DAIMLER-BENZ

Annual Report 1984

Daimler-Benz Worldwide Highlights

	1983	1984	Change in %
Sales (in millions of D-marks)	40,005	43,505	+ 8.8
Domestic	15,177	14,682	− 3.3
Foreign	24,828	28,823	+16.1
Production (Vehicles)			
Cars	476,183	478,349	+ .5
Commercial Vehicles	210,281	210,929	+ .3
Domestic	157,418	143,101	− 9.1
Foreign	52,863	67,828	+28.3
Employees (at year-end)	184,877	199,872	+ 8.1
Domestic	151,273	158,043	+ 4.5
of which: Daimler-Benz AG	150,601	157,249	+ 4.4
Foreign	33,604	41,829	+24.5
– in millions of D-marks –			
Personnel Expenses (including old-age pension)	10,941	11,598	+ 6.0
Investments	3,567	3,592	+ .7
Depreciation Allowances	2,574	2,828	+ 9.9
Cash Flow	4,421	5,817	+31.6
Net Income	988	1,104	+11.7
Total Dividend Amount	355	356	
Dividend per Share (in D-marks)	10.50	10.50	

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

Daimler-Benz AG
Stuttgart

Annual Report 1984

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Agenda

for the 89th Stockholders' Meeting

being held on Wednesday July 3,1985 at 10 a.m.
in the Hanns-Martin-Schleyer-Halle in Stuttgart-Bad Cannstatt, Mercedesstraße.

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

2. **Resolution for the disposition of the unappropriated surplus.**

Board of Management and Supervisory Board propose to distribute the unappropriated surplus of		DM	364,561,810
as follows:			
3⅓%	dividend on the eligible preferred share capital of DM 1,921,500	DM	64,050
DM 10.50	dividend for each eligible common share of DM 50 par value	DM	355,482,330
		DM	355,546,380
Profit carried forward		DM	9,015,430
Unappropriated surplus		DM	364,561,810

3. **Ratification of the Board of Management's actions.**

   Board of Management and Supervisory Board propose ratification.

4. **Ratification of the Supervisory Board's actions.**

   Board of Management and Supervisory Board propose ratification.

5. Election of auditors for the business year 1985.

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

6. Election to fill Supervisory Board vacancies.

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

The Supervisory Board proposes in their place

Dr. rer. pol. Klaus Mertin, Frankfurt (Main),
member of the Board of Management of Deutsche Bank AG, and

Dr. jur. Johannes Semler, Oberursel,
member of the Board of Management of Mercedes-Automobil-Holding AG,

and elect them as members of the Supervisory Board representing stockholders, i. e. for the remaining term of the other Supervisory Board members.

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

The stockholders' meeting is not bound by the election proposals.

Supervisory Board (Aufsichtsrat)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Dr. jur. Roland Schelling, Stuttgart
Attorney at Law

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

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

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

Diplom-Kaufmann Guenter Vogelsang, Duesseldorf

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

Prof. Dr. jur. Joachim Zahn, Munich

*) Elected by the employees.

Board of Management (Vorstand)

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

Dr. jur. Manfred Gentz, Stuttgart
Employment

Hans-Juergen Hinrichs, Stuttgart
Sales

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

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

Edzard Reuter, Stuttgart
Finance

Walter Ulsamer, Stuttgart
Materials Management

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

Dr.-Ing. Peter Sanner, Stuttgart (deputy member)
(since May 2, 1985)
Materials Management

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Report of the Board of Management

Business Review

Economic Upturn in Most Industrial Countries

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

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

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

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

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

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

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

Daimler-Benz - Continued Growth Abroad

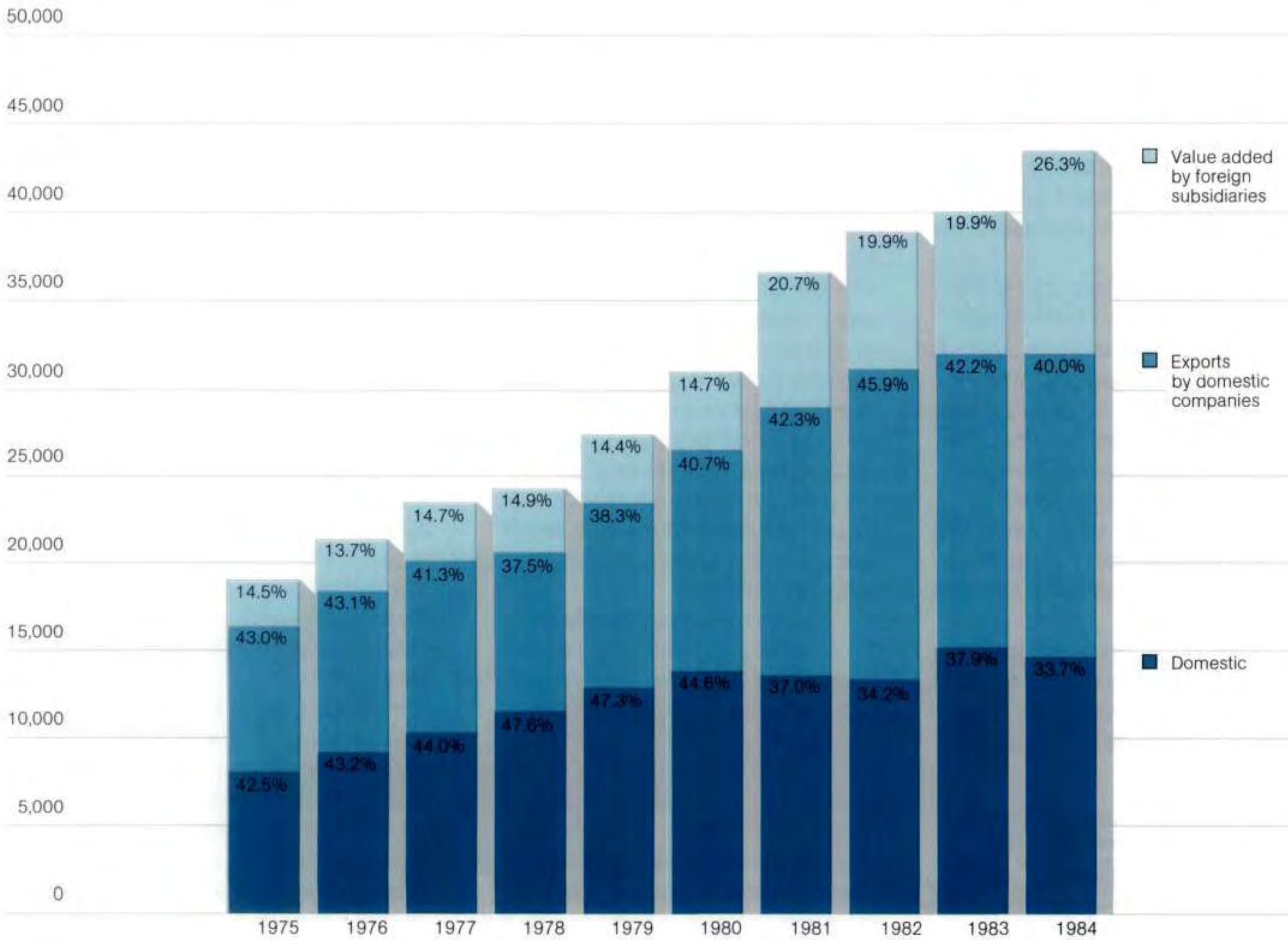
Daimler-Benz was also able to continue its growth in 1984. Along with higher car exports, this was due above all to the positive business trend at our production companies in North and South America. The growth achieved by these companies more than compensated for the further deterioration of the parent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

Sales Up DM 3.5 Billion

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

Sales

(in millions of DM)	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
Daimler-Benz-Group	**19,051**	**21,303**	**23,496**	**24,236**	**27,367**	**31,054**	**36,661**	**38,905**	**40,005**	**43,505**
Domestic	8,102	9,197	10,336	11,539	12,938	13,855	13,577	13,316	15,177	14,682
Foreign	10,949	12,106	13,160	12,697	14,429	17,199	23,084	25,589	24,828	28,823
of which: Exports by domestic companies	8,191	9,190	9,693	9,085	10,474	12,631	15,509	17,833	16,885	17,391
Value added by foreign subsidiaries	2,758	2,916	3,467	3,612	3,955	4,568	7,575	7,756	7,943	11,432



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

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

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

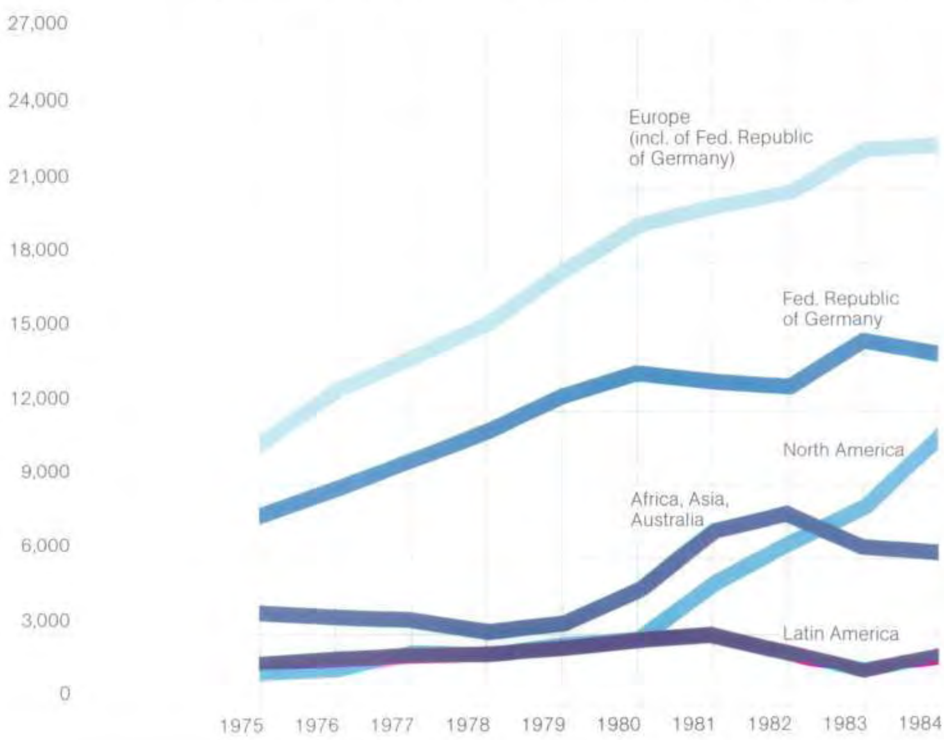
DM 5 Billion for the Future of the Company

To ensure the future of our Company we again invested substantial funds in 1984. Expenditure for Research and Development was over DM 1.5 billion. A total of DM3.4 billion was invested in fixed assets worldwide (DM 3.5 billion in 1983).

The interruption of production due to the labor dispute temporarily delayed the implementation of our medium-range capital spending program at home. Additions to fixed assets totaled DM 2.2 billion

Sales by Geographic Areas

(in millions of DM)	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
Group Sales	**19,051**	**21,303**	**23,496**	**24,236**	**27,367**	**31,054**	**36,661**	**38,905**	**40,005**	**43,505**
Europe	11,094	13,134	14,500	15,780	17,961	19,821	20,595	21,131	22,896	23,132
Fed. Republic of Germany	8,102	9,197	10,336	11,539	12,938	13,855	13,577	13,316	15,177	14,682
North America	1,685	1,790	2,563	2,506	2,857	3,089	5,313	6,931	8,452	11,328
Latin America	2,053	2,340	2,511	2,576	2,842	3,099	3,323	2,635	1,847	2,471
Africa, Asia, Australia	4,219	4,039	3,922	3,374	3,707	5,045	7,430	8,208	6,810	6,574



(DM 3.1 billion in previous year) and involved the following areas:

	1983		1984	
	in millions of DM	in %	in millions of DM	in %
Cars	1,616	61	1,311	69
Commercial vehicles	778	30	463	24
Retail branches	91	3	64	3
Research & Development	136	5	73	4
Other	17	1	7	.
	2,638	100	1,918	100
Leasing	439		280	
Total	3,077		2,198	

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

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

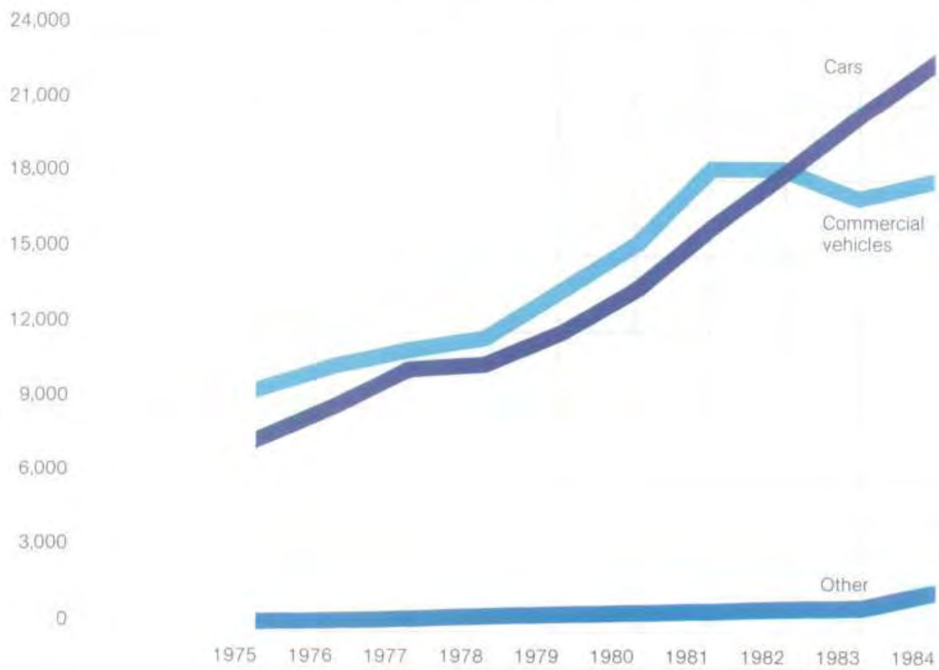
Of course, with our investments, we also use the opportunities for improvement of efficiency and cost-cutting to further increase our international competitiveness. During the year, we spent about DM 106 million - representing more than 5 % of domestic spending in fixed assets - for environmental protection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

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

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

Sales by Segments

(in millions of DM)	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
Group Sales	**19,051**	**21,303**	**23,496**	**24,236**	**27,367**	**31,054**	**36,661**	**38,905**	**40,005**	**43,505**
Cars	8,116	9,354	10,882	11,082	12,285	14,088	16,572	18,722	21,012	23,245
Commercial vehicles	10,118	11,056	11,662	12,109	13,984	15,818	18,862	18,859	17,653	18,367
Other	817	893	952	1,045	1,098	1,148	1,227	1,324	1,340	1,893



More Than 6,600 New Jobs at Home

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

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

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

We Thank Our Employees

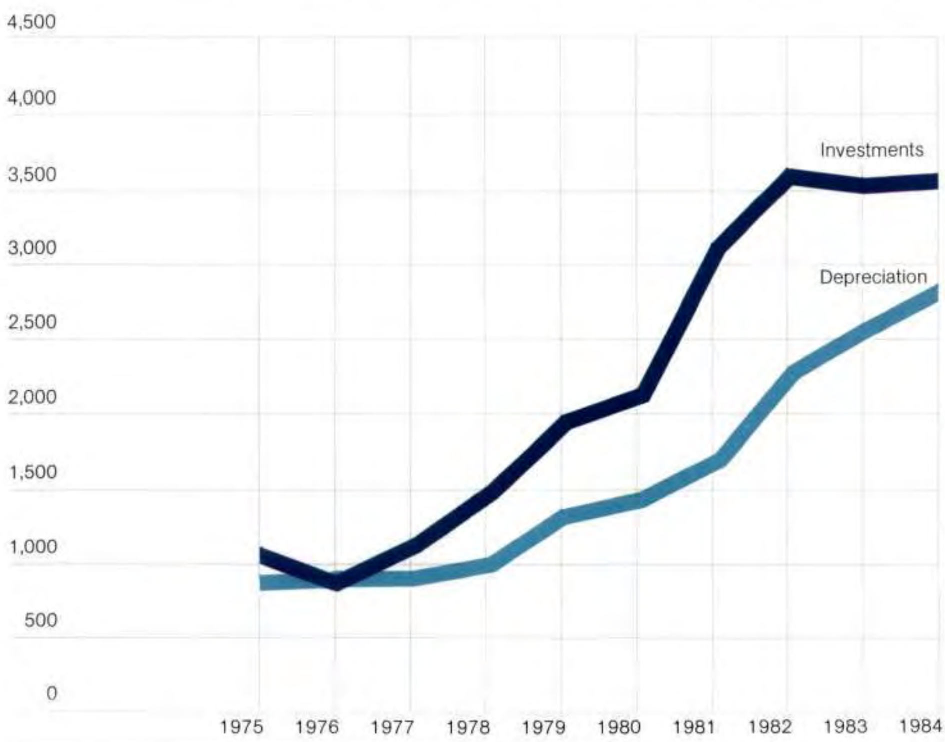
The 1984 labor negotiations were a hard test for the cooperative atmosphere in the Company. The prudence and thoughtfulness of all concerned, however, helped us to quickly return to a good relationship when production resumed. We thank all employees and their representatives on the plant and general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

Gratifying Earnings Once Again

Earnings in 1984 were affected by the 7-week production stoppage. Other adverse factors were the (market-induced) unsatisfactory utilization of domestic commercial vehicle production capacities and still keener competition. On the other hand, the car division favorably influenced earnings through the extraordinarily good capacity utilization rates and the expansion of exports particularly to the U.S.A. At the same time we benefited by the renewed exchange rate increase of the U.S. dollar versus the D-mark. The companies in North and South America also made a gratifying contribution to group earnings.

Investments and Depreciation Allowances – Daimler-Benz-Group

(in millions of DM)	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
Investments	1,096	908	1,140	1,498	1,969	2,140	3,114	3,626	3,567	3,592
Depreciation	884	917	918	1,013	1,342	1,447	1,688	2,273	2,574	2,828



In the non-operating area, Daimler-Benz AG had net interest income (excess of interest income over interest expense) of DM 607 million (1983: DM 535 million) before taxes. Group net interest income came to DM 1.1 billion, but this figure includes interest earnings of subsidiaries in countries with high inflation rates; for the most part it merely compensated for the erosion of purchasing power in monetary assets.

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

Proposal for Application of Unappropriated Surplus

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

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

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

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

The increment results almost exclusively from the sharp rise in car demand in the U.S.A. A total of 10.4 million cars - 13.2 % more than 1983 - were sold in 1984 in this largest car market in the world. As in the previous year, the pickup of sales primarily benefited the U.S. manufacturers, who raised their market share from 74 % to 76.5 %. There was again a high demand particularly for large cars. Import car sales increased by 2.2 % to a new high of 2.4 million units. The Voluntary Restraint Agreement of the Japanese exporters, limiting sales to about 1.8 million cars annually, prevented any larger advance. The share of German makes rose to 14.1 % (11.7% in 1983). They especially profited from the rising demand for up-scale high-technology cars.

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

The new diesel refinement: engine compartment encapsulation makes the new mid-range Mercedes diesel models appreciably quieter. This too is a tangible contribution to further reducing pollution.

units. Japanese exports, however, increased 4.6 % to 4.0 million units despite unchanged import quotas for Japanese cars in a number of important markets. With 7.1 million cars, the Japanese makers managed to repeat the previous year's production volume, but Japan now takes second place again to the U.S.A. in the international output statistics. Simultaneously, however, Japanese car production abroad, at .7 million units (1983: .6 million), gained further significance.

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

German Car Market Slightly Down

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

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

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

The 190 series: top-notch engineering and quality in a compact form, finding more and more customers at home and abroad.

195,346 (previous year 109,837) cars of the 190 series rolled off the assembly lines in Sindelfingen and Bremen in 1984.

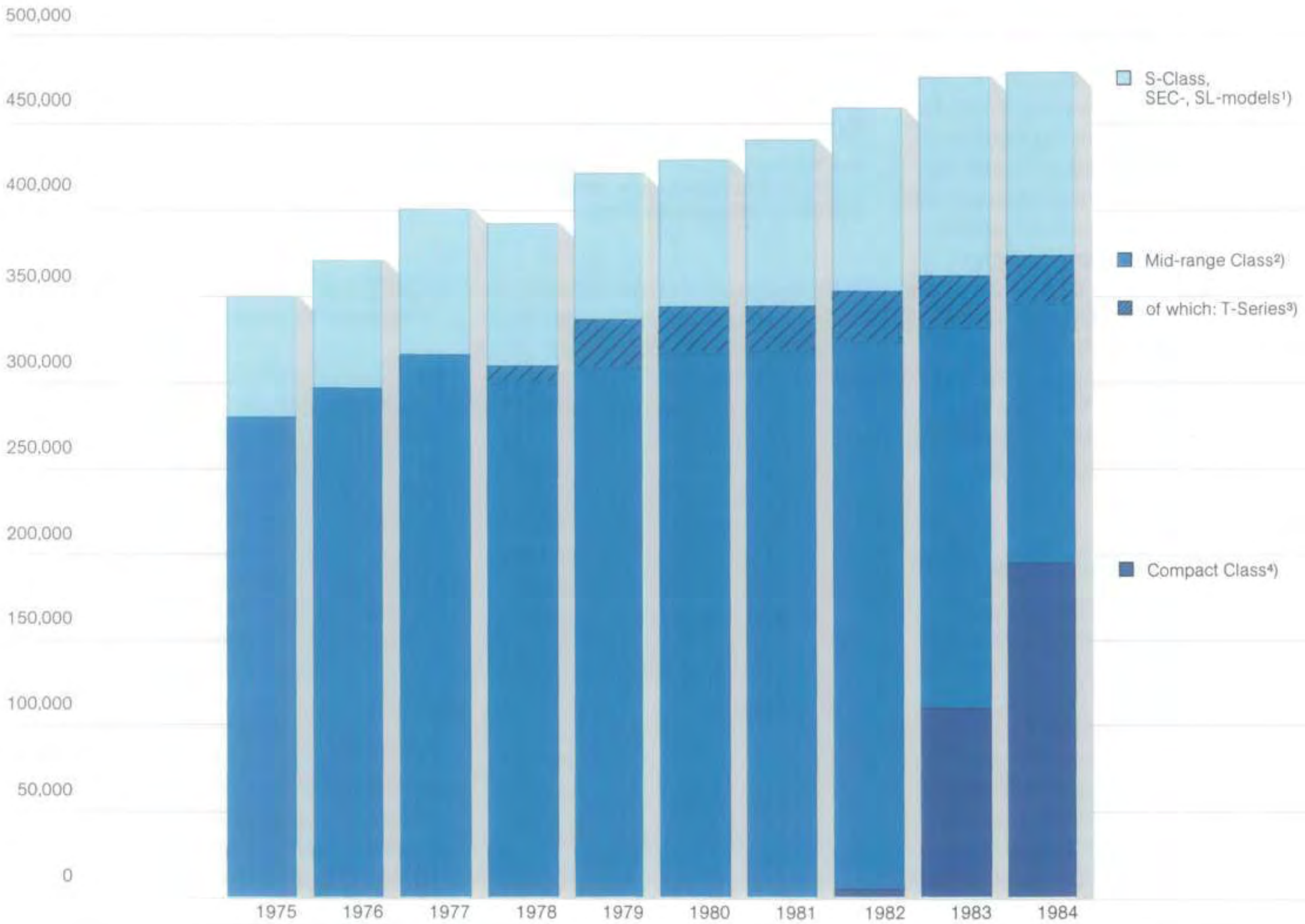
Car Exports Exceed Previous Year's High Volume

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

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

Car Production

(Units)	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
Total Production	**350,098**	**370,348**	**401,255**	**393,203**	**422,159**	**429,078**	**440,778**	**458,345**	**476,183**	**478,349**
of which: S-Class, SEC- and SL-models[1])	69,757	73,098	85,108	83,107	84,957	84,993	95,804	105,093	114,589	104,646
Mid-range Class[2])	280,341	297,250	316,147	310,096	337,202	344,085	344,974	348,602	251,757	178,357
of which: T-Series[3])	–	–	5	10,581	28,405	27,230	26,251	29,620	30,370	28,055
Compact Class[4])	–	–	–	–	–	–	–	4,650	109,837	195,346



[1]) Models 280 S–500 SEL, 380 und 500 SE Coupé, 280–500 SL Roadster.
[2]) Models 200–300 E, 230 CE, 280 CE and 200 D–300 D Turbo.
[3]) Models 200 T–280 TE and 240 TD–300 TD Turbo.
[4]) Models 190–190 E 2.3-16 and 190 D.

