DAIMLER

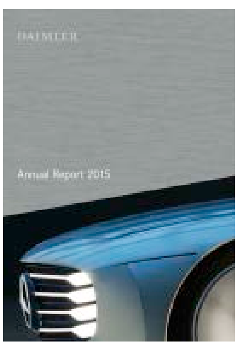
Annual Report 2015

Key Figures

Daimler Group

	2015	2014	2013	15/14
€ amounts in millions				% change
Revenue	149,467	129,872	117,982	+15 [1]
Western Europe	49,570	43,722	41,123	+13
thereof Germany	22,001	20,449	20,227	+8
NAFTA	47,653	38,025	32,925	+25
thereof United States	41,920	33,310	28,597	+26
Asia	33,744	29,446	24,481	+15
thereof China	14,684	13,294	10,705	+10
Other markets	18,500	18,679	19,453	-1
Investment in property, plant and equipment	5,075	4,844	4,975	+5
Research and development expenditure [2]	6,564	5,680	5,489	+16
thereof capitalized	1,804	1,148	1,284	+57
Free cash flow of the industrial business	3,960	5,479	4,842	-28
EBIT	13,186	10,752	10,815	+23
Value added	5,675	4,416	5,921	+29
Net profit	8,711	7,290	8,720	+19
Earnings per share (in €)	7.87	6.51	6.40	+21
Total dividend	3,477	2,621	2,407	+33
Dividend per share (in €)	3.25	2.45	2.25	+33
Employees (December 31)	284,015	279,972	274,616	+1

1 Adjusted for the effects of currency translation, revenue increased by 9%.
2 For the year 2013, the figure has been adjusted due to reclassifications within functional costs.



Cover photo
Mercedes-Benz Concept IAA: Digital Transformer
Digital, innovative, leading – those properties are also embodied by the Mercedes-Benz Concept IAA (Intelligent Aerodynamic Automobile). The study combines world-class aerodynamics with a drag coefficient of 0.19 and the irresistible design of an expressive coupe. At the touch of a button or automatically at speeds of 80 km/h and above, the four-door coupe is transformed into an aerodynamic world record holder: Eight segments emerge from the rear of the car; front flaps in the front fender protrude outwards and rearwards; the wheel rims change their concavity and the louvre in the front fender moves back. The design and aerodynamic shape of the Concept IAA would not have been possible without systematic digital connectivity.

Daimler’s Divisions >
Daimler at a Glance >

Divisions

	2015	2014	2013	15/14
€ amounts in millions				% change
Mercedes-Benz Cars				
EBIT	7,926	5,853	4,006	+35
Revenue	83,809	73,584	64,307	+14
Return on sales (in %)	9.5	8.0	6.2	.
Investment in property, plant and equipment	3,629	3,621	3,710	+0
Research and development expenditure [1]	4,711	4,025	3,808	+17
thereof capitalized	1,612	1,035	1,063	+56
Unit sales	2,001,438	1,722,561	1,565,563	+16
Employees (December 31) [2]	136,941	135,553	96,895	+1
Daimler Trucks				
EBIT	2,576	1,878	1,637	+37
Revenue	37,578	32,389	31,473	+16
Return on sales (in %)	6.9	5.8	5.2	.
Investment in property, plant and equipment	1,110	788	839	+41
Research and development expenditure [1]	1,293	1,188	1,171	+9
thereof capitalized	26	34	79	-24
Unit sales	502,478	495,668	484,211	+1
Employees (December 31) [2]	86,391	87,628	79,020	-1
Mercedes-Benz Vans				
EBIT	880	682	631	+29
Revenue	11,473	9,968	9,369	+15
Return on sales (in %)	7.7	6.8	6.7	.
Investment in property, plant and equipment	202	304	288	-34
Research and development expenditure [1]	384	293	329	+31
thereof capitalized	153	68	139	+125
Unit sales	321,017	294,594	270,144	+9
Employees (December 31) [2]	22,639	21,598	14,838	+5
Daimler Buses				
EBIT	214	197	124	+9
Revenue	4.113	4,218	4,105	-2
Return on sales (in %)	5.2	4.7	3.0	.
Investment in property, plant and equipment	104	105	76	-1
Research and development expenditure [1]	184	182	187	+1
thereof capitalized	13	11	3	+18
Unit sales	28,081	33,162	33,705	-15
Employees (December 31) [2]	18,147	17,473	16,603	+4
Daimler Financial Services				
EBIT	1,619	1,387	1,268	+17
Revenue	18,962	15,991	14,522	+19
New business	57,891	47,912	40,533	+21
Contract volume	116,727	98,967	83,539	+18
Investment in property, plant and equipment	30	23	19	+30
Employees (December 31)	9,975	8,878	8,107	+12

1 For the year 2013, the figures have been adjusted due to reclassifications within functional costs.
2 As of 2014, including the numbers of employees previously counted under “Sales & Marketing Organization.”

Mercedes-Benz Cars

Daimler Trucks

Mercedes-Benz Vans

Daimler Buses

Daimler Financial Services

Contents

Information guidance system

↗ Refers to an illustration or a table in the Annual Report

Refers to additional information on the Internet

Cross-reference within the Annual Report

Refers to a Daimler publication

Innovative
Digital
Leading

As the inventor of the automobile and one of the world's most innovative vehicle manufacturers, Daimler is shaping the future of mobility. Our vehicles and services make us a pioneer in the industry, and we are systematically increasing our lead. For example, we are already making autonomous driving and pioneering drive system technologies a reality today with world firsts such as the new Mercedes-Benz E-Class, the Freightliner Inspiration Truck and the F 015 Luxury in Motion.

Daimler continues to move ahead with its transformation from an automotive company into a networked mobility services provider. Our moovel mobility concept, the Mercedes me service brand, the She's Mercedes inspiration platform and car-to-x communication are helping us meet the changing demands of our customers and enabling us to enter new markets. Digitization is also well under way along the entire value chain. Our aim here is to make our processes more efficient, to continue growing and to take the lead with regard to sales, revenue and profitability.

Our forerunners of the coming mobility revolution

Autonomous driving is one of the biggest innovations since the invention of the automobile. The Mercedes-Benz F 015 Luxury in Motion demonstrates how vehicles will be transformed into a personal refuge in the future. In the “City of the Future,” the autonomously driving research vehicle becomes a luxurious lounge. When switched to the self-driving mode, our Vision Tokyo becomes a “chill-out zone” amidst the hectic city traffic. Our customers are already using partially autonomous features today in Mercedes-Benz S-Class, E-Class and C-Class models. We are systematically enhancing these technologies and thus moving closer to making autonomous driving a reality.

Baby, you can drive my car
The Mercedes-Benz campaign offers a look at our vision of autonomous driving.

youtube.com/watch?v=-PRiaUTaI9M

Driving into the future — we put visionary vehicles on the road

Daimler has been a pioneer and a driving force behind the development of personal mobility for 130 years now. Our company's founders, Carl Benz and Gottlieb Daimler, were strongly motivated by a passion for invention — and also today, innovation remains the most important factor behind our success. Our visionary ideas and groundbreaking developments have put us on the path to emission-free, accident-free and connected mobility — and are also creating significant added value for our customers.

The dream of autonomous driving can now be experienced

Please take a seat — we are about to travel to the "City of the Future." In our scenario, urban centers are becoming increasingly dense and autonomous driving has long since become the norm. Cities are dynamic and congested and people would like to have more time, privacy and individuality. The Mercedes-Benz F 015, with all of its various facets, can meet these demands.

The self-driving research vehicle from Mercedes-Benz was designed with the future in mind and offers an optimal automobile experience — including everything from an expressive body design to outstanding interior features and cutting-edge technology. The exterior displays a monolithic character, but the intelligent F 015 Luxury in Motion is anything but unapproachable. It uses LED light modules to communicate with the outside world. It can recognize pedestrians and is helpful and accommodating — for example when it projects a virtual crosswalk onto the street. It also sends other vehicles information on traffic conditions ahead.

Our innovative technologies enable the establishment of a completely new relationship between people and automobiles, whereby autonomous driving plays a major role. The driver always decides how fast the F 015 should go, and on which routes. However, drivers can also take their hands off the wheel and let the vehicle's intelligent systems do the work when traffic gets heavy, driving gets monotonous, or something needs to be done that the driver can't do — for example, a 360-degree check of the vehicle's surroundings.

Vehicles will become quality-time machines for people
Whether driving away, merging into traffic, maintaining a safe distance, steering, braking, overtaking, or parking — the F 015 Luxury in Motion can do it all, and do it brilliantly. Putting the luxury sedan in the autonomous mode frees up space in many different ways. For example, drivers and passengers are able to relax, talk, or work in comfort in four rotatable lounge chairs arranged in pairs opposite one another. With its lounge-like atmosphere and the possibilities it provides for creating a digitally connected environment, the vehicle's interior offers modern luxury and enhances the quality of life of its occupants.

"The visionary F 015 Luxury in Motion is driving technology developments, as well as the social discourse on mobility and the design of urban spaces. The needs of people are an important part of Daimler's culture of innovation: People are at the center of all our developments."

“Our forward-looking answers for a rapidly changing world”

Urban transformer: The Mercedes-Benz Vision Tokyo
Our autonomously driving Vision Tokyo also offers an unprecedented spatial experience. With its futuristic design language and spacious lounge atmosphere in the interior, the vehicle is young, luxurious and progressive — and in this manner expresses its reverence for the trendy metropolis that is Tokyo.

This Mercedes-Benz show car is designed for Generation Z, whose members were born after 1995 and therefore grew up with the new digital media. Automobiles have a different type of significance for this generation: Cars are viewed as both a means of transportation and a digital companion. Our Vision Tokyo goes even further than that, however, as the vehicle is able to learn more about its occupants and their preferences with every trip, and also uses innovative algorithms to continue developing itself over time.

Intelligent partners in urban traffic situations
The autonomous driving features of the F 015 and the Vision Tokyo not only offer drivers and passengers added value, they also create entirely new possibilities for designing urban infrastructures. Because they can communicate with the world outside, they are perfectly aligned with the shared spaces that will become more and more widespread in the future. Here, people and machines share the road and cooperatively manage their movements in a constant flow of traffic.

Special zones for autonomous vehicles might be created in urban centers, enabling inner-city spaces to be reclaimed as vehicles park themselves on the outskirts of the cities. The “car-friendly” city will thus become a “people-friendly” city, without having to sacrifice personal mobility with automobiles.

Daimler is conducting a dialogue about autonomous driving

Extensive legal and ethical questions need to be clarified as we move along the path to autonomous driving. Daimler is promoting a broad-based dialogue about this topic. The Daimler Sustainability Dialogue and the symposium on the legal and ethical issues associated with autonomous driving are just two examples of the numerous measures that are already under way. Daimler also supports interdisciplinary research in order to provide a scientific framework for this topic and promote further social discourse.

It’s not just the autonomous driving features but also a clear and sensuous design that make the Vision Tokyo showcar a trendsetter for urban mobility.

The C-Class Coupe stands out with a sporty profile and assistance systems that enable partially autonomous driving. The new E-Class takes a step into the future as well. **pages 30 ff**

Intelligent Drive next level

Relax as you are safely driven to your destination

When will we see the first self-driving series-production cars on the road? It's not possible to answer this question today because the development of autonomous driving also depends on decisions made by politicians. As a pioneer in automotive engineering, Daimler has already created the technological basis for autonomous driving, as many current Mercedes-Benz models – from the C-Class to the S-Class – are capable of partially autonomous driving today.

As early as 2013, the near-production Mercedes-Benz S 500 INTELLIGENT DRIVE already impressively demonstrated that autonomous driving is possible in normal traffic by driving an approximately 100-kilometer route from Mannheim to Pforzheim completely autonomously.

Partially autonomous driving on highways and secondary roads and in cities, autonomous braking in critical situations and active support during evasive maneuvers – all of this is now an everyday occurrence, thanks to the expanded Intelligent Drive assistance package from Mercedes-Benz. The benefits provided by innovations that will pave the way for autonomous driving in the future can already be experienced in the S-Class and the brand-new C-Class Coupe.

Partially autonomous driving with greater comfort, less stress and more safety for everyone on the road
With its athletic and clear sensuous design, the Mercedes-Benz C-Class Coupe offers exciting new features that make it stand out in road traffic. The model also comes with numerous safety and assistance systems based on the Intelligent Drive concept. Standard equipment includes, for example, ATTENTION ASSIST, which issues a warning when the driver becomes inattentive or fatigued, and COLLISION PREVENTION ASSIST PLUS, which can help prevent accidents.

Assistants that think and steer
Many other "co-pilot" features are available as options – for example, DISTRONIC PLUS with Steering Assist, as well as the Stop & Go Pilot. Thanks to its intelligent technology, the C-Class Coupe can not only automatically maintain a proper distance to vehicles ahead but also follow them at such a distance at a speed of up to 200 km/h. The "distance pilot" makes things easier for drivers by accelerating and braking as needed in normal operations. The BAS PLUS Active Brake Assist system warns drivers of impending collisions and other dangers, helps with emergency braking maneuvers and automatically brakes the vehicle if necessary.

The new E-Class takes safety, comfort and driver stress reduction to a new level
With Intelligent Drive next level, we are raising the bar once again in the new Mercedes-Benz E-Class. Daimler has taken the next step on the road to autonomous driving with innovations such as remote-controlled automated parking, emergency steering assistance and an emergency braking system for sudden traffic jams. pages 30 ff

Highway Pilot activated!

Autonomous driving – safe and efficient

This vision could soon become a reality – one also made possible by our customers, who serve as our source of inspiration. The top priorities in long-distance transport are economy, safety and efficiency. With the Freightliner Inspiration Truck and the Actros with Highway Pilot, we have demonstrated that autonomously driving trucks can take us a major step forward in all these areas. The innovative vehicles from Daimler Trucks will revolutionize road freight transport in the years ahead.

