due in more than 5 years	–	90
Trade payables	5,412	5,352
of which due in less than 1 year	5,412	5,352
of which due in more than 5 years	.	.
Liabilities due to subsidiaries	10,141	12,774
of which due in less than 1 year	9,615	12,315
of which due in more than 5 years	–	–
Liabilities due to associated companies	57	73
of which due in less than 1 year	57	73
of which due in more than 5 years	–	–
Other liabilities	1,084	1,102
of which due in less than 1 year	1,073	1,080
of which due in more than 5 years	.	–
of which tax liabilities	141	150
of which obligations concerning social security	51	54
Total of liabilities	35,791	36,463
of which due in less than 1 year	19,342	21,220
of which due in more than 5 years	5,075	4,340

12 Liabilities ↗ C.12

Notes, bonds and commercial paper are primarily European medium-term notes in the amount of €16,732 million (2013: €15,464 million).

Liabilities to banks of €2,108 million (2013: €1,698 million) comprise loans of €2,108 million (2013: €1,688 million).

Liabilities due to subsidiaries include intragroup (cash) liabilities within the scope of central financial and liquidity management (€9,469 million, 2013: €12,364 million) as well as trade payables due to domestic and foreign subsidiaries (€672 million, 2013: €410 million).

Liabilities due to associated companies include intragroup (cash) liabilities within the scope of central financial and liquidity management (€6 million, 2013: €3 million) as well as trade payables due to domestic and foreign associated companies (€51 million, 2013: €70 million).

Other liabilities (€1,084 million, 2013: €1,102 million) mainly comprise liabilities from wages and salaries, withheld income tax and social security contributions, accrued interest and option premiums.

13 Deferred income

The increase in deferred income is primarily due to advance payments relating to cooperation projects. The release of deferred income takes place pro rata in line with the periods of the underlying contracts.

Notes to the Income Statement

14 Revenue

The development of revenue can be seen in table ↗ C.13.

15 Functional costs

Functional costs are broken down in the income statement into the categories cost of sales, selling expenses and general administrative expenses.

Reclassifications within functional costs. In the course of the organizational focus of the divisions on their customers and markets, corporate functions are being streamlined and functional departments are being aligned more closely with the needs of the divisions. In this context, Daimler AG has reviewed the allocation of the cost centers in the headquarters functions to the individual functional costs. As a result, amongst other changes, IT services and personnel expenses have been reclassified from general administrative expenses to the other functional costs. For comparability with the prior year, the prior-year figures have also been adjusted, pursuant to Section 265 of the German Commercial Code (HGB). ↗ C.14

Cost of sales includes manufacturing costs incurred for products, goods and services sold. These costs mainly consist of the costs of production materials, personnel expenses, purchased goods and services, depreciation, rental and lease expenses for the production premises and currency gains from business operations. The increase in cost of sales results in particular from the growth in unit sales and higher expenses for new technologies and new products. Cost of sales also includes €4,865 million (2013: €4,693 million) of research and development expenses.

Selling expenses mainly include purchased services such as for advertising and marketing, personnel expenses, commission, outbound shipping costs, rental and lease expenses of the sales organization. The increase reflects the expansion of business activities.

General administrative expenses primarily comprise purchased services such as IT costs, personnel expenses, fees for expertise and consulting, and rental and lease expenses.

Other taxes and customs duties amounting to €82 million (2013: €86 million) are included within functional costs.

The fees of the external auditors are shown in the notes to the consolidated financial statements.

C.13
Revenue

	2014	2013
In millions of euros		
Revenue by product		
Cars	63,016	55,125
Commercial vehicles	20,931	20,406
	83,947	75,531
Revenue by region		
Germany	20,477	20,191
International	63,470	55,340
	83,947	75,531
Breakdown of international revenue		
Western Europe (excluding Germany)	17,373	14,960
United States	16,041	14,363
Asia (excluding China)	8,814	7,067
China	8,207	6,230
Eastern Europe	6,433	6,171
The Americas (excluding United States)	2,847	3,107
Other markets	3,755	3,442
	63,470	55,340

C.14
Effects of reclassifications within functional costs

	2013 disclosed	Reclassifications	2013 changed
In millions of euros			
Cost of sales	67,579	+604	68,183
thereof research and development expenses	4,561	+132	4,693
Selling expenses	6,032	+211	6,243
General administrative expenses	2,594	-815	1,779

C.15

Income/expense from investments in subsidiaries and associated companies, net

	2014	2013
In millions of euros		
Income from profit and loss transfer agreements	**1,962**	2,680
thereof Daimler Vermögens- und Beteiligungsgesellschaft mbH	**1,478**	1,233
thereof Daimler Luft- und Raumfahrt Holding AG	**.**	990
Expenses from loss assumptions	**-38**	-84
Income from subsidiaries	**1,853**	1,113
Income from associated companies	**109**	185
Impairment of investments in subsidiaries and associated companies	**-167**	-235
Write-ups on investments in subsidiaries and associated companies	**243**	98
Gains on disposals of investments in subsidiaries and associated companies	**703**	10
Losses on disposals of investments in subsidiaries and associated companies	**.**	-9
	4,665	3,758

16 Other operating income

Other operating income of €2,117 million (2013: €1,921 million) consists mainly of cost reimbursements, income from supplying other goods and services, income from subsidies, rent and lease income as well as insurance compensation received.

Other operating income includes €371 million (2013: €452 million) of income assignable to other financial periods and relates mostly to income from the release of provisions and of accruals and deferrals and income from disposals of non-current assets.

Income from the currency translation of trade receivables and payables amounted to €146 million in 2013 (2013: €77 million).

17 Other operating expenses

Other operating expenses of €995 million (2013: €424 million) primarily comprise expenses for legal proceedings and liability risks of €570 million (2013: €14 million). These expenses are connected with the ongoing antitrust investigations of European manufacturers of commercial vehicles by the EU Commission.

Other operating expenses of €98 million (2013: €96 million) are attributable to other periods and mainly reflect expenses from writing off other receivables as well as from the sale of fixed assets.

The expense from the currency translation of trade receivables and payables amounted to €59 million in 2014 (2013: €77 million).

18 Income/expense from investments in subsidiaries and associated companies, net ↗ C.15

The net income from investments in subsidiaries and associated companies increased mainly due to the higher income from subsidiaries and from the disposal of investments in associated companies. Income from subsidiaries was the result of increased distributions. Income from the sale of associated companies mainly reflects the sale to Rolls-Royce Holdings plc of the 50% interest in Rolls-Royce Power Systems Holding GmbH.

The decrease in income from profit-and-loss-transfer agreements was mainly the result of the lower profit transfer from Daimler Luft- und Raumfahrt Holding AG.

The loss assumptions were mainly from EHG Elektroholding GmbH.

19 Interest income/expense, net ↗ C.16

All of the earnings components of the existing special purpose assets are recognized under interest income/expense, net and are offset with the interest component of the retirement benefit obligation.

The interest component of the retirement benefit obligation amounts to an expense of €1,409 million (2013: €1,059 million), while the development of the special purpose assets resulted in income of €872 million (2013: €577 million). The compounding of provisions with an original maturity period of more than one year results in an interest expense of €280 million (2013: €303 million). The discounting of provisions with an original maturity of more than one year resulted in interest income of €67 million (2013: €0 million).

20 Other financial income/expense, net

Other financial income/expense, net includes currency losses of €251 million (2013: €61 million) from current Group financing. It also includes income of €63 million (2013: expenses of €72 million) from the measurement of derivative financial instruments (interest-rate hedging contracts). ↗ C.17

21 Income taxes

The parent company, Daimler AG, is also a taxpayer with respect to the profit and loss transfer agreements concluded with its subsidiaries. The individual companies are listed in the “Statement of investments” pursuant to Section 285 of the German Commercial Code (HGB) and are marked with a separate footnote.

The income tax expense amounts to €1,223 million (2013: benefit of €203 million). It includes an expense of €1,266 million from the year 2014 (2013: €730 million) and a benefit of €43 million (2013: €933 million) from previous years. Compared to prior year, the increase is mainly due to high tax benefits in connection with the tax assessment of previous years included in 2013. The tax expense for the year 2014 increased also due to the growth and composition of the profit before income taxes. In this context, it must be considered that the expenses related to the EU Commission’s ongoing antitrust investigations of European manufacturers of commercial vehicles are not tax deductible and essential components of the income from investments are largely tax free.

Deferred taxes are not included in this item because the capitalization of deferred tax assets is optional. The future tax benefits, not recorded mainly arise from temporary differences in connection with pensions and other provisions.

22 Net income

Net income for financial year 2014 is €3,771 million. After a transfer to retained earnings of €1,150 million pursuant to Section 58 Subsection 2 of the German Stock Corporation Act (AktG), distributable profit amounts to €2,621 million.

C.16
Interest income/expense, net

In millions of euros	2014	2013
Income from other securities and loans of financial assets	22	19
thereof from subsidiaries	21	18
Other interest and similar income	855	929
thereof from subsidiaries	261	269
Interest and similar expenses	-1,628	-1,827
thereof to subsidiaries	-132	-290
	-751	-879

C.17
Other financial income/expense, net

In millions of euros	2014	2013
Currency income/expense, net	-251	-61
Miscellaneous income	122	109
Miscellaneous expenses	-150	-240
	-279	-192

Other Notes

C.18

Personnel expenses

	2014	2013
In millions of euros		
Wages and salaries	10,289	9,828
Social security contributions	1,638	1,586
Pension costs	285	278
	12,212	11,692

Employees

	2014	2013
Annual average numbers		
Hourly employees	84,704	83,875
Salaried employees	58,435	57,741
Trainees/apprentices/interns	9,601	9,442
Total (average for the year)	152,740	151,058
Total (at the end of the year)	151,524	150,605

C.19

Cost of materials

	2014	2013
In millions of euros		
Cost of raw materials, manufacturing supplies and purchased goods	56,720	50,049
Cost of purchased services	10,531	10,145
	67,251	60,194

C.20

Derivative financial instruments: Nominal values

	Dec. 31, 2014	Dec. 31, 2013
In millions of euros		
Foreign exchange contracts	47,567	36,790
Interest rate contracts	19,237	20,202
Commodity forward contracts	1,872	1,779
Equity option contracts	–	171
	68,676	58,942

Personnel expenses / Employees ↗ C.18

Wages and salaries include direct labor, salaries, severance payments, holiday bonuses, special bonuses and expenses resulting from personnel-related provisions.

Social security contributions primarily relate to the employer’s contributions to pension, unemployment, nursing-care and medical insurance plans.

Pension costs comprise the components to be shown under functional costs pursuant to applicable law as well as the contributions to the German Pension Insurance Association.

Cost of materials

Cost of materials include expenses for raw materials and manufacturing supplies as well as for purchased goods and services. ↗ C.19

Derivative financial instruments and valuation units

Derivative financial instruments serve solely to hedge risks relating to foreign exchange rates, interest rates and raw material prices. They cover the underlying transactions of the companies of the Daimler Group and the original financial transactions (underlying transactions) and are placed together with them as far as possible in valuation units.

The derivative financial instruments held by Daimler AG have the nominal values as shown in table ↗ C.20 at the end of the reporting year and the prior year. The nominal values are the totals of the basic values of all purchase and sale contracts without netting off.

The foreign exchange contracts primarily comprise currency forwards and currency options. They mainly serve to hedge the foreign exchange risks of the companies of the Group from the cash flows expected with a high degree of certainty from the automotive business. Currency forwards are also held to hedge the risks connected with financial receivables and liabilities from the Group’s financing. Interest rate contracts include interest rate swaps as well as interest/currency swaps. They are primarily used to minimize the risk of changes in interest rates. Commodity contracts currently consist of commodity swaps used for hedging purchasing prices of purchases of raw materials expected with a high degree of certainty.

The book values and fair values of derivative financial instruments at the end of the reporting year and the prior year are shown in the table ↗ C.21.

The book values are taken from the items of the balance sheet and relate to other assets, other liabilities and other provisions. Other assets and other liabilities primarily comprise paid and received option premiums from currency options as well as advance payments made and received for interest-rate/currency swaps. Other provisions consist on the one hand of negative fair values and changes in fair values of derivatives which are not included in a valuation unit, and on the other hand of negative ineffectiveness from valuation units.

The fair values of currency forwards are determined on the basis of current ECB reference rates with consideration of forward premiums or discounts. Currency options are measured with the use of quoted rates or option price models. The fair values of interest rate contracts are determined on the basis of discounted expected future cash flows with the use of the market interest rates applicable for the remaining time until maturity of the financial instruments. The fair values of commodity contracts are determined on the basis of current spot rates on commodity exchanges with consideration of forward premiums or discounts.

Of the derivative financial instruments held on the balance sheet date in a nominal amount of €68,676 million, financial instruments in a total amount of €50,866 million are placed in valuation units. Of that total, €40,320 million are accounted for by foreign exchange contracts, €9,210 million by interest rate contracts and €1,336 million by commodity forward contracts.

Table ↗ C.22 shows the hedged exchange rate and commodity price risks included in valuation units.