Daimler-Benz: Car Business Grew Further

At Daimler-Benz, the favorable trend in cars continued in spite of all difficulties. Due to the production loss, however, we could not take full advantage of the continued good demand for our cars in 1984. Despite full capacity operation, we succeeded by the end of 1984 in recovering a good third of the 65,000 units lost to the strike. This was done by getting the new car factory in Bremen on stream very quickly, instituting special measures and adding new jobs earlier than scheduled. Our original goal of 520,000 units had become unachieveable, but we were able to build 478,349 cars, somewhat more than the year before (476,183).

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

By raising daily output a total of 20 % compared to year-end 1983, we also built 178,357 (previous year 251,757) medium-size cars and 104,646 (previous year 114,589) S-Class as well as SL and SEC models. The export share of car output increased in 1984 to 52.5 % (previous year 50.0 %), which is still less than the industry average of 58.9 % (previous year 56,4 %)-

The 123 series still did well in the market in the last year of its nine-year production run. With about 2.6 million units, this series is our most successful to date. Domestic and foreign demand for hi-line cars in 1984 again clearly exceeded our ability to supply.

The Mercedes S-Class - superior engineering has future. Including SEC coupe and SL roadster, more than 100,000 of these models were sold in 1984, more than half with the high-performance V-8 light-alloy engines.

In Germany, 225,286 Mercedes-Benz cars were newly registered, down 5.1 %. Our market share of 9.8 % was slightly less than the previous year (10.1 %). The reason for the decline was our endeavor to quickly supply our foreign organization with cars upon resumption of production so as to counter the risk of a permanent loss of sales, which is particularly great in foreign markets. Shipments of Mercedes-Benz cars abroad increased by a total of 5.5 % to 251,268 units.

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

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

New Mid-Range Mercedes Sets Standards

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

Optimal Emission Control Concept

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

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

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

Commercial Vehicles: Keener Competition in the Higher Weight Classes

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

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

German Commercial Vehicle Business Down at Home and Abroad

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

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

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

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

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

Daimler-Benz: Commercial Vehicle Business Difficult

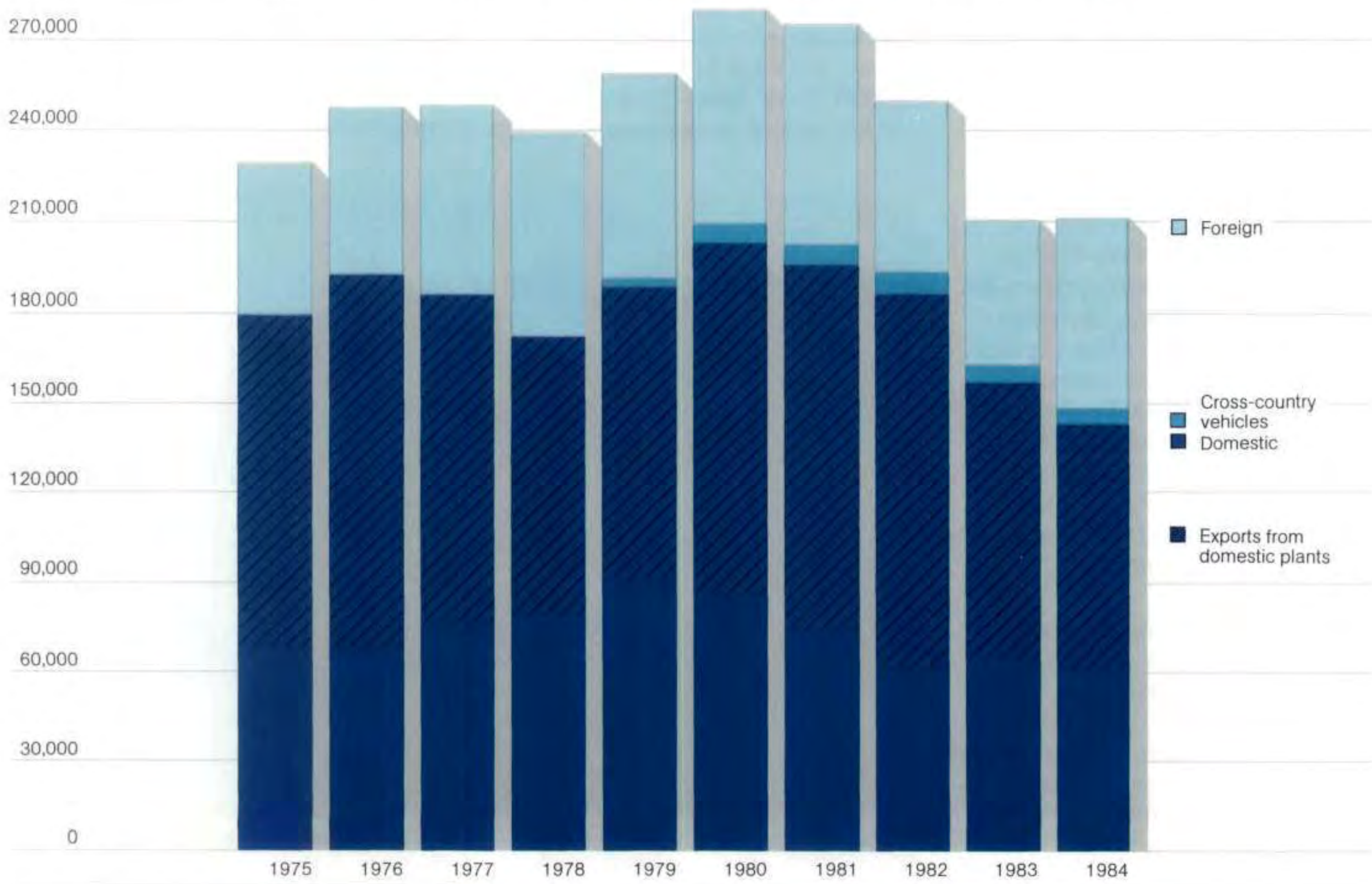
Daimler-Benz was also affected by the difficult situation in the international commercial vehicle markets. New registrations of our vehicles at home were down 12.8 % to 55,769. In the area of heavy-duty trucks, next to the discontinuation of the government investment incentives at the end of 1983, it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

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

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

Commercial Vehicle Production

(Units)	1975	1976	1977	1978	1979	1980	1981	1982	1983*)	1984
Total Production	**229,302**	**247,756**	**248,100**	**239,702**	**258,975**	**279,535**	**275,380**	**250,079**	**210,281**	**210,929**
Domestic	180,005	193,204	187,298	173,101	188,772	203,041	196,076	187,044	157,418	143,101
of which: Delivery vans										
to 4 tons	29,975	41,878	40,257	47,333	51,815	53,353	45,200	44,795	46,508	46,652
over 4 to 6 tons	25,470	29,906	30,358	26,481	28,270	30,624	24,157	19,678	16,542	14,065
Trucks										
over 6 to 8 tons	15,924	18,658	18,228	18,746	17,141	17,213	13,905	15,540	10,812	12,589
over 8 to 15.9 tons	34,007	32,330	28,940	23,721	24,242	29,047	31,280	22,393	18,865	20,101
16 tons and up	53,831	47,844	48,375	39,310	48,625	53,241	61,957	63,513	46,168	35,318
Buses	13,344	12,824	11,595	8,210	8,529	9,643	9,647	7,925	7,723	5,186
Unimog and MB-trac	7,454	9,764	9,545	9,300	10,150	9,920	9,930	13,200	10,800	9,190
Exports from domestic plants	*111,575*	*124,965*	*110,100*	*93,163*	*97,022*	*116,431*	*121,510*	*125,583*	*92,458*	*82,290*
Kits*)	–	–	–	–	–	–	–	–	(27,332)	(18,122)
Cross-country vehicles	–	–	–	–	2,508	6,667	6,455	6,566	5,662	5,532
Foreign	49,297	54,552	60,802	66,601	67,695	69,827	72,849	56,469	47,201	62,296



*) Kits destined for production abroad, starting with 1984, no longer shown in total production figures; Figures for 1983 were made comparable subsequently.

1982: 23 %) in Western Europe in trucks over 6 tons gross vehicle weight.

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

Bus Business as Difficult as Before

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

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

Unimog and MB-trac with Declining Sales and Output

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

Cross-Country Vehicle Sales Decline Further

Domestic sales of Mercedes-Benz cross-country vehicles were down 13.6 % in the year under review, to

Mercedes-Benz vans for the widest range of transportation tasks. As of 1984, the entire van range is manufactured in the Duesseldorf factory, a prerequisite for more flexibility in production to meet the growing demands of the marketplace still better and faster.

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

Healthy Rise in Commercial Vehicle Output at Our Foreign Plants

Our commercial vehicle companies in North and South America profited from improved market conditions and sharply increased sales and output. Mercedes-Benz do Brasil was able to raise output by 31.7 % to 29,311 units. It was helped by the favorable export opportunities to North America and to our affiliate in Indonesia. Mercedes-Benz Argentina built 4,299 commercial vehicles (+10.8 %). The strong revival of the commercial vehicle business in the U.S.A. was most favorable for our Freightliner subsidiary, whose

output rose 71.8 % to 20,568 heavy-duty trucks. Mercedes-Benz Espana was confronted with generally poor market conditions again in 1984. Production had to be reduced by 10.6% to 8,203 vans.

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

New Products in the Commercial Vehicle Range

In 1984, we launched our new light "Woerth" trucks (6.5-13 tons GVW) in domestic and foreign markets. They replaced our proven LP range. In this segment we offer vehicles in four performance categories with 135 different models and 1,800 special versions for every conceivable transportation need. The resultant strengthening of our competitive position brought about tangible increases in sales and output in 1984. Trade journalists from 13 countries voted our new truck range "Truck of the Year 1985" by a large margin over the one that placed second.

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

Mercedes-Benz construction vehicles: Daimler-Benz has - also for difficult off-road operations - a comprehensive range of powerful commercial vehicles for the most varied applications.

Building machinery calls for particularly robust engines. Here, bulldozers with hydrostatic drive do earthmoving work. Such dozers are equipped with Mercedes-Benz in-line or V-diesel engines with outputs from 63 kW to 147 kW (86 to 200 hp).

Larger Volume of Business with Industrial Engines and Vehicle Components

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

Outlook

Good Prospects for Continued Business Improvement

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

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

German Economy on Expansion Course

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

German Auto Industry Reliant on International Competitiveness

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

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

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

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

Engineering Solutions for Environmental Protection

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

Political Agreement on Cleaner Car Emissions Called For

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

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

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

The new standard city bus O 405 for intra-city transportation. It can carry 100 passengers. The new series also includes the standard articulated bus O 405 G and the standard bus O 402.

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

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

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

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

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

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

Commercial Vehicle Markets Under Competitive Pressure Worldwide

Commercial vehicle business worldwide has become considerably more difficult in the last few years. Demand, particularly from Middle Eastern markets, will hardly pick up in 1985, and no change in the current situation can be expected in the medium term owing to the political and economic problems in this region.

Reduced market volume contrasts on the supply side with under-utilized capacities of the European manufacturers. The struggle for market shares should become even stiffer in the coming years, especially since new producers from third-world countries are pushing into the traditional markets. Many manufacturers are thus seeking opportunities to reduce the market pressures by cooperating with other companies or deepening

already existing supply relationships. The influencing of competition by governments, through subsidies or direct equity investments, does not eliminate the industry's problem. On the contrary, it interferes with market mechanisms and, therefore, impairs the industry's ability to overcome the difficulties by its own efforts.

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

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

MB-trac 1500 - the most powerful model from the line of all-wheel-drive farm tractors, driven by 48 to 110 kW (65 to 150 hp) engines. Versatile and particularly economical.

Daimler-Benz 1985: Persisting Difficulties in Commercial Vehicle Business

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

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

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

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

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

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

Capital Spending Still at a High Level

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

MTU Group - Sensible Addition to Daimler-Benz

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

Continuous, Stable Development

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

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

Daimler-Benz: Trends in First Three Months of 1985

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

Unimog - all-wheel-drive haulers and work machines with a broad spectrum of applications and excellent cross-country mobility. The Unimog line has a large power range with 38 to 124 kW (52 to 168 hp) engines.

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Research and Development

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

Development of a modern body is no longer conceivable without the use of electronic data processing. In Engineering, EDP contributes by relieving the engineer of routine duties and helping to provide data that can be directly used for controlling machine tools and inspecting the final product.

Differing National Standards and Certification Rules Render Development Work Difficult

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

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

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

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

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

Daimler-Benz: Catalytic Converters of the Second Generation

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

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

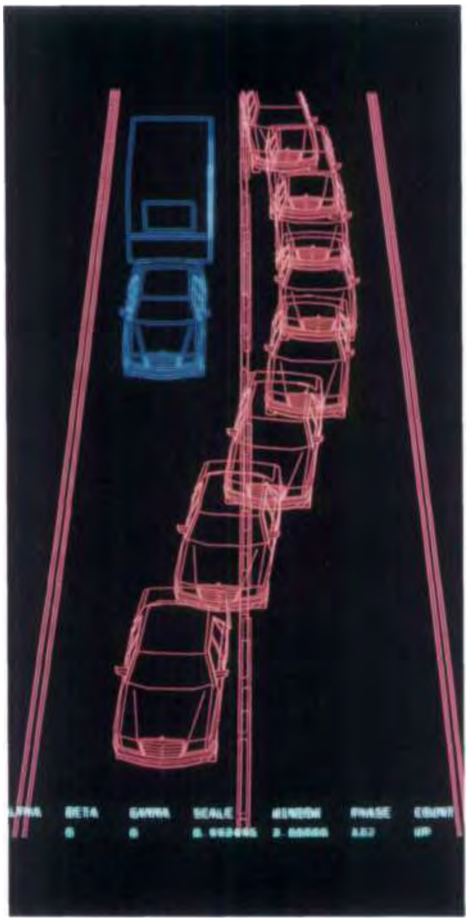
Our emission control concept also places a high premium on the particularly economical diesel cars which are also more compatible with the environment. In the course of this year, we will be able to introduce diesel engines which even comply with the stringent particulate emission standards which will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

More Than DM 1.5 Billion for Research and Development

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

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

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



Road driving simulation allows the calculation of a passing maneuver and showing it on a display unit. Calculation is based on a mathematical model which includes all major parameters of vehicle behavior.

Delay in Construction of Boxberg Test Track

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

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

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

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

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

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

Extended Commercial Vehicle Range

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

New Buses For Local Transit

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

The new driving simulator at the Berlin-Marienfelde factory. Aided by a mathematical model of a vehicle, a computer controls all the movements of the cabin in such a way that the driver gets the impression of driving on real roads. The system, which enables the driver and his reactions to be included in research, makes an important contribution to improving traffic safety.

Track-Guided Buses Providing Trouble-Free Service

In Essen, the project involving track-guided buses - an element of our O-Bahn transit system - made further progress. Currently, 25 buses, including 21 track-guided articulated 0 305 G, are providing trouble-free daily service. Together with the Essen transportation authority, we intend to set up another route for track-guided bus use with a length of 4 km.

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

Development Work of Our Foreign Subsidiaries

Mercedes-Benz do Brasil has concluded development work of the 0 370, a separate all-new family of buses, and has since begun with the production of the bus. The series includes 2- and 3-axle buses designed to meet the special requirements of the South American market. Under the national energy program, alcohol and gas engines are offered as standard equipment in buses and trucks along with diesel engines. In the Class 6 and 7 light and medium trucks, which are exported to North America, our subsidiary has, for the first time, included in its model offering a forward-control cab, for which parts are supplied by our Woerth plant.

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

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

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

Our Development division in Untertuerkheim has a technical library with 90,000 books, 500 current journals and 11,000 volumes of journals. The department's own data storage, containing some 120,000 documents, provides a time-saving link with national and international documentation centers.

Future-Oriented Research Work

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

However, particular importance is attached to the application of microelectronics. This technology makes it possible to integrate many individual functions in an overall system and create new applications.

The new track-guided standard city bus O 405 on the company's test track in Rastatt - an element of the versatile Mercedes-Benz-O-Bahn system.

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

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

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

New Materials and Alternative Propulsion Systems in Motor Vehicle Manufacture

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

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

Flexible Production for Testing

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

Thus, one modern procedure permits measuring and rating the surface quality of precision parts and controlling production accordingly without ever touching the surface itself. A measuring system which can be integrated in the production lines assures a 100 % quality control. It is already used in engine valve production at the Bad Homburg factory.

Materials Management

The worldwide purchasing volume of Daimler-Benz in 1984 came to more than DM 25 billion. The increase of over DM 2 billion in the value of our purchases of raw materials and factory supplies, and of capital goods and services was solely the result of heavier ordering by our foreign subsidiaries. Purchases of manufactured parts and of capital goods for our domestic factories totaled DM 18.6 billion, slightly lower than the DM 18.7 billion of last year.

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

Noticeable Reduction of Inventories

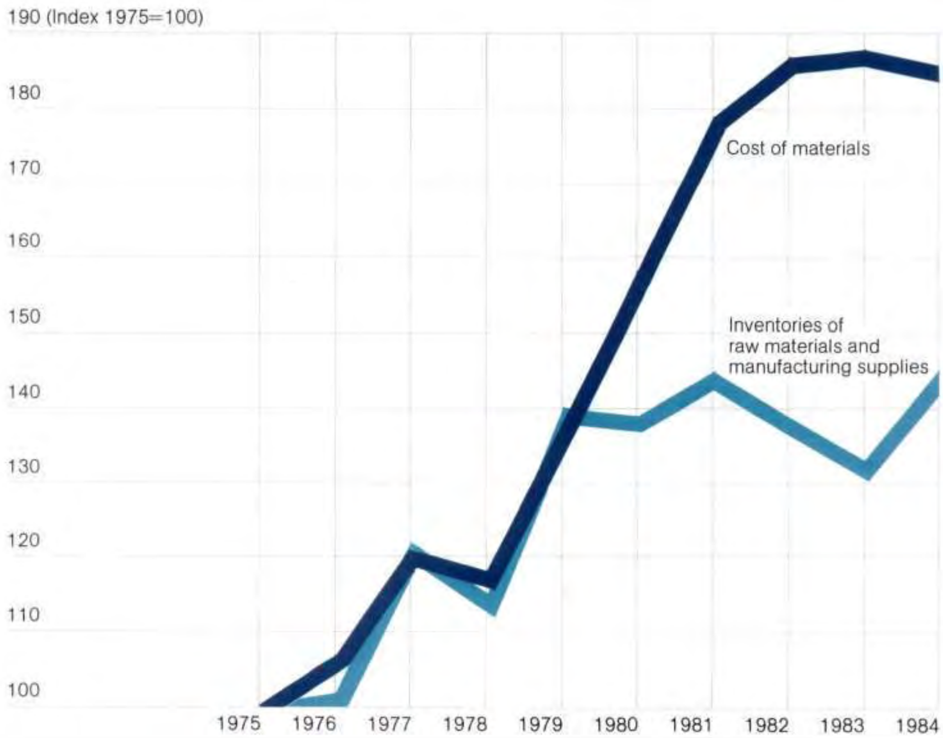
The progress achieved in the last few years in optimizing inventories of purchased parts designated for production has led to a remarkable decrease in the average amount of capital tied up in inventories and has thus reduced costs. In comparison to the expenditures for materials, which have grown with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

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

We have taken a first step in establishing an optimized logistical system in close cooperation with the supplier of car seats for our compact 190 series. The factories of our suppliers operate at the same rate as our car plants in Sindelfingen and Bremen, with which they have data communication links. The suppliers can thus manufacture and deliver

Cost of Materials, and Inventories of Raw Materials and Manufacturing Supplies of Daimler-Benz AG

(in millions of DM)	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
Cost of materials	8,523	9,080	10,278	10,055	11,748	13,462	15,216	15,957	16,000	15,922
Inventories of raw materials and manufacturing supplies	531	542	649	608	741	739	769	736	708	774



the seats in the sequence in which they are needed in assembly. So neither we nor the supplier need an inventory of finished seats.

Allowance for Social Aspects in Ordering

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

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

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

Smooth Delivery to Assembly Line

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

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

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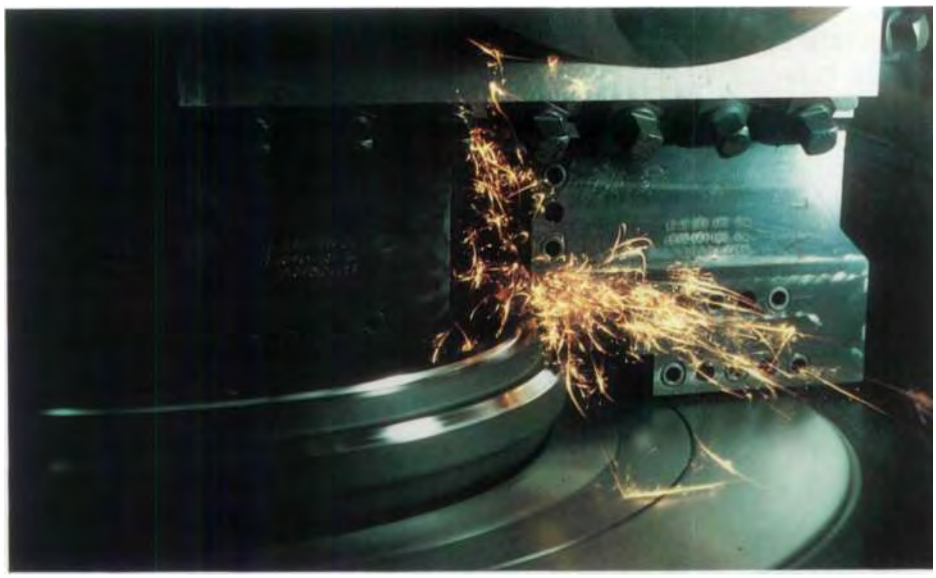
Production

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

**The second car assembly plant, Bremen: Along with the T-Series, a large portion of the compact models is assembled in the new production facilities here. Parts supply is closely coordinated with the Sindelfingen factory.
(Approved aerial photograph No. 9/66534)**



Turning of brake drums with a ceramic-tipped cutter at the Kassel plant. The cut splitting permits rough and finish lathing in one operation.

Car Plants: Bremen Production Quickly Raised to Capacity

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

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

Just as in assembly in Sindelfingen, the new production lines at the car component plant in Untertuerkheim also assure us the necessary flexibility for quick response to changes in demand. Numerically controlled (NC) stations guarantee economical production of our engine range with its numerous variants; to that end, the building block system of the new component ranges offers the necessary prerequisites.

Commercial Vehicle Plants: New Product Series and Assembly Lines

In our commercial vehicle plants, in the year under review, we invested substantial resources for the lowering of production costs and for the start-up of new model series.