Daimler took the first step toward a self-driving truck in 2014, when Mercedes-Benz presented the Future Truck 2025 on a closed-off highway section near the city of Magdeburg. The vehicle then successfully and easily completed the world's first autonomous truck journey.

Narrow headlights with blue LED bands on the front sides and the radiator grille. Within the spectacular body of the Inspiration Truck lies innovative Highway Pilot technology.

Revolutionary technology on public highways
We achieved the next milestone in May 2015, when the US state of Nevada granted Daimler Trucks a license to operate self-driving heavy-duty trucks on public highways, making Daimler Trucks the world's first vehicle manufacturer to receive such permission. The licenses were issued for two Freightliner Inspiration Trucks, which are now demonstrating in normal operations how their Highway Pilot technology benefits society, the environment and the economy.

The Inspiration Truck is based on the Freightliner Cascadia Evolution production model in the United States; the only difference is the inclusion of the Highway Pilot, which operates with radar sensors, a stereo camera and assistance systems such as Adaptive Cruise Control, Active Brake Assist and Active Lane Keeping Assist. The Highway Pilot can thus take over operation of the 505 horsepower truck and control its speed, braking and steering.

Autonomous trucks offer added value in terms of efficiency, safety and economy
Drivers can relax when the Inspiration Truck drives autonomously – and this is very helpful on long trips along routes that are monotonous, which is generally what drivers have to deal with today. With regard to the benefits of autonomous driving, optimal gear shifting and braking reduce both fuel consumption and CO_2 emissions, and also increase safety.

The dawn of a new age of mobility: Solutions from today for the transportation needs of tomorrow
The intelligent Highway Pilot system is now being tested on German roads as well. Daimler sent a clear signal in October 2015 with the maiden journey of the company's first autonomous series-production truck – a Mercedes-Benz Actros – on the A8 autobahn in Germany. This type of testing in real traffic conditions marks another important step on the path to a market-ready product – and to safe and sustainable road freight transport in the future.

Plug-in hybrids

The best of both worlds

Autonomous driving systems make traffic smoother and vehicles more anticipatory — and thus safer as well. As we work on such systems, we continue to focus on clean drive-system technologies. Our environmental roadmap and hybrid offensive have put Daimler on the path to emission-free mobility.

Daimler's environmental roadmap focuses consistently on further efficiency enhancements to combustion engines, needs-based hybridization and locally emission-free electric vehicles with batteries and fuel cells. We take the entire environmental performance of our vehicles into account — from production to operation to recycling. The effectiveness of our sustainable development work is impressively underscored by the award we received as the "Most Innovative Group" in the "Alternative Drive Systems" category of the Automotive INNOVATIONS Award 2015 competition.

An extra boost for the new era of mobility
The Mercedes-Benz F 015 Luxury in Motion research vehicle and the Mercedes-Benz Vision Tokyo show car are not only sensations in terms of their autonomous driving technology; they also display superior performance with regard to their drive systems. Both vehicles are equipped with the innovative F-CELL PLUG-IN HYBRID system, which combines an electric motor with an extremely powerful high-voltage battery and fuel cells to achieve an emission-free range of approximately 1,100 kilometers, thus pointing the way far into the future.

We are already using high-tech hybrid systems in all production models from the Mercedes-Benz C-Class upwards. Plug-in hybrid systems represent a key technology on the road to locally emission-free vehicles. They combine the advantages of two technologies in a manner that allows our customers to drive in the all-electric mode in the city and benefit from the range of the combustion engine on long trips.

Ten new plug-in hybrid models by 2017
The successful plug-in hybrid models from Mercedes-Benz combine the highest degree of dynamic performance and comfort with the economy of a compact car. In 2015, we presented additional models as pioneers of the Daimler hybrid offensive. Their fuel consumption ranges from 3.3 liters per 100 kilometers for the GLE 500 e 4MATIC[1] to an outstanding 2.1 l/100 km in the most efficient model, the C 350 e[2]. A total of ten forward-looking plug-in hybrid models with the three-pointed star will be launched by 2017.

1 GLE 500 e 4MATIC: fuel consumption in liters/100 km combined: 3.3; CO_2 emissions in g/km combined: 78; electricity consumption in kWh/100 km: 16.0

2 C 350 e: fuel consumption in liters/100 km combined: 2.4-2.1; CO_2 emissions in g/km combined: 54-48; electricity consumption in kWh/100 km: 11.3-11.0

Fit for the future. Batteries are installed in our hybrid vehicles by robots and people working together. This ensures more flexible and ergonomic production.

Digital

Connected to the digital driving culture of the future

The automobile has always been a symbol of personal freedom – and people today are “always on” and want to remain online in their vehicles as well. Our visionary F 015 research vehicle offers just one example of how a continual dialogue can be maintained between vehicles, passengers and the surrounding environment. We are already integrating our product portfolio into the digital world of our customers and linking navigation, infotainment and vehicle operation systems. Mercedes me connects people, experiences and services, and intelligent “co-drivers” in Mercedes-Benz models ensure outstanding safety and comfort. In line with its pioneering role, Daimler is achieving new milestones and inspiring its customers with Intelligent Drive next Level, car-to-x technologies and many other digital services and systems. pages 30 ff

Fully networked
Discover new forms of connectivity.

daimler.com/innovation/connectivity/

Completely connected — we are designing the digital future

Intelligent data networking is creating completely new possibilities for the automotive industry. With a digital process chain extending from research and development to production and sales, the digital era is already well under way at Daimler. We are a pioneer in this transformation process, in which we are using digitization to develop innovative vehicles and services and improve the work environment. In doing so, we are speeding up profitable processes and the creation of new automotive concepts that will enrich the future of mobility.

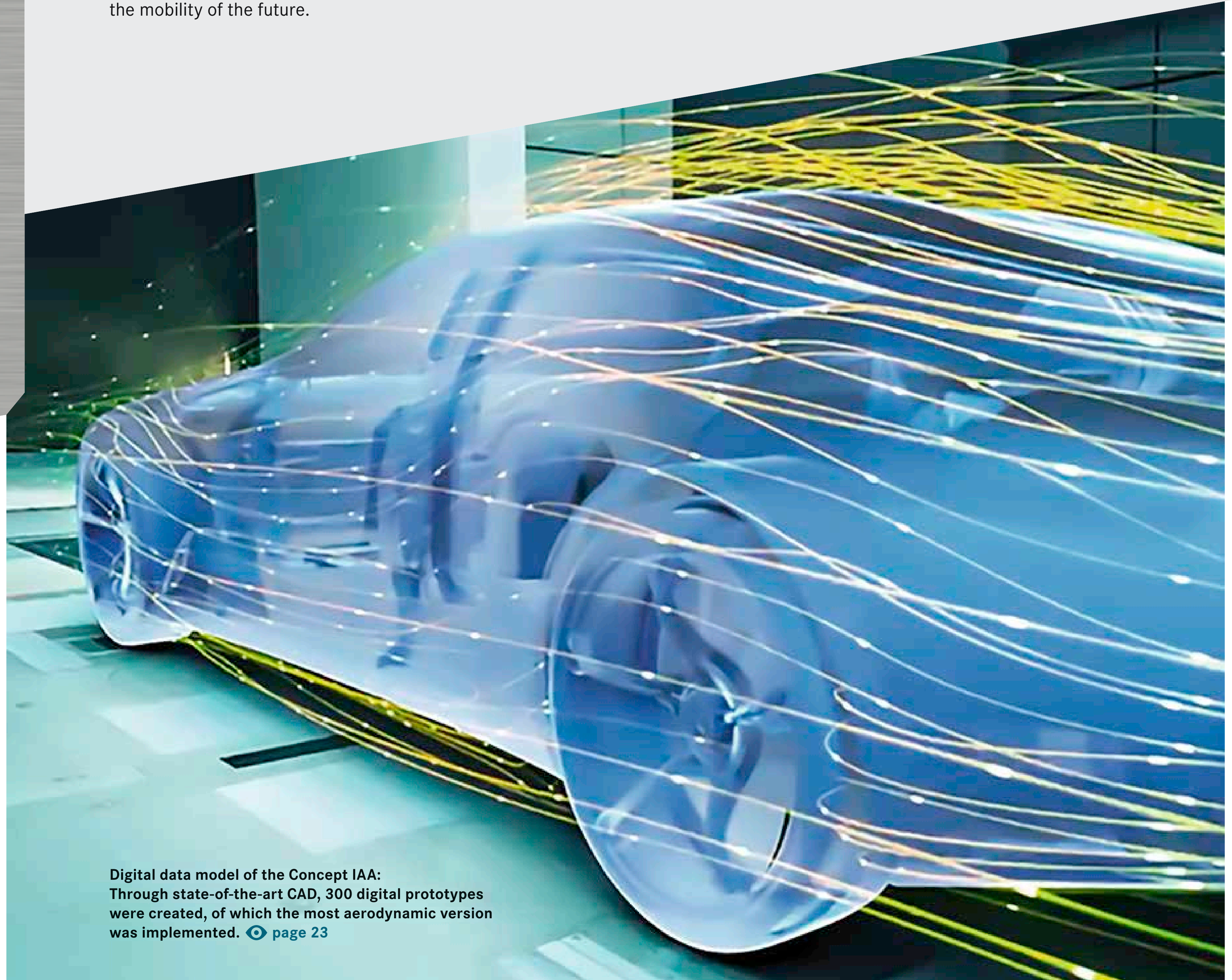
Much more than just the complete networking of the automobile

What will the world in which Daimler does business be like in the near future? One thing is certain, namely that digitization has long since become a part of normal daily life — and the options available for data networking are already enabling us to transform each and every part of our company.

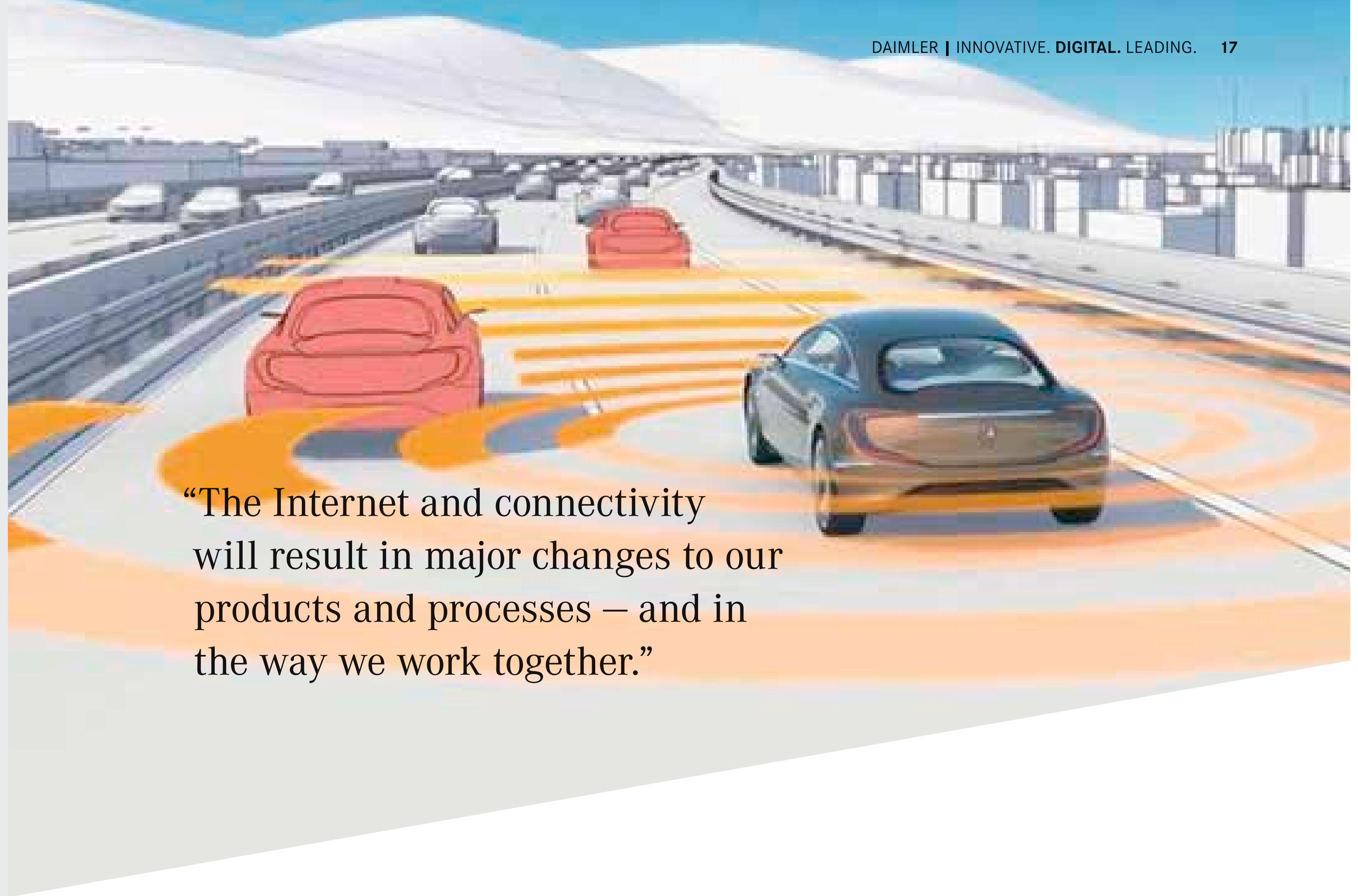
As a premium automobile manufacturer, we also seek to be a leader in digitization and to actively exploit the tremendous opportunities offered by the Internet and connectivity in general. Daimler has already transformed itself from a leading automotive company into a mobility services provider — and we continue to pick up the pace on the road to the mobility of the future.