If derivative financial instruments are included in valuation units with the related underlying transactions, an effectiveness measurement is carried out both at the beginning of the hedging period and on each following balance sheet date upon which the hedge exists. In connection with the hedging of exchange rate risks of assets and liabilities, the terms and parameters of the underlying transaction and the hedging transaction are compared with each other. With the hedging of future transactions, the dollar-offset method is mainly used. The risk management system at the Daimler Group monitors the effectiveness of hedges.

C.21

Derivative financial instruments: book value / fair value

		Dec. 31, 2014		Dec. 31, 2013
	Book value	Fair value	Book value	Fair value
In millions of euros				
Assets				
Foreign exchange contracts	**22**	**582**	66	1,488
Interest rate contracts	**36**	**681**	31	288
Commodity forward contracts	**8**	**62**	4	51
Equity option contracts	**–**	**–**	118	118
	66	**1,325**	219	1,945
Liabilities				
Foreign exchange contracts	**-129**	**-2,095**	-78	-104
Interest rate contracts	**-105**	**-325**	-163	-388
Commodity forward contracts	**-16**	**-107**	-66	-195
Equity option contracts	**–**	**–**	–	–
	-250	**-2,527**	-307	-687
Balance	**-184**	**-1,202**	-88	1,258

C.22

Derivative financial instruments: valuation units

				Dec. 31, 2014
	Hedging instrument	Hedged volume	Positive fair value	Negative fair value
In millions of euros				
Exchange rate / interest rate risk of assets and liabilities	Interest rate contracts	9,210	391	-257
	Foreign exchange contracts	361	4	-8
Exchange rate risk of future transactions	Foreign exchange contracts	39,959	548	-1,993
Purchase price risk of future transactions	Commodity forward contracts	1,336	60	-101

Foreign exchange contracts. Currency forwards and currency options in the automotive business are combined with the expected cash flows they are based upon for each currency in valuation units. To the extent that negative fair values from the valuation of hedges are offset by currency gains from the expected underlying transactions, they are not accounted for; in this case, the corresponding losses are only recognized in profit and loss for the period when the derivatives mature, simultaneously with the currency gains from the underlying transactions. Provisions are recognized for any amounts in excess of that. The hedging period is generally up to three years. Setting hedging volumes lower than the planned cash flows in the respective foreign currency and decreasing as time passes ensures that the future cash flows from the derivatives are covered to a high degree of certainty by opposing currency effects from the underlying transactions.

Currency forwards of the financing activities outside the Group are combined into valuation units with opposing hedges concluded within the Group. Currency forwards outside the Group that are not opposed by any corresponding hedges within the Group are included with the related financial receivables and liabilities in valuation units, provided that the documentation requirements are fulfilled. To the extent that negative fair values from the valuation of hedges are offset by currency gains from the underlying transactions, they are not accounted for; in this case, the corresponding losses are only recognized in profit and loss for the period when the derivatives mature, simultaneously with the currency gains from the underlying transactions. Provisions are recognized for any amounts in excess of that. The hedging period is generally one to three years.

Interest rate contracts. Interest swaps and interest/currency swaps outside the Group are combined into valuation units with opposing interest and interest/currency contracts within the Group. For interest hedges outside the Group that are not opposed by any corresponding hedges within the Group, provided the documentation requirements are fulfilled, they are included in valuation units with the related financial receivables and liabilities. To the extent that negative fair values from the valuation of hedges are offset by currency gains from the underlying transactions, they are not accounted for. Provisions are recognized for any amounts in excess of that. The hedging period is one to a maximum of ten years.

Commodity forward contracts. Raw-material hedges outside the Group are combined into valuation units with opposing hedges within the Group. For raw-material hedges outside the Group that are not opposed by any corresponding hedges within the Group, to the extent that applicable statutory requirements can be fulfilled, commodity forward contracts are combined in valuation units with the price-change effects of the future material purchases they are intended to hedge. To the extent that negative fair values from the valuation of hedges are opposed by positive price-change effects from the expected underlying transactions, they are not accounted for; in this case, the corresponding losses are recognized in profit and loss for the period when the price-change effects from the purchases of raw materials are recognized. Provisions are recognized for any amounts in excess of that. The hedging period is generally one to three years. Setting hedging rates lower than the planned material requirements and decreasing as time passes ensures that the future cash flows from the derivatives are covered to a high degree of certainty by opposing price-change effects of the hedged materials.

Contingent liabilities

Contingent liabilities relate to potential future events, the occurrence of which would lead to an obligation. At the balance sheet date, the contingent liabilities of Daimler AG were reviewed with consideration of available knowledge about the financial position, cash flows and profitability of business partners with regard to the risk situation. Daimler AG therefore assesses the risk of possible claims on all the listed obligations as unlikely. At December 31, 2014, contingent liabilities amount to €50,354 million (2013: €43,370 million), primarily consisting of guarantees. They include guarantees to domestic and foreign subsidiaries amounting to €50,166 million (2013: €43,133 million), which primarily comprise guarantees provided to creditors of subsidiaries of Daimler AG, for example for loans they have taken out and bonds they have issued and liabilities to banks. To the benefit of co-shareholders of Mercedes-Benz (China) Ltd., Daimler AG is liable for guaranteed dividends for 2014 and following years.

Guarantees were issued for the benefit of third parties in a total amount of €188 million (2013: €237 million). This includes a payment guarantee in an amount of €100 million that was provided in the context of obligations from bank loans granted to Toll Collect GmbH.

Other financial commitments

Other financial commitments total €19,708 million (thereof due in 2015: €12,569 million). Such commitments to subsidiaries amount to €6,928 million (thereof due in 2015: €4,130 million).

In connection with vehicle sales and leasing, buyback obligations exist in an amount of €4,845 million (thereof due in 2015: €1,986 million). Such obligations to subsidiaries amount to €3,550 million (thereof due in 2015: €1,616 million).

Other financial commitments resulting from rental and leasing agreements amount to €2,506 million (thereof due in 2015: €977 million). Of that total, €1,543 million relate to subsidiaries (thereof due in 2015: €745 million). Rental obligations to property management companies amount to €1,504 million (thereof due in 2015: €737 million).

The remaining financial commitments, in particular the purchase commitment, are of a magnitude typical for the industry.

Related party relationships according to Section 285 No. 21 of the German Commercial Code (HGB)

Subsidiaries and associated companies. Most of the goods and services supplied within the ordinary course of business between Daimler AG and related parties comprise transactions with subsidiaries and associated companies and are included in table ↗ C.23.

In connection with a 45% equity interest of the Daimler Group in Toll Collect GmbH, Daimler has issued a guarantee that is not included in table ↗ C.23.

Board members. Throughout the world, Daimler AG has business relationships with numerous entities that are also customers and/or suppliers of Daimler AG. Those customers and/or suppliers include companies that have a connection with some of the members of the Supervisory Board or of the Board of Management of Daimler AG or its subsidiaries.

Legal proceedings

Various legal proceedings, claims and governmental investigations (legal proceedings) are pending against Daimler AG and its subsidiaries on a wide range of topics, including vehicle safety, emissions, fuel economy, financial services, dealer, supplier and other contractual relationships, intellectual property rights, product warranties, environmental matters, antitrust matters and shareholder matters. Legal proceedings relating to products deal with claims on account of alleged vehicle defects. Some of these claims are asserted by way of class action suits. Adverse decisions in one or more of these proceedings could require us to pay substantial compensatory and punitive damages or undertake service actions, recall campaigns or other costly actions.

In mid-January 2011, the European Commission carried out antitrust investigations of European commercial vehicle manufacturers, including Daimler AG. If antitrust infringements are discovered, the European Commission can impose considerable fines depending on the gravity of the infringement. In November 2014, the European Commission served Daimler with its statement of objections which, from the European Commission's perspective, further explains and legally evaluates the relevant facts. Resulting from knowledge gained from access to essential documents of the European Commission's file, Daimler AG decided in December 2014 to increase provisions by €570 million. Daimler is taking the Commission's initial suspicion very seriously and is also - parallel to the Commission's investigations - carrying out its own extensive internal investigation to clarify the underlying circumstances. The company is cooperating with the authorities but will at the same time – while stating the company's legal view – safeguard its rights in the further proceedings and is also reviewing all of its procedural options.

The Federal Republic of Germany initiated arbitration proceedings against Daimler Financial Services AG, Deutsche Telekom AG and Toll Collect GbR and submitted its statement of claims in August 2005. It seeks damages, contractual penalties and the transfer of intellectual property rights to Toll Collect GmbH. In particular, the Federal Republic of Germany is claiming

- lost revenue of €3.33 billion for the period September 1, 2003 through December 31, 2004 plus interest at 5% per annum above the respective base rate since submission of claims (an amount of €2 billion as at the date of September 29, 2014),
- and contractual penalties of approximately €1.65 billion through July 31, 2005 plus interest at 5% per annum above the respective base rate since submission of claims (an amount of €225 million as at the date of September 29, 2014),
- plus refinancing costs of €196 million.

C.23

Business between Daimler AG and related parties

	Subsidiaries	Associated companies
In millions of euros		
Sales of goods and services and other income in 2014	12,379	2,858
Purchases of goods and services and other expenses in 2014	2,880	369
Receivables at December 31, 2014	2,772	886
Payables at December 31, 2014	562	58

Since, among other things, some of the contractual penalties are dependent on time and further claims for contractual penalties have been asserted by the Federal Republic of Germany, the amount claimed as contractual penalties may increase. The defendants submitted their response to the statement of claims on June 30, 2006. The Federal Republic of Germany delivered its reply to the arbitrators on February 15, 2007, and the defendants delivered their rebuttal on October 1, 2007. The arbitrators held the first hearing on June 16 and 17, 2008. Additional briefs from the claimant and the defendants have been filed since then. A hearing of witnesses and experts took place between December 6 and 14, 2010. The parties submitted further written statements on July 15 and November 15, 2011. After the Tribunal's President resigned for personal reasons as of March 30, 2012, the new President was determined by the Administrative Court in Berlin as of October 29, 2012. The arbitrators held further hearings in May and October 2014. Daimler believes the claims of the Federal Republic of Germany are without merit and will continue to defend itself vigorously.

Daimler AG recognizes provisions in connection with pending or threatened proceedings to the extent that a loss is probable and can be reasonably estimated. Such provisions are reflected in the financial statements and are based on estimates. Risks resulting from legal proceedings, however, sometimes cannot be assessed reliably or only to a limited extent. Consequently, provisions accrued for some legal proceedings may turn out to be insufficient once such proceedings have ended. Daimler may also become liable for payments in legal proceedings no provisions were established for. Although the final resolution of any such proceedings could have a material effect on Daimler's operating results and cash flows for a particular reporting period, Daimler believes that the possible resulting obligations should not materially affect its financial position.

Remuneration of the members of the Board of Management and the Supervisory Board

The following information regarding the remuneration of the members of the Board of Management and of the Supervisory Board is disclosed on an individual basis in the Remuneration Report, which is part of the Management Report.

Board of Management remuneration. The total remuneration (excluding retirement benefit commitments) granted to the members of the Board of Management of Daimler AG is calculated as the total of the amounts of

- the base salary in 2014,
- the half of the annual bonus for 2014 payable in 2015 with its value at the balance sheet date,
- the half of the medium-term share-based component of the annual bonus for 2014 ("deferral") payable in 2016 with its value at the balance sheet date (entitlement depending on the development of Daimler's share price compared with the Dow Jones STOXX Auto Index),
- the value of the long-term share-based remuneration at the time when granted in 2014 (Performance Phantom Share Plan – PPSP), and
- taxable non-cash benefits in 2014.

For both of the share-based components – the second 50% of the annual bonus and the PPSP with a long-term orientation – the amounts actually paid out can deviate significantly from the values described depending on the development of the Daimler share price and on the achievement of the relevant target parameters. Upward deviation is limited. Both components can also be zero. Further information on share-based remuneration is provided in the "Equity" chapter and in the Remuneration Report.

In 2014, €8.1 million was fixed, that is, non-performance-related remuneration (2013: €8.9 million), €11.6 million (2013: €12.1 million) was short- and medium-term performance-related variable remuneration (annual bonus with deferral) and €10.1 million was variable performance-related remuneration granted in 2014 with a long-term incentive effect (2013: €10.9 million). This adds up to a total of €29.8 million for 2014 (2013: €31.9 million).

The pension agreements of some Board of Management members include a commitment to an annual retirement pension, calculated as a proportion of the former base salary and depending on the number of years of service. Those pension rights were granted until 2005 and remain valid; the same procedure was applied for the relevant hierarchy level for Wilfried Porth for the period before his membership of the Board of Management. These pension rights have been frozen at that level, however. Payments of these retirement pensions start upon request when the term of service ends at or after the age of 60, or are paid as disability pensions if the term of service ends before the age of 60 due to disability. The respective agreements provide starting when benefits are received for a 3.5% annual increase in benefits (with the exception that Wilfried Porth's benefits are adjusted in accordance with applicable law). The agreements include a provision by which a spouse of a deceased Board of Management member is entitled to 60% of that member's pension. That amount can increase by up to 30 percentage points depending on the number of dependent children.