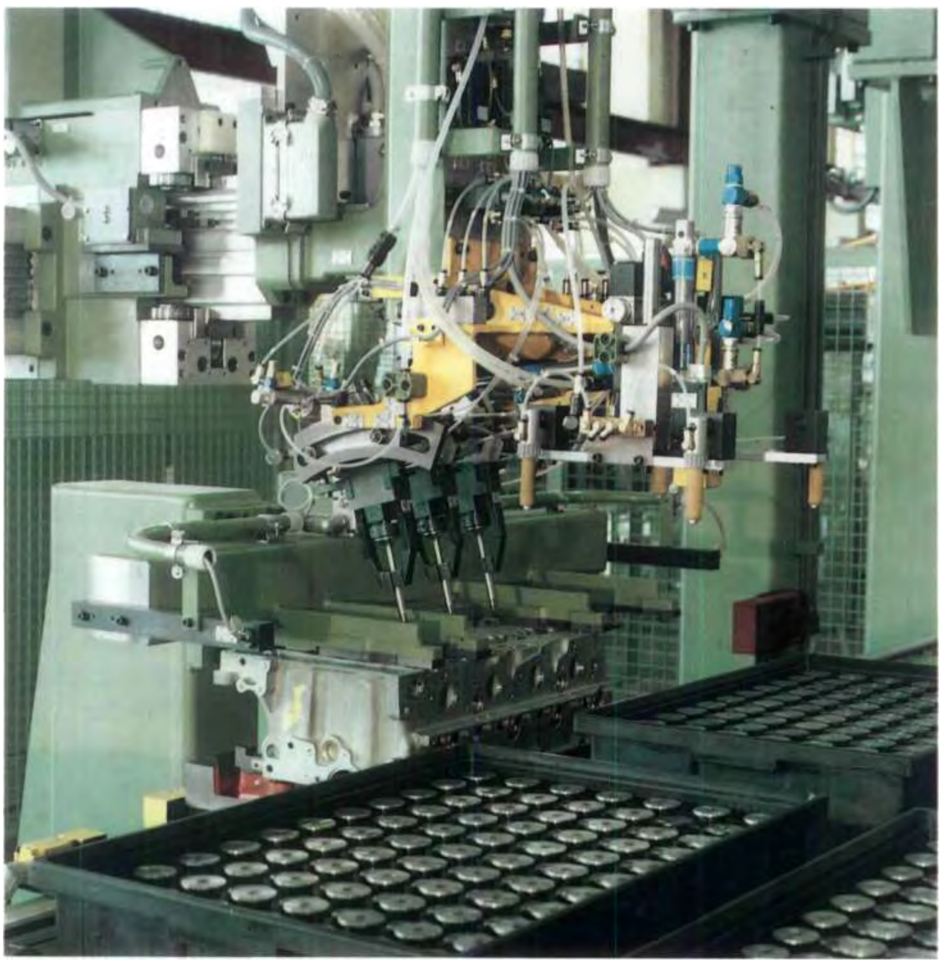
In Woerth, the last light truck of the LP line rolled off the assembly line in 1984. In twenty years of production we built more than 300,000 of these trucks. Our new generation of medium-duty trucks from 6.5 tons to 13 tons gross vehicle weight has, in the meantime, been fully integrated into the production process at Woerth. With its variety of models and configurations based on the largest possible number of identical parts, the new line fulfills the demand of efficient production while satisfying varied market requirements. This goal was also served by concentrating van production in Duesseldorf. Moreover, it allows production flexibility within the two van ranges, which is particularly important in this market segment.

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

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

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

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



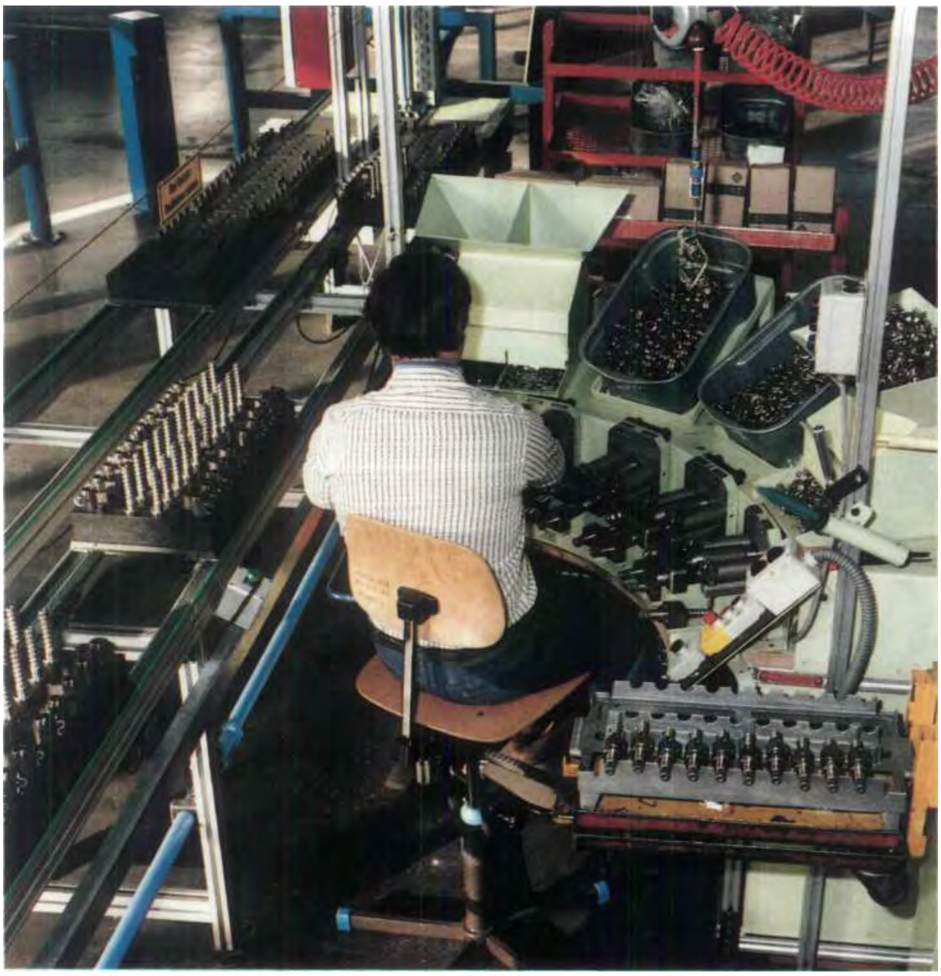
Untertuerkheim factory; Valves are inserted by a freely programmable industrial robot on the flexible cylinder head assembly line for 4-, 5- and 6-cylinder diesel engines.

The highly efficient and flexible facility can respond quickly to necessary changes in production schedules.

production were further improved. Through the pilot use of a more refined production control system we were able to increase the precision in coordinating deliveries with our other domestic factories.

Quality of Manufacture Further Improved

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



At the Duesseldorf factory: An economically optimized assembly station in steering unit assembly. The semicircular arrangement of the parts for assembly makes for convenient and quick access.

New Job Station Layouts Lighten Workload

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

Environmental Protection and Energy Conservation in Production

Along with the goals of high manufacturing quality, ergonomic workplace design and efficiency improvements, environmentally safe production techniques are acquiring growing significance. Substantial savings of primary energy resulted from reclamation of heat from exhaust air, e.g. in the foundries and paint shops.

In Bremen, with cooling towers and multiple use of process water in closed-loop systems, we have reduced water consumption by.50 % in the past ten years despite the doubling of production. Reclamation of process water was an important factor in the installation of a central system for thickening sandy sludge at the Mannheim foundry. In the paint shops we appreciably reduced the use of solvents through increased employment of paint systems rich in non-volatile matter and of electrostatic painting processes. Still, residues in production cannot be completely avoided. But modern techniques, particularly in air and water treatment enable safe disposal of wastes in our factories.

Automatic production line for head restraints at our Hamburg-Harburg factory, encompassing shaping, welding and assembling operations.

Modern Manufacturing Technologies Also at Our Foreign Subsidiaries

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

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

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

Major projects in the foreign car plants include the assembly of the new mid-size Mercedes in South Africa, Indonesia and Malaysia. Commercial vehicle projects include production facilities for engines in Indonesia, trucks in Turkey and vans in India.

Sales

The seven-week work stoppage hit Daimler-Benz during a phase of rising demand for cars. Our delivery ability - an important element of our market strategy - was severely crippled. But thanks to the understanding of our customers and the flexibility of our worldwide sales organization, harmful consequences of a lasting nature were largely avoided. We also consider it a sign of our customers' trust that demand for our cars is not affected by the general buyer reluctance in the German car market. We will continue to do everything to live up to this trust.

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

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

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

New Market Segment Opened with Our Compact Class

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

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

Developing and Cultivating Markets with Long-Term Growth Potential

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

Our policy of long-term market cultivation again proved successful particularly in the sharply recessive markets of the Middle East, for it creates a preference, especially in troubled phases, for the seller who does not just exploit short-term sales opportunities but who, for many years, has substantially participated in developing the country's infrastructure through the systematic establishment of service and parts systems. This fundamental concept is also applied in Africa and South America. We see a growing need for transportation there in future, too. Planning market presence long-range, providing a comprehensive range of services in the local market and, where necessary, involving the products of our foreign subsidiaries, contributes to safeguarding our strong market position worldwide, now and in future.

Sales Organization in Traditional Markets Further Extended

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

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

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

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

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

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

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

Financing as Instrument to Promote Sales

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

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

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

Quality of Service Further Improved

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

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

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

The Mercedes-Benz Vehicle Testing System in action. Modern test equipment and system-oriented test logic guarantee consistently high test quality.

Daimler-Benz Worldwide

Daimler-Benz Domestic

	Scope of Activities, Principal Products
Main Office Area	Administration, Sales, Research and Development
Manufacturing Plants	
Sindelfingen	Body and assembly plant for cars, central spare parts depot for cars
Untertuerkheim	Engine production, axle and transmission fabrication, foundry, forge; testing
Bad Homburg	Production of engine valve train components
Mannheim	Production of truck and industrial engines, body and assembly plant for buses, foundry
Woerth	Truck assembly including cab construction, central spare parts depot for commercial vehicles
Gaggenau	Body and assembly plant for Unimog and MB-trac; production of commercial vehicle transmissions and planetary gear axles
Duesseldorf	Body and assembly plant for vans and mini-buses, production of steering units for cars and trucks
Kassel	Production of commercial vehicle axles
Berlin-Marienfelde	Parts manufacture for car and commercial vehicle engines, production of small components and production of commercial vehicle engines
Hamburg	Manufacture of chassis parts and small components for cars and commercial vehicles
Hanomag-Henschel GmbH, Hannover	Spare parts depot, Stamping parts for commercial vehicles
Holzindustrie Bruchsal GmbH, Bruchsal	Sawmill, wood processing
Engine plants	
MTU Muenchen	Aircraft engines, gas turbines
MTU Friedrichshafen	High-speed, high-performance diesel engines
MTU Maintenance, Langenhagen	Repair of civilian aircraft engines

Mercedes-Benz Sales and Service Outlets		**1,157**
	Retail branches	96
	Large agents	28
	Agents	443
	Franchised service workshops	590

Daimler-Benz Abroad

Production and Assembly		
	Production plants	16
	Assembly plants	25
	Licensees	6
Mercedes-Benz Sales and Service Outlets		**4,726**
	Distribution companies	21
	Retail stores	470
	Independent importers	120
	Agents	41
	Dealers/sub-agents	3,375
	Franchised service workshops	699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Istanbul
Athen
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Täbris
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Seoul
Karachi
Jeddah
Jamshedpur
Dakar
Bombay
Taipeh
Abidjan
Accra
Enugu
Poona
Bangkok
Manila/Pasig
Colombo
Nairobi
Petaling Jaya
Dar-es-Salaam
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Employment

The year 1984 was marked by contract disputes over working hours which, in the metalworking industry, led to a bitter seven-week strike, and a much longer strike in the printing industry. In special arbitration, the contract parties in the metalworking industry agreed among other things to a shorter regular workweek as of April 1, 1985. On a factory average, the workweek will be 38.5 hours, but individual working hours can range from 37 to 40 hours. The presently existing machine times are to remain unchanged. The stipulation regarding individual working hours had to be settled on this basis at the local level for the first time. In addition, wage and salary increases and the framework for early retirement were agreed upon.

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

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

Our employees are familiarized with the new job long before new series go into production. A model for practising assembly of the new mid-range Mercedes is shown here.

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

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

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

Constructive Cooperation with Labor Councils

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

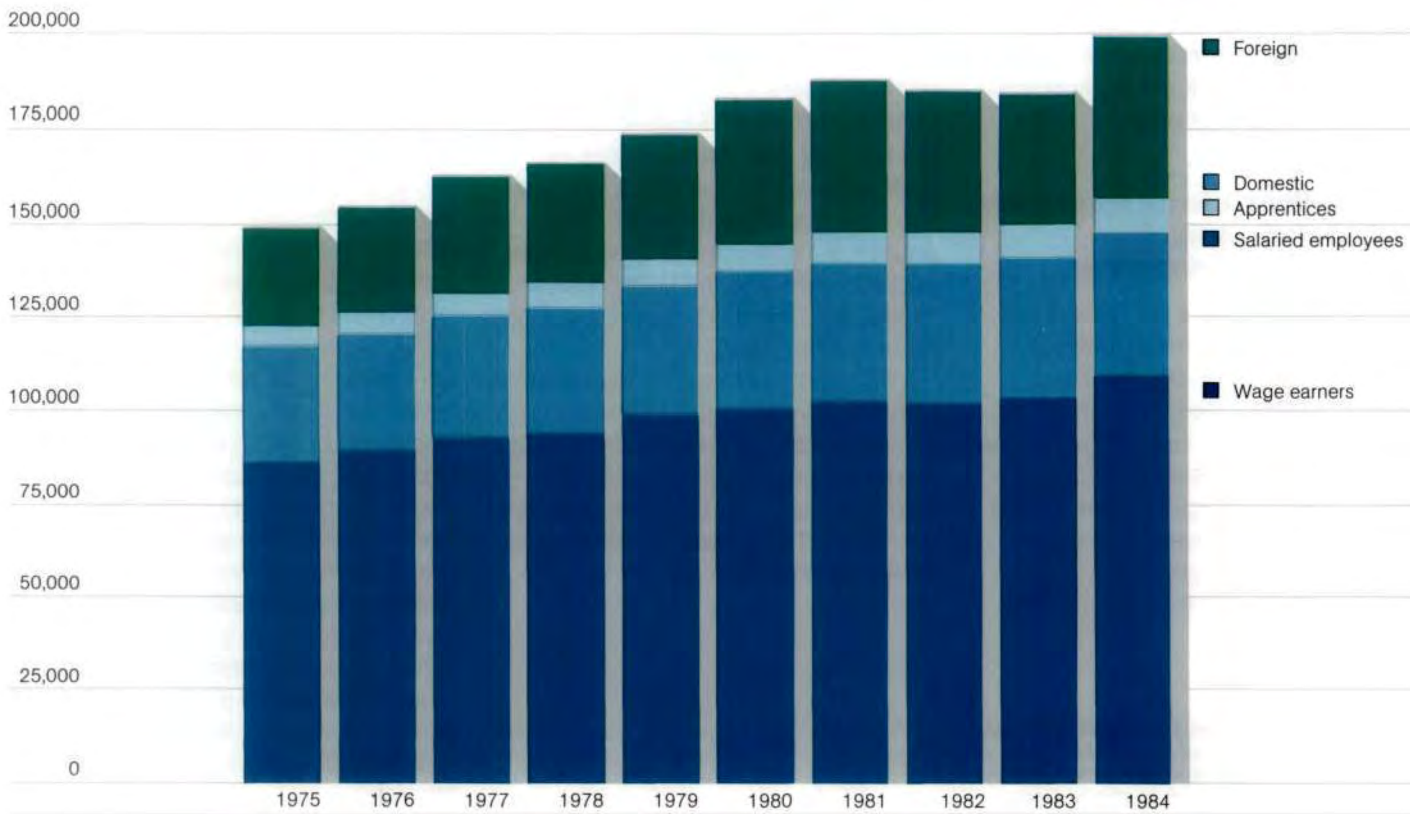
Noticably Higher Employment

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

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

Employees

(at year end)	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
Daimler-Benz-Group	**149,742**	**155,003**	**163,302**	**167,165**	**174,431**	**183,532**	**188,039**	**185,687**	**184,877**	**199,872**
Foreign	123,145	127,018	132,214	135,275	142,164	146,323	149,096	149,118	151,273	158,043
Domestic	26,597	27,985	31,088	31,890	32,267	37,209	38,943	36,569	33,604	41,829
Daimler-Benz AG	**122,775**	**126,652**	**131,807**	**134,437**	**141,401**	**145,532**	**148,361**	**148,411**	**150,601**	**157,249**
Main Office	6,533	6,728	7,220	7,649	8,180	8,810	9,487	9,644	9,662	9,931
Plants										
Sindelfingen	30,955	33,232	34,359	34,558	36,551	37,194	38,353	38,694	39,212	41,300
Untertuerkheim	22,095	22,950	24,115	24,495	25,054	25,565	25,573	25,695	26,273	27,215
Bremen	4,099	4,293	4,727	5,994	6,571	6,515	6,309	6,567	7,884	10,254
Bad Homburg	692	715	736	767	814	855	881	882	864	893
Mannheim	12,900	12,901	13,383	13,584	14,053	14,619	14,521	14,243	14,152	14,494
Woerth	8,687	8,430	8,853	8,774	9,622	10,192	11,055	10,891	10,767	10,743
Gaggenau	8,680	8,608	8,696	8,860	9,177	9,354	9,707	9,822	9,739	9,682
Duesseldorf	4,401	4,572	4,664	4,621	4,954	5,118	5,058	5,151	5,488	6,404
Kassel	3,838	3,931	4,089	3,969	4,086	4,341	4,359	4,297	4,262	4,177
Berlin	2,886	2,895	3,065	3,054	3,191	3,252	3,473	3,435	3,442	3,302
Hamburg	1,736	2,184	2,265	2,385	2,475	2,535	2,613	2,557	2,513	2,479
Retail branches	14,705	14,693	15,157	15,727	16,673	17,182	16,972	16,533	16,343	16,375



In the year under review, almost 2,900 youngsters took up job training at Daimler-Benz AG. This was a further contribution by us to ease the continuing difficult labor market conditions for youngsters leaving school.

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

Domestic Employee Structure

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

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

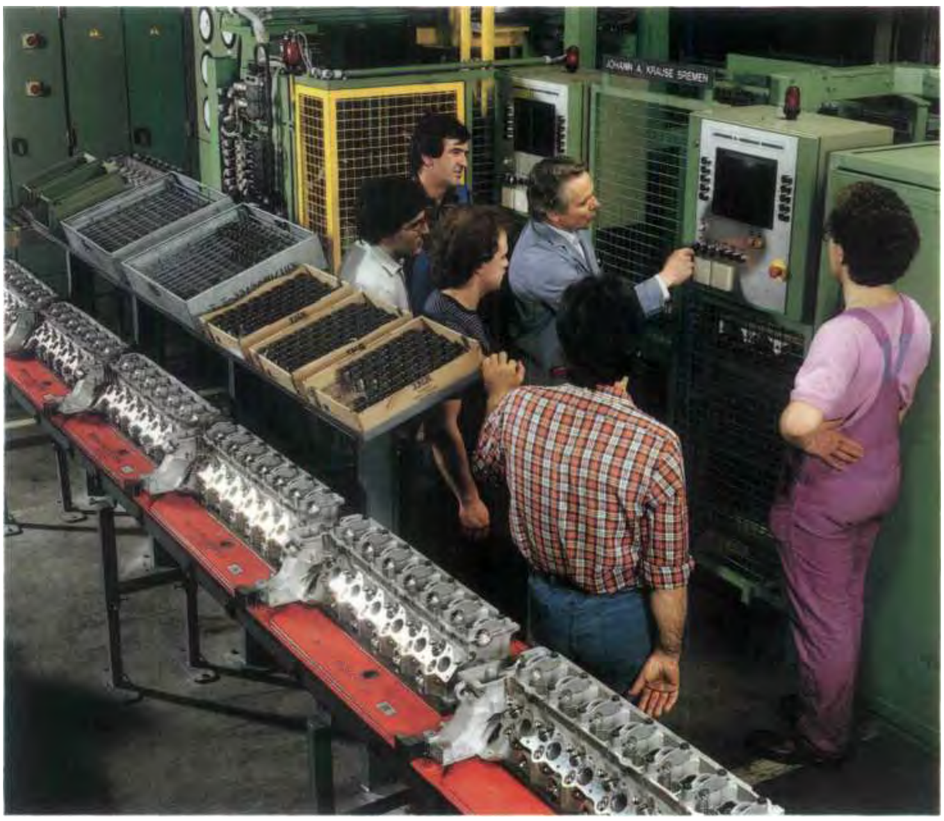
The number of foreign workers declined by 2,322 to 26,894. A total of 1,625 employees, mostly of Turkish origin, resigned and had their social security contributions and company pension rights paid out under a federal law encouraging return to their home countries. The large percentage of foreign workers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

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

Personnel Expenses and Company Benefits

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

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



Workers must know functions and interrelationships of new production methods inside and out. Instruction on an automatic assembly line at the Untertuerkheim plant.

were agreed upon in all bargaining regions of the metalworking industry. Employees received a retroactive lump-sum payment of DM 250 for the three preceding months under the terms of the contract.

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

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

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

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

Summary of Personnel Expenses - Daimler-Benz AG

	1983		1984		
	in millions of DM	in % of wages and salaries (base expenditure)	in millions of DM	in % of wages and salaries (base expenditure)	*Change in %*
Wages and Salaries (base expenditure)	**4,770**	**100.0**	**4,697**	**100.0**	*− 1.5*
Paid Vacation and Other Time Off	**1,778**	**37.3**	**1,860**	**39.6**	*+ 4.6*
Normal paid vacation (union contract)	728		786		
Additional paid vacation	356		384		
Holiday pay	200		196		
Wage and salary continuation pay during illness	342		333		
Other time off and convalescence	152		161		
Social Levies	**1,134**	**23.7**	**1,182**	**25.1**	*+ 4.2*
Medical and social security contributions	1,042		1,092		
Contributions to employee trade associations	73		76		
Contributions to Pension Insurance Association	19		14		
Special Payments	**540**	**11.3**	**533**	**11.8**	*+ 2.4*
Christmas and special remuneration	420		447		
Formation of personal capital	120		106		
Pay During Training Periods[1]	**237**	**5.0**	**263**	**5.6**	*+11.0*
Social Services[1]	**191**	**4.0**	**196**	**4.2**	*+ 2.6*
Deduct-amounts included twice	−154	− 3.2	−167	− 3.6	*+ 8.4*
Personnel Expenses (without old-age pensions)	**8,496**	**178.1**	**8,584**	**182.7**	*+ 1.0*
Old-Age Pensions	**770**	**16.1**	**990**	**21.1**	*+28.6*
Total Personnel Expenses	**9,266**	**194.2**	**9,574**	**203.8**	*+ 3.3*
of which: shown under "other expenses"	27		35		
Personnel Expenses as Shown in "Statement of Income"	**9,239**		**9,539**		*+ 3.2*

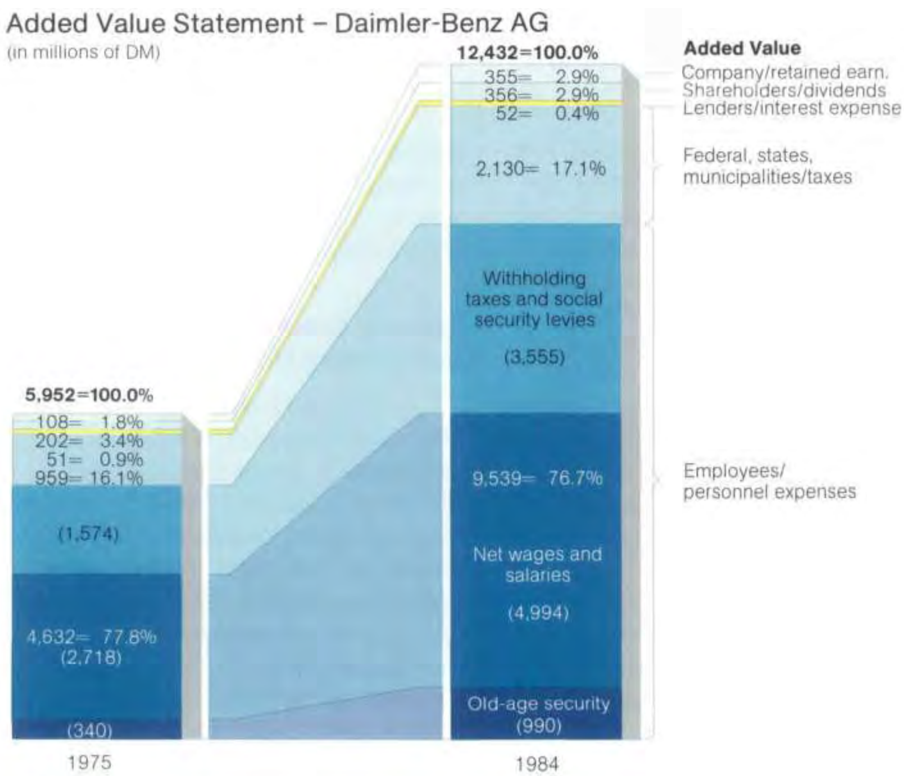
[1] Without allocated overhead.

were given to employees to help them build or purchase 1,695 apartments or homes. Loans have totaled over DM 293 million in the last ten years. Under the company pension plan 36,176 pensioners, surviving spouses and children received DM 174 million in current benefits. More than 3,200 former employees had vested pension rights at the end of 1984. We helped some 5,500 employees with one-time assistance payments. To cover future benefits, we allocated DM 990 million to pension reserves or to the Daimler-Benz Provident Fund. For the purpose of providing capital funds to cover company pension obligations, a portion of the vested pension and disability benefits was transferred from the Daimler-Benz Provident Fund to Daimler-Benz AG on November 1, 1980. This portion was increased from 40 to 50 % in 1984. In addition, we lowered the interest rate assumption used in calculating pension obligations from 4.25 % to 3.5 %.