The digital transformation has been firmly established throughout the company and is now a part of our core business. This transformation has been given the same strategic importance as green technologies and our measures for growing in new markets.

The digitization process is being supported by the DigitalLife@Daimler initiative, which we're using to develop strategies and implement projects that will lead to the digital transformation of all our business units. We are focusing on two questions here: What do our customers perceive directly, and what do they perceive indirectly? We are answering the first question by examining how customers experience our products and how we establish and maintain relationships with them. With regard to the second question, we are digitizing our processes in order to create the basis for meeting customer requirements more flexibly and economically with innovative products.



Digital data model of the Concept IAA: Through state-of-the-art CAD, 300 digital prototypes were created, of which the most aerodynamic version was implemented. page 23



"The Internet and connectivity will result in major changes to our products and processes — and in the way we work together."

Digitization of customer relationships — we're always where our customers are
Virtual communication channels, social media formats and online communities are ideal platforms for a lively exchange between Daimler and its customers — anytime, anywhere. The Mercedes me portal and the Mercedes me app allow anyone to become part of the fascinating world of Mercedes-Benz. This benefits everyone. Interested parties can contact us at any time, from anywhere, and customers always have online access to their vehicle data. We always have our finger on the pulse of the market and can therefore ideally align our premium products with the dynamic requirements of our customers. pages 18 f

Digital business models — fascination through innovation and state-of-the-art products
Automobile production is our core area of expertise, which we are now expanding with the help of digital technologies such as those for autonomous driving or accident-free driving, as well as systems that continue to merge navigation, entertainment and vehicle operation functions. Connected services such as our moovel mobility platform and car2go car-sharing system are also key business areas. And these achievements are only the beginning! pages 20 f

Digitization of the value chain — the key to meeting customer requirements efficiently and individually
Customer requirements around the globe are becoming more varied and complex, and this is affecting the entire product lifecycle — from vehicle design, development and production all the way to delivery and the provision of associated services. The thorough networking of our processes helps ensure that our products can be designed in a more individual manner and that their production is more flexible and efficient. pages 23 f

Preparing employees for the digital world and giving them the freedom to develop innovative ideas!
Shorter lines of communication and an ongoing creative dialogue across business units and hierarchies: Digital networking is also improving the work environment at our company. Daimler employees around the world can now exchange information and generate ideas for future mobility in internal social networks, through projects, by means of open-space technologies and at events. In this manner, we are strengthening the independent entrepreneurial spirit at our company, as well as its culture of innovation. page 25

Daimler is moving ahead with vehicle connectivity and data protection

Because the car of the future will increasingly become a digital companion, it will have to be safe and secure not only on the road. Data will have to be processed securely as well. After all, data protection is also customer protection. Daimler therefore has clear principles and targeted measures to ensure data is protected. We protect our customers, their vehicles and their data by taking our principles of transparency, personal autonomy and data security into account as early as the vehicle development stage.

Mercedes me

Rediscovering the world of Mercedes-Benz

Fascinating products, services and events: Customers can take Mercedes-Benz with them wherever they go by simply logging on. Daimler is a pioneer in new service concepts for offering exciting experiences that go far beyond the automobile.

Mercedes me allows completely personalized access to the exclusive Mercedes-Benz brand world. This digital platform offers mobility, connectivity and financial services, but also inspiration for travel, lifestyle and entertainment.

Linked to the world of existing and potential customers
Mercedes me is all about connecting with customers digitally. The focus is on the personal lifestyle and mobility needs of each and every user – regardless of whether they drive a Mercedes-Benz, use car2go, Mercedes-Benz Rent, or moovel, or own a vehicle from a non-Group brand. Daimler has been setting the standard for personalized customer service with Mercedes me since 2014. Mercedes me allows Daimler to address people on the Internet and in the real world. Users can decide for themselves which Mercedes me services they want to take advantage of, and when and where. This could be at home on the couch via tablet computer, on vacation using a smartphone, at Mercedes me stores, or at a "Discover me" lifestyle event.

Discovering the world of financial services from Daimler
Mercedes me is also the perfect gateway to the world of Daimler Financial Services. Our product finder and payments calculator point the way to customized financing solutions and allow customers to obtain their vehicle in the manner that best fits their financial situation. For example, we give customers the freedom to choose the size of their down payment and the duration of their contract. This, in turn, gives them a say in determining their monthly payments. Those who are interested in driving the latest models can take advantage of our flexible leasing offers.

Naturally, Mercedes me can also help customers find the right insurance policy for their dream car. We have cooperated with partners in the insurance business to develop automotive insurance solutions that offer full protection and guarantee that damaged vehicles are always repaired by specialists in accordance with the manufacturer's instructions. Mobility services from Daimler, such as car2go and moovel, can also be accessed quickly and easily via Mercedes me. pages 20 f

Mercedes me app: real-time access to vehicles
The free Mercedes me app offers even greater utility, as it allows customers to call up a whole range of vehicle status data, or remotely turn on the heat and lock or unlock car doors when on the road. The app also enables convenient door-to-door navigation, which along with the driving route also includes the distance that has to be walked to the parked vehicle.

Fuel tank status? Heat on/off? Doors locked/unlocked? Everything's okay!
The Mercedes me app can be used to send vehicle information to Apple Watches, iPhones and Android smartphones.

connect.mercedes.me

“Tell me about your lifestyle and I’ll show you the perfect vehicle.”

She’s Mercedes & lifestyle configurator

Up close and personal with customers

Daimler is charting new territory in addressing customers with its exclusive She’s Mercedes platform and the innovative Mercedes-Benz vehicle configurator, which reflects each customer’s individual lifestyle.

She’s Mercedes connects and inspires
Daimler is addressing the wishes and requirements of women more extensively by offering women customized products and services in both the digital and real worlds. There’s good reason for this, as women are playing a key role in the expanding global automotive market.

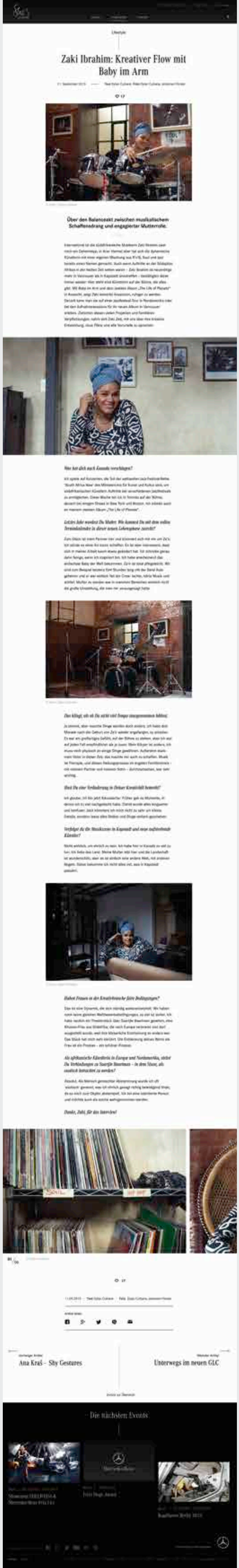
She’s Mercedes is the title of an initiative that specifically addresses women and combines an Internet platform with exclusive event formats at various locations. All activities focus on dialog. For example, the She’s Mercedes network enables women to communicate, develop new ideas and establish new contacts. Mercedes-Benz also uses She’s Mercedes to make women more familiar with the brand and to learn more about women’s mobility needs.

Quick and easy configuration of Mercedes-Benz models
Mercedes-Benz is also integrating an all-new vehicle configurator into the online world. The goal here is to make the process of choosing a vehicle as simple as possible, even for those who aren’t enthusiastic about technology. To this end, customers create a profile of their preferences regarding architecture, music, travel, sports and home life. They then receive five model and equipment variant recommendations that correspond to these preferences and can be used to further customize the suggested vehicles.

The lifestyle configurator has been available in Germany since the end of 2015 and will be successively introduced at country-specific Mercedes-Benz websites worldwide as an alternative to the traditional vehicle configurator.

Information & emotion
The networking and inspiration platform for strong and confident women.

mercedes-benz.com/en/mercedes-me/inspiration/she/



moovel & car2go

Individual mobility concepts for people on the move

People are increasingly using multiple modes of transport to get around and they also want to be able to organize their trips while on the go. moovel and car2go offer successful solutions for this new mobility culture.

Wireless technologies and GPS ensure that vehicles and services can be flexibly linked with one another and used in those locations where the customer happens to need them. Welcome to the sharing society! Our moovel mobility platform and the car2go free-floating car-sharing system are pointing the way to the future.

Search, book, go — moovel
moovel has made Daimler a pioneer for innovative urban mobility services. The free moovel app allows users to compare the travel times and costs for various modes of transport and then to select an optimal route for their trip — and in many cases also to pay for it using their smartphones.

moovel's partners are car2go, Flinkster, mytaxi, Taxi-Ruf, Mietfahrräder, public transport operators and Deutsche Bahn (German Railways).

Simple. Always. Everywhere — car2go
Dashing around the city and getting where you need to go flexibly: With car2go, that's as simple as using a cell phone, as the system is not only online, but also utilizes smartphones as the central interface for finding and booking a vehicle, unlocking and locking it, and paying for it — all with just one device. More than two thirds of all car2go rentals are already transacted in this manner. This shows just how much acceptance the app enjoys among our customers as a "car key," and it also demonstrates that we're on the right track.

car2go has made Daimler the market leader for free-floating car-sharing systems that operate without rental stations. With its fleet of around 14,500 smart fortwo vehicles (including 1,600 battery-electric cars) at 31 locations in Europe and North America, car2go is now the world's biggest car-sharing company. A car2go vehicle is now rented once every 1.4 seconds by one of the company's more than 1.2 million customers. Following a successful test phase, car2go will also be rolled out in a Chinese city for the first time in the spring of 2016.

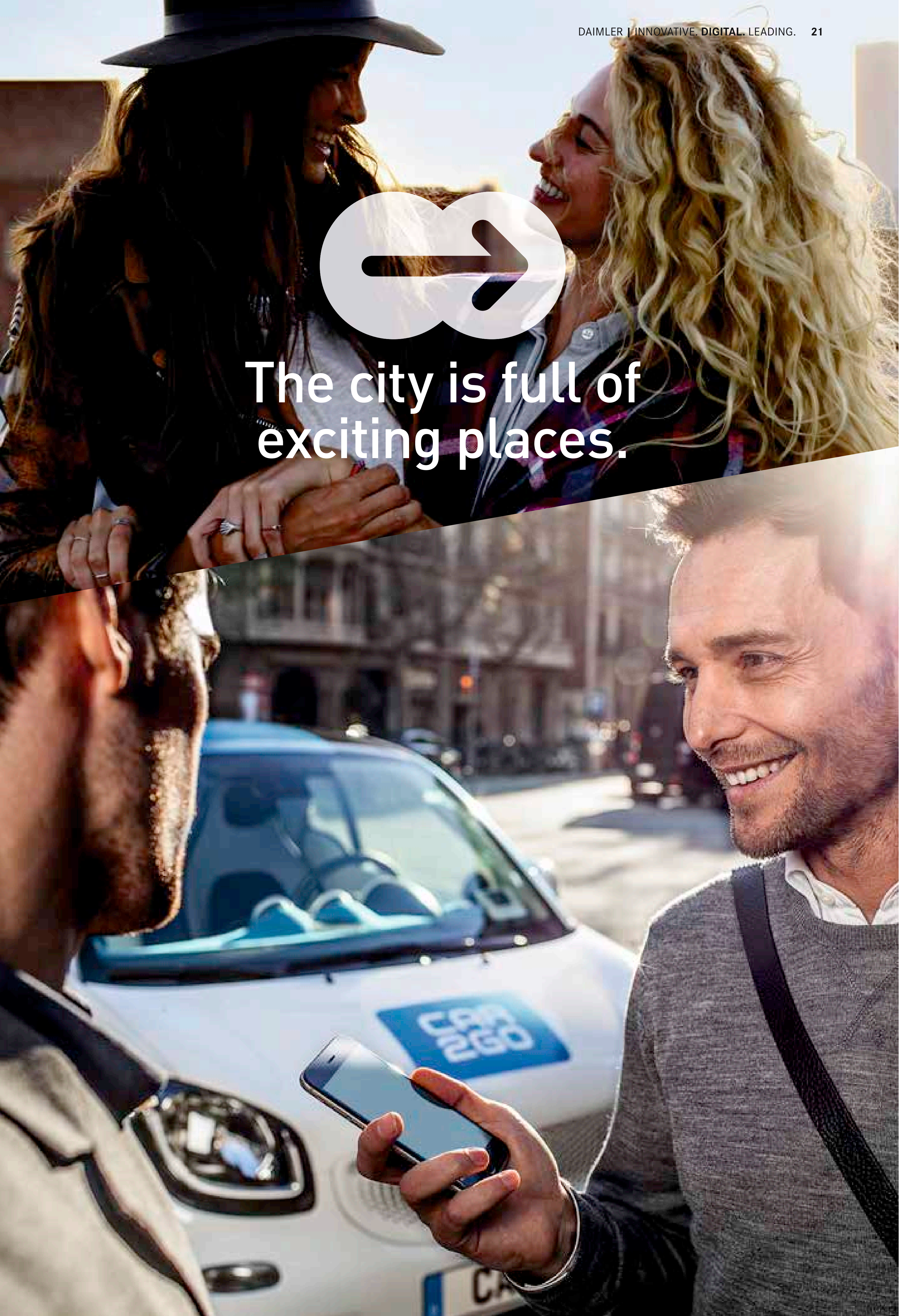
Digital awards for moovel and mytaxi

Startups aren't the only companies that can adapt dynamically to market requirements. With moovel, Daimler has shown how a company's core business can be expanded to include innovative digital business operations. This success was honored at the 2015 DLD digital conference in Munich with a Focus Digital Star Award. In addition, moovel partner mytaxi was named "Digital Company of the Year" at the German Digital Award 2015 event in Berlin.

moovel - the mobility app for your city
moovel allows you to find the available mobility services and to get to your destination easily.

moovel.com/en/DE

The city is full of exciting places.