Effective as of January 1, 2006, we replaced the pension agreements of the Board of Management members with a new arrangement, the so-called pension capital system. Under this system, each Board of Management member is credited with a capital component each year. This capital component comprises an amount equal to 15% of the sum of the Board of Management member's fixed base salary and the actual annual bonus, multiplied by an age factor equivalent to a rate of return of 6% until 2015 and 5% as of 2016 (Wolfgang Bernhard and Wilfried Porth: 5% for all years). These contributions to pension plans are granted only until the age of 60. The benefit from the pension plan is payable to surviving Board of Management members upon retirement at the earliest at the age of 60, also if retirement is before 60. If a member of the Board of Management retires due to disability, the pension is paid as a disability pension, also before the age of 60.

In 2012, Daimler introduced a new company retirement benefit plan for new entrants and new appointments for employees paid according to collective bargaining wage tariffs as well as for executives: the "Daimler Pensions Plan." As before, the new retirement benefit system features the payment of annual contributions by Daimler, but is oriented towards the capital market. Daimler makes a commitment to guarantee the total of contributions paid, which are invested in the capital market according to a precautionary investment concept. The Supervisory Board of Daimler AG has approved the application of this system for all members of the Board of Management newly appointed since 2012. The amount of the annual contributions results from a fixed percentage of the base salary and the total annual bonus for the respective financial year calculated at the balance sheet date. This percentage is 15%. For the measurement of the total commitment, the targeted level of retirement provision – also according to the period of Board of Management membership – and the resulting annual and long-term expense for the Company are taken into consideration for each member of the Board of Management. The contributions to retirement provision are granted until the age of 62. The benefit from the pension plan is payable to surviving Board of Management members at the earliest at the age of 62, also if retirement is before 62. If a member of the Board of Management retires due to disability, the benefit is paid as a disability pension, also before the age of 62.

Payments under the pension capital system and the Daimler Pensions Plan can be made in three ways:
- as a single amount;
- in twelve annual installments, whereby interest accrues on each partial amount until it is paid out (Pension Capital 6% or 5%; Daimler Pensions Plan in accordance with applicable law);
- as a pension with an annual increment (Pension Capital 3.5% or in accordance with applicable law; Daimler Pensions Plan in accordance with applicable law).

The contracts specify that if a Board of Management member passes away before retiring for reason of age, the spouse or dependent children is/are entitled to the full committed amount in the case of the Pension Capital system, and to the credit amount reached plus an imputed amount until the age of 62 in the case of the Daimler Pensions Plan. If a Board of Management member passes away after retiring for reason of age, in the case of payment of twelve annual installments, the heirs are entitled to the remaining present value. In the case of a pension with benefits for surviving dependents, the spouse/registered partner or dependent children is/are entitled to 60% of the discounted terminal value (pension capital), or the spouse/registered partner is entitled to 60% of the actual pension (Daimler Pensions Plan).

Departing Board of Management members with pension agreements modified as of the beginning of 2006, receive for the period between the end of the last service period and reaching the age of 60, payments in the amounts of the pension commitments granted as described in the previous section. Departing Board of Management members are also provided with a company car, in some case for a defined period. These payments are made until the age of 60, possibly reduced due to other sources of income, and are subject to annual percentage increases described above in the explanation of these pension agreements.

The following details of retirement benefits have been calculated with consideration of the parameters used to calculate the pension obligation. The service cost of the pension obligation in 2014 was €2.4 million (2013: €2.0 million). The present value of the total obligation at December 31, 2014 was €55.7 million (2013: €57.0 million). Taking age and years of service into consideration, the individual pensions, service costs and present values are as shown in table ↗ C.24.

C.24

Individual entitlements, service costs and present values for members of the Board of Management

In thousands of euros		Annual pension (as regulated until 2005) as of age 60	Service cost (for pension, pension capital and Daimler Pensions Plan)	Present value[2] of obligations (for pension, pension capital and Daimler Pensions Plan)
Dr. Dieter Zetsche	**2014**	**1,050**	**685**	**27,221**
	2013	1,050	–	24,388
Dr. Wolfgang Bernhard	**2014**	**–**	**324**	**1,924**
	2013	–	321	1,496
Wilfried Porth	**2014**	**156**	**180**	**5,955**
	2013	156	168	5,303
Andreas Renschler[1]	**2014**	**225**	**25**	**–**
	2013	250	322	7,912
Hubertus Troska	**2014**	**–**	**302**	**2,668**
	2013	–	256	2,157
Bodo Uebber	**2014**	**275**	**561**	**9,281**
	2013	275	550	8,009
Prof. Dr. Thomas Weber	**2014**	**300**	**276**	**8,682**
	2013	300	338	7,726
Total	**2014**	**2,006**	**2,353**	**55,731**
	2013	2,031	1,955	56,991

1 Andreas Renschler pro rata until January 28, 2014.
2 The increase in the present values is primarily due to the decrease in the relevant interest rate.
Dr. Hohmann-Dennhardt has no entitlement to a company retirement benefit.

In the case of early termination of a service contract without an important reason, Board of Management service contracts include commitments to payment of the base salary and provision of a company car until the end of the original service period at a maximum. However, entitlement to the payment of the annual bonus exists only pro-rata for the time until the termination of the service contract or of the Board of Management membership takes effect. Entitlement to payment of the performance-related component of remuneration with a long-term incentive effect that has already been allocated is defined by the conditions of the respective plans. To the extent that the payments described above are subject to the provisions of the so-called severance cap of the German Corporate Governance Code, their total including fringe benefits is limited to double the annual remuneration and may not exceed the total remuneration for the remaining period of the service contract.

Payments made in 2014 to former members of the Board of Management of Daimler AG and their survivors amounted to €16.8 million (2013: €14.5 million). Pension obligations for former members of the Board of Management and their survivors amounted to €199.8 million at December 31, 2014 (2013: €187.7 million).

In 2014, no advances or loans were made to members of the Board of Management of Daimler AG.

Supervisory Board remuneration. Remuneration for all the activities of the members of the Supervisory Board of Daimler AG amounted to €3.6 million in 2014 (2013: €3.0 million). The remuneration of the members of the Supervisory Board does not include a performance-related variable component.

No remuneration was paid to the members of the Supervisory Board for services provided personally beyond the board and committee activities, in particular for advisory or agency services, except for the remuneration to the members of the Supervisory Board representing the employees in accordance with their contracts of employment. The members of the Supervisory Board solely receive remuneration due in the short term.

In 2014, no advances or loans were made to members of the Supervisory Board of Daimler AG.

Disclosures according to Section 160 Subsection 1 No. 8 of the German Stock Corporation Act (AktG)

At the balance sheet date of December 31, 2014, shareholdings in the Company exist that were communicated pursuant to Section 21 Subsection 1 of the German Securities Trading Act (WpHG) and disclosed pursuant to Section 26 Subsection 1 of the WpHG as follows:

"**BlackRock Holdco 2, Inc.**, Wilmington, DE, U.S.A., has notified us pursuant to section 21 (1) German Securities Trading Act (WpHG) that its percentage of voting rights in Daimler AG, Stuttgart, Germany, fell below the threshold of 5% on December 11, 2014 and amounts to 4.98% (equals: 53,262,819 out of a total of 1,069,837,447 voting rights) as per this date. Of these voting rights 2.54% (equals: 27,129,296 voting rights) are to be attributed to BlackRock Holdco 2, Inc., Wilmington, DE, U.S.A. pursuant to section 22 (1) sentence 1 no. 1 WpHG; 2.81% (equals: 30,058,164 voting rights) are to be attributed pursuant to section 22 (1) sentence 1 no. 6 in connection with sentence 2 WpHG. Please note that the total amount stated above does not necessarily equal the sum of the detailed attributed holdings. This results from voting rights having multiple attributions within the BlackRock group structure."

"**BlackRock Financial Management, Inc.**, New York, NY, U.S.A., has notified us pursuant to section 21 (1) German Securities Trading Act (WpHG) that its percentage of voting rights in Daimler AG, Stuttgart, Germany, fell below the threshold of 5% on December 10, 2014 and amounts to 4.96% (equals: 53,089,407 out of a total of 1,069,837,447 voting rights) as per this date. Of these voting rights 2.56% (equals: 27,415,012 voting rights) are to be attributed to BlackRock Financial Management, Inc., New York, NY, U.S.A, pursuant to section 22 (1) sentence 1 no. 1 WpHG; 0.02% (equals: 168,179 voting rights) are to be attributed pursuant to section 22 (1) sentence 1 no. 6 WpHG, 2.76% (equals: 29,514,647) are to be attributed pursuant to section 22 (1) sentence 1 no. 6 in connection with sentence 2 WpHG. Please note that the total amount stated above does not necessarily equal the sum of the detailed attributed holdings. This results from voting rights having multiple attributions within the BlackRock group structure."

"**BlackRock Advisors Holdings, Inc.**, New York, NY, USA, has notified us on November 18, 2014 pursuant to section 21 (1) German Securities Trading Act (WpHG) that its percentage of voting rights in Daimler AG, Stuttgart, Germany, fell below the threshold of 3% on November 14, 2014 and amounts to 2.97% (equals: 31,806,346 voting rights) as per this date. Of these voting rights 2.16% (equals: 23,137,520 voting rights) are to be attributed to BlackRock Advisors Holdings, Inc., New York, NY, USA, pursuant to section 22 (1) sentence 1 no. 1 WpHG; 1.14% (equals: 12,157,401 voting rights) are to be attributed pursuant to section 22 (1) sentence 1 no. 6 in connection with sentence 2 WpHG. Please note that the total amount stated above does not necessarily equal the sum of the detailed attributed holdings. This results from voting rights having multiple attributions within the BlackRock group structure."

"**BlackRock International Holdings, Inc.**, New York, NY, USA, has notified us on November 18, 2014 pursuant to section 21 (1) German Securities Trading Act (WpHG) that its percentage of voting rights in Daimler AG, Stuttgart, Germany, fell below the threshold of 3% on November 14, 2014 and amounts to 2.97% (equals: 31,806,346 voting rights) as per this date. Of these voting rights 2.16% (equals: 23,137,520 voting rights) are to be attributed to BlackRock International Holdings, Inc., New York, NY, USA, pursuant to section 22 (1) sentence 1 no. 1 WpHG; 1.14% (equals: 12,157,401 voting rights) are to be attributed pursuant to section 22 (1) sentence 1 no. 6 in connection with sentence 2 WpHG. Please note that the total amount stated above does not necessarily equal the sum of the detailed attributed holdings. This results from voting rights having multiple attributions within the BlackRock group structure."

"**BR Jersey International Holdings L.P.**, St. Helier, Jersey, Channel Islands, has notified us on November 18, 2014 pursuant to section 21 (1) German Securities Trading Act (WpHG) that its percentage of voting rights in Daimler AG, Stuttgart, Germany, fell below the threshold of 3% on November 14, 2014 and amounts to 2.97% (equals: 31,806,346 voting rights) as per this date. Of these voting rights 2.16% (equals: 23,137,520 voting rights) are to be attributed to BR Jersey International Holdings L.P., St. Helier, Jersey, Channel Islands, pursuant to section 22 (1) sentence 1 no. 1 WpHG; 1.14% (equals: 12,157,401 voting rights) are to be attributed pursuant to section 22 (1) sentence 1 no. 6 in connection with sentence 2 WpHG. Please note that the total amount stated above does not necessarily equal the sum of the detailed attributed holdings. This results from voting rights having multiple attributions within the BlackRock group structure."

"**BlackRock Group Limited**, London, United Kingdom, has notified us pursuant to section 21 (1) German Securities Trading Act (WpHG) that its percentage of voting rights in Daimler AG, Stuttgart, Germany, fell below the threshold of 3% on October 28, 2014 and amounts to 2.99% (equals: 31,977,143 out of a total of 1,069,837,447 voting rights) as per this date. Of these voting rights 2.26% (equals: 24,197,953 voting rights) are to be attributed to BlackRock Group Limited, London, United Kingdom, pursuant to section 22 (1) sentence 1 no. 1 WpHG; 1.05% (equals: 11,225,104 voting rights) are to be attributed pursuant to section 22 (1) sentence 1 no. 6 in connection with sentence 2 WpHG. Please note that the total amount stated above does not necessarily equal the sum of the detailed attributed holdings. This results from voting rights having multiple attributions within the BlackRock group structure."