Work Conditions, Employment of New Technologies

In the course of expanding and reorganizing production, especially for the production start-up of the compact series and the medium-size Mercedes, a large portion of the facilities had to be re-tooled. Work stations and working conditions of many employees were improved in the process. In planning, we strive to strike a balance between technical and economic requirements and consideration for employees.

Modern work methods help reduce strain. Example: individual workstations in sunroof preassembly are independent of line speed.



Learning with future-oriented office systems. Commercial apprentices in the new training center of the Gaggenau factory. In all, 9,134 (previous year 8,824) apprentices and trainees were employed at Daimler-Benz AG in 1984.

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

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

Growing Importance of Preventive Medicine

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

The number of accidents per million productive man-hours rose to 66.4 in 1984 (63.5 in 1983). Thus, the steady decline in accident rates in the past years has not continued. We are responding to this trend with specific prevention programs.

The 7.3 % average absentee rate due to illness (based on nominal man-hours) was lower than in 1983. The rate for wage earners declined by .3 percentage points to 8.5 % while the rate for salaried employees increased by .2 points to 4.1 %.

More and More Suggestions

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

Training Geared to Company Needs

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

At year-end, 172 students attending the Vocational Academy had training contracts with Daimler-Benz. Ten years following its start as an experimental model and two years

The new facility of the training department of the Gaggenau factory was completed in the fall of 1984: a suitable setting for technical and commercial vocational schooling as well as continuing and advanced training on modern lines.

Human supervision is needed to make things go right here too: employee servicing a robot.

after its incorporation in the educational system of the state of Baden-Wuerttemberg, the Academy has established itself as an alternative to university training.

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

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

Also, in 1984, substantial resources were invested in educational facilities to improve opportunities for vocational training and aduil education. At the Gaggenau factory, the new facility for the training department was completed. At the end of 1984, more than 2,400 youngsters were undergoing training in 22 training centers operated by our foreign subsidiary and affiliated companies and distributors, mostly in newly-industrializing and developing countries.

Subsidiaries and Affiliated Companies

In 1984, our foreign subsidiaries and affiliates made significant contributions to the growth of the group. In countries where we hold ownership interests in commercial vehicle manufacturing companies we were able to defend and partly even improve our overall market position. The structural adjustments and product renewal activities, which had been initiated in the previous years, have had positive effects. Our companies in North and South America successfully took advantage of the improved sales opportunities in their markets. The flexibility and competitiveness demonstrated by our production and distribution companies confirms our expectations of gaining additional sales if recovery continues in these countries.

The new intercity bus O 370 of our subsidiary Mercedes-Benz do Brasil. The bus range comprises two- and three-axle units specially designed for the requirements of the South American market.

Consolidated Companies

Larger Contribution to Group Profits

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

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

Consolidated Companies With Their Own Manufacturing Facilities

Mercedes-Benz do Brasil

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

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

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

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

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

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

	Ownership in %	1983 Units	1984 Units	Change in %
Commercial Vehicles				
Consolidated companies				
Mercedes-Benz do Brasil, Brazil	100.0	22,255	29,311	+ 31.7
Mercedes-Benz Argentina, Argentina	100.0	3,881	4,299	+ 10.8
Freightliner Corp., USA	100.0	11,969	20,568	+ 71.8
Mercedes-Benz Truck Comp., Inc., USA	100.0	2,320	4,685	+ 101.9
Mercedes-Benz (Australia), Australia	100.0	925	1,310	+ 41.6
Mercedes-Benz España, Spain	64.2	9,172	8,203	− 10.6
Mercedes-Benz of South Africa, Republic of South Africa	50.1	3,817	3,648	− 4.4
Other affiliated companies				
ANAMMCO, Nigeria	40.0	2,551	1,958	− 23.2
OTOMARSAN, Turkey	36.0	1,550	1,485	− 4.2
P.T. German Motor Manufacturing, Indonesia	33.3	2,200	1,901	− 13.6
National Automobile Industry, Saudi Arabia	26.0	5,192	3,139	− 39.5
Industrial Engines and Engines for Equipment Manufacturers				
Consolidated companies				
Mercedes-Benz do Brasil, Brazil	100.0	7,955	12,893	+ 62.1
Mercedes-Benz Argentina, Argentina	100.0	1,710	2,098	+ 22.7
Mercedes-Benz España, Spain	64.2	4,514	2,544	− 43.6
Other affiliated companies				
Iranian Diesel Engine Manufacturing, Iran	30.0	21,383	24,960	+ 16.7

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

Principal Subsidiary and Affiliated Companies - Summary

Subsidiary Companies	Ownership in %	Sales[1]) in millions of DM 1983	1984	Employees at year-end 1983	1984
Manufacturing Companies					
Mercedes-Benz do Brasil S.A., São Bernardo do Campo	100.0	1,306.1	1,848.9	10,856	13,398
Sociedade Técnica de Fundições Gerais S.A., São Paulo (100 %)		71.7	96.9	1,397	1,941
Mercedes-Benz Argentina S.A., Buenos Aires	100.0	402.9	546.0	1,876	2,076
Freightliner Corp., Portland/Oregon (Group)	100.0	1,969.9	3,647.1	4,867	6,059
Mercedes-Benz España S.A., Madrid (Group)	64.2	597.4	529.1	3,992	3,487
Mercedes-Benz of South Africa (Pty.) Ltd., Pretoria Car Distributors Assembly (Pty.) Ltd., East London (100 %)	50.1	1,554.1	1,660.8	4,834	5,415
Holzindustrie Bruchsal GmbH, Bruchsal	100.0	78.2	75.8	438	457
Distribution Companies					
Mercedes-Benz of North America, Inc., Montvale/New Jersey Mercedes-Benz Canada, Inc., Toronto (100 %)	100.0	6,035.3	7,576.1	1,864	1,910
Mercedes-Benz (Australia) Pty. Ltd., Mulgrave/Melbourne (Group)	100.0	479.0	720.0	697	835
Mercedes-Benz (United Kingdom) Ltd., Milton Keynes	100.0	1,099.8	1,229.4	1,042	1,056
Mercedes-Benz Nederland B.V., Utrecht (Group)	100.0	671.0	769.6	1,048	1,083
Mercedes-Benz Belgium S.A./N.V., Brussels (Group)	100.0	606.4	634.3	1,086	1,022
Mercedes-Benz Hellas S.A., Athens	100.0	108.0	73.0	253	178
SOFIDEL S.A., Rocquencourt Mercedes-Benz France S.A., Rocquencourt (100 %)	99.5	1,813.1	1,878.3	2,528	2,486
Mercedes-Benz Italia S.p.A., Rome	88.5	695.9	819.8	724	631
Mercedes-Benz (Schweiz) AG, Zurich	51.0	474.5	478.4	230	232

Affiliated Companies					
MTU Motoren- und Turbinen-Union München GmbH, Munich[2]) MTU Motoren- und Turbinen-Union Friedrichshafen GmbH, Friedrichshafen (83,8 %)	50.0	2,379.7	2,400.7	14,316	14,387
Anambra Motor Manufacturing Comp. Ltd. (ANAMMCO), Enugu	40.0	331.8	277.7	1,086	878
Otobüs ve Motorlu Araçlar Sanayii A.S., Istanbul	36.0	261.1	266.7	1,792	1,954
P.T. German Motor Manufacturing, Jakarta P.T. Star Motors Indonesia, Jakarta	33.3 49.0	175.5	212.3	1,600	1,486
Iranian Diesel Engine Manufacturing Comp., Tabriz[3])	30.0	191.8	363.8	1,719	1,791
Bajaj Tempo Ltd., Poona[3]) [4])	26.1	169.9	231.5	4,736	4,339
Tata Engineering and Locomotive Comp. Ltd., Bombay[3]) [4])	12.4	1,919.6	1,982.1	17,168	17,405
National Automobile Industry Comp. Ltd., Jeddah	26.0	511.0	365.6	473	322

[1]) Net sales for our foreign subsidiaries were converted at average annual exchange rates; changes in currency relations resulted in significant variances, sometimes preventing comparability.
[2]) Inclusive of the figures of MTU Maintenance GmbH and of AG Kuehnle, Kopp & Kausch.
[3]) Sales for business years 1983/84 and 1982/83 respectively.
[4]) These companies manufacture commercial vehicles under their own trademark; they do have, however, licenses for some Daimler-Benz components.

SOFUNGE, Brazil

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

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

Mercedes-Benz Argentina

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

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

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

Freightliner, U.SA

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

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

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

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

The heavy-duty conventional and the heavy-duty COE tractor are the two basic models of our North American subsidiary Freightliner. They are built to customer specifications.

Freightliner took over Canadian sales of medium-duty trucks from Mercedes-Benz Canada.

The Freightliner group was able to raise employment to 6,059 (previous year 4,867) owing to the substantial increase in sales and output.

Group sales rose 66 % on a dollar basis. Converted to D-marks, sales were up 85 % to DM 3.6 billion. The company's success in improving efficiencies and the high rate of capacity utilization substantially contributed to satisfactory earnings.

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

Mercedes-Benz Espana

The Spanish commercial vehicle market declined in 1984 for the fourth year in a row. The van market, in which Mercedes-Benz Espana is substantially involved, declined 8 %. At the same time, the conquest of market shares by other European manufacturers, which had already been observed the year before, continued. The market share of imported vans reached 21 % (1983: 15 %). By contrast, the domestic manufacturers had a 14 % drop in sales. This trend points to the great difficulties which have to be overcome by the automobile industry in Spain, especially in the light of that country's entry into the Common Market.

The output of Mercedes-Benz Espana was cut back 11 % to 8,203 vans. The market share fell to 38 % (previous year 41 %). The sales of imported Mercedes vehicles, which had risen continually over the past years despite heavy import duties, dropped for the first time below the previous year's level in anticipation of Spain's imminent membership in the Common Market. A total of 651 commercial vehicles (previous year 815) and 2,791 cars (previous year 3,763) were delivered to Spanish customers in 1984. Converted to D-Marks, company sales came to DM 529 million (DM 597 million in 1983). The number of employees was reduced to 3,487 (1983: 3,992). The results of operation were unsatisfactory due to inadequate capacity utilization.

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

Mercedes-Benz of South-Africa

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

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

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

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

Distribution Companies

Mercedes-Benz of North America and Mercedes-Benz Canada

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

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

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

More than 2,300 youngsters received training in 1984 in 28 centers operated by our foreign subsidiaries and affiliated companies.

Mercedes-Benz Credit Corporation, U.SA

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

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

Mercedes-Benz France

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

Our subsidiary Mercedes-Benz of North America was the sponsor of the New York Marathon in October, 1984. In the foreground a 300 TD with time display.

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

Mercedes-Benz United Kingdom

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

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

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

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

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

Mercedes-Benz Nederland

The car market in the Netherlands grew only slightly in 1984. The trend to smaller cars continued. In spite of this, Mercedes-Benz Nederland B.V., Utrecht, increased sales by 22 % to 9,965 units. Owing to the effects of the strike, not all opportunities for sales could be exploited. In the traditionally strong diesel car market of the Netherlands the new 190 D was an important supplement to our range.

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

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

Mercedes-Benz Belgium

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

Mercedes-Benz Italia

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

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

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

The new headquarters of Mercedes-Benz (United Kingdom) in Milton Keynes, with central parts depot, is conveniently located between London and Birmingham.

Mercedes-Benz Switzerland

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

Mercedes-Benz Australia

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

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

Mercedes-Benz Hellas

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

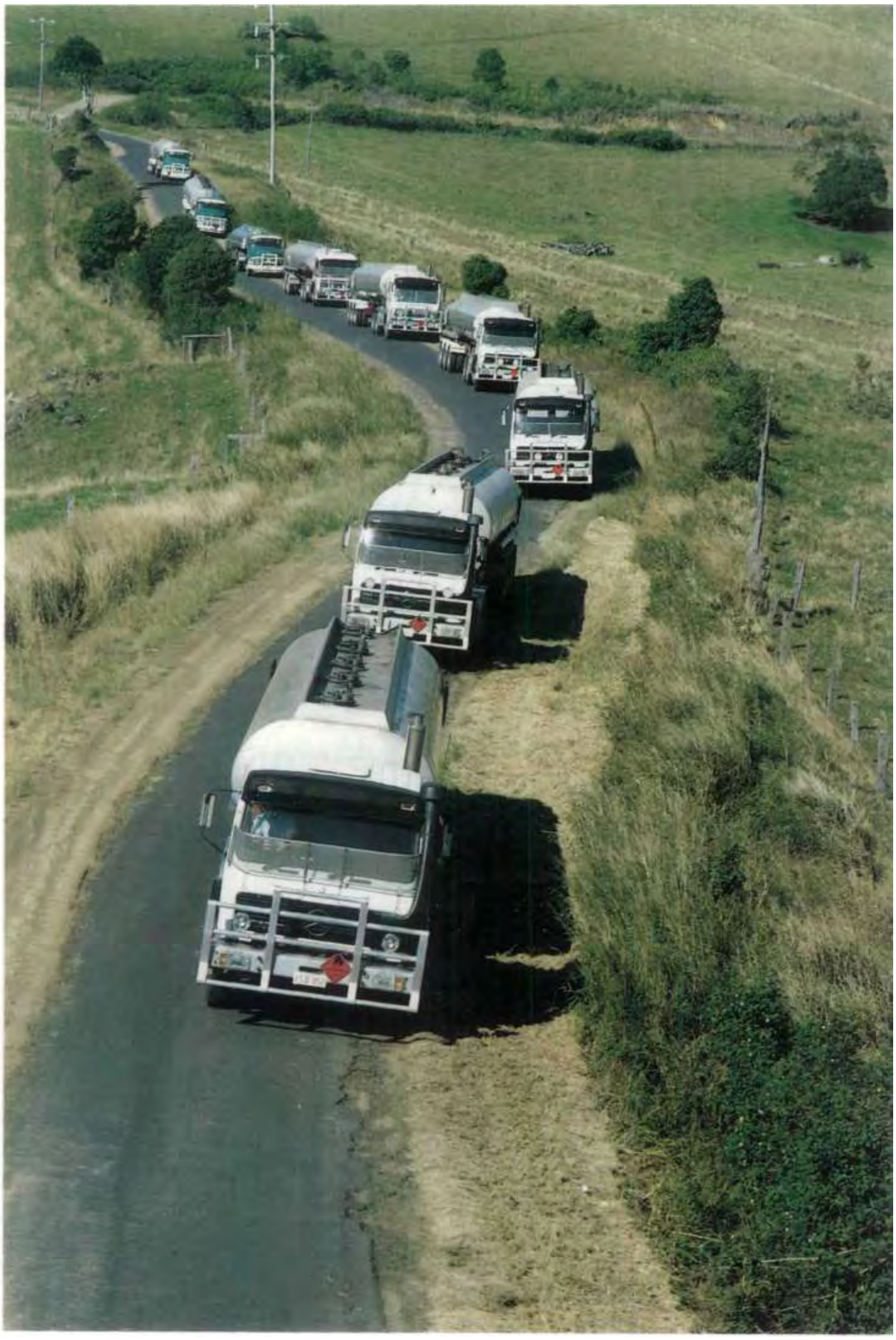
Sales revenue in local currency fell 22 %. Converted to D-marks, revenue was down 32 % to DM 73 million. The company's profit picture remained unsatisfactory.

Other Affiliated Companies

MTU Companies

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

At MTU Muenchen, development and production facilities for jet engines again operated at full capacity. The growing significance of the civilian engine business was reflected



by incoming orders in 1984. The essential development activities of the coming years will revolve around this promising high-technology business.

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

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

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

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

Mercedes-Benz tank trucks supplying Australia's interior. The extraordinary climatic and geographic conditions demand particularly sturdy and powerful trucks.

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

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

Deutsche Automobilgesellschaft

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

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

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

HWT Gesellschaft fuer Hydrid- und Wasserstofftechnik

In the spring of 1985, together with Mannesmannroehren-Werke AG, Duesseldorf, we set up "HWT Gesellschaft fuer Hydrid- und Wasserstofftechnik mbH", a joint subsidiary with headquarters in Muelheim/Ruhr. Daimler-Benz AG and Mannesmannroehren-Werke AG each hold 50 % of the capital stock of DM 3 million.

The purpose of the new company is the joint exploration of each company's know-how in hydride and hydrogen technology. Existing ideas for products are to be marketed and new products developed and tested. There are market opportunities in the area of drive system and automotive technology, metalworking, hydrogen infra-structure, safety engineering and environmental protection. Daimler-Benz and Mannesmann have been conducting basic research for years into the storage of hydrogen in metal hydrides.

NAW Nutzfahrzeuggesellschaft, Switzerland

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

In the bus field, the work begun in 1983 on bus chassis specially tailored to Swiss requirements was successfully continued. Several models have gone into production. NAW also began supplying the first chassis for small line-haul buses and touring coaches, which are new in the Mercedes-Benz bus range.

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

ANAMMCO, Nigeria

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

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

NAI, Saudi Arabia

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

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

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

OTOMARSAN, Turkey

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

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

Otobues ve Motorlu Araclar Sanayii A.S. (OTOMARSAN), Istanbul, again operated at full capacity, selling 1.526 buses (previous year 1,501). Due to the high cost of financing, domestic sales were down 20 %, but were compensated for by higher exports.

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

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

IDEM, Iran

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

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

German Motor, Star Motors and Star Engines Indonesia

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

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

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

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

On the road in Indonesia: The Mercedes 917 truck, introduced in 1984, has clearly strengthened our position in the medium-duty truck market.

FAP FAMOS, Yugoslavia

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

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

Daimler-Benz Austria

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

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

Our deliveries to Austria declined by 16 % to 7,182 cars due also to strike-related shortages. Our share of the overall market came to 3.3 % as in the year before. With the market for commercial vehicles showing practically no growth, our deliveries of trucks (2 tons GVW and up) rose by 7.7 % to 3,076 units.

Principal Subsidiaries and Affiliated Companies

Subsidiaries

Domestic

Holzindustrie Bruchsal GmbH
Bruchsal
DM 10,000,000
100% owned

Maschinenfabrik Esslingen AG
Esslingen a. N.
DM 42,515,000
97.1% owned

Hanomag-Henschel GmbH
Hannover
DM 4,000,000
100% owned

Industriehandel Handels- und Industrie-ausruestungsgesellschaft mbH
Stuttgart
DM 5,000,000
100% owned

Mercedes-Leasing-GmbH
Stuttgart
DM 40,000,000
100% owned

Daimler-Benz-Wohnungsbau Gesellschaft mbH
Stuttgart
DM 26,000,000
100% owned

Foreign

Daimler-Benz of North America Holding Company, Inc.
New York/USA
US $ 35,932,628
(DM 113.1 million)
100% owned

Mercedes-Benz of North America, Inc.
Montvale, N.J./USA
US $ 60,000,000
(DM 188.9 million)
100% owned

Mercedes-Benz Canada, Inc.
Toronto/Canada
Cdn. $ 5,000,000
(DM 11.9 million)
100% owned

Freightliner Corp.
Portland, Oregon/USA
US $ 180,000,000
(DM 566.6 million)
100% owned

Mercedes-Benz Credit Corp.
Norwalk, Connecticut/USA
US $ 60,013,700
(DM 188.9 million)
83% owned

Mercedes-Benz Argentina S.A.
Buenos Aires/Argentina
$ a 252,952,564
(DM 4.4 million)
100% owned

Mercedes-Benz España S.A.
Madrid/Spain
Ptas. 15,638,314,000
(DM 283.8 million)
64.2% owned

Mercedes-Benz (Australia) Pty. Ltd.
Mulgrave/Melbourne/Australia
A$ 20,000,000
(DM 52.0 million) 100% owned

Mercedes-Benz Hellas S.A.
Athens/Greece
Dr. 800,000,000
(DM 19.6 million)
100% owned

Mercedes-Benz do Brasil S.A.
São Bernardo do Campo/Brazil
Cr $ 880,000,000,000
(DM 869.7 million) 100% owned

Sociedade Técnica de Fundições Gerais S.A. (SOFUNGE)
São Paulo/Brazil
Cr $ 12,000,000,000
(DM 11.9 million) 100% owned

Mercedes-Benz of South Africa (Pty.) Ltd.
Pretoria/Republic of South Africa
R 2,500,000
(DM 4.0 million)
50.1% owned

Car Distributors Assembly (Pty.) Ltd. (CDA)
East London/Rep. of South Africa
R 256,000
(DM 0.4 million)
100% owned

Mercedes-Benz Italia S.p.A.
Rome/Italy
Lit. 65,000,000,000
(DM 105.8 million)
88.5% owned

Mercedes-Benz (United Kingdom) Ltd.
Milton Keynes/United Kingdom
£ 30,000,000
(DM 109.7 million)
100% owned

SOFIDEL S.A.
Rocquencourt/France
FF 90,000,000
(DM 29.4 million)
99.5% owned

Daimler-Benz Holding Belgium S.A./N.V.
Brussels/Belgium
bfrs. 2,420,000,000
(DM 120.8 million)
100% owned

P.T. Star Engines Indonesia
Jakarta/Indonesia
Rp. 3,784,406,250
(DM 11.0 million)
60% owned

Daimler-Benz Holding AG
Zurich/Switzerland
sfr. 147,000,000
(DM 178.5 million)
100% owned

Daimler-Benz Finanz AG
Zurich/Switzerland
sfr. 30,000,000
(DM 36.4 million)
100% owned

Daimler-Benz Finanz-Holding S.A.
Luxemburg
sfr. 25,000,000
(DM 30.4 million)
100% owned