Detroit Connect & FleetBoard

Digital services make for optimal transport logistics

In addition to normal cargo, connected trucks also deliver – “on the side” – valuable data on the vehicle, its load, the traffic and the weather. If this data is sent to the cloud, it opens up completely new possibilities – for everyone involved in logistics.

The telematics systems Detroit Connect and FleetBoard are milestones on the way into the future, and for many long-distance drivers are already part of their regular workng lives.

Telematics services offer truck fleet operators many benefits, such as reduced fuel consumption, greater vehicle availability and lower maintenance costs. Daimler Trucks offers the right solution for each market with FleetBoard in Europe, South Africa and Brazil, and Detroit Connect in the United States and Canada. Both systems have already gained the trust of customers and serve as an ideal foundation for developments in the future.

FleetBoard: efficient truck fleet management
Daimler FleetBoard is Europe’s leading telematics service provider for trucks, vans and buses. The system delivers data about drivers, fleets and transport jobs. It also connects logistics systems and creates transparency at all levels. FleetBoard can determine the location of a vehicle at any time, for example, and can also send and receive data to and from vehicles. It also supports drivers on the road with easily operated technical systems. The result is optimized truck capacity utilization, lower fuel consumption, greater vehicle availability and better economy than ever before. FleetBoard is installed in nearly half of all new trucks in Europe today.

In addition, more than 5,000 FleetBoard customers are now able to utilize the system’s comprehensive app portfolio for Android and iOS smartphones and tablet computers. As a result, logistics company clients, fleet dispatchers, drivers and subcontractors are all able to call up the data they need quickly and flexibly, and from any location.

Detroit Connect: remote diagnosis and fleet monitoring
Detroit Connect enables trucks, drivers, fleet operators and repair centers to share data. Detroit Connect is the first telematics solution in the United States and Canada that uses an onboard diagnosis and fleet monitoring system to identify the causes of fault messages while the vehicle is in motion. This telematics system from Daimler Trucks has already been installed in over 150,000 vehicles.

Virtual Technician supports truckers
A minor fault – or something more serious? A flashing Check Engine light can mean different things. Truckers in the United States and Canada can rely on the Virtual Technician from Detroit Connect to determine the cause of the warning, as a real-time recording of the engine’s technical data is sent to the Detroit Customer Service Center for analysis whenever the Check Engine light flashes. A recommendation for action is sent to the driver, who can then take the necessary steps. This remote diagnosis system reduces service-related downtime and maintenance costs. Fleet operators thus benefit from as much as 20 percent lower repair costs and six percent higher vehicle operation times.

Daimler Trucks promotes truck connectivity with its investment in Zonar Systems
Daimler Trucks is systematically continuing its activities in the field of networked vehicle services through its investment in Zonar Systems, a leading developer and supplier of logistics, telematics and connectivity solutions. In the future, Daimler Trucks North America and Zonar will jointly launch applications for the US market. The two companies have already been cooperating for five years through the Virtual Technician and Detroit Connect. They also share the same vision of providing optimal transport logistics through intelligent networking.

“By linking our trucks with the cloud, we are enabling them to become part of a complete logistics network.”

Concept IAA

Intelligent networking of humans and machines

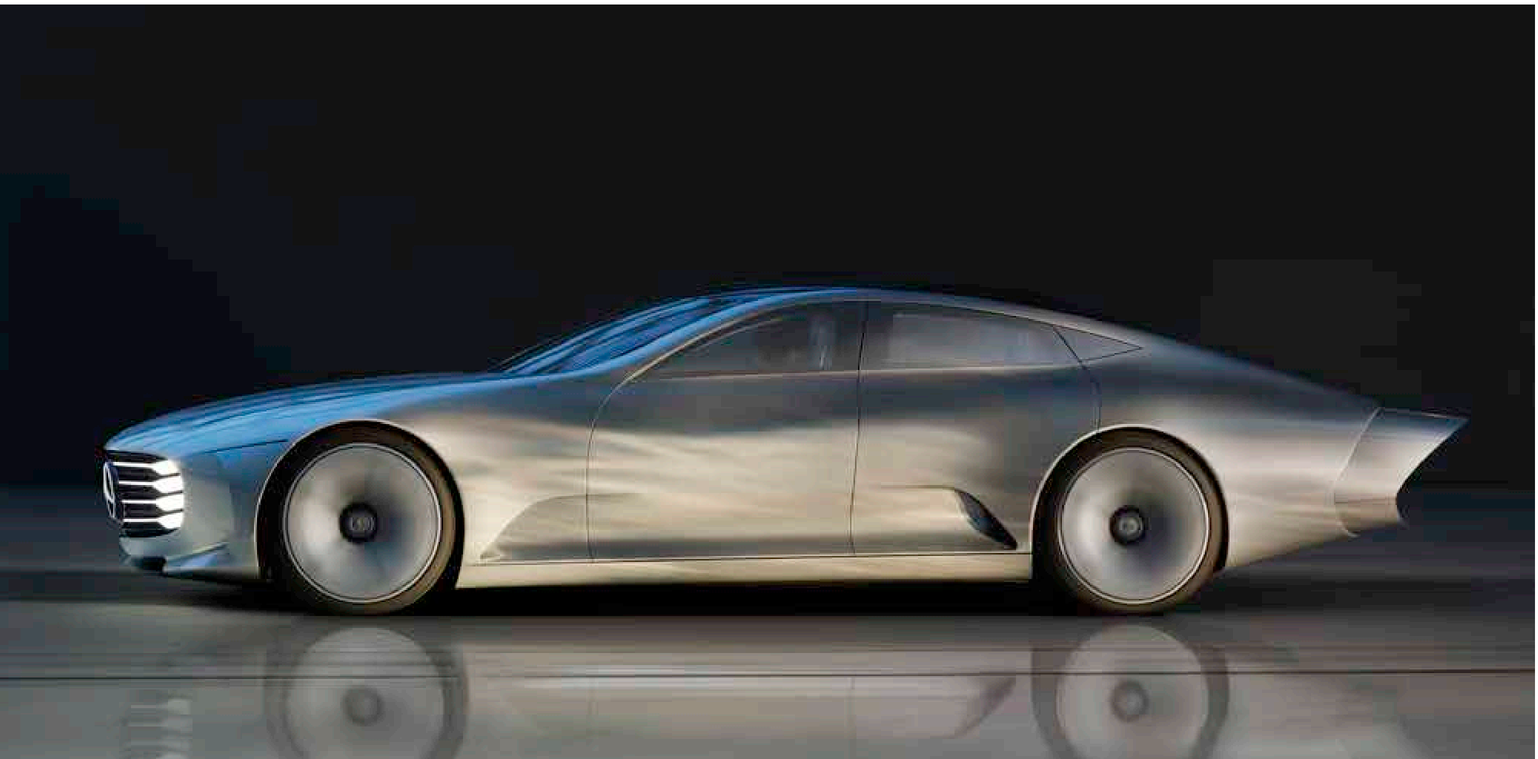
The visionary Mercedes-Benz Concept IAA combines previously unattained aerodynamic properties with a thrilling design – and the “Digital Transformer” also shows just how far Daimler has progressed in terms of digitized vehicle development and production.

The Concept IAA (Intelligent Aerodynamic Automobile) lets drivers experience the future at the push of a button. Sophisticated improvements to the vehicle body have transformed the four-door coupe into an aerodynamic world champion with a drag coefficient (Cd value) of only 0.19. This innovative concept from Daimler would never have been possible without the digital networking of various levels of the value chain.

Digital prototypes: greater precision, shorter innovation cycles, faster development
The outstanding characteristics of the Concept IAA are the result of an almost completely digital development process. State-of-the-art CAD techniques were used to create 300 digital prototypes; after that, the most aerodynamic version was implemented in the record time of ten months. The opportunities offered by digital prototyping for series development are clear, as digital simulations and the use of big data will, in the future, bring individual vehicles and the newest technologies to life more quickly and economically than ever before.

Digital production: greater variety and improved ergonomics
The more dynamic the market, the greater the amount of flexibility we need in production in order to respond to changed customer requirements at short notice, for example. The key to success here can be found in the link between the physical and the digital world, in line with the vision of Industry 4.0. The new Mercedes-Benz E-Class impressively shows how the networking of the value chain has become a reality at Daimler. The vehicle was shaped by digital technology for everything from development to production to sales.

The smart factory is a core component of the process of digitization at our company. In the digital factory of the future, production equipment, components and the surrounding environment will all be linked with one another and with the Internet. Even more importantly, people and robots will work together, making production more flexible and resource-efficient and ensuring even more ergonomic conditions for employees.



This concept will be gradually implemented throughout the Mercedes-Benz global production network. Numerous smart-factory elements have also been incorporated into manufacturing processes since the E-Class production launch.

TecFactory: new technologies for series production
Daimler is also setting the pace for innovative manufacturing concepts. Such new processes are extensively tested in the TecFactory before they make their way into series production operations. For example, we were the first automaker to recognize the potential offered by sensitive robots and we are now testing such machines in the Mercedes-Benz TecFactory.

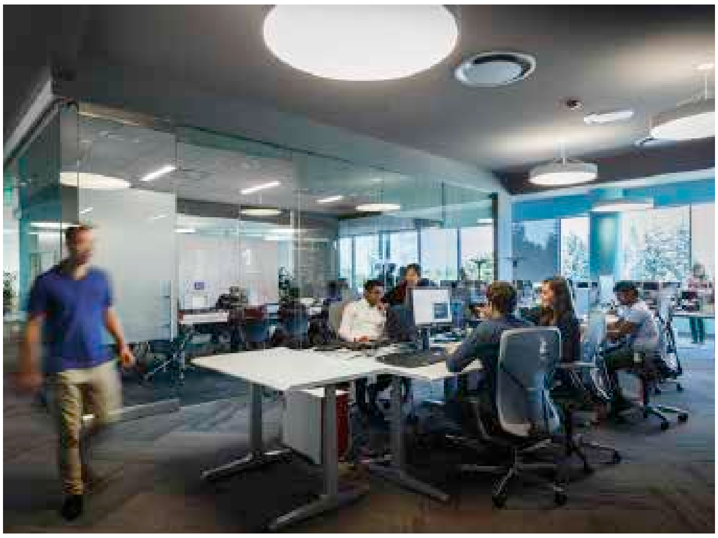
Robots as colleagues: people and machines working hand in hand
State-of-the-art lightweight robots are enabling cooperation between workers and machines – without any protective barriers between them. The robots use sensors to scan the immediate area, and they stop their work whenever a person enters their radius of action. Sometimes, direct contact between people and robots is actually part of the system. For example, some robots need to be tapped or have their arms moved in order to get them to start working. Staff at the Mercedes-Benz plant in Untertürkheim are already being assisted by the latest generation of robots in the series production of dual-clutch transmissions.

> "With our vision of Industry 4.0, we are digitizing the entire value creation process – from design and development to production, sales and service."

The "InCarRob" sits in the vehicle and reduces the amount of strenuous overhead work the employees have to do.

Freedom for developing new ideas

A global company with an entrepreneurial spirit



Daimler is taking the lead in the digital age as well, and is creating the conditions required for an agile and connected organization. This enables our employees to make full use of their creativity.

Step by step, we are developing a new digital work culture. The formats we utilize here include the Daimler Connect internal social network, discussion forums, idea competitions, workshops and other events.

DigitalLife Day: freedom for creativity and networking
The DigitalLife Day series of events enables us to conduct a continual dialogue about the digital transformation and prepare our employees for the future. In an effort to further promote the spirit of innovation at the company, we are combining our strengths as a global corporation even more extensively with the qualities typical of a startup. Whether it's a smartphone app for managing one's personal work-life balance or the use of interactive data goggles at vehicle repair centers – the concepts produced at the employee idea competition during DigitalLife Day 2015 show just how important inspiration from our workforce is for the success of the company.

HR innovation – Peninsula project: Mercedes-Benz Vans benefits from the ideas of entrepreneurs
Since the fall of 2015, entrepreneurial experts have been working with Daimler employees in a co-working office in Berlin on the development of future-oriented solutions for passenger and goods transport by van. At a location known as the "Peninsula," far away from corporate structures, people from different professional backgrounds and with different ways of thinking are cooperating to develop valuable ideas for Mercedes-Benz Vans.

Hackathons without borders: across regions, divisions and disciplines
Hackathons in India and Germany were supplemented in the summer of 2015 by a hackathon staged by Mercedes-Benz Research & Development North America (MBRDNA) in one of the world's most creative regions – Silicon Valley. More than 100 programmers and creative individuals attended the three-day event for developing apps that can be used in Mercedes-Benz vehicles. MBRDNA headquarters is part of the global R&D network and has been benefiting since 1995 from the inventive spirit and unique culture of cooperation in Silicon Valley.

"We use innovative formats to promote a networked job culture and a startup mentality at the company."

Premium in all sizes

The brand-new Mercedes-Benz GLS SUV is one of the highlights of our model offensive – and it demonstrates once again that Daimler is pursuing the right strategy. Indeed, we are attracting more customers than ever before with the youngest and broadest product range in our history. We have completely renewed our model lineup in the growing SUV market, and we are also setting the standard for modern luxury, connectivity and autonomous driving with our new Mercedes-Benz E-Class. In addition, we occupy an outstanding position with our trucks, vans and buses, not least due to their outstanding safety and efficiency. With the help of exemplary products and technologies, we plan to stay ahead of the competition also in the future.