BlackRock, Inc., New York, NY, U.S.A., has notified us on September 30, 2014 pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of Daimler AG (ISIN DE0007100000) on September 25, 2014 amounts to 5.74% (this corresponds to 61,365,875 out of a total of 1,069,837,447 voting rights (the 'Total Voting Rights')). 2.90% of the Total Voting Rights (this corresponds to 31,071,810 voting rights) are to be attributed to BlackRock, Inc. pursuant to Sec. 22 para. 1 sentence 1 No. 1 WpHG. 2.46% of the Total Voting Rights (this corresponds to 26,292,765 voting rights) are to be attributed to BlackRock, Inc. pursuant to Sec. 22 para. 1 sentence 1 No. 6 in connection with sentence 2 WpHG. 0.37% of the Total Voting Rights (this corresponds to 3,994,807 voting rights) are to be attributed pursuant to Sec. 22 para. 1 sentence 1 No. 1 WpHG as well as pursuant to Sec. 22 para. 1 sentence 1 No. 6 in connection with sentence 2 WpHG. 0.001% of the Total Voting Rights (this corresponds to 6,493 voting rights) are to be attributed pursuant to Sec. 22 para. 1 sentence 1 No. 2 in connection with sentence 2 WpHG as well as pursuant to Sec. 22 para. 1 sentence 1 No. 6 in connection with sentence 2 WpHG.
The voting rights pursuant to Sec. 21 para. 1 sentence 1 No. 1 WpHG are attributed from the following undertakings which are controlled by BlackRock, Inc. and whose holdings of voting rights amount to 3% each or more in Daimler AG: BlackRock Holdco 2, Inc.; BlackRock Financial Management, Inc.

"**Norges Bank** (the Central Bank of Norway), Oslo, Norway, has notified us on April 25, 2014 pursuant to sec. 21 para. 1 German Securities Trading Act (WpHG), that its percentage of voting rights in Daimler AG, Stuttgart, Germany, exceeded the threshold of 3% on April 24, 2014 and amounts to 3.17% (33,911,167 voting rights) as per this date.

The Ministry of Finance, in the name of and on behalf of the State of Norway, Oslo, Norway, has notified us on April 25, 2014 pursuant to sec. 21 para. 1 German Securities Trading Act (WpHG), that its percentage of voting rights in Daimler AG, Stuttgart, Germany, exceeded the threshold of 3% on April 24, 2014 and amounts to 3.17% (33,911,167 voting rights) as per this date. Of these voting rights, 3.17% (33,911,167 voting rights) are to be attributed to the Ministry of Finance in the name of and on behalf of the state of Norway pursuant to sec. 22 para. 1 sent. 1 no. 1 WpHG. Attributed voting rights are held by the following company that is controlled by the Ministry of Finance in the name of and on behalf of the State of Norway, and whose holding of voting rights in Daimler AG amounts to 3% or more: Norges Bank (the Central Bank of Norway), Oslo, Norway."

"**Renault S. A.,** Boulogne-Billancourt, France, has notified us pursuant to Section 21 Subsection 1 of the German Securities Trading Act (WpHG) that its percentage holding of the voting rights in Daimler AG, Mercedesstr. 137, 70327 Stuttgart, Germany, exceeded the threshold of 3% on April 28, 2010 and amounts to 3.10% (32,896,756 voting rights) on that day. Thereof 16,448,378 voting rights (representing 1.55% of the voting rights in Daimler AG) directly held by Nissan Motor Co. Ltd. are attributable to Renault S. A. pursuant to Section 22 Subsection 2 of the WpHG.

Nissan Motor Co. Ltd., Yokohama, Japan, has notified us pursuant to Section 21 Subsection 1 of the German Securities Trading Act (WpHG) that its percentage holding of the voting rights in Daimler AG, Mercedesstr. 137, 70327 Stuttgart, Germany, exceeded the threshold of 3% on April 28, 2010 and amounts to 3.10% (32,896,756 voting rights) on that day. Thereof 16,448,378 voting rights (representing 1.55% of the voting rights in Daimler AG) directly held by Renault S. A. are attributable to Nissan Motor Co. Ltd. pursuant to Section 22 Subsection 2 of the WpHG."

"**The Kuwait Investment Authority** as Agent for the Government of the State of Kuwait, Kuwait City, State of Kuwait, has notified us pursuant to Section 21 Subsection 1 of the German Securities Trading Act that the voting rights of the State of Kuwait in Daimler AG, Mercedesstr. 137, 70327 Stuttgart, Germany, exceeded the threshold of 5% on April 22, 2010 and that it held 5.33% (56,589,320 voting rights) as per this date. According to the notification, all voting rights are directly held."

Declaration of Compliance with the German Corporate Governance Code

The mandatory statement pursuant to Section 161 of the German Stock Corporation Act (AktG) has been issued by the Board of Management and the Supervisory Board and is permanently accessible on www.daimler.com/dai/gcgc.

Members of the Board of Management and their mandates

Members of the Board of Management	Supervisory Board Memberships/Directorships
Dr.-Ing. Dieter Zetsche Stuttgart Chairman of the Board of Management Daimler AG/ Head of Mercedes-Benz Cars Appointed until December 2016	*Internal Directorships* None *External Directorships* RWE AG
Dr. Wolfgang Bernhard Stuttgart Daimler Trucks and Buses Appointed until February 2018	*Internal Directorships* Daimler India Commercial Vehicles Private Ltd. EvoBus GmbH – Chairman Mercedes-Benz Grand Prix Ltd. Mitsubishi Fuso Truck and Bus Corporation *External Directorships* Österreichische Industrieholding AG (ÖIAG)
Dr. Christine Hohmann-Dennhardt Stuttgart Integrity and Legal Affairs Appointed until February 2017	*Internal Directorships* None *External Directorships* None
Ola Källenius Stuttgart Mercedes-Benz Cars Marketing & Sales (since January 1, 2015) Appointed until December 2017	*Internal Directorships* Daimler Financial Services AG Mercedes-Benz USA, LLC – Chairman Mercedes-Benz (China) Ltd. Mercedes-Benz South Africa Ltd. Mercedes-AMG GmbH Mercedes-Benz Grand Prix Ltd. *External Directorships* Beijing Mercedes-Benz Sales Service Co., Ltd. Laureus World Sports Awards Ltd.
Wilfried Porth Stuttgart Human Resources and Director of Labor Relations & Mercedes-Benz Vans Appointed until April 2017	*Internal Directorships* Daimler Financial Services AG *External Directorships* None
Andreas Renschler Stuttgart Manufacturing and Procurement Mercedes-Benz Cars & Mercedes-Benz Vans Termination of the appointment at the end of January 28, 2014	Until the termination of the appointment as of the end of January 28, 2014, Andreas Renschler, as member of the Board of Management, was member in the following bodies: *Internal Directorships* Daimler Financial Services AG *External Directorships* Deutsche Messe AG Rolls-Royce Power Systems AG

Members of the Board of Management	Supervisory Board Memberships/Directorships
Hubertus Troska Stuttgart Greater China Appointed until December 2020	*Internal Directorships* Daimler Financial Services AG Daimler Greater China Ltd. – Chairman Daimler Northeast Asia Parts Trading & Services Co., Ltd. – Chairman Daimler Trucks and Buses (China) Ltd. – Chairman Daimler Vans Hong Kong Ltd. – Chairman Mercedes-Benz Auto Finance Ltd. Mercedes-Benz Leasing Co., Ltd. Mercedes-Benz (China) Ltd. Mercedes-Benz Hong Kong Ltd. Mercedes-Benz Taiwan Ltd. *External Directorships* BAIC Motor Corporation Ltd. Beijing Mercedes-Benz Sales Service Co., Ltd. – Chairman Beijing Benz Automotive Co., Ltd. – Vice Chairman Beijing Foton Daimler Automotive Co., Ltd. – Chairman Fujian Benz Automotive Co., Ltd. – Vice Chairman Daimler Culture Development Co., Ltd. - Chairman Shenzhen BYD Daimler New Technology Co., Ltd. – Chairman
Bodo Uebber Stuttgart Finance & Controlling/Daimler Financial Services Appointed until December 2019	*Internal Directorships* Mercedes-Benz Bank AG Daimler Financial Services AG – Chairman *External Directorships* BAIC Motor Corporation Ltd. Bertelsmann SE & Co. KGaA Delta Topco Ltd.
Prof. Dr.-Ing. Thomas Weber Stuttgart Group Research & Mercedes-Benz Cars Development Appointed until December 2016	*Internal Directorships* Mercedes-AMG GmbH – Chairman of the Advisory Board Mercedes-Benz AMG HighPerformancePowertrains Ltd. - Chairman Mercedes-Benz Grand Prix Ltd. *External Directorships* Shenzhen BYD Daimler New Technology Co., Ltd.

Members of the Supervisory Board and their mandates

Members of the Supervisory Board	Supervisory Board Memberships/Directorships
Dr. Manfred Bischoff Munich Chairman of the Supervisory Board of Daimler AG	Airbus Group N.V. SMS GmbH UniCredit S.p.A.
Michael Brecht* Gaggenau Chairman of the General Works Council, Daimler Group and Daimler AG; Chairman of the Works Council, Gaggenau Plant, Daimler AG; Deputy Chairman of the Supervisory Board of Daimler AG	
Dr. Paul Achleitner Munich Chairman of the Supervisory Board of Deutsche Bank AG	Deutsche Bank AG - Chairman Bayer AG
Sari Baldauf Helsinki Former Executive Vice President and General Manager of the Networks Business Group of Nokia Corporation	Fortum OYj - Chairwoman Deutsche Telekom AG AkzoNobel N.V.
Dr. Bernd Bohr Stuttgart Former Member of the Management Board of Robert Bosch GmbH (since April 9, 2014)	Formel D GmbH
Dr. Clemens Börsig Frankfurt am Main Chairman of the Board of Directors of Deutsche Bank Foundation	Linde AG Bayer AG Emerson Electric Co. IOR Istituto per le Opere de Religione (Vatican Bank)
Dr. Jürgen Hambrecht Ludwigshafen Chairman of the Supervisory Board of BASF SE	BASF SE - Chairman Fuchs Petrolub SE – Chairman Trumpf GmbH + Co. KG – Chairman
Petraea Heynike Vevey Former Executive Vice President of the Executive Board of Nestlé S.A.	Schulich School of Business Aiglon College Climate and Land Use Alliance
Jörg Hofmann* Frankfurt am Main Vice Chairman of the German Metalworkers' Union (IG Metall)	Robert Bosch GmbH
Andrea Jung New York President and Chief Executive Officer of Grameen America, Inc.	Apple Inc. General Electric Company
Joe Kaeser Munich Chairman of the Board of Management of Siemens AG (since April 9, 2014)	Allianz Deutschland AG NXP Semiconductors N.V.

* Representative of the employees

Members of the Supervisory Board	Supervisory Board Memberships/Directorships
Jürgen Langer* Frankfurt am Main Chairman of the Works Council of the Frankfurt/Offenbach Dealership, Daimler AG (up to and including December 31, 2014)	
Ergun Lümali* Sindelfingen Chairman of the Works Council at the Sindelfingen Plant; Deputy Chairman of the General Works Council of Daimler AG (since May 1, 2014)	
Dr. Sabine Maaßen* Frankfurt am Main General Counsel of the German Metalworkers' Union (IG Metall)	ThyssenKrupp AG
Wolfgang Nieke* Stuttgart Chairman of the Works Council, Untertürkheim Plant, Daimler AG	
Dr. Bernd Pischetsrieder Munich Chairman of the Supervisory Board of the Münchener Rückversicherungs-Gesellschaft, Aktiengesellschaft in München (since April 9, 2014)	Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München - Chairman Tetra-Laval International S.A. Group
Valter Sanches* São Paulo Director of Communications of the Metalworkers' Union ABC; President of the Fundação Sociedade Comunicação, Cultura e Trabalho (Foundation Society of Communications, Culture and Work)	
Jörg Spies* Stuttgart Chairman of the Works Council, Headquarters, Daimler AG	
Elke Tönjes-Werner* Bremen Deputy Chairwoman of the Works Council, Bremen Plant, Daimler AG	
Dr. Frank Weber* Sindelfingen Director of the Press Shop, Sindelfingen Plant, Daimler AG; Chairman of the Management Representative Committee, Daimler Group	

* Representative of the employees

Appointed by resolution of the local district court with effect from January 1, 2015:

Michael Bettag*
Nuremberg
Chairman of the Works Council of the Nuremberg Dealership, Daimler AG

Retired from the Supervisory Board:

Gerard Kleisterlee
Amsterdam
Former President and CEO of Royal Philips Electronics N.V.

Erich Klemm*
Sindelfingen
Chairman of the General Works Council, Daimler Group and Daimler AG; Deputy Chairman of the Supervisory Board of Daimler AG

Lloyd G. Trotter
Plainville
Former Vice Chairman General Electric; President & CEO of the General Electric Group's Industrial Division; Managing Partner, Founder, GenNx360 Capital Partners

Dr. h.c. Bernhard Walter
Frankfurt am Main
Former Spokesman of the Board of Management of Dresdner Bank AG

Committees of the Supervisory Board:

Committee pursuant to Section 27 Subsection 3 of the German Codetermination Act (MitbestG)
Dr. Manfred Bischoff – Chairman
Michael Brecht*
Dr. Jürgen Hambrecht
Jörg Hofmann*

Presidential Committee
Dr. Manfred Bischoff – Chairman
Michael Brecht*
Dr. Jürgen Hambrecht
Jörg Hofmann*

Audit Committee
Dr. Clemens Börsig – Chairman
Michael Brecht*
Joe Kaeser
Dr. Sabine Maaßen*

Nomination Committee
Dr. Manfred Bischoff – Chairman
Dr. Paul Achleitner
Sari Baldauf

* Representative of the employees

Statement of Investments in affiliated and related companies

pursant to Sections 285 and 313 of the German Commercial Code (HGB) in conjunction with Section 286 Subsection 3 Sentence 1 No. 1 of the German Commercial Code (HGB)

The statement of investments of Daimler AG pursuant to Sections 285 and 313 of the German Commercial Code (HGB) is presented as follows. Information on equity and earnings is omitted pursuant to Section 286 Subsection 3 Sentence 1 No. 1 of the HGB if such information is of minor relevance for a fair presentation of the financial position, cash flows and profitability of Daimler AG.