Merfina S.p.A.
Rome/Italy
Lit. 6,000,000,000
(DM 9.8 million)
85% owned

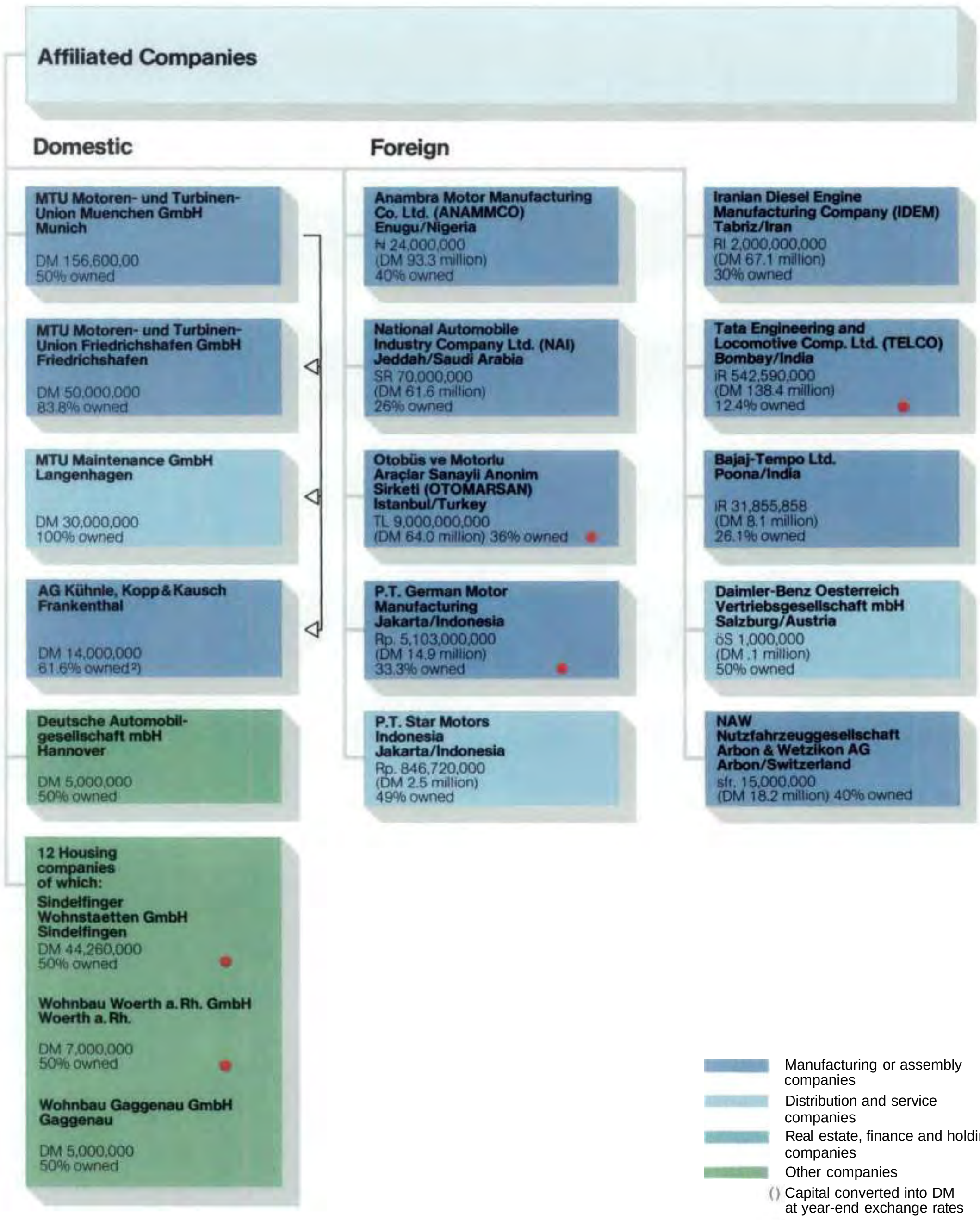
Mercedes-Benz (Schweiz) AG
Zurich/Switzerland
sfr. 6,000,000
(DM 7.3 million)
51% owned

Mercedes-Benz Nederland B.V.
Utrecht/Netherlands
hfl. 57,000,000
(DM 50.5 million)
100% owned

Mercedes-Benz France S.A.
Rocquencourt/France
FF 230,000,000
(DM 75.1 million)
100% owned

Mercedes-Benz Finance Belgium S.A./N.V.
Brussels/Belgium
bfrs. 181,000,000
(DM 9.0 million)
100% owned

Mercedes-Benz Belgium S.A./N.V.
Brussels/Belgium
bfrs. 1,800,050,000
(DM 89.8 million)
100% owned



Manufacturing or assembly companies

Distribution and service companies

Real estate, finance and holding companies

Other companies

( ) Capital converted into DM at year-end exchange rates

1) On March 14, 1985, Daimler-Benz purchased from M.A.N, their 50% share in MTU Muenchen

2) Ownership interest 61.6% of voting stock (DM 7,000,000)

● New additions or changes

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Financial Statements Daimler-Benz AG

Balance Sheet

Asset and Capital Structure

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

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

Fixed Asset Coverage

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

Assets

Fixed Assets

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

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

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

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

	Additions, including transfers in millions of DM	Depreciation in millions of DM
Land with office, factory and other buildings and leasehold rights	374	56
Land with dwellings	5	1
Buildings and land owned by others	– 63	
Machinery and equipment	976	420
Factory and office equipment	869	599
Construction in progress and advance payments relating to buildings and plants	– 289	22
	1.872	1.098

Daimler-Benz has recorded leasehold rights in favor of third parties who have built factory and office buildings for our plants and retail branches on land owned by the company. As of December 31, 1984, there were 15 (last year 14) leasing agreements for buildings and improvements; payments for such leases amounted to DM 17 million (last year DM 15 million).

Investments in Subsidiaries and Affiliated Companies

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

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

Inventories

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

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

Receivables

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

Cash and Temporary Investments in Securities

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

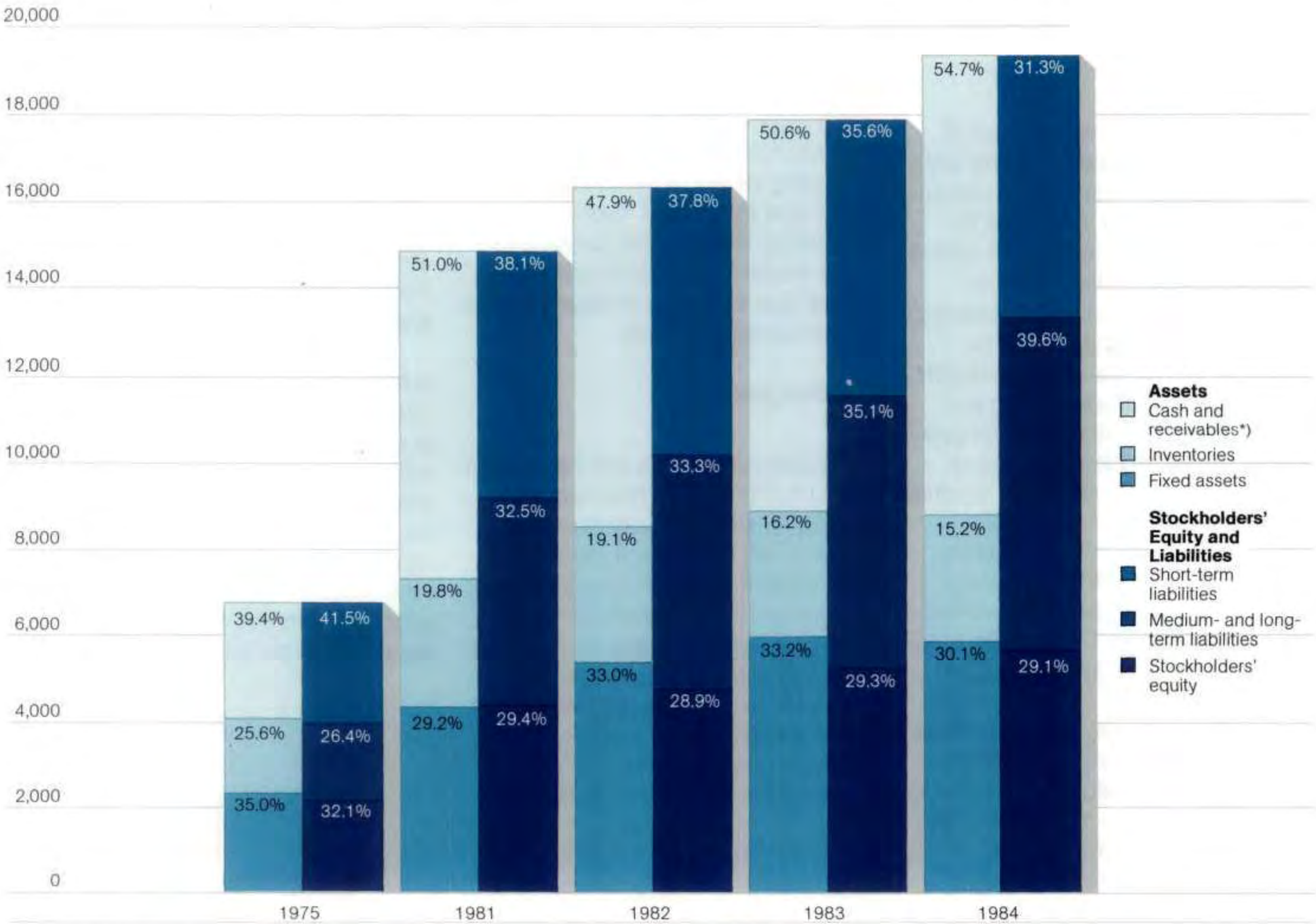
Treasury Stock

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

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

Balance Sheet Structure - Daimler-Benz AG

(in millions of DM)	1975	1981	1982	1983	1984
Balance Sheet Total*)	**6,718**	**14,845**	**16,324**	**17,933**	**19,339**
Assets					
Cash and receivables*)	2,649	7,561	7,824	9,078	10,578
Inventories	1,722	2,943	3,121	2,898	2,934
Fixed assets	2,347	4,341	5,379	5,957	5,827
Stockholders' Equity and Liabilities					
Short-term liabilities	2,788	5,655	6,173	6,387	6,060
Medium- and long-term liabilities	1,772	4,819	5,429	6,292	7,661
Stockholders' equity	2,158	4,371	4,722	5,254	5,618



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

Other Assets

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

Stockholders' Equity, and Liabilities

Capital Stock and Retained Earnings

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

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

Retained earnings allocated under statute increased DM .7 million to DM 171 million as a result of the premium received on fractional shares sold on the open market in connection with the 1983 capital stock increase.

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

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

Special Equity Reserve

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

Lump-Sum Allowance for Doubtful Accounts

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

Provisions for Old-Age Pensions

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

Provision for Deferred Maintenance

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

Other Provisions

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

Long-Term Liabilities

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

Other Liabilities

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

*

Contingent Liabilities

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

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

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

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

*

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

Statement of Income

Total Revenue

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

Cost of Materials, etc.

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

Excess Income over Losses from Affiliated Companies

Net income from affiliated companies was as follows:

	1983 in millions of DM	1984 in millions of DM
Dividends Received		
Mercedes-Benz do Brasil S.A., São Bernardo do Campo	–	50
Otomarsan Otobüs ve Motorlu Araçlar Sanayii A.S., Istanbul	6	13
Maschinenfabrik Esslingen AG, Esslingen a. N.	5	8
Tata Engineering & Locomotive Company Ltd., Bombay	3	3
FAP FAMOS, Belgrade	10	2
Other companies	28	7
	+52	+83
Income Transferred from Affiliated Companies under Profit Pooling Agreements		
MTU Motoren- und Turbinen-Union Muenchen GmbH, Muenchen	5	14
Other companies	4	5
	+ 9	+19
Losses Transferred from Affiliated Companies under Loss Pooling Agreements	– 1	– 2
Excess Income	+60	+100

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

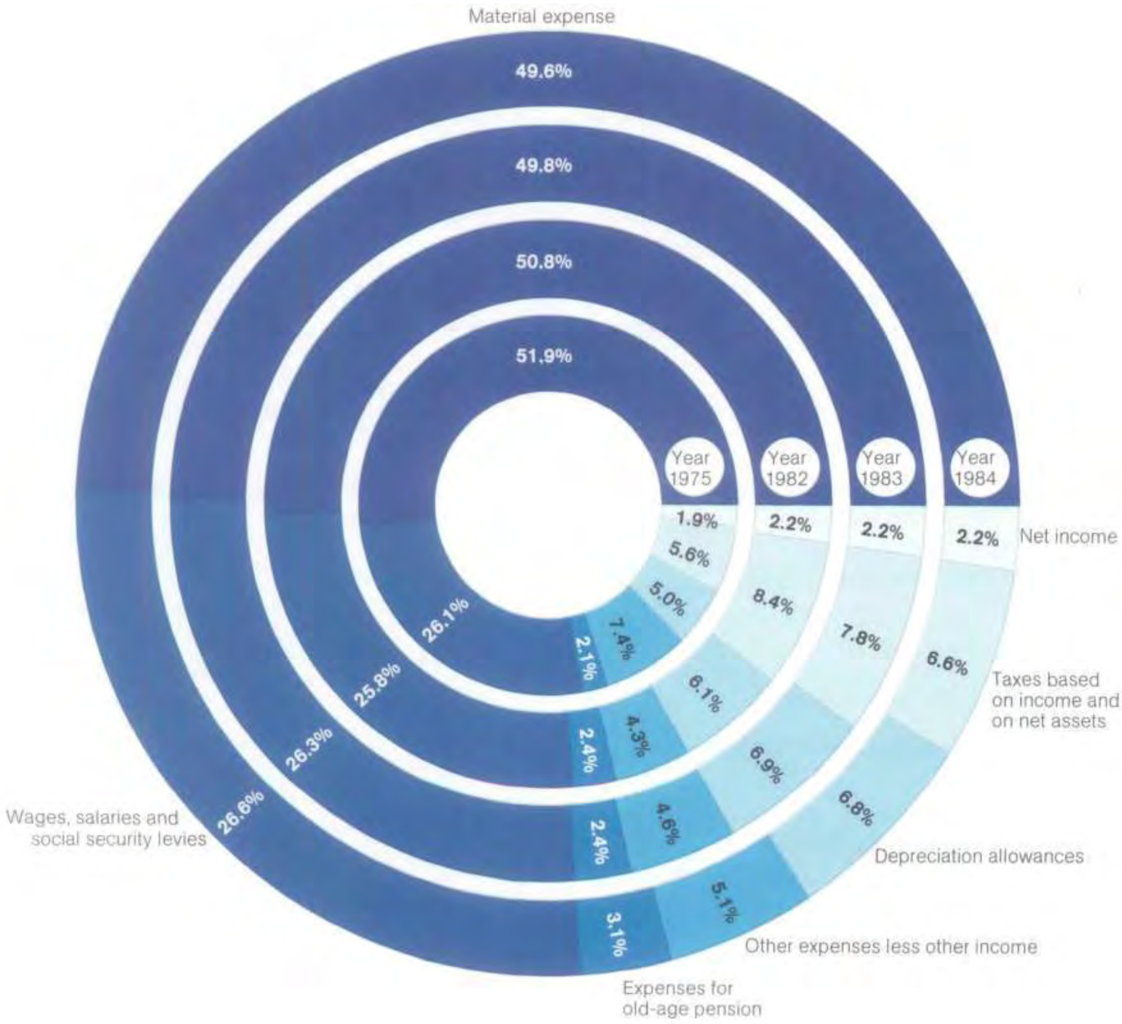
Net Interest Income

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

Income from Dissolution of Reserves

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

Expense Structure in Terms of Total Revenue - Daimler-Benz AG



(in millions of DM)	1975	1982	1983	1984
Total Revenue	**16,414**	**31,410**	**32,139**	**32,092**
Material expense	8,523	15,957	16,000	15,922
Wages, salaries and social security levies	4,292	8,108	8,468	8,548
Expenses for old-age pension	340	742	770	990
Other expenses less other income	1,220	1,361	1,488	1,620
Depreciation allowances	818	1,907	2,202	2,178
Taxes based on income and on net assets	911	2,648	2,501	2,123
Net income	310	687	710	711
of which: Additions to retained earnings (net)	(108)	(337)	(355)	(355)
Dividends	(202)	(350)	(355)	(356)

Other Income

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

Personnel Expenses Including Old-Age Pension

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

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

Taxes on Income and on Net Assets

Taxes on income and on net assets decreased by DM 378 million to DM 2,123 million, largely as a result of the tax-deductible provisions for pre-retirement benefits.

Other Expenses

This summary expense item comprises, as heretofore, administrative and selling expenses including sales commissions, freight-out and packaging, rental and lease expenses, and additions to provisions which by law must be classified here. The new provision for pre-retirement benefits is the main reason for the increase in "other expenses". This expense item rose DM 405 million to DM 2,823 million.

Net Income and Unappropriated Surplus

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

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

Out of net income for the year, an amount of DM 355.5 million was transferred to unallocated retained earnings. The unappropriated surplus, amounting to DM 364.5 million, is to be distributed to the shareholders in the amount of DM 355.5 million, and DM 9 million is to be carried forward into the new year.

Proposal for the Allocation of Unappropriated Surplus

The annual financial statements as of December 31, 1984, show an unappropriated surplus of DM 364,561,810.

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

3 1/3 %	dividend on the eligible preferred share capital of DM 1,921,500	DM 64,050
DM 10.50	dividend for each eligible common share of DM 50 par value	DM 355,482,330
Dividend amount		DM 355,546,380
Profit carried forward		DM 9,015,430
Unappropriated surplus		DM 364,561,810

Stuttgart-Untertuerkheim, March 29,1985

The Board of Management

Report of the Supervisory Board

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

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

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

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

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

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

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

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

Stuttgart-Untertuerkheim, May 1985

The Supervisory Board

Chairman

Balance Sheet of Daimler-Benz AG

Assets

	Balance Jan. 1, 1984 DM	Additions DM	Transfers DM	Disposals DM	Depreciation allowances DM	Balance Dec. 31, 1984 DM	Balance Dec. 31, 1983 in thousands of DM
Fixed Assets, and Financial Assets							
Property, Plant and Equipment							
Land and equivalent titles							
with office, factory and other buildings	2,202,599,408	157,348,809	+217,039,822	48,314,946	220,453,669	2,308,219,424	2,202,599
with residential buildings	10,061,991	4,544,565	− 38,800	592,577	966,435	13,008,744	10,062
without buildings	1,630,433	–	–	248,470	–	1,381,963	1,631
Buildings on land owned by others	91,858,274	3,641,397	− 67,049,508	2,579	3,641,477	24,806,107	91,858
Machinery and plant	1,363,112,223	642,414,255	+333,673,477	9,399,972	959,846,100	1,369,953,883	1,363,112
Factory and office equipment	501,190,814	787,665,966	+ 81,528,328	8,120,300	873,823,710	488,441,098	501,191
Construction in progress and advance payments relating to buildings and plants	700,847,603	275,850,617	−565,153,319	–	22,234,566	389,310,335	700,848
	4,871,300,746	1,871,465,609	–	66,678,844	2,080,965,957	4,595,121,554	4,871,301
Financial Assets							
Investments in subsidiaries and affiliated companies	978,031,949	195,558,437	–	23,996,937	97,383,816	1,052,209,633	978,032
Investments in long-term securities	106,630,197	70,161,674	–	1,847,931	–	174,943,940	106,630
Loans made for a term of at least four years of which secured by mortgage DM 807,185 (last year DM 814,323)	1,025,340	3,972,759	–	113,683	–	4,884,416	1,025
	1,085,687,486	269,692,870	–	25,958,551	97,383,816	1,232,037,989	1,085,687
	5,956,988,232	**2,141,158,479**	**–**	**92,637,395**	**2,178,349,773**	**5,827,159,543**	**5,956,988**

		Balance Dec. 31, 1984 DM	Balance Dec. 31, 1983 in thousands of DM
Current Assets			
Inventories			
Raw materials and manufacturing supplies		773,574,575	707,764
Work in process		746,675,610	695,844
Finished goods, and goods purchased for resale		946,900,461	1,065,592
Spare parts		466,883,874	428,685
		2,934,034,520	**2,897,885**
Other Current Assets			
Advance payments to suppliers other than for fixed assets		46,689,253	36,430
Receivables for goods sold and services rendered		1,712,634,775	1,628,487
of which receivables maturing in more than one year	DM 30,361,909 (last year DM 22,897,179)		
Notes receivable		730,892,999	449,519
of which: from affiliated companies	DM 640,581,196 (last year DM 309,954,515)		
discountable at German Federal Reserve Bank	DM 21,189,034 (last year DM 24,933,744)		
maturing in more than one year	DM 9,899,656 (last year DM 12,838,314)		
Checks		190,150	1,455
Cash on hand, in German Federal Reserve Bank and in post office checking accounts		3,198,700	3,585
Cash in banks		1,404,050,306	1,381,941
Temporary investments in securities		1,843,755,297	1,676,756
Treasury stock	Par value DM 1,513,250 (last year DM 2,897,750)	8,928,175	17,944
Receivables from affiliated companies		1,726,784,174	1,347,214
Receivables from members of the Board of Management etc. (Section 89 of the Company Act)		11,835,263	11,860
Other current assets		3,233,625,106	2,672,224
		10,722,584,198	**9,227,415**
Prepaid and Deferred Charges		**5,356,113**	**7,735**
Total Assets		**19,489,134,374**	**18,090,023**

Stockholders' Equity and Liabilities

		DM	Balance Dec. 31, 1984 DM	Balance Dec. 31, 1983 in thousands of DM
Capital Stock				
Common stock	33,935,460 votes		1,696,773,000	1,696,773
Preferred stock	38,430 votes		1,921,500	1,922
in special cases of Section 17 of the bylaws	1,152,900 votes			
			1,698,694,500	1,698,695
Retained Earnings, as Allocated				
Allocated under statute				
Balance at beginning of period		169,869,450		
Capital contributed for shares in excess of par value		688,466	170,557,916	169,869
Allocated for treasury stock				
Balance at beginning of period		17,943,605		
Transfer to net income		9,015,430	8,928,175	17,944
Unallocated				
Balance at beginning of period		3,249,111,625		
Transfer from net income		355,466,380	3,604,578,005	3,249,112
			3,784,064,096	3,436,925
Special Equity Reserves			**338,393,859**	295,626
Reserves pursuant to Section 3 of the Foreign Investment Law, Section 1 of the Tax Law with respect to Developing Countries, Section 6b of the Income Tax Act, Section 74 of the Income Tax Regulations, Subsection 35 of the Income Tax Guidelines				
Lump-Sum Allowance for Doubtful Accounts			**149,700,000**	157,100
Provisions				
Old-age pensions			5,219,433,494	4,365,874
Deferred maintenance			126,200,000	124,500
Other			4,156,787,880	3,891,122
			9,502,421,374	8,381,496
Liabilities With a Term of at Least Four Years				
Liabilities to banks			145,009,178	131,879
of which secured by mortgage	DM 145,009,178 (last year DM 131,879,368)			
Other liabilities			11,745,163	8,282
of which secured by mortgage	DM – (last year DM 1,021,966)			
Due within four years	DM 84,955,430 (last year DM 73,481,981)			
			156,754,341	140,161
Liabilities to the Daimler-Benz Unterstuetzungskasse (Provident Fund) GmbH, Stuttgart			**3,371,021**	52,268
Other liabilities				
Accounts payable-trade			1,505,952,993	1,819,640
Notes payable			2,169,000	4,322
Advance payments received			178,829,349	137,135
Accounts payable to affiliated companies			52,831,573	57,058
Other liabilities			1,748,195,916	1,551,265
			3,487,978,831	3,569,420
Deferred Credits			**3,194,542**	3,079
Unappropriated Surplus			**364,561,810**	355,253
Total Stockholders' Equity and Liabilities			**19,489,134,374**	18,090,023

Contingent liabilities:	1984 DM	1983 DM
Trade acceptances	17,307,239	13,855,015
of which to affiliated companies	(–)	(8,119)
Guarantees	176,227,030	135,901,486
Payment guarantees for the bonds of Daimler-Benz Finanz-Holding S.A., Luxemburg		
DM-bond	15,000,000	30,000,000
lfr-bond – lfr 250,000,000 –	12,500,000	12,272,500

Statement of Income of Daimler-Benz AG

		1984 DM	1984 DM	1983 in thousands of DM	1983 in thousands of DM
Sales		31,971,836,576		32,178,640	
Decrease of work in process and finished goods inventories including spare parts		16,624,714	31,955,211,862	186,846	31,991,794
Other capitalized in-house output			136,455,981		147,530
Total Revenue			32,091,667,843		32,139,324
Cost of raw materials and manufacturing supplies and of goods purchased for resale			15,922,193,095		15,999,663
Excess of Total Revenue Over Cost of Raw Materials etc.			16,169,474,748		16,139,661
Income transferred from affiliated companies under profit and loss pooling agreements		19,418,444		9,346	
Income from investments in affiliated companies		82,688,996		51,590	
Income from other financial investments		11,328,880		10,070	
Other interest and similar income		658,987,147		586,364	
Gain from disposal of fixed assets		12,558,191		31,239	
Gain from reduction of lump-sum allowance for doubtful accounts		7,400,000		7,900	
Gain from dissolution of provisions		439,264,737		187,394	
Gain from dissolution of special equity reserves		29,514,023		30,155	
Other income		158,244,212		191,211	
of which extraordinary DM 54,812,227 (last year DM 48,749,504)			1,419,404,630		1,105,271
			17,588,879,378		17,244,932
Wages and salaries		7,366,761,361		7,334,250	
Social security levies		1,181,696,281		1,134,014	
Expenditures for old-age pension and support payments to dependents		990,166,510		770,191	
Depreciation of fixed assets		2,080,965,957		2,093,287	
Write-down of financial assets		97,383,816		108,956	
Losses from reduction in value of or from sale of current assets, excluding inventories		52,491,429		68,801	
Losses from disposal or fixed assets		29,065,663		6,920	
Interest and similar charges		51,893,357		51,271	
Taxes					
a) on income and on net assets	DM 2,160,502,493				
of which payments for prior years which were covered by other provisions	DM 6,956,095				
	DM 2,153,546,398				
of which charged to controlled subsidiary companies	DM 30,195,580				
	DM 2,123,350,818				
b) other	DM 6,961,711	2,130,312,529		2,509,424	
Losses transferred from affiliated companies under profit and loss pooling agreements		1,812,829		570	
Additions to special equity reserves		72,135,272		38,415	
Other expenses		2,823,181,614	16,877,866,618	2,418,327	16,534,426
Net Income			711,012,760		710,506
Withdrawal from "retained earnings allocated for treasury stock"			9,015,430		–
			720,028,190		710,506
Transfer from net income to:					
Retained earnings allocated under statute		–		9,796	
Retained earnings allocated for treasury stock		–		5,161	
Unallocated retained earnings		355,466,380	355,466,380	340,296	355,253
Unappropriated Surplus			364,561,810		355,253

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

Stuttgart-Untertuerkheim, March 29, 1985

Daimler-Benz Aktiengesellschaft
Board of Management

Breitschwerdt Hinrichs Liener
Niefer Reuter Ulsamer
Gentz Hoemig

The accounting, the annual financial statements and the management report, which we have examined with due care, comply with the law and the Company's bylaws.