Best performance in every segment
Experience the world of Daimler products.

daimler.com/products/

Superior on any terrain: products for all lifestyles

Daimler stands for successful brands, outstanding passenger cars and commercial vehicles and customized mobility and financial services. Our product offensive has put us on course for profitable growth, and we are already the leader in many vehicle segments. We are also accelerating the pace with new fascinating models and trailblazing technologies, which ensure that we continue to delight our loyal customers while inspiring new customers to purchase our products.

Mercedes-Benz SUV offensive

A perfect ride on any terrain

“There’s good reason for us to focus strongly on SUVs, as these are fascinating automobiles in a market that continues to expand around the world.”

Are you ready for countless adventures? The new generation of SUVs from Mercedes-Benz makes a thrilling impression with a broad range of off-road features, a new design and extraordinary handling, comfort and safety.

“G” for Geländewagen (German for off-road vehicle) is our designation for off-road expertise, and this has been the case ever since we developed the G-Class – the first off-road model with the three-pointed star. The DNA of the original G-Class can still be found in all Mercedes-Benz SUVs, which also bear the “G” designation in their names. Following the compact GLA, the new GLC, the GLE (formerly the M-Class) and the new G-Class have been taking the world by storm on and off the road since 2015.

The innovative GLE coupe expands our range of SUVs to include a particularly sporty version that combines the dynamics of a coupe with the bold appearance of an SUV. The GLE will be followed in the spring of 2016 by our flagship SUV – the GLS (formerly GL). With a total of six models in all segments, Mercedes-Benz has a wider range of SUVs in its portfolio than any other premium brand.

Perfectly shaped: The aesthetic new SUV look
Sensual purity and modern aesthetic appeal paired with a classic off-road look – that’s the best way to describe the design philosophy of the new generation of Mercedes-Benz SUVs. The models’ dynamic design elicits emotion, while also making use of purist shapes. Our design concept also employs precise lines and surfaces that convey a positive sense of tension. This concept has also been applied to the vehicle’s sporty interior, which features high-quality materials and pioneering infotainment systems in the luxurious atmosphere typical of the Mercedes-Benz brand.

Even safer and more comfortable and efficient
The new Mercedes-Benz SUVs set standards in terms of technology as well. For example, an extensive package of measures has significantly increased the energy efficiency and performance of the SUV models. Depending on a driver’s preferences, the DYNAMIC SELECT driving program provides individualized agility while AIR BODY Control ensures enhanced comfort on any terrain. The models also feature state-of-the-art assistance systems that underscore the high safety standards at Mercedes-Benz.

Off the beaten track
The SUV campaign uses imposing images and famous people to present the SUV family from Mercedes-Benz.

youtube.com/watch?v=5Ax45-TDVbM

"The E-Class is the core of the Mercedes-Benz brand; it has always set the standard for business-class vehicles. Now it's continuing this tradition with numerous top-class innovations."

The new Mercedes-Benz E-Class

The most intelligent business sedan

With the brand-new E-Class, the inventor of the automobile is presenting the most advanced production vehicle in the world. The business sedan is the leader in terms of safety, efficiency and vehicle intelligence.

The exterior of the new E-Class makes a stylish and powerful impression right from the start. The vehicle's doors can be opened using a smartphone as a key. The interior of the new E-Class impressively combines the elegance of the luxury class with cultivated sportiness. Its spacious interior architecture and the finest materials and technologies send a message of next-level design and set a benchmark for today's business sedans.

Trendsetter in its segment: the digital widescreen dashboard
The E-Class interior equipped with the COMAND Online system features two brilliant next-generation high-resolution displays, each with a 12.3-inch screen diagonal. The displays seem to merge to form a widescreen dashboard – a central element that emphasizes the horizontal alignment of the interior, consisting of a display with virtual instruments in the driver's field of vision and a display above the center console. The system also offers a choice of three screen design styles: "Classic," "Sport" and "Progressive."

World premiere: infotainment control with swiping
The new E-Class also marks the premiere of touch-sensitive controls on a steering wheel. These controls respond to horizontal and vertical swiping movements – just like on a smartphone. As a result, the entire infotainment system can be operated intuitively and ergonomically, without the driver having to take his or her hands off the steering wheel.

The new E-Class also features familiar control formats such as a touchpad with controller, the LINGUATRONIC voice command system and, for the first time, on/off switches for certain driver assistance systems. An intelligent graphic design with brilliant visual features underscores the fascinating operation concept. Among other things, animations make it easier for users to understand and thus directly experience the assistance systems.

Trailblazing engines open up new dimensions of efficiency and dynamic performance
The engine variants for the business sedan are also extremely innovative. The new E-Class will be available with either a four-cylinder gasoline engine or a new four-cylinder diesel engine at market launch. Despite their smaller displacement, the new diesel engines put more power on the road, with fuel consumption that only a few and much smaller cars have previously offered.

As part of the Daimler hybrid offensive, we will also offer a third-generation plug-in hybrid E-Class version that will enable a 30-kilometer all-electric range for locally emission-free driving. The combination of the four-cylinder gasoline engine and the electric motor boasts the performance of a sports car but consumes less fuel than a compact vehicle. Lightweight engineering and record-setting aerodynamics also do their part to ensure that the E-Class sets new standards for efficiency. pages 12 f

Less stress and greater safety and driving pleasure: next-generation driver-assistance package

The new Mercedes-Benz E-Class comes with Active Brake Assist as standard equipment. This system is able to warn the driver of an impending crash situation, provide support during emergency braking and, if necessary, automatically brake the vehicle itself. It can detect other vehicles as well as pedestrians crossing in front of the car. Also included as standard are ATTENTION ASSIST with adjustable sensitivity and Crosswind Assist.

Highlights of the optional driver assistance package include proven and extensively refined systems such as Active Lane Keeping Assist, Active Blind Spot Assist and PRE-SAFE® PLUS – as well as numerous groundbreaking innovations that are bringing autonomous driving within reach.

DRIVE PILOT: a further technological step toward autonomous driving

DRIVE PILOT automatically keeps the car at a proper distance behind other vehicles on highways and secondary roads, and – for the first time – it can also follow vehicles at a speed of up to 210 km/h. The driver thus no longer needs to operate the brake or gas pedal and also receives steering support from Steering Pilot – even in slight curves. Another unique feature is that the system can continue to intervene actively at speeds up to 130 km/h by taking account of surrounding vehicles and parallel structures, even if there are no visible lane markings. DRIVE PILOT therefore makes driving easier, especially in traffic jams or on congested roads.

Another new development for reducing stress is the Speed Limit Pilot, which can independently adjust the vehicle's speed in line with speed limit signs detected by its camera or speed limit information stored in the navigation system.

In the fast lane with Active Lane Change Assist

This new radar and camera-based subsystem of DRIVE PILOT provides support during lane changes on multi-lane roads. The driver simply engages the turn-indicator light for at least two seconds, after which the new E-Class checks the lane selected by the driver and then switches to it after determining that it's safe to do so.

Pedestrian protection: Evasive Steering Assist

If the driver deliberately or instinctively initiates an evasive maneuver in a dangerous situation, this new feature supports the required steering movements and then helps the driver straighten the vehicle's course again.

PRE-SAFE® Impulse Side and PRE-SAFE® Sound

The PRE-SAFE® Impulse Side function is part of the PLUS driver assistance package. If an imminent side collision is detected, the function moves the driver or front passenger as far away from the danger zone as possible.

PRE-SAFE® Sound emits a brief noise via the vehicle's sound system when the risk of a collision is identified. This signal can trigger a protective reflex in the inner ear and thus prepare the occupants' ears for the noise from the anticipated collision.

Car-to-x communication expands horizons

Back in 2013, Mercedes-Benz became the first manufacturer to introduce car-to-car connectivity in series-production models through a retrofit solution. This has now been followed by the launch of the world's first fully integrated car-to-x solution as standard equipment in the new E-Class. The cell-phone-supported exchange of information with other vehicles enables the driver to "see around corners" or "through obstacles," so to speak.

The benefits are clear, as drivers are warned more quickly of potential dangers, such as a sudden traffic jam around a bend, a broken-down vehicle at the side of the road, a construction site ahead, or heavy rain and icy roads. The new E-Class acts as a both a receiver and a transmitter here, as warnings are conveyed either automatically or by the driver to the back-end system.

Smartphone integration links the customer's lifestyle with the features of a modern business sedan

The workplace and private sphere have now been joined by the new E-Class as a third realm in which smartphones play a special role. New technologies are enabling wireless antenna connections and smartphone recharging. Drivers or passengers can place their phone onto an inductive port, which then connects the phone to the multimedia system via the near field communication (NFC) protocol. Another advantage is that NFC transforms smartphones into digital car keys.

In and out of parking spaces by remote control with the Remote Parking Pilot

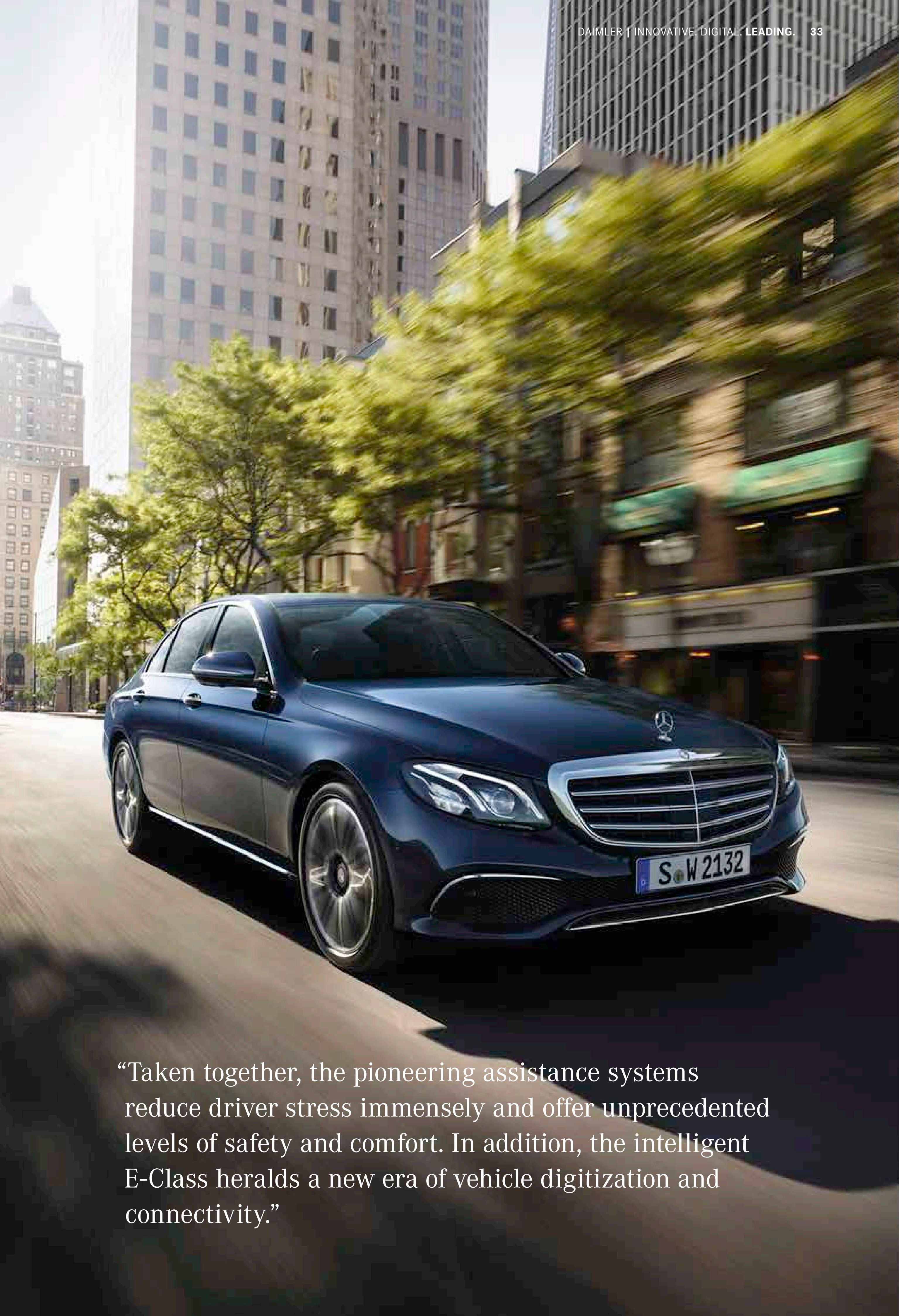
The new E-Class also makes another dream come true, as it can be moved into and out of garages and parking spaces via a smartphone, thereby making it easier for occupants to enter and exit the vehicle.

Masterpiece of Intelligence
Special on the new E-Class.

daimler.com/products/specials/new-e-class/

Ahead of the competition with a test license for autonomously driving vehicles

The built-in intelligence of the new E-Class also marks a milestone on the road to the self-driving automobile – for Mercedes-Benz and for the automotive industry as a whole. Current proof: As the first series-production vehicle worldwide, the new E-Class received a permit for autonomous test drives in everyday traffic in advance of the CES in Las Vegas. Since January 2016, three production sedans (not prototypes) have been operating on interstate and state highways in Nevada in the United States.



“Taken together, the pioneering assistance systems reduce driver stress immensely and offer unprecedented levels of safety and comfort. In addition, the intelligent E-Class heralds a new era of vehicle digitization and connectivity.”

Further cost reductions of up to 4 % for fuel and AdBlue in Mercedes-Benz and Setra coaches.

With the latest generation of the OM 471 engine, the Mercedes-Benz Actros is once again significantly extending its lead in terms of efficiency.

Latest generation of the OM 471 engine

Setting the pace for the most efficient trucks and buses

Whoever said ecology and economy don't mix? Daimler is demonstrating that they do with the latest generation of the OM 471 engine. Thanks to its second stage of innovation, the engine is more efficient than ever before.