C.25

Name of the Company	Domicile, Country	Capital share in %[1]	Equity in millions of €	Net income (loss) in millions of €	Footnote
I. Consolidated subsidiaries					
Atlantis Foundries (Pty.) Ltd.	Atlantis Industria, Republic of South Africa	100.00	–	–	
Banco Mercedes-Benz do Brasil S.A.	São Paulo, Brazil	100.00	440	40	
Belerofonte Empreendimentos Imobiliários Ltda.	São Paulo, Brazil	100.00	–	–	
BlackStar InvestCo LLC	Wilmington, USA	100.00	653	587	
Brooklands Estates Management Limited	Milton Keynes, United Kingdom	100.00	–	–	
Campo Largo Comercio de Veículos e Peças Ltda.	São Bernardo do Campo, Brazil	100.00	–	–	
car2go Canada Ltd.	Vancouver, Canada	100.00	–	–	
car2go Danmark A/S	Copenhagen, Denmark	100.00	–	–	
car2go Deutschland GmbH	Leinfelden-Echterdingen, Germany	100.00	6	-11	
car2go Europe GmbH	Leinfelden-Echterdingen, Germany	75.00	72	-13	
car2go Italia S.R.L.	Milan, Italy	100.00	–	–	
car2go N.A. LLC	Wilmington, USA	100.00	21	-18	
car2go Nederland B.V.	Utrecht, Netherlands	100.00	–	–	
car2go Österreich GmbH	Vienna, Austria	100.00	–	–	
car2go Sverige AB	Kista, Sweden	100.00	–	–	
car2go UK Ltd.	Milton Keynes, United Kingdom	100.00	–	–	
CARS Technik & Logistik GmbH	Wiedemar, Germany	100.00	–	–	7, 8
CLIDET NO 1048 (Proprietary) Limited	Centurion, Republic of South Africa	100.00	–	–	
Conemaugh Hydroelectric Projects, Inc.	Farmington Hills, USA	100.00	–	–	
Coventry Lane Holdings, L.L.C.	Farmington Hills, USA	100.00	–	–	
DAF Investments, Ltd.	Farmington Hills, USA	100.00	–	–	
Daimler AC Leasing, d.o.o.	Ljubljana, Slovenia	52.00	–	–	
Daimler Australia/Pacific Pty. Ltd.	Melbourne, Australia	100.00	–	–	
Daimler Automotive de Venezuela C.A.	Valencia, Venezuela	100.00	–	–	
Daimler Buses North America Inc.	Oriskany, USA	100.00	–	–	
Daimler Buses North America Ltd.	Mississauga, Canada	100.00	–	–	
Daimler Buses North Carolina LLC	Oriskany, USA	100.00	–	–	
Daimler Canada Finance Inc.	Montreal, Canada	100.00	203	1	11
Daimler Canada Investments Company	Halifax, Canada	100.00	–	–	
Daimler Capital Services LLC	Farmington Hills, USA	100.00	–	–	
Daimler Colombia S. A.	Bogota D.C., Colombia	100.00	–	–	
Daimler Export and Trade Finance GmbH	Berlin, Germany	100.00	–	–	7, 8
Daimler Finance North America LLC	Wilmington, USA	100.00	–	–	
Daimler Financial Services AG	Stuttgart, Germany	100.00	1,715	–	7, 8, 10
Daimler Financial Services India Private Limited	Chennai, India	100.00	–	–	
Daimler Financial Services Japan Co., Ltd.	Kawasaki, Japan	100.00	55	11	10
Daimler Financial Services México, S. de R.L. de C.V.	Mexico City, Mexico	100.00	–	–	
Daimler Financial Services, S.A. de C.V., S.O.F.O.M., E.N.R.	Mexico City, Mexico	100.00	–	–	
Daimler Fleet Management GmbH	Stuttgart, Germany	100.00	1	–	7, 8, 10

Name of the Company	Domicile, Country	Capital share in %[1]	Equity in millions of €	Net income (loss) in millions of €	Footnote
Daimler Fleet Management Singapore Pte. Ltd.	Singapore, Singapore	100.00	–	–	
Daimler Fleet Management South Africa (Pty.) Ltd.	Centurion, Republic of South Africa	65.00	29	10	
Daimler Fleet Management UK Limited	Milton Keynes, United Kingdom	100.00	–	–	
Daimler Fleet Services A.S.	Istanbul, Turkey	100.00	–	–	
Daimler FleetBoard GmbH	Stuttgart, Germany	100.00	–	–	7, 8
Daimler Greater China Ltd.	Beijing, PR China	100.00	889	245	
Daimler India Commercial Vehicles Private Limited	Chennai, India	100.00	177	-164	12
Daimler Insurance Agency LLC	Farmington Hills, USA	100.00	–	–	
Daimler Insurance Services GmbH	Stuttgart, Germany	100.00	–	–	7, 8
Daimler Insurance Services Japan Co., Ltd.	Tokyo, Japan	100.00	–	–	
Daimler Insurance Services UK Limited	Milton Keynes, United Kingdom	100.00	–	–	
Daimler International Finance B.V.	Utrecht, Netherlands	100.00	27	-10	10
Daimler Investments US Corporation	Montvale, USA	100.00	15,163	-54	11
Daimler Luft- und Raumfahrt Holding AG	Stuttgart, Germany	100.00	3,445	–	7, 8
Daimler Manufactura, S. de R.L. de C.V.	Mexico City, Mexico	100.00	–	–	
Daimler Mexico, S.A. de C.V.	Mexico City, Mexico	100.00	387	56	11
Daimler Motors Investments LLC	Farmington Hills, USA	100.00	–	–	
Daimler Nederland B.V.	Utrecht, Netherlands	100.00	833	3	11
Daimler North America Corporation	Montvale, USA	100.00	5,308	827	11
Daimler North America Finance Corporation	Newark, USA	100.00	36,917	342	11
Daimler Northeast Asia Parts Trading and Services Co., Ltd.	Beijing, PR China	100.00	85	20	
Daimler Parts Brand GmbH	Stuttgart, Germany	100.00	–	–	7, 8
Daimler Re Brokers GmbH	Bremen, Germany	74.90	–	–	7, 8
Daimler Re Insurance S.A. Luxembourg	Luxembourg, Luxembourg	100.00	–	–	
Daimler Real Estate GmbH	Berlin, Germany	100.00	–	–	7, 8
Daimler Retail Receivables LLC	Farmington Hills, USA	100.00	–	–	
DAIMLER SERVICIOS CORPORATIVOS MEXICO S. DE R.L. DE C.V.	Mexico City, Mexico	100.00	–	–	
Daimler South East Asia Pte. Ltd.	Singapore, Singapore	100.00	119	38	11
Daimler Trucks and Buses (China) Ltd.	Beijing, PR China	100.00	–	–	
Daimler Trucks Canada Ltd.	Mississauga, Canada	100.00	60	15	11
Daimler Trucks Korea Ltd.	Seoul, South Korea	100.00	–	–	
Daimler Trucks North America LLC	Portland, USA	100.00	2,035	1,013	11
Daimler Trucks Remarketing Corporation	Portland, USA	100.00	–	–	
Daimler Trust Holdings LLC	Farmington Hills, USA	100.00	–	–	
Daimler Trust Leasing Conduit LLC	Farmington Hills, USA	100.00	–	–	
Daimler Trust Leasing LLC	Farmington Hills, USA	100.00	–	–	
Daimler UK Limited	Milton Keynes, United Kingdom	100.00	599	115	
Daimler Vans Hong Kong Limited	Hong Kong, PR China	67.55	–	–	
Daimler Vans Manufacturing, LLC	Ladson, USA	100.00	–	–	
Daimler Vans USA, LLC	Montvale, USA	100.00	–	–	
Daimler Vehículos Comerciales Mexico S. de R.L. de C.V.	Mexico City, Mexico	100.00	–	–	
Daimler Vermögens- und Beteiligungsgesellschaft mbH	Stuttgart, Germany	100.00	8,815	–	7, 8
Daimler Verwaltungsgesellschaft für Grundbesitz mbH	Schönefeld, Germany	100.00	3,697	–	7, 8
Daimler Vorsorge und Versicherungsdienst GmbH	Berlin, Germany	100.00	–	–	7, 8
Daimspain S.L.	Madrid, Spain	100.00	1,620	39	
Daiprodco Mexico S. de R.L. de C.V.	Mexico City, Mexico	100.00	–	–	
DCS UTI LLC, Mercedes Series	Farmington Hills, USA	100.00	–	–	
Detroit Diesel Corporation	Detroit, USA	100.00	182	158	11
Detroit Diesel Remanufacturing LLC	Detroit, USA	100.00	60	17	11
Detroit Diesel Remanufacturing Mexicana, S. de R.L. de C.V.	Toluca, Mexico	100.00	–	–	
Detroit Diesel-Allison de Mexico, S. de R.L. de C.V.	San Juan Ixtacala, Mexico	100.00	–	–	
Deutsche Accumotive GmbH & Co. KG	Kirchheim unter Teck, Germany	100.00	–	–	7
EHG Elektroholding GmbH	Stuttgart, Germany	100.00	1,130	–	7, 8
EvoBus (Schweiz) AG	Kloten, Switzerland	100.00	–	–	
EvoBus (U.K.) Ltd.	Coventry, United Kingdom	100.00	–	–	
EvoBus Austria GmbH	Wiener Neudorf, Austria	100.00	–	–	
EvoBus Belgium N.V.	Kobbegem-Asse, Belgium	100.00	–	–	
EvoBus Ceská republika s.r.o.	Prague, Czech Republic	100.00	–	–	
EvoBus Danmark A/S	Koege, Denmark	100.00	–	–	
EvoBus France S.A.S.	Sarcelles, France	100.00	–	–	

Name of the Company	Domicile, Country	Capital share in %[1]	Equity in millions of €	Net income (loss) in millions of €	Footnote
EvoBus GmbH	Kirchheim unter Teck, Germany	100.00	173	–	7, 8
EvoBus Ibérica, S.A.	Sámano, Spain	100.00	–	–	
EvoBus Italia S.p.A.	Bomporto, Italy	100.00	–	–	
EvoBus Nederland B.V.	Nijkerk, Netherlands	100.00	–	–	
EvoBus Polska Sp. z o.o.	Wolica, Poland	100.00	–	–	
EvoBus Portugal, S.A.	Mem Martins, Portugal	100.00	–	–	
EvoBus Sverige AB	Vetlanda, Sweden	100.00	–	–	
Freightliner Custom Chassis Corporation	Gaffney, USA	100.00	35	70	11
Freightliner Holding Ltd.	Calgary, Canada	100.00	51	18	11
Freightliner Ltd.	Portland, USA	100.00	62	-16	11
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 1 OHG	Schönefeld, Germany	100.00	1,769	27	7
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 3 OHG	Schönefeld, Germany	100.00	–	–	7
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 4 OHG	Schönefeld, Germany	100.00	340	4	7
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 5 OHG	Schönefeld, Germany	100.00	584	20	7
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 6 OHG	Schönefeld, Germany	100.00	–	–	7
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Beta OHG	Schönefeld, Germany	100.00	271	1	7
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Delta OHG	Schönefeld, Germany	100.00	420	1	7
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Epsilon OHG	Schönefeld, Germany	100.00	325	1	7
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Gamma 1 OHG	Schönefeld, Germany	100.00	1,002	2	7
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Gamma 2 OHG	Schönefeld, Germany	100.00	–	–	7
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Gamma 3 OHG	Schönefeld, Germany	100.00	–	–	7
Grundstücksverwaltungsgesellschaft EvoBus GmbH & Co. OHG	Schönefeld, Germany	100.00	145	15	7, 9
Grundstücksverwaltungsgesellschaft Henne-Unimog GmbH & Co. OHG	Schönefeld, Germany	100.00	–	–	7
Henne-Unimog GmbH	Kirchheim-Heimstetten, Germany	100.00	–	–	7, 8
Intelligent Apps GmbH	Hamburg, Germany	100.00	–	–	
Intrepid Insurance Company	Farmington Hills, USA	100.00	–	–	
Invema Assessoria Empresarial Ltda	São Paulo, Brazil	100.00	–	–	
Koppieview Property (Pty) Ltd	Zwartkop, Republic of South Africa	100.00	–	–	
Li-Tec Battery GmbH	Kamenz, Germany	100.00	–	–	7, 8
MBarc Credit Canada Inc.	Mississauga, Canada	100.00	–	–	
MBV Projektmanagement AG	Stuttgart, Germany	100.00	–	–	7, 8
MDC Power GmbH	Kölleda, Germany	100.00	8	–	7, 8
MDC Technology GmbH	Arnstadt, Germany	100.00	–	–	7, 8
Mercedes AMG High Performance Powertrains Ltd	Brixworth, United Kingdom	100.00	106	11	
Mercedes-AMG GmbH	Affalterbach, Germany	100.00	21	–	7, 8
Mercedes-Benz - Aluguer de Veículos, Unipessoal Lda.	Mem Martins, Portugal	100.00	–	–	
Mercedes-Benz (China) Ltd.	Beijing, PR China	75.00	1,920	1,501	
Mercedes-Benz (Thailand) Limited	Bangkok, Thailand	100.00	171	103	
Mercedes-Benz (Yangzhou) Parts Distribution Co., Ltd.	Yangzhou, PR China	100.00	–	–	
Mercedes-Benz Accessories GmbH	Stuttgart, Germany	100.00	5	–	7, 8
Mercedes-Benz AG & Co. Grundstücksvermietung Objekt Franken KG	Schönefeld, Germany	90.00	–	–	4, 9
Mercedes-Benz AG & Co. Grundstücksvermietung Objekt Germersheim Betriebsvorrichtungen OHG	Schönefeld, Germany	99.00	–	–	4, 6, 9
Mercedes-Benz AG & Co. Grundstücksvermietung Objekt Germersheim KG	Schönefeld, Germany	99.00	–	–	4, 6
Mercedes-Benz AG & Co. Grundstücksvermietung Objekt Südwest KG	Schönefeld, Germany	99.00	–	–	4, 6
Mercedes-Benz AG & Co. Grundstücksvermietung Objekte Baden-Baden und Dresden OHG	Düsseldorf, Germany	100.00	–	–	4, 9