Frankfurt (Main), April 17, 1985

Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftspruefungsgesellschaft

Dr. Mueller Dr. Koschinsky
Wirtschaftspruefer Wirtschaftspruefer
(independent auditors)

Consolidated Financial Statements

Notes to Consolidated Financial Statements

Companies Included in Consolidation and Principles of Consolidation

Companies included in Consolidation

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

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

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

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

Daimler-Benz Unterstuetzungskasse GmbH, Stuttgart

Holzindustrie Bruchsal Unterstuetzungskasse GmbH, Bruchsal

Bruehler Unterstuetzungsgesellschaft mbH der Wuerttembergischen Baumwoll-Spinnerei und -Weberei bei Esslingen a.N., Esslingen a.N.

Principles of Consolidation

Classification and Valuation

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

Currency Translation

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

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

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

Capital Consolidation

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

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

Other Eliminations

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

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

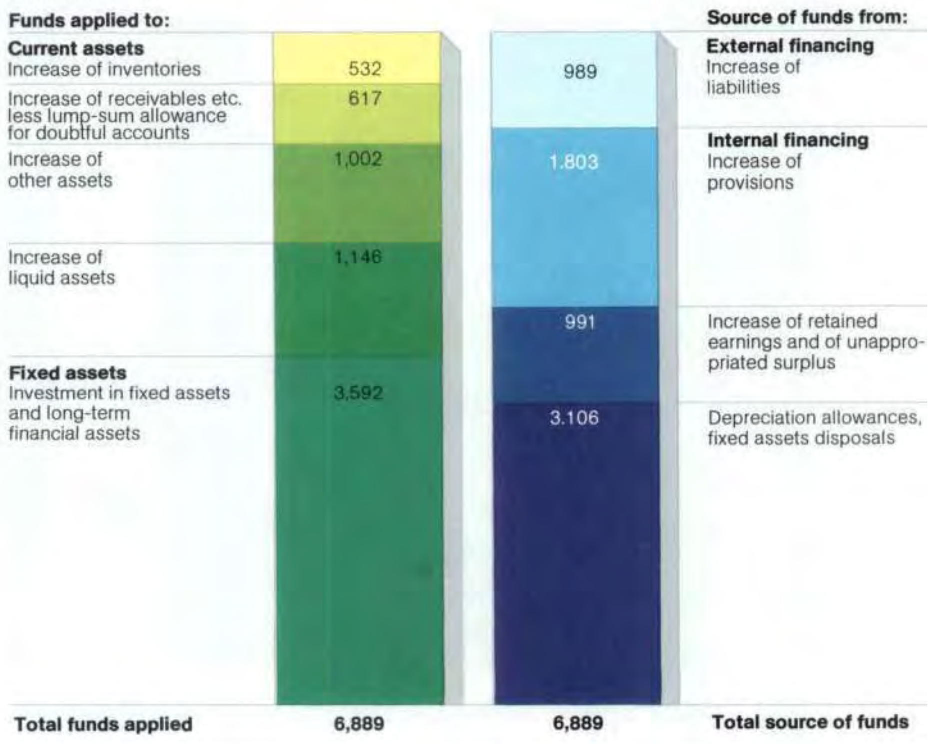
Consolidated Balance Sheet

Asset and Capital Structure

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

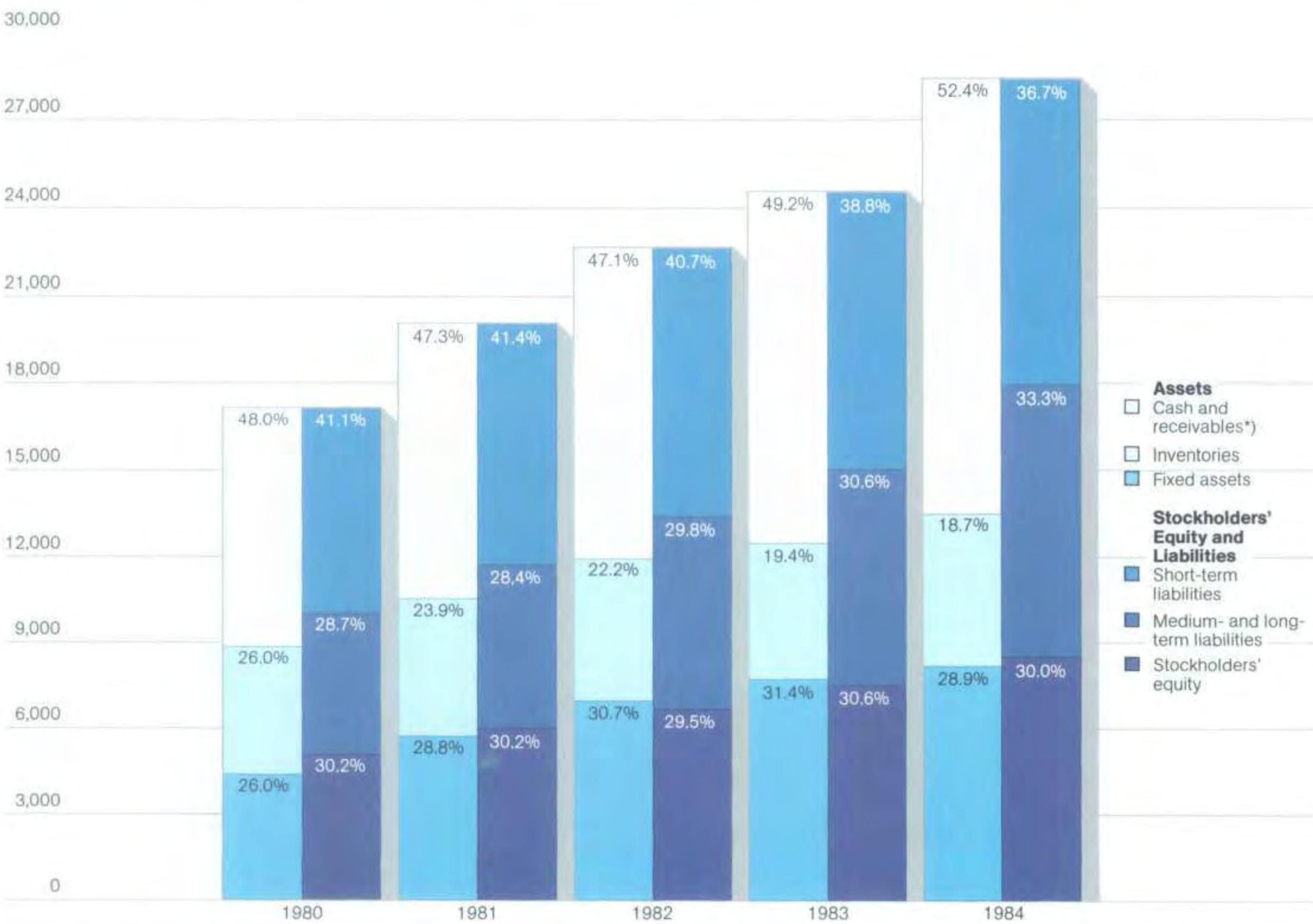
As compared to last year, **the "Group's total assets"** increased 15.3%, to DM 28.6 billion (DBAG +7.7 %). The stronger increase for the Group is due, on the one hand, to more companies being included in consolidation, and on the other, to the translation of foreign balance sheets from the national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

Statement of Changes in Financial Position – Daimler-Benz-Group
(in millions of DM)



Balance Sheet Structure - Daimler-Benz-Group

(in millions of DM)	1980	1981	1982	1983	1984
Balance Sheet Total*)	**17,203**	**20,112**	**22,696**	**24,635**	**28,418**
Assets					
Cash and receivables*)	8,250	9,504	10,698	12,114	14,880
Inventories	4,473	4,817	5,040	4,778	5,310
Fixed assets	4,480	5,791	6,958	7,743	8,228
Stockholders' Equity and Liabilities					
Short-term liabilities	7,074	8,327	9,225	9,554	10,431
Medium and long-term liabilities	4,933	5,710	6,768	7,534	9,457
Stockholders' equity	5,196	6,075	6,703	7,547	8,530



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

Fixed assets rose 6.3 %, to DM 8.2 billion; they now amount to 29 % of total assets, and are slightly less than last year's 31 %.

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

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

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

Assets

Fixed Assets

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

Investments in Affiliated Companies

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

Inventories

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

Receivables

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

Cash and Temporary Investments in Securities

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

Stockholders' Equity and Liabilities

Capital Stock and Retained Earnings

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

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

Cost of Investments in Consolidated Subsidiaries Below Book Value at Acquisition

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

DM 92 million) resulted in a net credit of DM 21 million (last year DM 3 million).

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

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

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

Minority Interests in Subsidiaries

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

Special Equity Reserves

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

Lump Sum Allowance for Doubtful Accounts

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

Provisions

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

Long-Term Liabilities

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

Other Liabilities

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

Contingent Liabilities

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

Consolidated Statement of Income

Net Sales

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

Cost of Materials, etc.

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

Net Interest Income

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

Other Income

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

Personnel Expenses Including Old-Age Pension

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

Taxes on Income and on Net Assets

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

Other Expenses

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

Consolidated Net Income

Consolidated net income is made up as follows:

	1983 in millions of DM	1984 in millions of DM
Net income of DBAG	710	711
Less intercompany dividends, etc.	- 18	- 57
	692	654
Net income of domestic subsidiaries	14	14
Net income of foreign subsidiaries after elimination of intercompany dividends	285	402
Other elimination measures	− 3	+ 34
Consolidated net income	988	1.104

Companies Included in Consolidation

Domestic Companies

Daimler-Benz Aktiengesellschaft, Stuttgart

Maschinenfabrik Esslingen AG, Esslingen a.N.

Motoren- und Aggregatewartung GmbH, Stuttgart

Porcher & Meffert GmbH, Stuttgart

Daimler-Benz-Wohnungsbau GmbH, Stuttgart

Mercedes-Leasing-GmbH, Stuttgart

Daimler-Benz Project Consuft GmbH, Stuttgart

Holzindustrie Bruchsal GmbH, Bruchsal

Industrie- und Handelsbeteiligungen GmbH, Stuttgart

Mercedes-EDV-Beratung GmbH, Weinheim

Industriehandel Handels- und Industrieausruestungsgesellschaft mbH, Stuttgart

Hanomag-Henschel GmbH, Hannover

Daimler-Benz Grundstuecksgesellschaft Hamburg mbH, Sitz Stuttgart

Daimler-Benz Grundstuecksgesellschaft Bremen mbH, Sitz Stuttgart

Autohaus Braun GmbH i. L, Nuernberg

Hans Braun GmbH, Nuernberg

Daimler-Benz Services GmbH, Stuttgart

Mercedes-Versicherungsdienst GmbH, Stuttgart

Foreign Companies

Mercedes-Benz do Brasil S.A., Sao Bernardo do Campo/Brazil

Sociedade Tecnica de Fundicoes Gerais SA, Sao Paulo/Brazil

Mercedes-Benz Argentina S.A., Buenos Aires/Argentina

as well as one finance company and one realty company

Mercedes-Benz Espana SA, Madrid/Spain

Comercial Mercedes-Benz SA., Madrid/Spain

Distribucion y Talleres Mercedes-Benz SA, Madrid-Barajas/Spain[2)]

Daimler-Benz of North America Holding Company, Inc., New York/USA

Freightliner Corporation, Portland/USA

Consolidated Metco, Inc., Portland/USA

Mercedes-Benz Truck Company, Inc., Portland/USA

as well as one sales company, one finance company and two realty companies

Mercedes-Benz of North America, Inc., Montvale/USA

Mercedes-Benz Canada, Inc., Toronto/Canada

as well as one service company, one realty company and two retail companies

Mercedes-Benz Credit Corporation, Norwalk/USA

Mercedes-Benz Credit of Canada, Inc., Norwalk/USA[3)]

Daimler-Benz Property Administration, Inc., Cleveland/USA[3])

Daimler-Benz Property Administration in Cleveland, Inc., Cleveland/USA[4)]

Daimler-Benz Domestic and International Sales Corporation, Inc., Cleveland/USA[5])

Euclid Belgium S.A., Brussels/Belgium

Mercedes-Benz of South Africa (Pty.) Ltd, Pretoria/Republic of South Africa[2])

Car Distributors Assembly (Pty.) Ltd, East London/Republic of South Africa[2)]

MEP-Products (Pty.) Ltd, Johannesburg/Republic of South Africa[2)]

as well als eleven realty companies[2)]

P.T. Star Engines Indonesia, Jakarta/Indonesia[2)]

SOFIDEL SA, Rocquencourt/France

Mercedes-Benz France SA, Rocquencourt/France

as well as nine retail companies and seven realty companies

Mercedes-Benz (United Kingdom) Ltd, Milton Keynes/United Kingdom

as well as one realty company and four retail companies

Daimler-Benz Holding Belgium SA/N.V, Brussels/Belgium

Mercedes-Benz Belgium SA/N.V, Brussels/Belgium

as well as three retail companies

Mercedes-Benz Finance Belgium SA/N.V, Brussels/Belgium

Mercedes-Benz Italia S.p.A, Rome/Italy

Daimler-Benz (Australia) Pty. Ltd, Mulgrave/Australia

Mercedes-Benz (Australia) Pty. Ltd, Mulgrave/Australia

as well as one realty company and two retail companies

Mercedes-Benz Hellas SA, Athens/Greece

Daimler-Benz Holding AG, Zurich/Switzerland

Mercedes-Benz Nederland B.V, Utrecht/Netherlands

Bedrijfswagencenter Van Gorp B.V., Rotterdam/Netherlands[2)]

as well as one realty company

Mercedes-Benz (Schweiz) AG, Zurich/Switzerland

as well as one realty company and four financing companies

AGAM Financing B.V, Utrecht/Netherlands

as well as one finance company and two service companies

UBG-Beratungsgesellschaft mbH, Graz/Austria

1) Some of the subsidiaries are included on the basis of "Group" statements.
1) Newly included in consolidation 1984
2) Formerly: Euclid, Inc., Cleveland/USA
3) Formerly: Euclid Belgium, Inc., Cleveland/USA
4) Formerly: Euclid International Sales Corporation, Cleveland/USA

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

Assets	Group 1983 in millions of DM	Group 1984 in millions of DM	Daimler-Benz AG 1983 in millions of DM	Daimler-Benz AG 1984 in millions of DM
Fixed Assets, and Financial Assets	**7,743**	**8,228**	**5,957**	**5,827**
Property, plant and equipment	7,199	7,537	4,871	4,595
Investment in affiliated companies	308	320	978	1,052
Other long-term financial assets	236	371	108	180
Current Assets	**17,084**	**20,398**	**12,133**	**13,662**
Inventories	4,778	5,310	2,898	2,934
Receivables	3,800	4,398	3,425	4,170
Cash and marketable securities	5,161	6,307	3,064	3,251
Other current assets	3,345	4,383	2,746	3,307
Total Assets	**24,827**	**28,626**	**18,090**	**19,489**
Stockholders' Equity and Liabilities				
Stockholders' Equity, Minority Interests and Special Equity Reserves	**7,547**	**8,530**	**5,254**	**5,618**
Capital Stock Daimler-Benz AG	1,699	1,699	1,699	1,699
Retained earnings	5,615	6,494	3,437	3,784
Paid-in surplus, difference of cost of investment in subsidiaries and book value at acquisition, minority interests	88	174	–	–
Special equity reserves (40 %)	145	163	118	135
Lump-Sum Allowance for Doubtful Accounts	**192**	**208**	**157**	**150**
Liabilities	**17,088**	**19,888**	**12,679**	**13,721**
Provisions	9,546	11,349	8,381	9,502
Long-term liabilities	775	894	140	157
Liabilities to Provident Funds	57	9	52	3
Other liabilities and deferred credits	6,355	7,271	3,751	3,694
Unappropriated surplus	355	365	355	365
Total Stockholders' Equity and Liabilities	**24,827**	**28,626**	**18,090**	**19,489**

Consolidated Balance Sheet

Assets

	Balance Jan. 1, 1984 DM	Additions DM	Transfers DM	Disposals DM	Depreciation allowances DM	Balance Dec. 31, 1984 DM	Balance Dec. 31, 1983 in thousands of DM
Fixed Assets, and Financial Assets							
Property, Plant, Equipment and Intangible Assets							
Land and equivalent titles							
with office, factory and other buildings	3,363,537,591	309,873,684	+260,870,568	74,270,339	327,356,398	3,532,655,106	3,363,538
with residential buildings	50,912,069	4,850,028	+ 16,344,275	592,583	4,188,543	67,325,246	50,912
without buildings	36,315,239	846,560	− 18,110,825	248,470	–	18,802,504	36,315
Buildings on land owned by others	55,305,413	19,140,343	+ 4,470,560	975,206	6,821,783	71,119,327	55,305
Machinery and plant	1,535,039,554	710,228,216	+379,789,284	20,811,807	1,075,072,215	1,529,173,032	1,535,040
Factory and office equipment	1,315,663,036	1,855,064,151	+122,862,369	110,193,740	1,389,418,811	1,793,977,005	1,315,663
Construction in progress and advance payments relating to buildings and plants	841,755,893	473,265,044	−766,226,231	2,328,538	22,234,566	524,231,602	841,756
Franchises, trademarks, licenses and similar rights	187,456	120,731	–	–	243,187	65,000	187
	7,198,716,251	3,373,388,757	–	209,420,683	2,825,335,503	7,537,348,822	7,198,716
Financial Assets							
Investments in affiliated companies	308,372,984	47,295,635	–	35,455,788	–	320,212,831	308,373
Investments in long-term securities	125,130,827	107,769,057	–	4,675,106	2,767,538	225,457,240	125,131
Loans made for a term of at least four years	110,551,479	63,366,993	–	28,550,068	61,192	145,307,212	110,551
of which secured by mortgage DM 101,910,109 (last year DM 88,172,935)							
	544,055,290	218,431,685	–	68,680,962	2,828,730	690,977,283	544,055
	7,742,771,541	**3,591,820,442**	**–**	**278,101,645**	**2,828,164,233**	**8,228,326,105**	7,742,771

		Dec. 31, 1984 DM	Dec. 31, 1983 in thousands of DM
Current Assets			
Inventories		**5,309,965,618**	4,778,171
Other Current Assets			
Advance payments to suppliers other than for fixed assets		92,466,712	47,868
Receivables for goods sold and services rendered		4,091,322,686	3,456,814
of which receivables maturing in more than one year	DM 759,271,450 (last year DM 527,931,002)		
Notes receivable		306,437,716	343,423
of which from affiliated companies	DM 693,384 (last year DM –)		
discountable at German Federal Reserve Bank	DM 21,189,034 (last year DM 24,933,744)		
notes maturing in more than one year	DM 9,899,656 (last year DM 12,838,314)		
Checks		13,822,605	10,280
Cash on hand, in German Federal Reserve Bank and in post office checking accounts		27,852,304	11,754
Cash in banks		3,352,662,112	2,964,729
Temporary investments in securities		2,913,071,212	2,174,692
Treasury stock of the parent company	Par value DM 1,513,250 (last year DM 2,897,750)	8,928,175	17,944
Receivables from members of the Board of Management etc. (Section 89 of the Company Act)		13,660,416	13,264
Other current assets		4,238,038,279	3,235,829
		15,058,262,217	12,276,597
Prepaid and Deferred Charges		**28,963,673**	29,205
Total Assets		**28,625,517,613**	24,826,744

Stockholders' Equity and Liabilities

		Balance Dec. 31, 1984 DM	Balance Dec. 31, 1983 in thousands of DM
Capital Stock of Daimler-Benz AG			
Common stock	33,935,460 votes	1,696,773,000	1,696,773
Preferred stock	38,430 votes	1,921,500	1,922
in special cases of Section 17 of the bylaws	1,152,900 votes		
		1,698,694,500	1,698,695
Surplus and Retained Earnings			
Paid-in surplus[1]		9,996,909	9,308
Cost of investments in consolidated subsidiaries below book value at acquisition		21,342,141	2,570
Retained earnings[2]		6,494,314,962	5,615,441
		6,525,654,012	5,627,319
Minority Interests for Shares Held by Outsiders		**142,544,962**	76,009
of which: share in profits	DM 39,593,039 (last year DM 6,519,280)		
share in losses	DM 80,777,884 (last year DM 52,149,537)		
Special Equity Reserves		**407,117,096**	363,709
Pursuant to Section 3 of the Foreign Investment Law, Section 1 of the Tax Law with respect to Developing Countries, Section 6b of the Income Tax Act, Section 74 of the Income Tax Regulations, Subsection 35 of the Income Tax Guidelines, and Belgian, French, Italian, Dutch and Austrian regulations			
Lump-Sum Allowance for Doubtful Accounts		**207,550,856**	191,929
Provisions			
Old-age pensions		5,414,064,823	4,531,566
Deferred maintenance		143,152,139	136,267
Other		5,791,696,614	4,878,656
		11,348,913,576	9,546,489
Liabilities With a Term of at Least Four Years			
Bonds		41,016,715	58,593
Liabilities to banks		438,681,853	385,474
of which secured by mortgage	DM 168,526,735 (last year DM 157,474,594)		
Other liabilities		414,233,712	331,128
of which secured by mortgage	DM 123,904,203 (last year DM 74,950,264)		
Due within four years	DM 395,643,293 (last year DM 429,754,919)		
		893,932,280	775,195
Liabilities to Provident Funds (parent and subsidiary companies)		**9,176,943**	57,105
Other Liabilities			
Accounts payable-trade		2,410,416,724	2,462,715
Notes payable		609,111,536	213,393
Bank loans		1,096,319,014	1,043,795
Advance payments received		312,404,594	285,095
Liabilities to affiliated companies		7,757,147	17
Other liabilities		2,569,207,424	2,113,597
		7,005,216,439	6,118,612
Deferred Credits		**22,155,139**	16,429
Unappropriated Surplus		**364,561,810**	355,253

	1984	1983
Contingent liabilities:	DM	DM
Trade acceptances	221,342,120	186,102,214
Assignment of trade receivables	2,219,241	2,105,640
Guarantees	236,744,624	226,152,115

Total Stockholders' Equity and Liabilities	**28,625,517,613**	24,826,744

[1] Corresponds to capital contributed for shares in excess of par value; it is included at DBAG in "retained earnings allocated under statute".
[2] Inclusive of "retained earnings allocated under statute" (without capital contributed for shares in excess of par value) of DM 160,561,007 (last year DM 160,561,007) and retained earnings allocated for treasury stock of DM 8,928,175 (last year DM 17,943,605) of DBAG.