Whether it's vans, trucks or buses – economy is the top priority for freight and passenger transport. Lower fuel consumption and CO_2 emissions are the key factors that offer economic benefits for our customers – and added value for society. That's why Daimler has significantly reduced fuel consumption once again by systematically optimizing its OM 471 engine.

Squaring the circle: even lower fuel consumption and emissions despite improved performance
A revolution took place in 2011 in the form of the all-new OM 471 engine from Mercedes-Benz. With 250,000 units worldwide, it is the top-selling engine for our heavy-duty commercial vehicles. Daimler has boosted efficiency even further in the latest generation of the OM 471 engine, which now ensures that the Mercedes-Benz Actros and the premium coaches from Mercedes-Benz and Setra are even cleaner and more economical, even as their engine output has increased.

Second innovation stage is even more efficient
Five output classes with further optimized torque, the second generation of the X-Pulse fuel injection system, a patented exhaust gas recirculation system and an even more robust, low-maintenance design – numerous individual measures have led to further optimization of the outstanding attributes of the OM 471 heavy-duty engine in its latest development stage, and operating costs are therefore lower as well.

Maximum economy in the tough transport business
The progress that's been made is impressive. For example, fuel consumption in the new-generation OM 471 has again been considerably reduced – this time by up to 3%. The average fuel consumption of the Mercedes-Benz Actros is now as much as 13% lower than in 2011. By comparison, fuel-saving progress normally amounts to 1.5% per year in the commercial vehicle industry.

The outstanding fuel consumption offered by the Actros long-distance truck not only pays off for our customers in hard cash; it also once again underscores Daimler's technological expertise and innovative capability.

Significantly more efficient – also in the highly competitive Fuel Duels
The Mercedes-Benz Actros proved to be the most efficient truck in its class in Fuel Duels held with leading European competitors. A total of 90 semitrailer trucks were driven for nearly 9 million kilometers in 1,901 Fuel Duels in 22 countries in Europe. The Actros performed outstandingly, coming out on top in more than 90 percent of the comparative tests, with an average fuel consumption advantage of 10.3%. At the end of 2015, the Actros began another round of Fuel Duels with the new-generation OM 471 engine.

Fuel Duels: second round

Further information:

fuelduel.com/

"The Mercedes-Benz Actros with the latest generation of the OM 471 engine is designed for efficiency like no other long-distance truck before it."

Mercedes-Benz Marco Polo

On the road with a safety pioneer

"Safety is one of the fundamental brand values at Daimler."

Daimler's vision of accident-free driving promotes the development of outstanding safety technologies, and the Marco Polo from Mercedes-Benz Vans is no exception.

Daimler already builds the world's safest vehicles — and we still have plenty of ideas about how to make passenger and road freight transport even safer in the future.

Safety first: setting the pace and the standards
Our development work on safety systems takes into account not only future legal requirements but also the actual situation on roads and highways. This approach has proven to be very successful, as our assistance systems in vehicles with the star and those built by other Daimler brands are virtually synonymous with top-class safety.

Close cooperation between our automotive divisions and between those divisions and Daimler Group Research have given us a considerable edge over our competitors. This in turn offers a major advantage, especially in terms of vans, whose technological similarity to Mercedes-Benz passenger cars allows innovative technologies in cars to be quickly transferred. This is also the case with the Marco Polo and Marco Polo ACTIVITY models from Mercedes-Benz Vans.

The Marco Polo: exemplary safety confirmed by TÜV
The compact camper van combines maximum functionality with style and aesthetic appeal. It also offers a level of safety above and beyond the legal requirements — a fact that was confirmed in August 2015, when Mercedes-Benz Vans was presented with a seal of quality for Occupant Protection in the Marco Polo by the TÜV Rheinland technical inspection agency. It is the first and, to date, only camper van manufacturer to ever receive such an award.

The Marco Polo is also the first camper van to demonstrate exceptional occupant protection and installation stability through participation in a crash test in addition to legally required safety tests. During a collision at 56 km/h, the vehicle structure was able to absorb all impact forces without any deformations in the interior. All of the installations also remained undamaged and the doors of the furniture in the interior stayed closed.

Safe feeling as standard: Marco Polo with unique driver assistance systems
The Marco Polo, which is based on the Mercedes-Benz V-Class multipurpose vehicle, perfectly combines leisure and daily use. In addition, a total of 11 assistance systems ensure a high level of safety with the help of state-of-the-art radar, cameras and ultrasound sensors based on the Mercedes-Benz Intelligent Drive concept.

The range of standard equipment in the Marco Polo is exemplary and includes ATTENTION ASSIST, which detects signs of driver fatigue, and Crosswind Assist, which can reduce the negative impact of dangerous wind gusts by supporting the driver by means of targeted braking — a unique feature in the compact camper-van segment.

Additional optional assistance systems
Other ultramodern assistance systems are available in the Marco Polo as options. These include Active Parking Assist, a 360-degree camera, DISTRONIC PLUS proximity cruise control, the COLLISION PREVENTION ASSIST distance warning system, Traffic Sign Assist with a wrong-way warning function, Lane Keeping Assist, Blind Spot Assist, the LED Intelligent Light System and Adaptive Highbeam Assist.

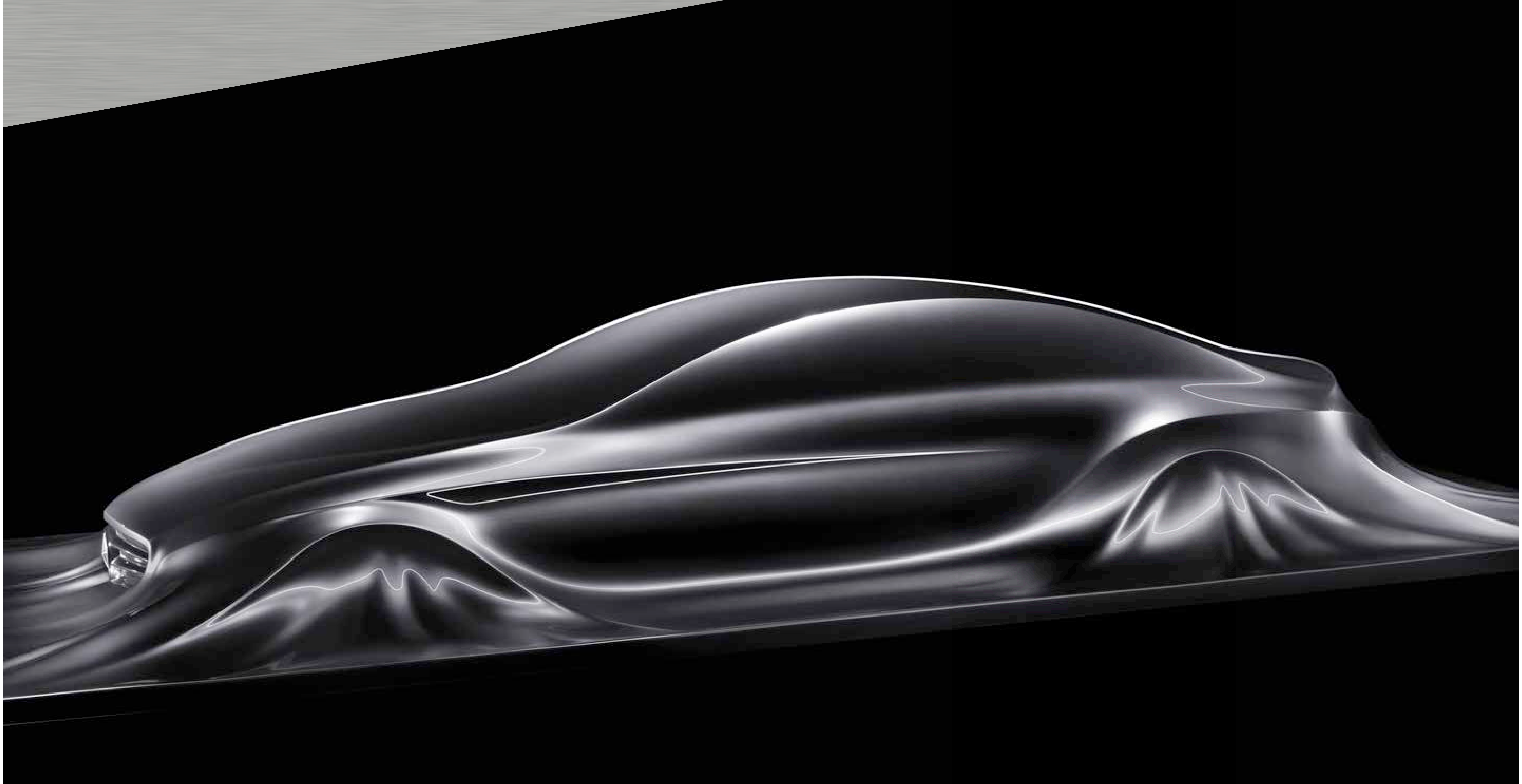
The PRE-SAFE® system familiar from passenger car models is also available in the Marco Polo. This is the first time such a system has been offered in the compact camper-van segment. In the event of an impending collision, the system ensures that the seat belts and airbags offer the best possible protection.

Mercedes-Benz Marco Polo on track for success

The Marco Polo is extremely successful. Demand for the camper van continues to rise and the model has received awards from two trade journals. The camper van took first place in the readers' choice competition of AUTO BILD REISEMOBIL magazine for the "Goldene AUTO BILD Reisemobil 2015" award, while readers of promobil named it "Compact Camper Van of the Year" in 2016, as they had in the previous year.

The future is already taking shape

Daimler already brings to life today many of the aspects of the mobility of tomorrow. Our fascinating vehicles, technologies and mobility concepts perfectly combine the wishes of our customers with the options offered by the digital world. We at Daimler have already achieved a great deal as we move into the new era of intelligent mobility – and we still have a lot planned as well. As a pioneer, we will continue to exploit our innovative capabilities and the potential offered by further digitization in order to help shape the future of the automobile at the cutting edge of our industry.



A lot achieved – more to come

+15%

revenue growth
to €149.5 billion

+36%

increase in **EBIT**
from ongoing business
to €13.8 billion

€3.25

proposed **dividend**
80 cents higher than in the prior year

123 g/km

average **CO_2 emissions**
of cars in EU down by 6 g/km

Stuttgart, February 2016

Dear Shareholders,

2015 was an extremely successful year for your company. We achieved a lot. In Formula 1, for example, we won both the drivers' championship and the constructors' title. Some people might think, "Great, but you already did that the year before." That's right. And that's exactly what it's about. Getting to the top is hard – staying at the top is even harder. But that is our ambition – in motorsport and in our core business: We want to be in the lead on a sustained basis.

Our numbers show that we have the potential to do that: 2.9 million customers decided in favor of a vehicle from the Daimler Group last year – an absolute record. And at 149.5 billion euros, our revenue was higher than ever before as well. EBIT from the ongoing business increased by 36 percent to 13.8 billion euros. The bottom line is a net profit of 8.7 billion euros. At the Annual Shareholders' Meeting, the Board of Management and the Supervisory Board will therefore propose the distribution of the highest dividend in our company's history.

How did the individual divisions contribute to these outstanding results?

Mercedes-Benz Cars played a large part. With sales of more than two million vehicles, we set our fifth consecutive record for unit sales. This means that we were once again the world's strongest-growing premium brand. For the first time, China was the most important market for Mercedes-Benz. Our multitude of models is the key to this success. The main drivers of the sales growth were the C-Class, our SUVs and the compact cars. In addition, we achieved our profitability target of a ten-percent return on sales in 2015.

Daimler Trucks reached a major milestone in 2015 with sales of more than 500,000 vehicles. In regional terms, the development of the truck business was very varied. The decrease in unit sales in the weak Latin American market was offset by an exceptionally strong performance in North America. We underscored our role as the leading truck manufacturer with milestones in the field of autonomous driving. In Nevada, we received the very first road approval for a truck driving autonomously. We also tested the first autonomous series-production truck on a German autobahn.

At Mercedes-Benz Vans, the Sprinter in particular gave us reason to celebrate. The bestseller not only had its twentieth anniversary in 2015, it also set a new sales record. Another highlight was the market launch of the Vito in North and South America. In total, we increased our unit sales of all van models by nine percent last year.

Daimler Buses performed well in a difficult market environment, although we did not quite match the unit sales of the previous year. In the future, we intend to profit from the growth potential of the Indian market, and we have already charted the course: After a construction period of just two years, series production started in fall last year at our new bus plant in Chennai.

Daimler Financial Services posted record levels of new business and contract volume. Meanwhile, we finance or lease nearly half of all the vehicles we sell.

All of this success was made possible by our 284,000 employees and their untiring efforts. On behalf of the entire Board of Management, I would like to thank them for their excellent work.

There is every indication that 2016 will also be a good year. Although the world economy is growing only moderately and there are many challenges ahead of us, the year is an opportunity for further improvement.

Against this backdrop, the product offensive at Mercedes-Benz enters the next phase. With the new E-Class, we have already had the year's most important premiere. The most intelligent business sedan sets new standards for interior design and autonomous driving. Another major feature of the year 2016 will be our "Dream Cars." Spread over the year, we will present a whole range of highly emotive automobiles. In addition, the products that we launched in 2015 will have their full market impact this year.

For our commercial vehicles, a special focus in 2016 is the IAA Commercial Vehicles Show in Hanover, where we will once again demonstrate our technology leadership in the areas of connectivity, safety and efficiency. We will also expand our global presence. Last October, the first of six international regional centers was opened in Dubai. These centers will enhance our proximity to customers and allow us to fully utilize the potential of new growth markets in the future. We will also expand our platform strategy. For example, we will launch our medium-duty engine family also in the NAFTA region in 2016.