Name of the Company	Domicile, Country	Capital share in %[1]	Equity in millions of €	Net income (loss) in millions of €	Footnote
Mercedes-Benz AG & Co. Grundstücksvermietung Objekte Leipzig und Magdeburg KG	Düsseldorf, Germany	100.00	–	–	4
Mercedes-Benz AG & Co. Grundstücksvermietung Objekt Rhein-Main OHG	Schönefeld, Germany	90.00	–	–	4
Mercedes-Benz Antwerpen N.V.	Antwerp, Belgium	100.00	–	–	
Mercedes-Benz Argentina S.A.	Buenos Aires, Argentina	100.00	182	66	10
Mercedes-Benz Asia GmbH	Stuttgart, Germany	100.00	–	–	7, 8
Mercedes-Benz Australia/Pacific Pty Ltd	Melbourne, Australia	100.00	395	51	11
Mercedes-Benz Auto Finance Ltd.	Beijing, PR China	100.00	475	36	
Mercedes-Benz Auto Lease Trust 2013-A	Wilmington, USA	0.00	–	–	4
Mercedes-Benz Auto Lease Trust 2013-B	Wilmington, USA	0.00	–	–	4
Mercedes-Benz Auto Lease Trust 2014-A	Wilmington, USA	0.00	–	–	4
Mercedes-Benz Auto Receivables Trust 2012-1	Wilmington, USA	0.00	–	–	4
Mercedes-Benz Auto Receivables Trust 2013-1	Wilmington, USA	0.00	–	–	4
Mercedes-Benz Auto Receivables Trust 2014-1	Wilmington, USA	0.00	–	–	4
Mercedes-Benz Bank AG	Stuttgart, Germany	100.00	1,416	–	8, 10
Mercedes-Benz Bank Polska S.A.	Warsaw, Poland	100.00	–	–	
Mercedes-Benz Bank Rus OOO	Moscow, Russian Federation	100.00	90	17	10
Mercedes-Benz Bank Service Center GmbH	Berlin, Germany	100.00	–	–	
Mercedes-Benz Banking Service GmbH	Saarbrücken, Germany	100.00	–	–	7, 8
Mercedes-Benz Belgium Luxembourg S.A.	Brussels, Belgium	100.00	93	23	
Mercedes-Benz Bordeaux S.A.S.	Begles, France	100.00	–	–	
Mercedes-Benz Broker Biztositási Alkusz Hungary Kft.	Budapest, Hungary	100.00	–	–	
Mercedes-Benz Brooklands Limited	Milton Keynes, United Kingdom	100.00	–	–	
Mercedes-Benz Canada Inc.	Toronto, Canada	100.00	27	59	
Mercedes-Benz Capital Rus OOO	Moscow, Russian Federation	100.00	–	–	
Mercedes-Benz Ceská republika s.r.o.	Prague, Czech Republic	100.00	–	–	
Mercedes-Benz CharterWay España, S.A.	Alcobendas, Spain	100.00	–	–	
Mercedes-Benz CharterWay Gesellschaft mit beschränkter Haftung	Berlin, Germany	100.00	1	–	7, 8, 10
Mercedes-Benz CharterWay S.A.S.	Le Chesnay, France	100.00	–	–	
Mercedes-Benz CharterWay S.r.l.	Trento, Italy	100.00	–	–	
Mercedes-Benz Comercial, Unipessoal Lda.	Mem Martins, Portugal	100.00	–	–	
Mercedes-Benz Compañía Financiera Argentina S.A.	Buenos Aires, Argentina	100.00	–	–	
Mercedes-Benz Corretora de Seguros Ltda	São Paulo, Brazil	99.98	–	–	
Mercedes-Benz Côte d'Azur SAS	Villeneuve-Loubet, France	100.00	–	–	
Mercedes-Benz CPH A/S	Horsholm, Denmark	100.00	–	–	
Mercedes-Benz Credit Pénzügyi Szolgáltató Hungary Zrt.	Budapest, Hungary	100.00	–	–	
Mercedes-Benz Danmark A/S	Copenhagen, Denmark	100.00	–	–	
Mercedes-Benz Dealer Bedrijven B.V.	The Hague, Netherlands	100.00	–	–	
Mercedes-Benz Desarrollo de Mercados, S. de R.L. de C.V.	Mexico City, Mexico	100.00	–	–	
Mercedes-Benz do Brasil Assessoria Comercial Ltda.	São Paulo, Brazil	100.00	–	–	
Mercedes-Benz do Brasil Ltda.	São Bernardo do Campo, Brazil	100.00	786	-155	
Mercedes-Benz Drogenbos N.V.	Drogenbos, Belgium	100.00	–	–	
Mercedes-Benz Espana, S.A.	Alcobendas, Spain	99.96	402	60	
Mercedes-Benz Finance China Ltd.	Hong Kong, PR China	100.00	–	–	
Mercedes-Benz Finance Co., Ltd.	Tokyo, Japan	90.00	144	18	
Mercedes-Benz Financial Services Australia Pty. Ltd.	Melbourne, Australia	100.00	134	28	11
Mercedes-Benz Financial Services Austria GmbH	Salzburg, Austria	100.00	–	–	
Mercedes-Benz Financial Services BeLux NV	Brussels, Belgium	100.00	–	–	
Mercedes-Benz Financial Services Canada Corporation	Mississauga, Canada	100.00	184	63	11
Mercedes-Benz Financial Services Ceská republika s.r.o.	Prague, Czech Republic	100.00	64	13	
Mercedes-Benz Financial Services España, E.F.C., S.A.	Alcobendas, Spain	100.00	–	–	
Mercedes-Benz Financial Services France S.A.	Montigny-le-Bretonneux, France	100.00	234	15	
Mercedes-Benz Financial Services Hellas Vehicle Sales and Rental SA	Kifissia, Greece	100.00	–	–	
Mercedes-Benz Financial Services Hong Kong Ltd.	Hong Kong, PR China	80.00	–	–	
Mercedes-Benz Financial Services Italia SpA	Rome, Italy	100.00	–	–	
Mercedes-Benz Financial Services Korea Ltd.	Seoul, South Korea	80.00	107	13	10
Mercedes-Benz Financial Services Nederland B.V.	Utrecht, Netherlands	100.00	72	21	11
Mercedes-Benz Financial Services New Zealand Ltd	Auckland, New Zealand	100.00	–	–	

Name of the Company	Domicile, Country	Capital share in %[1]	Equity in millions of €	Net income (loss) in millions of €	Footnote
Mercedes-Benz Financial Services Portugal – Instituição Financeira de Crédito S.A.	Mem Martins, Portugal	100.00	–	–	
Mercedes-Benz Financial Services Rus OOO	Moscow, Russian Federation	100.00	–	–	
Mercedes-Benz Financial Services Schweiz AG	Schlieren, Switzerland	100.00	72	14	
Mercedes-Benz Financial Services Singapore Ltd.	Singapore, Singapore	85.00	–	–	
Mercedes-Benz Financial Services Slovakia s.r.o.	Bratislava, Slovakia	75.00	–	–	
Mercedes-Benz Financial Services South Africa (Pty) Ltd	Centurion, Republic of South Africa	100.00	119	18	
Mercedes-Benz Financial Services Taiwan Ltd.	Taipei, Taiwan	100.00	–	–	
Mercedes-Benz Financial Services UK Limited	Milton Keynes, United Kingdom	100.00	405	97	10
Mercedes-Benz Financial Services USA LLC	Farmington Hills, USA	100.00	1,781	349	11
Mercedes-Benz Finans Danmark A/S	Copenhagen, Denmark	100.00	–	–	
Mercedes-Benz Finans Sverige AB	Malmö, Sweden	100.00	–	–	
Mercedes-Benz Finansal Kiralama Türk A.S.	Istanbul, Turkey	100.00	–	–	
Mercedes-Benz Finansman Türk A.S.	Istanbul, Turkey	100.00	167	51	
Mercedes-Benz Försäljnings AB	Malmö, Sweden	100.00	–	–	
Mercedes-Benz France S.A.S.	Montigny le Bretonneux, France	100.00	320	29	
Mercedes-Benz Gent N.V.	Gent, Belgium	100.00	–	–	
Mercedes-Benz Grand Prix Ltd.	Brackley, United Kingdom	60.00	-112	-99	
Mercedes-Benz Hellas S.A.	Kifissia, Greece	100.00	–	–	
Mercedes-Benz Hong Kong Limited	Hong Kong, PR China	100.00	61	26	
Mercedes-Benz India Private Limited	Pune, India	100.00	123	24	12
Mercedes-Benz Insurance Broker SRL	Bucharest, Romania	100.00	–	–	
Mercedes-Benz Insurance Services Nederland B.V.	Utrecht, Netherlands	100.00	–	–	
Mercedes-Benz Insurance Services Taiwan Ltd.	Taipei, Taiwan	100.00	–	–	
Mercedes-Benz Italia S.p.A.	Rome, Italy	100.00	189	40	
Mercedes-Benz Japan Co., Ltd.	Tokyo, Japan	100.00	341	33	10
Mercedes-Benz Korea Limited	Seoul, South Korea	51.00	146	73	
Mercedes-Benz Leasing (Thailand) Co., Ltd.	Bangkok, Thailand	100.00	–	–	
Mercedes-Benz Leasing Co., Ltd.	Beijing, PR China	100.00	16	-12	
Mercedes-Benz Leasing do Brasil Arrendamento Mercantil S.A.	Barueri, Brazil	100.00	–	–	
Mercedes-Benz Leasing GmbH	Stuttgart, Germany	100.00	36	-	7, 8, 10
Mercedes-Benz Leasing Hrvatska d.o.o.	Zagreb, Croatia	100.00	–	–	
Mercedes-Benz Leasing IFN S.A.	Bucharest, Romania	100.00	–	–	
Mercedes-Benz Leasing Kft.	Budapest, Hungary	100.00	–	–	
Mercedes-Benz Leasing Polska Sp. z o.o.	Warsaw, Poland	100.00	–	–	
Mercedes-Benz Leasing Taiwan Ltd.	Taipei, Taiwan	100.00	–	–	
Mercedes-Benz Leasing Treuhand GmbH	Stuttgart, Germany	100.00	–	–	7, 8
Mercedes-Benz Ludwigsfelde GmbH	Ludwigsfelde, Germany	100.00	14	–	7, 8
Mercedes-Benz Luxembourg S.A.	Luxembourg, Luxembourg	90.00	–	–	
Mercedes-Benz Lyon S.A.S.	Lyon, France	100.00	–	–	
Mercedes-Benz Malaysia Sdn. Bhd.	Kuala Lumpur, Malaysia	51.00	32	43	
Mercedes-Benz Manhattan, Inc.	New York, USA	100.00	–	–	
Mercedes-Benz Manufacturing (Thailand) Limited	Bangkok, Thailand	100.00	–	–	
Mercedes-Benz Manufacturing Hungary Kft.	Kecskemét, Hungary	100.00	229	64	11
Mercedes-Benz Master Owner Trust	Wilmington, USA	0.00	–	–	4
Mercedes-Benz Mexico, S. de R.L. de C.V.	Mexico City, Mexico	100.00	15	12	
Mercedes-Benz Milano S.p.A.	Milan, Italy	100.00	–	–	
Mercedes-Benz Minibus GmbH	Dortmund, Germany	100.00	–	–	7, 8
Mercedes-Benz Mitarbeiter-Fahrzeuge Leasing GmbH	Stuttgart, Germany	100.00	–	–	7, 8
Mercedes-Benz Molsheim S.A.S.	Molsheim, France	100.00	–	–	
Mercedes-Benz Nederland B.V.	Utrecht, Netherlands	100.00	179	11	10
Mercedes-Benz New Zealand Ltd	Auckland, New Zealand	100.00	34	11	
Mercedes-Benz Ninove N.V.	Ninove, Belgium	100.00	–	–	
Mercedes-Benz Paris SAS	Le Port-Marly, France	100.00	–	–	
Mercedes-Benz Polska Sp. z.o.o	Warsaw, Poland	100.00	51	17	
Mercedes-Benz Portugal, S.A.	Mem Martins, Portugal	100.00	88	19	
Mercedes-Benz Renting, S.A.	Alcobendas, Spain	100.00	–	–	
Mercedes-Benz Research & Development North America, Inc.	Sunnyvale, USA	100.00	–	–	
Mercedes-Benz Retail Group UK Limited	Milton Keynes, United Kingdom	100.00	98	22	
Mercedes-Benz Retail, S.A.	Madrid, Spain	100.00	–	–	