Consolidated Statement of Income

		1984		1983	
		DM	DM	in thousands of DM	in thousands of DM
Sales		43,505,391,224		40,004,791	
Increase (last year, decrease) of work in process and finished goods inventories including spare parts		99,932,885	43,605,324,109	65,918	39,938,873
Other capitalized in-house output			473,026,732		587,823
Total Revenue			44,078,350,841		40,526,696
Cost of raw materials and manufacturing supplies and of goods purchased for resale			22,706,782,074		20,298,764
Excess of Total Revenue Over Cost of Raw Materials etc.			21,371,568,767		20,227,932
Income transferred from affiliated companies under profit and loss pooling agreements		14,314,765		5,205	
Income from investments in unconsolidated companies		22,663,488		29,388	
Income from other financial investments		12,873,905		10,266	
Other interest and similar income		1,534,546,340		1,704,477	
Gain from disposal of fixed assets		41,234,104		42,721	
Gain from reduction of lump-sum allowance for doubtful accounts		–		66,183	
Gain from dissolution of provisions		508,005,489		400,888	
Gain from dissolution of special equity reserves		41,315,737		45,890	
Other income		681,439,717	2,856,393,545	515,472	2,820,490
of which extraordinary DM 79,758,796 (last year DM 74,465,553)			24,227,962,312		23,048,422
Wages and salaries		8,977,412,981		8,660,274	
Social security levies		1,495,925,671		1,397,691	
Expenditures for old-age pension and support payments to dependents		1,125,126,246		883,451	
Depreciation of fixed assets and amortization of intangible assets		2,825,335,503		2,567,334	
Write-down of financial assets		2,828,730		6,609	
Amortization of cost of investments in consolidated subsidiaries in excess of book value at acquisition		24,978,422		30,107	
Losses from reduction in value of or from sale of current assets, excluding inventories and addition to "lump-sum allowance for doubtful accounts"		300,710,252		196,891	
Losses from disposal of fixed assets		11,062,860		10,683	
Interest and similar charges		406,307,443		388,539	
Taxes					
a) on income and on net assets	DM 3,059,050,303				
of which payments for prior years covered by other provisions	DM 6,956,095				
	DM 3,052,094,208				
of which charged to controlled affiliated companies not included in consolidation	DM 25,449,500				
	DM 3,026,644,708				
b) other	DM 44,007,016	3,070,651,724		3,310,541	
Expenditures in connection with pooling of losses for a company not included in consolidation		129,649		20	
Additions to special equity reserves		80,822,099		56,278	
Other expenses		4,802,732,693	23,124,024,273	4,552,128	22,060,546
Net Income			1,103,938,039		987,875
Transfer from net income to retained earnings			780,561,074		678,253
Income applicable to minority shareholders		39,593,039		6,519	
Losses applicable to minority shareholders		80,777,884	41,184,845	52,149	45,630
Unappropriated Surplus			364,561,810		355,253

Stuttgart-Untertuerkheim, March 29, 1985

Daimler-Benz Aktiengesellschaft
Board of Management

Breitschwerdt Hinrichs Liener
Niefer Reuter Ulsamer
Gentz Hoernig

The consolidated financial statements and the reports relating thereto, which we have examined with due care, comply with the statutory requirements.

Frankfurt (Main), April 17, 1985

Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftspruefungsgesellschaft

Schnicke, Wirtschaftspruefer
Dr. Koschinsky, Wirtschaftspruefer
(independent auditors)

Tables and Graphs

Daimler-Benz Highlights

	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
Number of Employees (at year-end)										
Daimler-Benz-Group	**149,742**	**155,003**	**163,302**	**167,165**	**174,431**	**183,532**	**188,039**	**185,687**	**184,877**	**199,872**
of which: Domestic	123,145	127,018	132,214	135,275	142,164	146,323	149,096	149,118	151,273	158,043
Foreign	26,597	27,985	31,088	31,890	32,267	37,209	38,943	36,569	33,604	41,829
Daimler-Benz AG	**122,775**	**126,652**	**131,807**	**134,437**	**141,401**	**145,532**	**148,361**	**148,411**	**150,601**	**157,249**
Production										
Cars	**350,098**	**370,348**	**401,255**	**393,203**	**422,159**	**429,078**	**440,778**	**458,345**	**476,183**	**478,349**
of which: Diesels	156,668	157,685	165,818	175,915	201,854	207,781	200,480	206,188	146,300	167,671
Share of total production in %	44.8	42.6	41.3	44.7	47.8	48.4	45.5	45.0	30.7	35.1
Commercial Vehicles*)	**229,302**	**247,756**	**248,100**	**239,702**	**258,975**	**279,535**	**275,380**	**250,079**	**210,281*)**	**210,929**
of which: domestic plants*)	180,005	193,204	187,298	173,101	188,772	203,041	196,076	187,044	157,418*)	143,101
plus kits									27,332	18,122
Cross-country vehicles	–	–	–	–	2,508	6,667	6,455	6,566	5,662	5,532
Foreign plants	49,297	54,552	60,802	66,601	67,695	69,827	72,849	56,469	47,201	62,296
Sales (in millions of DM)										
Daimler-Benz-Group	**19,051**	**21,303**	**23,496**	**24,236**	**27,367**	**31,054**	**36,661**	**38,905**	**40,005**	**43,505**
of which: Domestic	8,102	9,197	10,336	11,539	12,938	13,855	13,577	13,316	15,177	14,682
Foreign	10,949	12,106	13,160	12,697	14,429	17,199	23,084	25,589	24,828	28,823
Foreign share in %	57.5	56.8	56.0	52.4	52.7	55.4	63.0	65.8	62.1	66.3
of which: Cars	8,116	9,354	10,882	11,082	12,285	14,088	16,572	18,722	21,012	23,245
Commercial vehicles	10,118	11,056	11,662	12,109	13,984	15,818	18,862	18,859	17,653	18,367
Others	817	893	952	1,045	1,098	1,148	1,227	1,324	1,340	1,893
Daimler-Benz AG	**16,258**	**18,353**	**20,012**	**20,584**	**23,454**	**26,472**	**29,084**	**31,124**	**32,179**	**31,972**
of which: Domestic	8,070	9,169	10,321	11,522	12,987	13,845	13,579	13,300	15,311	14,591
Export	8,188	9,184	9,691	9,062	10,467	12,627	15,505	17,824	16,868	17,381
Export share in %	50.4	50.0	48.4	44.0	44.6	47.7	53.3	57.3	52.4	54.4
of which: Cars	7,506	8,848	10,363	10,622	11,775	13,136	14,396	16,121	18,133	19,298
Commercial vehicles	8,208	8,903	8,956	9,208	10,818	12,393	13,737	13,983	13,067	11,636
Others	544	602	693	754	861	943	951	1,020	979	1,038
Investments and Depreciation Allowances (in millions of DM)										
Daimler-Benz-Group										
Investments	**1,096**	**908**	**1,140**	**1,498**	**1,969**	**2,140**	**3,114**	**3,626**	**3,567**	**3,592**
of which: in property, plant and equipment										
Domestic	911	740	892	1,239	1,718	1,663	2,233	3,004	3,047	2,166
Foreign	120	124	195	207	187	394	800	423	417	1,208
in financial assets	65	44	53	52	64	83	81	199	103	218
Depreciation Allowances	**884**	**917**	**918**	**1,013**	**1,342**	**1,447**	**1,688**	**2,273**	**2,574**	**2,828**
of which: of property, plant and equipment										
Domestic	834	830	772	850	1,162	1,272	1,379	1,975	2,292	2,342
Foreign	47	68	129	151	151	162	254	290	275	483
write down of financial assets	3	19	17	12	29	13	55	8	7	3
Daimler-Benz AG										
Investments in property, plant and equipment	869	697	832	1,133	1,560	1,520	1,954	2,701	2,517	1,871
Equity investments (net)	9	26	104	48	47	100	120	271	305	172
Depreciation allowances of property, plant and equipment	786	785	726	804	1,094	1,189	1,259	1,823	2,093	2,081

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

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

Major Balance Sheet and Income Figures

(in millions of DM)	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
Daimler-Benz-Group										
Fixed assets, and financial assets	2,348	2,261	2,873	3,298	3,846	4,452	5,727	6,931	7,743	8,228
Current assets	4,513	5,745	9,035	9,563	10,271	13,027	14,701	16,023	17,084	20,398
Capital stock	1,189	1,189	1,359	1,359	1,359	1,359	1,529	1,529	1,699	1,699
Retained earnings	954	1,118	2,502	2,829	3,216	3,837	4,546	5,173	5,848	6,831
Stockholders' Equity	**2,143**	**2,307**	**3,861**	**4,188**	**4,575**	**5,196**	**6,075**	**6,703**	**7,547**	**8,530**
in % of fixed assets	91.3	102.0	134.4	127.0	119.0	116.7	106.1	96.7	97.5	103.7
Long and medium-term liabilities[1]	1,787	2,078	2,883	3,244	3,614	4,933	5,710	6,768	7,534	9,457
Stockholders' Equity Plus Long and Medium-Term Liabilities	**3,930**	**4,385**	**6,744**	**7,432**	**8,189**	**10,129**	**11,785**	**13,471**	**15,081**	**17,987**
in % of fixed assets	167.4	193.9	234.7	225.3	212.9	227.5	205.8	194.3	194.8	218.6
Total assets	**6,861**	**8,006**	**11,908**	**12,861**	**14,117**	**17,479**	**20,428**	**22,954**	**24,827**	**28,626**

Note: Up to 1976, figures are taken from the Daimler-Benz AG balance sheet.

Daimler-Benz AG	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
Total Revenue	**16,414**	**18,312**	**20,407**	**20,645**	**23,736**	**26,714**	**29,461**	**31,410**	**32,139**	**32,092**
Cost of raw materials etc.	8,523	9,080	10,278	10,055	11,748	13,462	15,216	15,957	16,000	15,922
Personnel Expenses (including old-age pension)	**4,632**	**5,205**	**5,868**	**5,972**	**6,701**	**7,297**[2]	**8,260**	**8,850**	**9,238**	**9,539**
Average cost per employee (in D-marks)	38,108	41,833	45,183	46,765	48,679	50,596	56,343	59,991	62,344	61,713
Average total revenue per employee (in D-marks)	135,040	147,177	157,133	161,659	172,430	185,231	200,958	212,916	216,895	207,621
Taxes on income, and on net assets	911	1,378	1,715	1,840	2,130	1,345[3]	2,476	2,648	2,501	2,123
Net Income	**310**	**392**	**445**	**474**	**540**	**570**[4]	**608**	**687**	**710**	**711**
in % of total revenue of Daimler-Benz AG	1.9	2.1	2.2	2.3	2.3	2.1	2.1	2.2	2.2	2.2
Included in personnel expenses:										
Christmas and special remuneration	146	176	213	232	280	328	364	396	420	447
Formation of personal capital	73	73	73	77	79	102	105	108	120	106
Expenses for old-age pension	340	427	503	435	439	1,680[3]	688	742	770	990
Total Expenditures to Employees for Special Social Purposes	**559**	**676**	**789**	**744**	**798**	**2,110**[3]	**1,157**	**1,246**	**1,310**	**1,543**
Dividends (paid or proposed)	**202**	**225**	**228**	**243**	**270**	**297**	**304**	**350**	**355**	**356**
in % of total revenue of Daimler-Benz AG	1.2	1.2	1.1	1.2	1.1	1.1	1.0	1.1	1.1	1.1
Dividend per share of DM 50 par value (in DM)	8.50	9.50	9.-- [5]	9.--	10.--	10.-+1.- [6]	10.- [7]	10.50+1.- [6]	10.50 [10]	10.50
Tax credit per share of DM 50 par value (in DM)[8]	–	–	5.06	5.06	5.62	6.19	5.62	6.47	5.91	5.91
Dividend per share of DM 50 par value as adjusted (in DM)[9]	6.24	6.97	7.00	7.39	8.21	9.04	9.07	10.43	10.50	10.50
Tax credit per share of DM 50 par value as adjusted (in DM)[8] [9]	–	–	3.94	4.16	4.62	5.08	5.10	5.87	5.91	5.91

[1]) Liability reserves of a long and medium-term nature, long-term liabilities, and liabilities to Provident Funds.
[2]) Exclusive of extraordinary expense for old-age pension in the amount of DM 1,408 million.
[3]) Restructuring of old-age pension with tax-deductible extraordinary addition to pension reserves.
[4]) Excluding dissolution of provision in the amount of DM 391 million. This amount was previously set up for underfunding in the Provident Fund.
[5]) 50 % dividend entitlement of the new common shares as a result of the capital stock increase in December (1 for 7 issued at par).
[6]) Dividend and bonus.
[7]) Full dividend entitlement of the new common shares as a result of the capital stock increase in December (1 for 8 issued at par).
[8]) For our stockholders who are liable for income taxes in the Federal Republic of Germany.
[9]) Allowing for capital stock increase (dividend retroactively adjusted).
[10]) Full dividend entitlement of the new common shares as a result of the capital stock increase in December (1 for 9 issued at par).

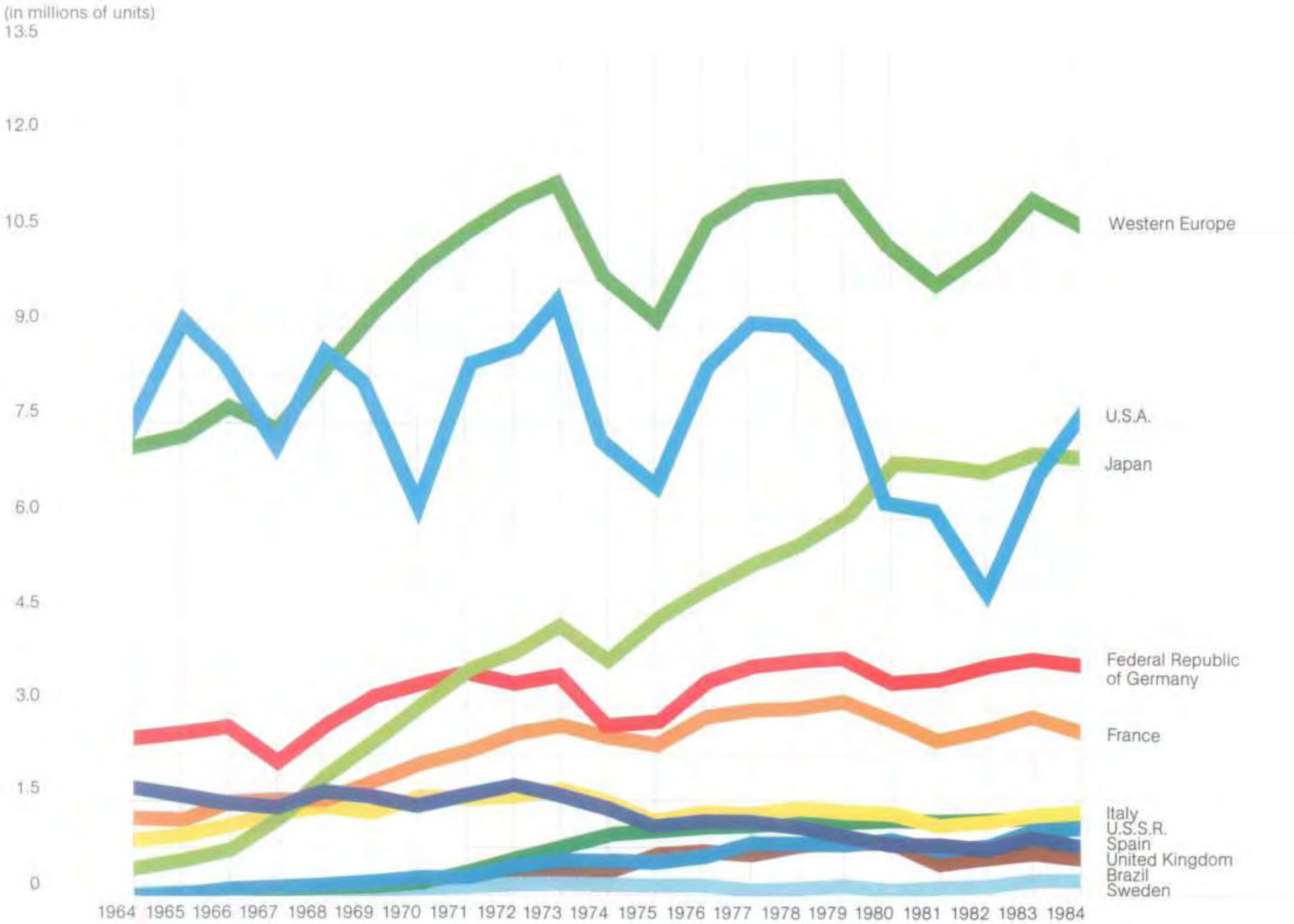
Sales and Production

	In thousands of units 1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
Cars										
New Car Registrations										
Federal Republic of Germany	2,106	2,312	2,561	2,664	2,623	2,426	2,330	2,156	2,427	2,394
of which: Domestic products	1,581	1,812	2,019	2,079	2,016	1,787	1,740	1,636	1,835	1,755
Daimler-Benz AG	191	197	214	214	234	241	239	225	237	225
Foreign products	525	500	542	585	607	639	590	520	592	639
Share in %	24.9	21.6	21.1	21.9	23.2	26.3	25.3	24.1	24.4	26.7
Exports										
Federal Republic of Germany	1,476	1,837	1,939	1,904	1,997	1,873	1,949	2,194	2,189	2,233
Daimler-Benz AG	159	170	185	177	183	188	200	226	238	251
Production										
Federal Republic of Germany	2,908	3,547	3,791	3,890	3,933	3,521	3,578	3,761	3,878	3,790
Daimler-Benz AG	350	370	401	393	422	429	441	458	476	478
Export Share of Production in %										
Federal Republic of Germany	50.8	51.8	51.2	49.0	50.8	53.2	54.5	58.3	56.4	58.9
Daimler-Benz AG	45.5	45.9	46.0	44.9	43.4	43.8	45.4	49.3	50.0	52.5
Commercial Vehicles[1])										
New Commercial Vehicle Registrations										
Federal Republic of Germany	109	137	138	156	170	176	149	124	144	130
Daimler-Benz AG	58	69	69	80	88	86	69	58	66	58
Exports[2])										
Federal Republic of Germany	178	206	189	169	178	211	204	204	166	156
Daimler-Benz AG	112	125	110	93	97	116	122	126	92	82
Production[2])										
Federal Republic of Germany	278	321	314	296	317	358	319	301	277	255
Daimler-Benz AG	180	193	187	173	189	203	196	187	157	143
Daimler-Benz-Group	229	248	248	240	259	280	275	250	210	211
Export Share of Production in %[2])										
Federal Republic of Germany	63.8	64.2	60.1	57.1	56.2	58.9	63.9	67.6	59.9	61.0
Daimler-Benz AG	62.0	64.7	58.8	53.8	51.4	57.3	62.0	67.1	58.7	57.5

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

	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	Average yearly change in %
	Percentage changes as compared to prior year										
Cars											
New Car Registrations											
Federal Republic of Germany	+24.4	+ 9.8	+10.8	+ 4.0	− 1.5	− 7.5	− 4.0	− 7.5	+12.6	− 1.4	+1.3
of which: Domestic products	+27.4	+14.6	+11.5	+ 2.9	− 3.0	−11.3	− 2.6	− 6.0	+12.2	− 4.4	+1.1
Daimler-Benz AG	+12.3	+ 3.6	+ 8.5	− 0.3	+ 9.7	+ 2.9	− 0.9	− 5.8	+ 5.5	− 5.1	+1.7
Foreign products	+16.0	− 4.6	+ 7.9	+ 8.3	+ 3.9	+ 5.1	− 7.6	−11.8	+13.7	+ 8.0	+2.0
Exports											
Federal Republic of Germany	−13.5	+24.5	+ 5.6	− 1.8	+ 4.9	− 6.2	+ 4.1	+12.6	− 0.2	+ 2.0	+4.2
Daimler-Benz AG	− 7.2	+ 6.6	+ 8.6	− 4.3	+ 3.6	+ 2.7	+ 6.4	+13.0	+ 5.4	+ 5.5	+4.7
Production											
Federal Republic of Germany	+ 2.4	+22.0	+ 6.9	+ 2.6	+ 1.1	−10.5	+ 1.6	+ 5.1	+ 3.1	− 2.3	+2.7
Daimler-Benz AG	+ 3.0	+ 5.8	+ 8.3	− 2.0	+ 7.4	+ 1.6	+ 2.7	+ 4.0	+ 3.9	+ 0.5	+3.2
Commercial Vehicles[1])											
New Commercial Vehicle Registrations											
Federal Republic of Germany	+ 1.2	+26.0	+ 0.4	+13.2	+ 9.0	+ 3.1	−15.4	−16.8	+16.7	− 9.5	+1.8
Daimler-Benz AG	+ 9.5	+17.9	− 0.2	+16.3	+10.1	− 2.3	−20.1	−15.5	+14.0	−12.8	−0.2
Exports[2])											
Federal Republic of Germany	+ 2.2	+16.2	− 8.6	−10.4	+ 5.4	+18.3	− 3.3	− 0.1	−11.4	− 6.1	−0.2
Daimler-Benz AG	+ 3.8	+12.0	−11.9	−15.4	+ 4.1	+20.0	+ 4.4	+ 3.4	−14.6	−11.0	−1.1
Production[2])											
Federal Republic of Germany	+ 7.0	+15.4	− 2.3	− 5.6	+ 7.1	+12.8	−10.7	− 5.6	− 2.8	− 7.8	−0.2
Daimler-Benz AG	+11.5	+ 7.3	− 3.1	− 7.6	+ 9.1	+ 7.6	− 3.4	− 4.6	− 7.2	− 9.1	−1.1
Daimler-Benz-Group	+11.7	+ 8.0	+ 0.1	− 3.4	+ 8.0	+ 7.9	− 1.5	− 9.2	− 9.5	+ 0.4	−0.0

Car Production of Leading Countries 1964-1984



Share of world production in %

1960	1965	1970	1975	1980	1981	1982	1983	1984
14.2	14.2	15.6	11.5	12.0	12.8	13.8	12.8	12.3
9.0	7.1	9.9	10.1	10.0	9.3	10.2	9.8	8.8
10.6	8.9	7.0	5.0	3.3	3.4	3.3	3.5	2.9
4.4	5.7	7.5	5.4	4.9	4.5	4.8	4.6	4.7
0.9	0.9	1.2	1.3	0.8	0.9	1.1	1.1	1.1
0.3	0.8	2.0	2.8	3.5	3.1	3.4	3.8	3.8
1.1	1.1	1.5	4.8	4.5	4.7	4.8	4.4	4.3
1.3	3.6	14.0	18.1	24.1	24.9	25.3	23.7	22.9
52.4	48.6	28.9	26.6	21.8	22.3	18.7	22.4	25.1
0.3	0.5	1.5	3.1	3.4	2.2	2.6	2.6	2.3