Our course for the years ahead is clear: We will further strengthen our core business, grow worldwide, lead in terms of technology, and push forward with the digitization of our products and services and along our entire value chain. For this purpose, we will significantly increase our budget for research and development and our capital expenditure in the next two years. We will do that on the basis of sound finances and with the goal of sustainably strengthening our future competitiveness. We need to safeguard the level of profitability we have achieved over the long term and generally make the Group more robust.

As you can see, Daimler is moving at high speed in the right direction. We look forward to continuing this journey with you, our shareholders.

Sincerely yours,

Dieter Zetsche

We are steadily implementing our strategy

We have set ourselves the goals of being the leaders in the area of technology and innovation, of inspiring our customers and of continuing our profitable growth. We intend to shape the safe and sustainable individual mobility of the future with outstanding products and services and with pioneering innovations. In this way, we will create value – for our shareholders, our customers, our employees and society in general. To achieve that, we are pursuing a globally oriented technology and growth strategy. We reached some major milestones in the year under review – financial year 2015 was an overall success. That will be to the benefit also of our shareholders: through a significantly higher dividend and an attractive share price.

A | To Our Shareholders

Hubertus Troska | 55
Greater China,
Appointed until December 2020

Thomas Weber | 61
Group Research & Mercedes-Benz Cars Development,
Appointed until December 2016

Wilfried Porth | 57
Human Resources and Director of Labor Relations,
IT & Mercedes-Benz Vans,
Appointed until April 2017

Renata Jungo Brüngger | 54
Integrity and Legal Affairs,
Appointed until December 2018

Ola Källenius | 46
Mercedes-Benz Cars Marketing & Sales,
Appointed until December 2017

Dieter Zetsche | 62
Chairman of the Board of Management,
Head of Mercedes-Benz Cars,
Appointed until December 2019

Bodo Uebber | 56
Finance & Controlling,
Daimler Financial Services,
Appointed until December 2019

Wolfgang Bernhard | 55
Daimler Trucks and Buses,
Appointed until February 2018

The Board of Management

Report of the Supervisory Board

Dear Shareholders, the Supervisory Board dealt intensively and extensively with the strategic and operational development of the Daimler Group in seven meetings during the 2015 financial year.

In the year 2015, the Supervisory Board performed its tasks as defined by the law, the Articles of Incorporation and the rules of procedure. It continually advised and supervised the Board of Management on the management of the company. It examined whether the annual company and consolidated financial statements, the combined management report for the Company and the Group, and the other financial reporting were in conformance with the applicable requirements. In addition, it approved numerous business matters for which its consent was required following careful reviews and consultations. Those matters included finance and investment planning, major capital changes at companies of the Group, key individual investments and the conclusion of contracts with particular importance for the Group. The Board of Management informed the Supervisory Board about a large number of other actions and transactions and the two boards discussed those matters together, for example the further development of strategic programs in the various divisions and the status of various cooperation projects. Together with the Board of Management, the Supervisory Board held intensive and detailed discussions on the information and assessments that were material for its decisions and recommendations.

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

Daimler continued its profitable growth also in the year under review. The strategy is expressly supported by the Supervisory Board and is being implemented in a disciplined and successful manner. New records were set in 2015 for unit sales, revenue and earnings. Challenges resulting from partially very unfavorable conditions in some markets were more than offset by successes in other regions. The Group's financial strength and sound balance sheet allow this growth strategy to be continued while paying out an attractive dividend to our shareholders. The model range was further expanded once again last year with competitive products and innovative technologies. Structural adjustments and ongoing efficiency improvements make the business model more robust with regard to short- and long-term changes in the business environment. As a result, we intend to play a role in shaping the significant changes that our industry is expected to go through in the coming years from a position of strength. For this purpose, large volumes of advance expenditure for the future will be made also in the coming years. That includes investment in the core business and the utilization of additional market potential, as well as the development of new technologies, increasing digitization and the development of innovative mobility services.

Cooperation between the Supervisory Board and the Board of Management

The meetings of the Supervisory Board featured open and intensive exchanges of information and opinions. The Supervisory Board arranged an executive session in each of its meetings to be able to discuss topics in the absence of the Board of Management. Participation in the meetings by the members of the Supervisory Board was at a high level in the year 2015, as in the previous years. All members of the Supervisory Board participated in significantly more than half of the meetings of the Supervisory Board and the committees of which they are members in the year under review.

Dr. Manfred Bischoff, Chairman of the Supervisory Board

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

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

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

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

In the Supervisory Board meeting held on February 13, 2015, the Supervisory Board first decided on the personnel changes in the Board of Management described on page 52. Subsequently, it dealt with the annual company financial statements, the annual consolidated financial statements and the combined management report for Daimler AG and the Daimler Group for the year 2014, each of which had been issued with an unqualified audit opinion by the external auditors, as well as with the reports of the Audit Committee and the Supervisory Board, the corporate governance report, the remuneration report and the proposal on the appropriation of profit. In preparation, the members of the Supervisory Board were provided with comprehensive documentation. The Audit Committee and the Supervisory Board dealt with those documents in detail and discussed them intensively in the presence of the external auditors, who reported on the results of their audit and were available to answer supplementary questions and to provide further information. Following the final results of the review by the Audit Committee and its own review, the Supervisory Board declared its agreement with the results of the audit carried out by the external auditors. It determined that no objections were to be raised and approved the financial statements and the combined management report as presented by the Board of Management. The company financial statements of Daimler AG for the year 2014 were thereby adopted. On this basis, the Supervisory Board consented to the proposal made by the Board of Management on the appropriation of distributable profit. In addition, the Supervisory Board approved the report of the Supervisory Board, the corporate governance report and the remuneration report, as well as its proposed decisions on the items of the agenda for the 2015 Annual Shareholders' Meeting.

Also in the meeting on February 13, 2015, the Supervisory Board received detailed information on the strategy for information security at Daimler. This included the question of how the Group's different IT systems identify and repel attacks by hackers. The Supervisory Board also discussed the current status of the most important legal proceedings such as the arbitration proceedings with regard to Toll Collect or the EU antitrust proceedings against truck manufacturers. After that, the Supervisory Board discussed the results of the efficiency audit carried out in 2014, which once again confirmed the very good and constructive cooperation within the Supervisory Board and with the Board of Management. Suggestions for the further optimization of the cooperation were effectively acted upon and implemented during the year.

Subsequently, the Supervisory Board dealt with questions of corporate governance and the subject of Board of Management remuneration. In addition, approval was granted for the other board memberships and sideline activities of the members of the Board of Management that were presented in the meeting.

One of the items on the agenda of the Annual Shareholders' Meeting held on April 1, 2015 was the reelection of Dr. Paul Achleitner as a member of the Supervisory Board representing the shareholders. After he was elected by the Annual Shareholders' Meeting, the Supervisory Board reelected Dr. Paul Achleitner as a member of the Nomination Committee.

In another meeting at the end of April 2015, the Supervisory Board dealt with the various aspects of the subject of sustainability and its importance for the Group. The detailed discussion covered the development of resource consumption and improved energy efficiency in production, the sustainable further development of the product portfolio and the implementation of integrity at the Group, as well as the legal and ethical questions arising in the context of autonomous driving. Subsequently, the Supervisory Board received information on the status of the strategic cooperation with Renault-Nissan with regard to the expansion of the Mercedes-Benz product portfolio. Specific details were discussed of the project to offer in the future a Mercedes-Benz pickup with the brand's typical vehicle attributes of safety, comfort and high quality. In addition, the Supervisory Board discussed the strategy of the worldwide service and spare-parts organization. Furthermore, the Supervisory Board was occupied with the contents and possible legal consequences for the Company of antitrust proceedings, as well as the proportion of women in the Supervisory Board and the Board of Management in the context of corporate governance topics. The background was legislation for equal participation of women and men in management positions, which came into force in May 2015. For the composition of the Board of Management, the Supervisory Board decided on a target for the proportion of women of 12.5%, in line with the status quo, which is to apply until December 31, 2016.

Following discussion of the course of business and the results of the first half of 2015, in its meeting in July, the Supervisory Board received detailed information on the business development of Daimler Financial Services worldwide and in particular in China, and subsequently approved a capital increase at Mercedes-Benz Bank AG. The Supervisory Board also dealt with the planned "Mercedes-Benz Stadium" sponsoring project as an advertising and communication platform at the new location of Mercedes-Benz USA in Atlanta, and approved the project. Subsequently, the Supervisory Board received detailed information on the planned joint acquisition of the HERE digital mapping business from Nokia Corporation by Daimler, Audi and BMW. Through the joint acquisition of HERE, it is intended to create an open, independent and value-adding platform for cloud-based maps and mobility services. The Supervisory Board approved the project in written circulated form in late July 2015.

Furthermore, in a joint meeting with the advisory board for integrity and corporate responsibility, the Supervisory Board dealt with, amongst other things, the Group's role in the field of sustainability. The participants in the meeting discussed the Group's international standards relating to working conditions, the promotion of human rights and possibilities of making a positive contribution to the development of society in certain regions, as well as the Group's sustainability communication.

During a two-day strategy workshop at the Mercedes-Benz plant in Sindelfingen in the fall of 2015, the Supervisory Board was first informed, in connection with recent events, about the impact of the emissions issue on a competitor in the German automotive industry. In that context, the Supervisory Board received a detailed presentation of the current situation in all of the Group's automotive divisions, and ascertained that no so-called defeat devices, which non-permissibly restrict the effectiveness of exhaust-gas aftertreatment, are used or have been used at Daimler.

Subsequently, the Supervisory Board received information on the strategic goals of Daimler AG and the divisions, as well as on the stage of their implementation so far. The starting point was an assessment of the markets and the automotive environment in the year 2025. The Supervisory Board dealt in detail with the expected changes in structural conditions and risks. Important points for discussion included the subjects of the mobility of the future, connectivity and the digitization of processes and systems along the entire value chain. After that, the Supervisory Board discussed the key financial figures and goals for the Group and the divisions. Other focuses of the annual strategy meeting were the development of the Chinese and Brazilian economies and the prospects for Daimler in those two markets.

After that, the Supervisory Board experienced numerous of the Group's topics for the future first hand under the heading of "Objectives and digital transformation." The heads of specialist departments used market stalls and exhibits to give the members of the Supervisory Board and the Board of Management direct insights into new products and technologies, such as "Industry 4.0," "Transport systems of the future from Mercedes-Benz Vans" and "Communication in the digital world."

The Supervisory Board was also informed about the preventive measures taken by the Group in connection with antitrust-law compliance and about the most important initiatives for the creation of a future-oriented sales and marketing organization for Mercedes-Benz Cars. Other items on the agenda were the development of legislative conditions for the continuous reduction of CO_2 emissions and the ongoing development of alternative drive systems at Daimler.

Furthermore, the members of the Supervisory Board representing the shareholders decided on October 1, 2015, on the basis of recommendations by the members of the Nomination Committee, to propose to the Annual Shareholders' Meeting that Dr. Manfred Bischoff and Petraea Heynike be reelected to the Supervisory Board with effect as of the end of the Annual Shareholders' Meeting held on April 6, 2016 and until the end of the Annual Shareholders' Meeting that decides on ratification of their actions in the year 2020.

At the beginning of the meeting held in December 2015, the members of the Supervisory Board were occupied in the context of a vehicle presentation with new vehicle models, design studies and future-oriented technologies. Subsequently, the Supervisory Board dealt with the departure of Dr. Christine Hohmann-Dennhardt and the appointment of Renata Jungo Brüngger to the Board of Management. In the further course of the meeting, the Supervisory Board dealt in detail on the basis of comprehensive documentation with the operational planning for the years 2016 and 2017. This included discussion of existing opportunities and risks as well as the Group's risk management. In addition, the Supervisory Board approved the capital increase for a company of the Group in Brazil as well as a contribution to the German pension fund assets. The Supervisory Board was also informed about the planned expansion of transmission production at an existing Daimler facility in Romania, and approved that project.

Other topics dealt with in the December meeting were corporate governance and Board of Management remuneration in light of the recommendations of the German Corporate Governance Code. Finally, the Supervisory Board dealt with the probable main topics of the year 2016. Following the meeting of the Supervisory Board in December, the members of the Supervisory Board received information on the current stage of legislative developments in this field in the context of an optional corporate governance session.

Corporate governance

During the year 2015, the Supervisory Board was continually occupied with standards of good corporate governance.

The members of the Supervisory Board of Daimler AG are obliged to disclose conflicts of interest – especially those that might arise due to an advisory or board function for a customer, supplier or creditor of Daimler or for other third parties – to the entire Supervisory Board. In fulfilment of the relevant recommendations of the German Corporate Governance Code, the Supervisory Board provides information on any conflicts of interest that occur and on how they have been dealt with in its report to the Annual Shareholders' Meeting. There were no indications of any actual or potential conflicts of interest in 2015.

The Supervisory Board is convinced that effective work in the Supervisory Board in terms of good corporate governance requires two things: On the one hand, its members must have high levels of specialist expertise. On the other hand, diversity amongst the members in terms of internationality, gender, experience and cultural background must reflect the Group's size and internationality. Both of these requirements are fulfilled at Daimler.

For supervisory boards subject to parity codetermination, like that of Daimler AG, legislation for equal participation by women and men in executive positions prescribes a binding gender ratio of at least 30% women to be implemented in the context of new appointments as of 2016. The ratio is to apply to the entire supervisory board. If the side of the supervisory board representing the shareholders or the side representing the employees objects to the chairman of the supervisory board about the application of the ratio to the entire supervisory board, the minimum ratio is to apply separately to the shareholders' side and to the employees' side for that election.