Name of the Company	Domicile, Country	Capital share in %[1]	Equity in millions of €	Net income (loss) in millions of €	Footnote
Mercedes-Benz Risk Solutions South Africa (Pty.) Ltd.	Centurion, Republic of South Africa	100.00	–	–	
Mercedes-Benz Roma S.p.A.	Rome, Italy	100.00	–	–	
Mercedes-Benz Romania S.R.L.	Bucharest, Romania	100.00	–	–	
Mercedes-Benz Russia SAO	Moscow, Russian Federation	100.00	169	21	10
Mercedes-Benz Schweiz AG	Schlieren, Switzerland	100.00	157	62	
Mercedes-Benz Service Leasing SRL	Bucharest, Romania	100.00	–	–	
Mercedes-Benz Services Correduria de Seguros, S.A.	Alcobendas, Spain	100.00	–	–	
Mercedes-Benz Services Malaysia Sdn Bhd	Petaling Jaya, Malaysia	100.00	–	–	
Mercedes-Benz Servizi Assicurativi Italia S.p.A.	Rome, Italy	100.00	–	–	
Mercedes-Benz Sigorta Aracilik Hizmetleri A.S.	Istanbul, Turkey	100.00	–	–	
Mercedes-Benz Sosnowiec Sp. z o.o.	Sosnowiec, Poland	100.00	–	–	
Mercedes-Benz South Africa Ltd	Pretoria, Republic of South Africa	100.00	652	38	
Mercedes-Benz Sverige AB	Malmö, Sweden	100.00	39	10	
Mercedes-Benz Taiwan Ltd.	Taipei, Taiwan	51.00	118	61	
Mercedes-Benz Technical Center Nederland B.V.	Nijkerk, Netherlands	100.00	–	–	
Mercedes-Benz Türk A.S.	Istanbul, Turkey	66.91	930	244	11
Mercedes-Benz U.S. International, Inc.	Vance, USA	100.00	163	38	11
Mercedes-Benz Ubezpieczenia Sp. z o.o.	Warsaw, Poland	100.00	–	–	
Mercedes-Benz UK Limited	Milton Keynes, United Kingdom	100.00	213	-20	
Mercedes-Benz USA, LLC	Montvale, USA	100.00	236	196	11
Mercedes-Benz V.I. Lille SAS	Vendeville, France	100.00	–	–	
Mercedes-Benz V.I. Lyon SAS	Genas, France	100.00	–	–	
Mercedes-Benz V.I. Paris Ile de France SAS	Herblay, France	100.00	–	–	
Mercedes-Benz V.I. Toulouse SAS	Fenouillet, France	100.00	–	–	
Mercedes-Benz Vietnam Ltd.	Ho Chi Minh City, Vietnam	70.00	42	12	
Mercedes-Benz Warszawa Sp. z o.o.	Warsaw, Poland	100.00	–	–	
Mercedes-Benz Waterloo S.A.	Waterloo, Belgium	100.00	–	–	
Mercedes-Benz Wavre S.A.	Wavre, Belgium	100.00	–	–	
Mercedes-Benz Wemmel N.V.	Wemmel, Belgium	100.00	–	–	
Mercedes-Benz Wholesale Receivables LLC	Farmington Hills, USA	100.00	–	–	
MFTA Canada, Inc.	Toronto, Canada	100.00	–	–	
Mitsubishi Fuso Truck and Bus Corporation	Kawasaki, Japan	89.29	614	218	10
Mitsubishi Fuso Truck of America, Inc.	Logan Township, USA	100.00	–	–	
MITSUBISHI TRUCKS EUROPE – Sociedade Europeia de Automóveis, S.A.	Tramagal, Portugal	100.00	–	–	
moovel GmbH	Leinfelden-Echterdingen, Germany	100.00	12	–	7, 8
Multistate LIHTC Holdings III Limited Partnership	Farmington Hills, USA	100.00	–	–	
MVSA COMPANY, INC.	Jacksonville, USA	100.00	–	–	
myTaxi Iberia SL	Barcelona, Spain	100.00	–	–	
N.V. Mercedes-Benz Aalst	Erembodegem, Belgium	100.00	–	–	
N.V. Mercedes-Benz Mechelen	Mechelen, Belgium	100.00	–	–	
NuCellSys GmbH	Kirchheim unter Teck, Germany	100.00	–	–	
ogotrac S.A.S.	Paris, France	100.00	–	–	
Outer Drive Holdings LLC	Detroit, USA	100.00	–	–	
P.T. Mercedes-Benz Distribution Indonesia	Jakarta, Indonesia	100.00	–	–	
P.T. Mercedes-Benz Indonesia	Bogor, Indonesia	100.00	–	–	
P.T. Star Engines Indonesia	Bogor, Indonesia	100.00	–	–	
Renting del Pacífico S.A.C.	Lima, Peru	100.00	–	–	
RideScout LLC	Austin, USA	100.00	–	–	
Sandown Motor Holdings (Pty) Ltd	Bryanston, Republic of South Africa	62.62	–	–	
SelecTrucks of America LLC	Portland, USA	100.00	–	–	
SelecTrucks of Toronto, Inc.	Mississauga, Canada	100.00	–	–	
Setra of North America, Inc.	Oriskany, USA	100.00	–	–	
Silver Arrow S.A.	Luxembourg, Luxembourg	0.00	–	–	4
smart France S.A.S.	Hambach, France	100.00	53	30	11
smart Vertriebs gmbh	Berlin, Germany	100.00	–	–	7, 8
Starexport Trading S.A.	São Bernardo do Campo, Brazil	100.00	301	3	
Sterling Truck Corporation	Portland, USA	100.00	-538	-2	11
Suffolk Leasing, Inc.	Farmington Hills, USA	100.00	–	–	
Sumperská správa majetku k.s.	Prague, Czech Republic	100.00	–	–	
Taunus-Auto-Verkaufs GmbH	Wiesbaden, Germany	100.00	–	–	7, 8

Name of the Company	Domicile, Country	Capital share in %[1]	Equity in millions of €	Net income (loss) in millions of €	Footnote
Thomas Built Buses of Canada Limited	Woodstock, Canada	100.00	–	–	
Thomas Built Buses, Inc.	High Point, USA	100.00	63	29	11
Tróia Empreendimentos Imobiliários Ltda	São Paulo, Brazil	100.00	–	–	
Trona Cogeneration Corporation	Farmington Hills, USA	100.00	–	–	
Western Star Trucks Sales, Inc	Portland, USA	100.00	–	–	
3218095 Nova Scotia Company	Halifax, Canada	100.00	–	–	
6353 Sunset Boulevard, Inc.	Hollywood, USA	100.00	–	–	
II. Unconsolidated subsidiaries[2]					
AEG do Brasil Produtos Eletricos e Eletronicos Ltda.	São Paulo, Brazil	100.00	–	–	
AEG Olympia Office GmbH	Stuttgart, Germany	100.00	–	–	8
Anota Fahrzeug Service- und Vertriebsgesellschaft mbH	Berlin, Germany	100.00	–	–	8
AutomotiveTraining & Consulting GmbH	Stuttgart, Germany	100.00	–	–	8
Brefa Bremsen- und Fahrzeugdienst AG (in Liquidation)	Niederzier, Germany	100.00	–	–	6
Cúspide GmbH	Stuttgart, Germany	100.00	–	–	
Daimler AG & Co. Anlagenverwaltung OHG	Ludwigsfelde, Germany	100.00	–	–	9
Daimler Culture Development Co., Ltd.	Beijing, PR China	50.00	–	–	4
Daimler Financial Services UK Trustees Ltd.	Milton Keynes, United Kingdom	100.00	–	–	
Daimler FleetBoard UK Ltd.	Tamworth, United Kingdom	100.00	–	–	
Daimler Group Services Berlin GmbH	Berlin, Germany	100.00	–	–	8
Daimler Group Services Madrid, S.A.	San Sebastián de los Reyes, Spain	100.00	–	–	
Daimler Group Services Philippines, Inc.	Cebu City, Philippines	99.99	–	–	
Daimler Grund Services GmbH	Schönefeld, Germany	100.00	–	–	7, 8
Daimler International Assignment Services USA, LLC	Farmington Hills, USA	100.00	–	–	
Daimler IT Retail GmbH	Böblingen, Germany	100.00	–	–	8
Daimler Middle East & Levant FZE	Dubai, United Arab Emirates	100.00	–	–	
Daimler Mitarbeiter Wohnfinanz GmbH	Stuttgart, Germany	100.00	–	–	8
Daimler Protics GmbH	Stuttgart, Germany	100.00	–	–	8
Daimler Purchasing Coordination Corp.	Farmington Hills, USA	100.00	–	–	
Daimler Starmark A/S	Horsholm, Denmark	100.00	–	–	
Daimler TSS GmbH	Ulm, Germany	100.00	–	–	8
Daimler UK Share Trustee Ltd.	Milton Keynes, United Kingdom	100.00	–	–	
Daimler UK Trustees Limited	Milton Keynes, United Kingdom	100.00	–	–	
Daimler Unterstützungskasse GmbH	Stuttgart, Germany	100.00	1,181	-61	5, 14
Deméter Empreendimentos Imobiliários Ltda.	São Paulo, Brazil	100.00	–	–	
Deutsche Accumotive Verwaltungs-GmbH	Kirchheim unter Teck, Germany	100.00	–	–	
EvoBus Reunion S. A.	Le Port, France	94.33	–	–	
EvoBus Russland OOO	Moscow, Russian Federation	100.00	–	–	
Fünfte Vermögensverwaltungsgesellschaft Zeus mbH	Stuttgart, Germany	100.00	–	–	
Gemini-Tur Excursoes Passagens e Turismo Ltda.	São Paulo, Brazil	100.00	–	–	
Grundstücksverwaltungsgesellschaft Taunus-Auto-Verkaufs-GmbH & Co. OHG	Schönefeld, Germany	100.00	–	–	9
Lapland Car Test Aktiebolag	Arvidsjaur, Sweden	100.00	–	–	
Legend Investments Ltd.	Milton Keynes, United Kingdom	100.00	–	–	
MB GTC GmbH Mercedes-Benz Gebrauchtteile Center	Neuhausen auf den Fildern, Germany	100.00	–	–	8
MB Relationship Marketing S.r.l.	Milan, Italy	100.00	–	–	
Mercedes-Benz Adm. Consorcios Ltda.	São Bernardo do Campo, Brazil	100.00	–	–	
Mercedes-Benz Customer Assistance Center Maastricht N.V.	Maastricht, Netherlands	100.00	–	–	
Mercedes-Benz Egypt S.A.E.	Cairo, Egypt	100.00	–	–	
Mercedes-Benz G GmbH	Raaba, Austria	100.00	–	–	
Mercedes-Benz GastroService GmbH	Gaggenau, Germany	100.00	–	–	8
Mercedes-Benz Hungária Kft.	Budapest, Hungary	100.00	–	–	
Mercedes-Benz Museum GmbH	Stuttgart, Germany	100.00	–	–	8
Mercedes-Benz Österreich GmbH	Salzburg, Austria	100.00	–	–	
Mercedes-Benz Project Consult GmbH	Stuttgart, Germany	100.00	–	–	8
Mercedes-Benz Research and Development India Private Limited	Bangalore, India	100.00	24	10	
Mercedes-Benz Slovakia s.r.o.	Bratislava, Slovakia	51.00	–	–	
Mercedes-Benz Solihull Ltd.	Milton Keynes, United Kingdom	100.00	–	–	
Mercedes-Benz Srbija i Crna Gora d.o.o.	Belgrade, Serbia	100.00	–	–	
Mercedes-Benz Venezuela S.A.	Valencia, Venezuela	100.00	–	–	