Export share of production in %

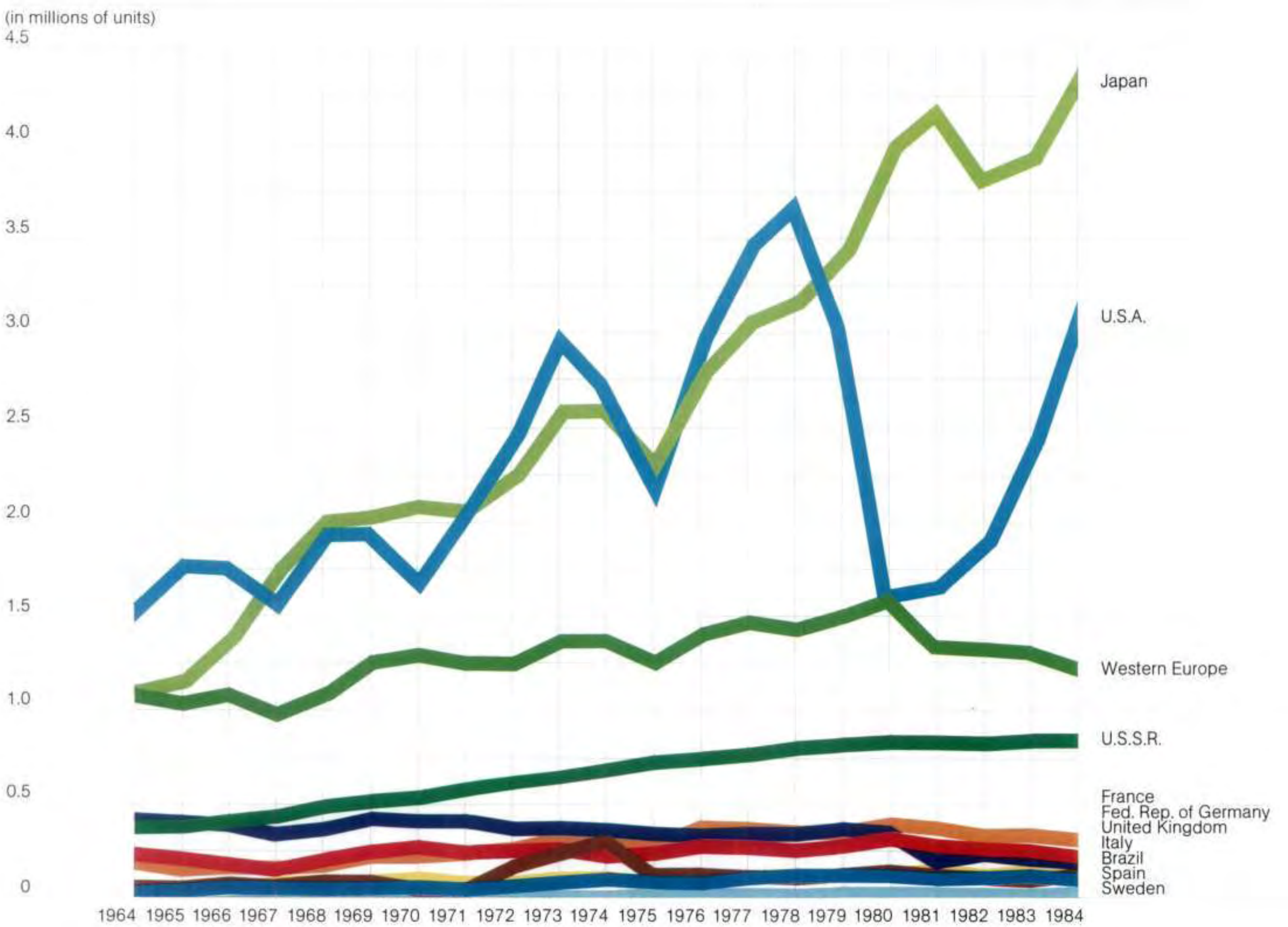
1960	1965	1970	1975	1980	1981	1982	1983	1984	
47.6	51.9	55.2	50.8	53.2	54.5	58.3	56.4	58.9	Fed. Rep. of Germany
43.7	37.0	52.6	53.5	52.1	53.4	52.7	54.5	56.4	France
42.1	36.4	43.3	40.7	37.5	36.6	35.3	26.2	24.1	United Kingdom
33.2	28.2	37.0	49.0	35.4	33.7	33.7	35.2	33.4	Italy
44.7	48.5	65.5	68.7	80.2	81.0	79.0	79.5	85.4	Sweden
.	.	8.2	22.1	47.8	50.6	53.4	56.0	60.8	Spain
.	.	.	.	.	.	.	.	.	U.S.S.R.
4.2	14.5	22.8	40.0	56.1	56.6	54.8	53.2	56.2	Japan
2.2	2.2	5.5	9.5	8.8	8.1	7.0	7.9	7.7	U.S.A.
.	.	.	7.3	12.3	26.8	17.9	17.2	21.5	Brazil

Car Industry of Leading Countries

	In thousands of units						Percentage changes as compared to prior year					
	1975	1980	1981	1982	1983	1984*)	1975	1980	1981	1982	1983	1984*)
Worldwide production	25,229	29,290	28,048	27,252	30,237	30,920	− 2	− 7	− 4	− 3	+11	+ 2
Federal Republic of Germany												
New car registrations	2,106	2,476	2,330	2,156	2,427	2,394	+24	− 8	− 4	− 8	+13	− 1
Imports	761	1,013	937	824	1,056	1,091	+30	− 3	− 8	−12	+28	+ 3
Exports	1,476	1,873	1,949	2,194	2,189	2,233	−14	− 6	+ 4	+13	− 0	+ 2
of which: to Europe	955	1,381	1,538	1,785	1,748	1,696	+17	− 7	+11	+16	− 2	− 3
to U.S.A.	374	335	242	257	278	366	−43	+ 1	−28	+ 6	+ 8	+32
Production	2,908	3,521	3,578	3,761	3,878	3,790	+ 2	−11	+ 2	+ 5	+ 3	− 2
France												
New car registrations	1,482	1,873	1,835	2,056	2,018	1,758	− 3	− 5	− 2	+12	− 2	−13
Imports	399	675	786	992	975	859	+ 6	+12	+17	+26	− 2	−12
Exports	1,363	1,530	1,394	1,464	1,614	1,530	− 4	−10	− 9	+ 5	+10	− 5
of which: to Europe	1,112	1,203	1,038	1,095	1,100	1,066	+ 2	−15	−14	+ 6	+ 1	− 3
Production	2,546	2,939	2,612	2,777	2,961	2,713	− 6	− 9	−11	+ 6	+ 7	− 8
United Kingdom												
New car registrations	1,196	1,516	1,487	1,557	1,794	1,751	− 6	−12	− 2	+ 5	+15	− 2
Imports	449	863	805	934	1,076	1,072	+20	−19	− 7	+16	+15	− 0
Exports	516	359	310	313	274	219	− 9	−12	−14	+ 1	−13	− 9
of which: to Europe	164	143	134	140	111	105	−23	−13	− 6	+ 4	−20	− 5
Production	1,268	959	955	888	1,045	909	−17	−13	− 0	− 7	+18	−13
Italy												
New car registrations	1,051	1,530	1,808	1,851	1,452	1,592	−18	+10	+18	+ 2	−22	+10
Imports	379	908	865	853	639	744	+13	+45	− 5	+ 0	−25	+16
Exports	661	511	424	437	492	481	− 4	−21	−17	+ 3	+12	− 2
of which: to Europe	466	385	346	383	449	433	+ 8	−20	−10	+11	+17	− 4
Production	1,349	1,445	1,257	1,297	1,396	1,439	−17	− 2	−13	+ 3	+ 8	+ 3
Sweden												
New car registrations	285	193	189	218	217	231	+10	−11	− 2	+16	− 1	+ 6
Imports	205	142	133	158	163	178	+15	−12	− 6	+19	+ 3	+ 9
Exports	217	189	209	233	274	301	− 6	−21	+11	+11	+18	+10
of which: to Europe	107	88	101	103	116	126	−17	−33	+15	+ 2	+13	+ 8
Production	316	235	258	295	345	353	− 3	−21	+10	+14	+17	+ 2
Spain												
Exports	145	492	433	495	613	708	+ 8	+24	−12	+14	+24	+15
Production	696	1,029	855	928	1,142	1,177	− 1	+ 7	−17	+ 8	+23	+ 3
U.S.S.R.												
Production	1,201	1,327	1,324	1,307	1,316	1,320	+ 7	+ 1	− 0	− 1	+ 1	+ 0
Japan												
New car registrations	2,738	2,854	2,867	3,038	3,136	3,095	+20	− 6	+ 0	+ 6	+ 3	− 1
Imports	45	46	32	35	37	44	+ 8	−29	−31	+14	+ 6	+18
Exports	1,827	3,947	3,947	3,770	3,806	3,981	+ 6	+27	− 0	− 4	+ 1	+ 5
of which: to Europe	483	1,003	946	896	1,037	1,037	+42	+24	− 6	− 5	+16	− 0
to U.S.A.	728	1,887	1,814	1,741	1,772	1,939	+ 3	+19	− 4	− 4	+ 2	+ 9
Production	4,568	7,038	6,974	6,882	7,152	7,073	+16	+14	− 1	− 1	+ 4	− 1
U.S.A.												
New car registrations	8,262	8,761	8,444	7,754	8,924	10,084	− 5	−15	− 4	− 8	+15	+13
Imports	2,075	3,248	2,999	3,067	3,667	4,778	−19	+ 8	− 8	+ 2	+20	+30
Exports	640	560	506	353	538	591	+ 5	−25	−10	−30	+53	+10
of which: to Europe	20	24	13	7	6	4	− 4	−64	−49	−47	−14	−42
Production	6,717	6,376	6,253	5,074	6,781	7,773	− 8	−24	− 2	−19	+34	+15
Brazil												
New car registrations	719	794	448	557	610	533	− 4	− 5	−44	+24	+10	−13
Exports	53	116	157	121	133	152	+ 1	+48	+36	−23	+10	+14
Production	779	983	624	721	774	707	+51	+ 2	−37	+16	+ 7	− 9

*) Some figures are partly estimated.

Truck Production of Leading Countries 1964-1984



Share of world production in %

1960	1965	1970	1975	1980	1981	1982	1983	1984
7.4	4.9	4.9	3.6	3.8	3.4	3.3	2.8	2.3
6.0	3.8	4.0	4.0	4.6	4.3	4.0	3.8	3.1
14.3	9.2	7.1	4.9	4.1	2.4	2.9	2.5	2.0
1.5	1.4	2.1	1.4	1.7	1.9	1.7	1.8	1.4
0.6	0.5	0.5	0.6	0.7	0.6	0.6	0.5	0.5
0.5	1.5	1.4	1.5	1.6	1.4	1.5	1.5	1.2
11.9	8.4	8.9	9.8	9.2	9.2	9.4	8.9	7.8
9.8	23.8	32.7	30.4	42.0	44.2	41.8	40.3	39.1
37.4	36.4	26.8	29.1	17.2	17.8	20.8	24.6	28.0
3.0	1.7	1.3	1.9	1.9	1.6	1.5	1.2	1.4

Export share of production in %

1960	1965	1970	1975	1980	1981	1982	1983	1984	
49.3	44.5	50.1	63.8	58.9	63.9	67.6	59.9	61.0	Fed. Rep. of Germany
29.0	22.7	37.6	43.4	40.5	38.6	37.6	38.1	42.1	France
31.9	36.5	37.7	47.2	31.3	40.0	33.8	37.5	34.0	United Kingdom
12.3	26.8	28.9	44.7	48.7	51.7	58.2	60.9	63.6	Italy
61.8	55.9	72.3	79.2	84.1	88.3	96.2	88.0	93.6	Sweden
.	.	11.3	14.5	29.8	30.4	33.7	25.0	25.4	Spain
.	.	.	.	.	.	.	.	.	U.S.S.R.
10.0	7.9	17.1	35.8	50.4	50.0	47.3	47.1	48.7	Japan
18.0	7.5	7.3	11.9	12.4	11.1	6.7	6.3	6.1	U.S.A.
.	.	.	13.3	22.8	35.5	38.0	29.3	28.2	Brazil

Commercial Vehicle Industry of Leading Countries

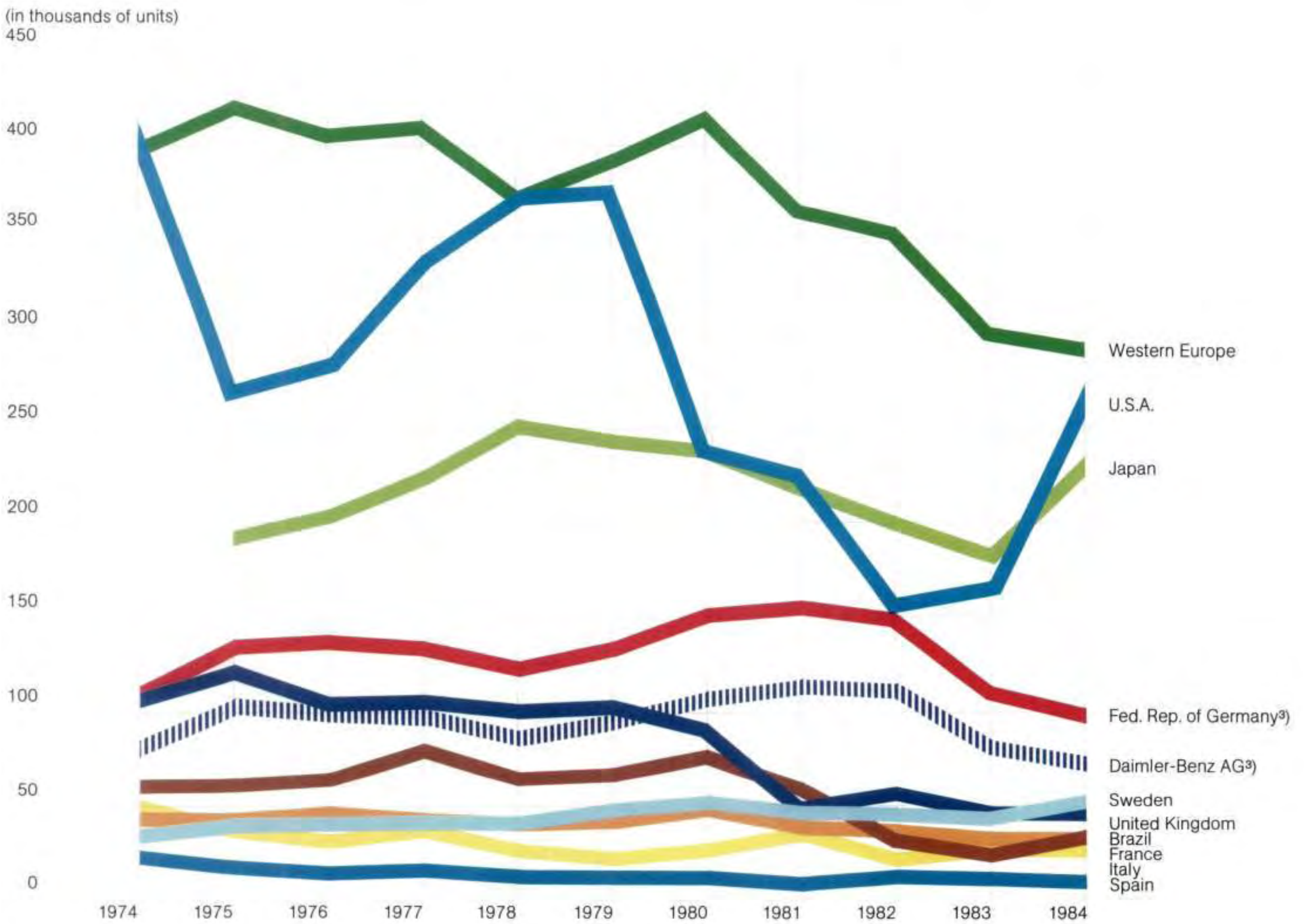
	In thousands of units						Percentage changes as compared to prior year					
	1975	1980	1981	1982	1983	1984[1]	1975	1980	1981	1982	1983	1984[1]
Worldwide production	7,806	9,526	9,513	9,204	9,836	11,246	−11	− 8	− 0	− 3	+ 7	+14
Federal Republic of Germany[2]												
New registrations	109	176	149	124	144	130	+ 1	+ 3	− 15	− 17	+17	−10
Imports	23	45	45	36	49	48	+28	+ 9	− 0	−21	+33	− 2
Exports	178	211	204	204	166	156	+ 2	+18	− 3	− 0	.	− 6
of which: to Europe	78	130	102	113	119	121	−17	+10	− 22	+11	+ 5	+ 2
Production	278	358	319	301	277	255	+ 7	+13	− 11	− 6	.	− 8
France												
New registrations	206	323	334	363	346	316	−18	+ 3	+ 4	+ 8	− 5	− 9
Imports	40	115	116	127	132	116	−25	+ 6	+ 1	+ 9	+ 4	−12
Exports	137	178	157	140	143	147	− 4	+10	− 12	−11	+ 2	+ 3
of which: to Europe	52	88	70	70	79	83	−14	+ 2	− 21	− 1	+13	+ 5
Production	315	440	408	372	375	349	−16	+12	− 7	− 9	+ 1	− 7
United Kingdom												
New registrations	225	272	218	231	268	269	− 7	−11	− 20	+ 6	+16	+ 0
Imports	26	74	47	71	97	103	−35	+ 9	− 37	+53	+37	+ 6
Exports	180	122	90	91	92	77	+12	−14	− 26	+ 1	+ 1	−17
of which: to Europe	59	70	60	40	32	29	+ 1	− 7	− 14	−33	−20	− 9
Production	381	389	230	269	245	225	− 5	− 5	− 41	+17	− 9	− 8
Italy												
New registrations	73	122	140	152	112	122	−28	+ 8	+ 15	+ 9	−26	+ 9
Imports	32	71	75	61	49	58	+ 2	+13	+ 6	−20	−20	+19
Exports	49	80	91	91	109	103	+ 4	+ 3	+ 13	− 1	+21	− 6
of which: to Europe	23	64	71	79	96	90	−14	− 6	+ 10	+12	+21	− 5
Production	110	165	176	156	180	162	−22	+10	+ 7	−12	+16	−10
Sweden												
New registrations	17	20	19	19	18	20	− 4	+17	− 4	− 0	− 4	+12
Imports	16	25	15	15	16	17	+28	+12	− 43	+ 6	+ 1	+ 6
Exports	40	53	49	52	46	55	+16	+ 3	− 8	+ 7	−12	+21
of which: to Europe	22	33	26	30	30	24	− 7	+ 3	− 23	+18	+ 0	−17
Production	50	63	55	54	52	59	+21	+ 8	− 12	− 3	− 4	+14
Spain												
Exports	15	46	40	48	37	33	−22	− 8	− 12	+19	−21	− 9
Production	118	153	132	142	147	132	−11	− 3	− 14	+ 7	+ 4	−10
U.S.S.R.												
Production	763	872	873	866	880	880	+ 5	+ 2	+ 0	− 1	+ 2	+ 0
Japan												
New registrations	1,572	2,161	2,260	2,223	2,247	2,377	+ 1	+ 2	+ 5	− 2	+ 2	+ 6
Imports	1	2	1	1	1	1	−52	+ 6	− 9	−45	−53	+ 6
Exports	850	2,020	2,102	1,820	1,863	2,137	− 5	+38	+ 4	−13	+ 2	+15
of which: to Europe	45	216	236	214	224	243	− 3	+48	+ 9	− 9	+ 5	+ 9
Production	2,373	4,005	4,206	3,850	3,960	4,392	− 9	+16	+ 5	− 8	+ 3	+11
U.S.A.												
New registrations	2,397	2,477	2,185	2,430	2,977	4,047	−10	−29	− 12	+11	+22	+36
Imports	124	343	739	699	785	1,035	−14	+25	+115	+ 5	+12	+32
Exports	269	203	187	127	154	191	+ 5	−31	− 8	−32	+21	+24
of which: to Europe	7	9	7	5	3	4	+35	−23	− 22	−27	−42	+33
Production	2,270	1,637	1,687	1,910	2,441	3,148	−17	−46	+ 3	+13	+28	+29
Brazil												
New registrations	212	186	132	135	119	143	+41	+ 5	− 29	+ 2	−12	+20
Exports	20	42	55	53	36	45	+54	+54	+ 33	− 5	−32	+24
Production	151	182	156	139	122	158	−56	+13	− 14	−11	−12	+30

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

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

Truck Production of Leading Countries 1974-1984

(over 6 tons gross vehicle weight)



	Share of production of the countries included[1] **in %**					**Export share of production in %**				
	1980	1981	1982	1983	1984	1980	1981	1982	1983	1984
Western Europe	37.9	37.1	42.4	40.6	32.1	.	.	.	.	.
U.S.A.	21.8	23.0	18.9	22.6	29.8	8.9	12.7	6.9	2.5	1.2
Japan	21.9	22.4	24.2	24.9	25.6	37.0	46.8	39.6	38.2	37.2
Fed. Rep. of Germany[3]	13.9	15.9	18.0	15.0	11.0	60.5	69.4	72.5	59.6	59.8
of which: Daimler-Benz[3]	10.0	11.7	13.6	11.4	8.3	64.7	70.5	74.4	64.6	60.9
Brazil	7.3	6.3	4.1	3.5	3.9	.	.	.	.	.
of which: MBB[2]	3.5	3.1	2.2	1.8	2.1	22.5	21.0	15.2	14.6	31.5
United Kingdom	8.5	5.2	7.1	6.6	5.3	48.5	62.8	54.0	41.6	29.2
Sweden	5.0	5.0	5.8	6.3	5.9	84.6	88.8	96.5	89.1	94.7
France	4.6	4.2	4.6	4.8	3.8	55.1	56.6	49.0	48.2	53.0
Italy	2.6	3.8	2.9	4.0	3.1	70.1	60.2	62.6	66.0	62.0
Spain	1.3	1.1	1.8	1.9	1.3	22.3	22.5	33.4	35.5	29.2

[1]) Countries included: Western Europe, U.S.A., Japan, Argentina, Brazil, Mexico, India.
[2]) Mercedes-Benz do Brasil.
[3]) Kits destined for assembly abroad, from 1984 on, no longer included in total production; figures for 1983 subsequently made comparable.

Truck Industry of Leading Countries

(over 6 tons gross vehicle weight)

	In thousands of units						Percentage changes as compared to prior year					
	1975	1980	1981	1982	1983	1984[1]	1975	1980	1981	1982	1983	1984[1]
Western Europe												
Production	423	417	367	355	301	293	+ 6	+ 6	−12	− 3	−15	− 3
Federal Republic of Germany[2]												
New registrations	43	63	48	39	47	43	+ 8	− 5	−24	−18	+26	− 7
Exports	89	93	109	109	66	60	+18	+29	+18	+ 0	−27	−9.1
Production	137	153	158	151	111	101	+21	+13	+ 3	− 4	−16	−10
of which: Daimler-Benz	106	110	116	114	85	76	+26	+12	+ 6	− 2	−12	−11
France												
New registrations	29	39	37	38	39	40	−30	+ 2	− 6	+ 4	+ 1	+ 3
Exports	26	28	23	19	17	18	+57	+19	−16	−19	−10	+ 7
Production	46	51	41	39	35	34	− 1	+15	−18	− 7	− 9	− 3
United Kingdom												
New registrations	50	54	40	40	45	48	+ 2	−25	−26	+ 1	+12	+ 7
Exports	81	46	33	32	21	14	+27	− 4	−29	− 1	−34	−33
Production[3]	125	94	52	60	49	48	+13	−11	−45	+15	−18	− 3
Italy												
New registrations	17	26	29	29	15	13	−35	+17	+14	−35	−22	−14
Exports	18	20	23	15	19	17	− 8	+ 6	+13	−33	− 0	−10
Production	39	29	38	24	30	28	−25	+17	+32	−36	+23	− 6
Sweden												
New registrations	7	7	5	5	5	5	−14	+15	−17	−15	+ 5	− 1
Exports	34	47	44	47	42	51	+10	+ 3	− 6	+ 7	−11	+23
Production	43	55	49	48	47	54	+13	+10	−11	− 2	− 4	+15
Spain												
Exports	.	3	3	5	5	3	.	− 2	−21	+92	− 0	−31
Production	20	14	11	15	14	12	−23	− 4	−21	+29	− 6	−16
Japan												
Exports	64	89	104	80	71	87	− 9	+50	+17	−23	−12	+23
Production	195	241	222	203	185	234	.	− 2	− 8	− 9	− 9	+26
U.S.A.												
New registrations	275	260	215	173	177	255	−27	−29	−17	−20	+ 2	+44
Exports[4]	56	24	32	12	4	3	+62	−31	+33	−62	−63	−23
Production	272	241	227	158	168	272	−34	−36	− 6	−30	+ 6	+62
Brazil												
New registrations	76	80	54	41	34	42	+ 6	+ 2	−32	−25	−16	+23
Production	64	80	62	34	26	36	+ 0	+14	−22	−45	−24	+37
of which: Mercedes-Benz do Brasil	29	39	31	19	14	19	+16	+ 3	−20	−39	−28	+37

[1]) Some figures are estimated.
[2]) Kits destined for assembly abroad, from 1984 on, no longer included in total production; figures for 1983 subsequently made comparable.
[3]) 7 tons and above.
[4]) 6,35 tons and above (factory sales).

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