Name of the Company	Domicile, Country	Capital share in %[1]	Equity in millions of €	Net income (loss) in millions of €	Footnote
Mercedes-Benz Vertrieb PKW GmbH	Stuttgart, Germany	100.00	–	–	
Mercedes-Benz Vertriebsgesellschaft mbH	Berlin, Germany	100.00	–	–	8
MercedesService Card Beteiligungsgesellschaft mbH	Kleinostheim, Germany	51.00	–	–	
MercedesService Card GmbH & Co. KG	Kleinostheim, Germany	51.00	–	–	
Mitsubishi Fuso Bus Manufacturing Co., Ltd.	Toyama, Japan	100.00	–	–	
Monarch Cars (Tamworth) Ltd.	Milton Keynes, United Kingdom	100.00	–	–	
Montajes y Estampaciones Metálicas, S.L.	Esparraguera, Spain	51.00	–	–	
MORA Grundstücks-Verwaltungsgesellschaft mbH & Co. KG	Grünwald, Germany	100.00	–	–	4
MYTAXI POLSKA SPÓLKA Z OGRANICZONA ODPOWIEDZIALNOSCIA	Warsaw, Poland	100.00	–	–	
myTaxi Swiss GmbH	Zurich, Switzerland	100.00	–	–	
myTaxi UG	Hamburg, Germany	100.00	–	–	
myTaxi UK Ltd.	London, United Kingdom	100.00	–	–	
myTaxi USA Inc.	Washington D.C., USA	100.00	–	–	
NAG Nationale Automobil-Gesellschaft Aktiengesellschaft	Stuttgart, Germany	100.00	–	–	
PABCO Co., Ltd.	Ebina, Japan	100.00	–	–	
Porcher & Meffert Grundstücksgesellschaft mbH & Co. Stuttgart OHG	Schönefeld, Germany	100.00	–	–	
R.T.C. Management Company Limited	Bicester, United Kingdom	88.89	–	–	
Ring Garage AG Chur	Chur, Switzerland	100.00	–	–	
Russ & Janot GmbH	Erfurt, Germany	100.00	–	–	8
Ruth Verwaltungsgesellschaft mbH	Stuttgart, Germany	100.00	–	–	
SelecTrucks Comércio de Veículos Ltda	Mauá, Brazil	100.00	–	–	
Siebte Vermögensverwaltungsgesellschaft DVB mbH	Stuttgart, Germany	100.00	–	–	8
Star Assembly SRL	Sebes, Romania	100.00	–	–	
Star Egypt For Import LLC	Cairo, Egypt	99.50	–	–	
STAR TRANSMISSION SRL	Cugir, Romania	100.00	–	–	
STARKOM d.o.o.	Maribor, Slovenia	100.00	–	–	
T.O.C. (Schweiz) AG	Schlieren, Switzerland	51.00	–	–	
Vermögensverwaltungsgesellschaft Daimler Atlanta mbH	Stuttgart, Germany	100.00	–	–	
Woking Motors Limited	Milton Keynes, United Kingdom	100.00	–	–	
Zweite Vermögensverwaltungsgesellschaft Zeus mbH	Stuttgart, Germany	100.00	–	–	8
III. Subsidiaries accounted for using the equity method					
Auto Testing Company, Inc.	Laredo, USA	100.00	–	–	
Circulo Cerrado S.A. de Ahorro para Fines Determinados	Buenos Aires, Argentina	71.30	–	–	
DRIVEtest LLC	Laredo, USA	100.00	–	–	
Mercedes-Benz Capital Services NV	Brussels, Belgium	100.00	–	–	
MBtech Auto Testing Properties L.L.C.	Laredo, USA	100.00	–	–	
IV. Joint operations accounted for using the equity method					
AFCC Automotive Fuel Cell Cooperation Corp.	Burnaby, Canada	50.10	–	–	
EM-motive GmbH	Hildesheim, Germany	50.00	–	–	
North America Fuel Systems Remanufacturing LLC	Kentwood, USA	50.00	–	–	
V. Joint ventures accounted for using the equity method					
Beijing Foton Daimler Automotive Co., Ltd	Beijing, PR China	50.00	660	23	10
FKT Holding GmbH	Vienna, Austria	50.00	–	–	
Fujian Benz Automotive Co., Ltd.	Fuzhou, PR China	50.00	–	–	
Mercedes-Benz Trucks Vostok Holding GmbH	Vienna, Austria	50.00	–	–	
Polomex, S.A. de C.V.	Garcia, Mexico	26.00	–	–	
SelecTrucks of Atlanta LLC	McDonough, USA	50.00	–	–	
SelecTrucks of Houston LLC	Houston, USA	50.00	–	–	
SelecTrucks of Los Angeles LLC	Fontana, USA	50.00	–	–	
SelecTrucks of Omaha LLC	Council Bluffs, USA	50.00	–	–	
Shenzhen BYD Daimler New Technology Co., Ltd.	Shenzhen, PR China	50.00	193	-10	10
TASIAP GmbH	Stuttgart, Germany	60.00	–	–	
Toll Collect GbR	Berlin, Germany	45.00	–	–	
Toll Collect GmbH	Berlin, Germany	45.00	490	-129	13

Name of the Company	Domicile, Country	Capital share in %[1]	Equity in millions of €	Net income (loss) in millions of €	Footnote
VI. Associated companies accounted for using the equity method					
BAIC Motor Corporation Ltd.	Beijing, PR China	10.08	–	–	
Beijing Benz Automotive Co., Ltd.	Beijing, PR China	49.00	1,895	310	11
Blacklane GmbH	Berlin, Germany	17.13	–	–	
FlixBus GmbH	Munich, Germany	5.68	–	–	
FUSO LAND TRANSPORT Co.Ltd.	Kawasaki, Japan	21.67	–	–	
KAMAZ OAO	Naberezhnye Chelny, Russian Federation	15.00	–	–	
Kanagawa Mitsubishi Fuso Truck & Bus Sales Co., Ltd.	Yokohama, Japan	43.83	–	–	
MBtech Group GmbH & Co. KGaA	Sindelfingen, Germany	35.00	–	–	
MV Agusta Motor S.p.A.	Varese, Italy	25.00	–	–	
Okayama Mitsubishi Fuso Truck & Bus Sales Co., Ltd.	Okayama City, Japan	50.00	–	–	
P.T. Krama Yudha Tiga Berlian Motors	Jakarta, Indonesia	18.00	–	–	
P.T. Mitsubishi Krama Yudha Motors and Manufacturing	Jakarta, Indonesia	32.28	–	–	
VII. Joint operations, joint ventures and associated companies accounted for at (amortized) cost[2]					
ADA Abgaszentrum der Automobilindustrie GbR	Weissach, Germany	25.00	–	–	9
BDF IP Holdings Ltd.	Burnaby, Canada	33.00	–	–	
Beijing Mercedes-Benz Sales Service Co., Ltd.	Beijing, PR China	51.00	–	–	
carpooling.com GmbH	Munich, Germany	37.32	–	–	
COBUS Industries GmbH	Wiesbaden, Germany	40.82	–	–	
Egyptian-German Automotive Co. (EGA) S.A.E.	6th of October City, Egypt	26.00	–	–	
Esslinger Wohnungsbau GmbH	Esslingen am Neckar, Germany	26.57	–	–	
European Center for Information and Communication Technologies – EICT GmbH	Berlin, Germany	20.00	–	–	
EvoBus Hungária Kereskedelmi Kft.	Budapest, Hungary	33.33	–	–	
Gottapark, Inc.	San Francisco, USA	18.15	–	–	
Grundstücksgesellschaft Schlossplatz 1 mbH & Co. KG	Berlin, Germany	18.37	–	–	
INPRO Innovationsgesellschaft für fortgeschrittene Produktionssysteme in der Fahrzeugindustrie mbH	Berlin, Germany	20.00	–	–	
Institut für angewandte Systemtechnik Bremen GmbH	Bremen, Germany	26.25	–	–	
Juffali Industrial Products Company	Jeddah, Saudi Arabia	0.00	–	–	3
Lackzentrum Bielefeld GmbH	Bielefeld, Germany	33.33	–	–	
Laureus World Sports Awards Limited	London, United Kingdom	50.00	–	–	
MBtech Verwaltungs-GmbH	Sindelfingen, Germany	35.00	–	–	
Mercedes-Benz Buses Central Asia GmbH	Stuttgart, Germany	50.00	–	–	
Mercedes-Benz Lackzentrum Dresden GmbH	Dresden, Germany	36.00	–	–	
Mercedes-Benz Starmark I/S	Vejle, Denmark	50.00	–	–	
MFTB Taiwan Co., Ltd.	Taipei, Taiwan	33.40	–	–	
Motor Coach Holdings, LP	New York, USA	10.00	–	–	
National Automobile Industry Company Ltd.	Jeddah, Saudi Arabia	26.00	–	–	
Omuta Unso Co., Ltd.	Omuta, Japan	33.51	–	–	
PDB - Partnership for Dummy Technology and Biomechanics GbR	Ingolstadt, Germany	20.00	–	–	9
Reva SAS	Cunac, France	34.00	–	–	
smart-BRABUS GmbH	Bottrop, Germany	50.00	–	–	
STARCAM s.r.o.	Most, Czech Republic	51.00	–	–	
tiramizoo GmbH	Munich, Germany	13.86	–	–	
Toyo Kotsu Co., Ltd.	Sannoseki, Japan	28.20	–	–	

1 Share pursuant to Section 16 of the German Stock Corporation Act (AktG)
2 As the impact of these companies is not material for the consolidated financial statements, they are not consolidated and not accounted for using the equity method.
3 Joint control due to economic circumstances
4 Control due to economic circumstances
5 Control of the investment of the assets. No consolidation of the assets due to the contractual situation
6 In liquidation
7 Qualification for Section 264 Subsection 3 and Section 264b of the German Commercial Code (HGB)
8 Profit and loss transfer agreement with Daimler AG (direct or indirect)
9 Daimler AG is unlimited partner
10 Financial statements 2013
11 Financial Statements according to IFRS
12 Financial statements April 1, 2013 - March 31, 2014
13 Financial statements September 1, 2013 - August 31, 2014
14 Financial statements November 1, 2012 - October 31, 2013

Board of Management

Stuttgart, February 13, 2015

Dieter Zetsche

Wolfgang Bernhard

Christine Hohmann-Dennhardt

Ola Källenius

Wilfried Porth

Hubertus Troska

Bodo Uebber

Thomas Weber

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Daimler AG, and the management report, which has been combined with the Group management report, includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of Daimler AG.

Stuttgart, February 13, 2015

Dieter Zetsche

Wolfgang Bernhard

Christine Hohmann-Dennhardt

Ola Källenius

Wilfried Porth

Hubertus Troska

Bodo Uebber

Thomas Weber

Auditors' Report

(Translation)

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, of Daimler AG, Stuttgart, and its report of the position of the company and the group for the financial year from January 1 to December 31, 2014. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the company's Board of Management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Section 317 of the German Commercial Code [Handelsgesetzbuch] and the generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany [Institut der Wirtschaftsprüfer in Deutschland]. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Board of Management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of Daimler AG in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the company's position and suitably presents the opportunities and risks of future development.

Stuttgart, February 13, 2015

KPMG AG
Wirtschaftsprüfungsgesellschaft

Dr. Thümler Wirtschaftsprüfer	Zeitler Wirtschaftsprüfer

Forward-looking statements:

This document contains forward-looking statements that reflect our current views about future events. The words "anticipate," "assume," "believe," "estimate," "expect," "intend," "may," "can," "could," "plan," "project," "should" and similar expressions are used to identify forward-looking statements. These statements are subject to many risks and uncertainties, including an adverse development of global economic conditions, in particular a decline of demand in our most important markets; a worsening of the sovereign-debt crisis in the euro zone; an increase in political tension in Eastern Europe; a deterioration of our refinancing possibilities on the credit and financial markets; events of force majeure including natural disasters, epidemics, acts of terrorism, political unrest, industrial accidents and their effects on our sales, purchasing, production or financial services activities; changes in currency exchange rates; a shift in consumer preferences towards smaller, lower-margin vehicles; a possible lack of acceptance of our products or services which limits our ability to achieve prices and adequately utilize our production capacities; price increases for fuel or raw materials; disruption of production due to shortages of materials, labor strikes or supplier insolvencies; a decline in resale prices of used vehicles; the effective implementation of cost-reduction and efficiency-optimization measures; the business outlook for companies in which we hold a significant equity interest; the successful implementation of strategic cooperations and joint ventures; changes in laws, regulations and government policies, particularly those relating to vehicle emissions, fuel economy and safety; the resolution of pending official investigations and the conclusion of pending or threatened future legal proceedings; and other risks and uncertainties, some of which we describe under the heading "Risk and Opportunity Report" in the current Annual Report. If any of these risks and uncertainties materializes or if the assumptions underlying any of our forward-looking statements prove to be incorrect, the actual results may be materially different from those we express or imply by such statements. We do not intend or assume any obligation to update these forward-looking statements since they are based solely on the circumstances at the date of publication.

These documents represent the English translation of the German "Jahresabschluss" which is the sole authoritative version.

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