In the Supervisory Board of Daimler AG, the proportion of 30% women is fulfilled on the shareholder side as of December 31, 2015 by the members Sari Baldauf, Andrea Jung and Petraea Heynike. On the employee side, the proportion of women as of that date is 20% with Dr. Sabine Maaßen and Elke Tönjes-Werner. In its meeting on October 1, 2015, the Supervisory Board dealt with the specific proposals for candidates for election to be made at the Annual Shareholders' Meeting in 2016, and, against this backdrop, stated that the shareholder side and employee side should separately achieve the legally prescribed proportion of women. The members representing the shareholders stated that they object to the overall fulfilment of the statutory gender quota. Subsequently, the Supervisory Board decided to propose the reelection to the Supervisory Board of Dr. Manfred Bischoff and Petraea Heynike at the Annual Shareholders' Meeting in 2016. In the case that they are elected, the statutory gender ratio will continue to be fulfilled on the shareholder side. The next election to the Supervisory Board of members representing the employees will take place in 2018.

The Supervisory Board also recognizes the importance for the composition of the Supervisory Board of an age limit and a rule limiting the period of membership.

Therefore, in connection with its decision to propose the reelection to the Supervisory Board of Dr. Manfred Bischoff as a member representing the shareholders at the Annual Shareholders' Meeting in 2016, the Supervisory Board also dealt with the age limit for members, which is anchored in the rules of procedure of the Supervisory Board in fulfilment of the corresponding recommendation of the German Corporate Governance Code. Accordingly, candidates are generally to be proposed for election to the Supervisory Board for a full period of office only if they are not older than 72 years at the time of the election.

When it set this age limit, the Supervisory Board deliberately decided against a strict age limit and in favor of a flexible rule allowing the required scope for the appropriate assessment of the circumstances of each individual case. The decision of the Supervisory Board to propose to the Annual Shareholders' Meeting the reelection to the Supervisory Board of Dr. Manfred Bischoff for another full period of office was based, amongst other things, on the very positive assessment of his service by the other members, on the successful and constructive-critical cooperation with the Board of Management, and on giving a signal of stability and continuity. Furthermore, the election proposal is intended to maintain the composition of the Supervisory Board with regard to the various areas of expertise of its members and to ensure a balanced age structure. All other members of the Supervisory Board had not yet reached the age limit at the time of their election. This applies also to Ms. Heynike, who will also be proposed for reelection at the Annual Shareholders' Meting in 2016.

In its meeting in December, the Supervisory Board updated the rules of procedure of the Supervisory Board and its committees and decided on a limitation on the period of office in the Supervisory Board in line with the new recommendation of the German Corporate Governance Code of May 5, 2015. This means that only such candidates are now generally to be elected to the Supervisory Board for a full period of office that have not already been members of the Supervisory Board for three full statutory periods of office at the time of the election.

Also in December, the Supervisory Board approved the 2015 declaration of compliance with the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG). With the exceptions explained in the declaration, all the recommendations of the Code have been complied with and continue to be complied with.

Corporate governance at Daimler is described in detail in the corporate governance report on pages 188 ff and in the remuneration report on pages 122 ff of this Annual Report.

Report on the work of the committees

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

Audit Committee
The Audit Committee met six times in 2015. Details of those meetings are provided in a separate report of that committee.
pages 182 ff

Nomination Committee
The members of the Nomination Committee prepared a recommendation for the Supervisory Board's proposal to the Annual Shareholders' Meeting in 2016 on the candidates for election to the Supervisory Board. The proposal on the reelection of Dr. Manfred Bischoff and Petraea Heynike take into consideration, apart from the qualifications defined for each position, the
recommendations of the German Corporate Governance Code. The Nomination Committee had already announced in 2014 that it would recommend the reelection of Dr. Paul Achleitner to the Supervisory Board at the Annual Shareholders' Meeting in 2015.

Mediation Committee
As in previous years, the Mediation Committee, a body required by the provisions of the German Codetermination Act (MitbestG), had no occasion to take any action in 2015.

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

Personnel changes in the Supervisory Board
With effect as of January 1, 2015, Michael Bettag was appointed by the court to the Supervisory Board as a member representing the employees, after Jürgen Langer had stepped down from the Supervisory Board as of December 31, 2014.

On April 1, 2015, the Annual Shareholders' Meeting elected Dr. Paul Achleitner as a member of the Supervisory Board representing the shareholders until the end of the Annual Shareholders' Meeting that decides on ratification of the actions for the year 2019. The election proposal made by the Supervisory Board to the Annual Shareholders' Meeting was based on a recommendation made by the Nomination Committee.

On November 4, 2015, Roman Zitzelsberger was appointed by the court to the Supervisory Board as a member representing the employees, after Jörg Hofmann had stepped down from the Supervisory Board as of October 31, 2015.

Personnel changes in the Board of Management
In the Supervisory Board meeting on February 13, 2015, the appointment of Hubertus Troska as a member of the Board of Management of Daimler AG with responsibility for Greater China was extended for another five years as of January 1, 2016.

The appointment of Dr. Christine Hohmann-Dennhardt as a member of the Board of Management ended on December 31, 2015. Dr. Hohmann-Dennhardt became a member of the board of management of Volkswagen AG as of January 1, 2016.

In its meeting on December 9, 2015, the Supervisory Board appointed Renata Jungo Brüngger as a member of the Board of Management of Daimler AG with responsibility for Integrity and Legal Affairs for a period of three years as of January 1, 2016.

In the Supervisory Board meeting on February 16, 2016, Dr. Dieter Zetsche was reappointed as the Chairman of the Board of Management and Head of Mercedes-Benz Cars for a further three years as of January 1, 2017. In addition, the Supervisory Board decided in this meeting to assign Board of Management responsibility for Group Research & Mercedes-Benz Cars Development to Ola Källenius as of January 1, 2017. He will thus succeed to Professor Dr. Thomas Weber, who will step down from his position as a member of the Board of Management of Daimler AG after 14 years when his contract expires on December 31, 2016.

Audit of the 2015 company and consolidated financial statements
The financial statements of Daimler AG and the combined management report for the Company and the Group for 2015 were duly audited by KPMG AG, Wirtschaftsprüfungsgesellschaft, Berlin, and were given an unqualified audit opinion. The same applies to the consolidated financial statements for 2015 prepared according to IFRS.

In a meeting in early February 2016 attended by the external auditors, the Supervisory Board discussed the preliminary key figures of the annual company and consolidated financial statements for 2015 and the dividend proposal to be made at the 2016 Annual Shareholders' Meeting. The preliminary key figures for the year 2015 were announced at the Annual Press Conference on February 4, 2016.

In the meeting on February 16, 2016, the Supervisory Board dealt with the annual company financial statements, the annual consolidated financial statements and the combined management report for Daimler AG and the Daimler Group, each of which had been issued with an unqualified audit opinion by the external auditors, as well as with the reports of the Audit Committee and the Supervisory Board, the corporate governance report, the remuneration report and the proposal on the appropriation of profit. In preparation, the members of the Supervisory Board had been provided with comprehensive documentation including the Annual Report with the consolidated financial statements according to IFRS, the combined management report for Daimler AG and the Daimler Group, the corporate governance report and the remuneration report, the annual company financial statements of Daimler AG, the proposal of the Board of Management on the appropriation of profit, the audit reports of KPMG on the annual company financial statements of Daimler AG and the consolidated financial statements, each including the combined management report, as well as drafts of the reports of the Supervisory Board and of the Audit Committee.

The Audit Committee and the Supervisory Board dealt with those documents in detail and discussed them intensively in the presence of the responsible external auditors, who reported on the results of their audit and were available to answer supplementary questions and to provide additional information. Following the final results of the review by the Audit Committee and its own review, the Supervisory Board declared its agreement with the results of the audit by the external auditors; it determined that no objections were to be raised and approved the financial statements and the combined management report as presented by the Board of Management. The company financial statements of Daimler AG for the year 2015 were thereby adopted. On this basis, the Supervisory Board consented to the proposal made by the Board of Management on the appropriation of distributable profit. Furthermore, it approved the report of the Supervisory Board, the corporate governance report and the remuneration report, as well as its own proposed decisions on the items of the agenda for the 2016 Annual Shareholders' Meeting.

Appreciation.
The Supervisory Board warmly thanks all of the employees and the management of the Daimler Group for their committed contributions to the successful year 2015. Special thanks are due to Jörg Hofmann, who closely accompanied the Group since 2008 with strong commitment and stepped down from the Supervisory Board as of October 31, 2015. The Supervisory Board also thanks Dr. Christine Hohmann-Dennhardt for the very good work she did for Daimler AG.

Stuttgart, February 2016

The Supervisory Board

Dr. Manfred Bischoff
Chairman

The Supervisory Board

Dr. Manfred Bischoff
Munich
Chairman of the Supervisory Board of Daimler AG
elected until 2016
Other supervisory board memberships/directorships:
Airbus Group N.V.
SMS Holding GmbH
UniCredit S.p.A.

Michael Brecht*
Gaggenau
Chairman of the General Works Council, Daimler Group and Daimler AG;
Chairman of the Works Council, Gaggenau Plant, Daimler AG;
Deputy Chairman of the Supervisory Board of Daimler AG
elected until 2018

Dr. Paul Achleitner
Munich
Chairman of the Supervisory Board of Deutsche Bank AG
elected until 2020
Other supervisory board memberships/directorships:
Deutsche Bank AG – Chairman
Bayer AG

Sari Baldauf
Helsinki
Former Executive Vice President and General Manager of the Networks Business Group of Nokia Corporation
elected until 2018
Other supervisory board memberships/directorships:
Fortum OYj – Chairwoman
Deutsche Telekom AG
AkzoNobel N.V.

Michael Bettag*
Nuremberg
Chairman of the Works Council of the Nuremberg Dealership, Daimler AG
(since January 1, 2015)
appointed until 2018

Dr. Bernd Bohr
Stuttgart
Former Member of the Management Board of Robert Bosch GmbH
elected until 2019
Other supervisory board memberships/directorships:
Formel D GmbH

Dr. Clemens Börsig
Frankfurt am Main
Chairman of the Board of Directors of Deutsche Bank Foundation
elected until 2017
Other supervisory board memberships/directorships:
Linde AG
Bayer AG
Emerson Electric Co.
IOR Istituto per le Opere di Religione (Vatican Bank)

Dr. Jürgen Hambrecht
Ludwigshafen
Chairman of the Supervisory Board of BASF SE
elected until 2018
Other supervisory board memberships/directorships:
BASF SE – Chairman
Fuchs Petrolub SE – Chairman
Trumpf GmbH + Co. KG – Chairman

Petraea Heynike
Vevey
Former Executive Vice President of the Executive Board of Nestlé S.A.
elected until 2016
Other supervisory board memberships/directorships:
Schulich School of Business
Aiglon College
Climate and Land Use Alliance

Andrea Jung
New York
President and Chief Executive Officer of Grameen America, Inc.
elected until 2018
Other supervisory board memberships/directorships:
Apple Inc.
General Electric Company

Joe Kaeser
Munich
Chairman of the Board of Management of Siemens AG
elected until 2019
Other supervisory board memberships/directorships:
Allianz Deutschland AG
NXP Semiconductors N.V.

Ergun Lümali*
Sindelfingen
Chairman of the Works Council at the Sindelfingen Plant;
Deputy Chairman of the General Works Council of Daimler AG
elected until 2018

Dr. Sabine Maaßen*
Frankfurt am Main
General Counsel of the German Metalworkers' Union
(IG Metall)
elected until 2018
Other supervisory board memberships/directorships:
ThyssenKrupp AG

Wolfgang Nieke*
Stuttgart
Chairman of the Works Council, Untertürkheim Plant,
Daimler AG
elected until 2018

Dr. Bernd Pischetsrieder
Munich
Chairman of the Supervisory Board of the Münchener
Rückversicherungs-Gesellschaft, Aktiengesellschaft
in München
elected until 2019
Other supervisory board memberships/directorships:
Münchener Rückversicherungs-Gesellschaft
Aktiengesellschaft in München – Chairman
Tetra-Laval International S.A. Group

Valter Sanches*
São Paulo
Director of Communications of the Metalworkers' Union ABC;
President of the Fundação Sociedade Comunicação,
Cultura e Trabalho (Foundation Society of Communications,
Culture and Work);
International Secretary of the National Confederation of the
Metalworkers of CUT - CNM/CUT
elected until 2018

Jörg Spies*
Stuttgart
Chairman of the Works Council, Headquarters, Daimler AG
elected until 2018

Elke Tönjes-Werner*
Bremen
Deputy Chairwoman of the Works Council, Bremen Plant,
Daimler AG
elected until 2018

Dr. Frank Weber*
Sindelfingen
Director of the Press Shop, Sindelfingen Plant, Daimler AG;
Chairman of the Management Representatives Committee,
Daimler Group
elected until 2018

Roman Zitzelsberger*
Stuttgart
German Metalworkers' Union (IG Metall),
District Manager Baden-Württemberg
(since November 4, 2015)
appointed until 2018
Other supervisory board memberships/directorships:
Heidelberger Druckmaschinen AG

Retired from the Supervisory Board:

Jörg Hofmann*
Frankfurt am Main
First Chairman of the German Metalworkers' Union (IG Metall)
(retired on October 31, 2015))

Committees of the Supervisory Board:

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

Presidential Committee
Dr. Manfred Bischoff – Chairman
Michael Brecht*
Dr. Jürgen Hambrecht
Roman Zitzelsberger*

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

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

* Representative of the employees

We have set the course for further profitable growth

Daimler continued to implement its strategy of profitable growth at an accelerated pace in 2015. The most important factor in the Group's success is our extremely attractive and innovative range of products and services, which we expanded systematically during the year under review. We have further consolidated our leading position in the areas of autonomous driving and mobility systems of the future, and we have consistently moved ahead with digitization at all levels. Our success in 2015 is also reflected by the numerous awards we received for our products, as well as by our outstanding achievements in motor sports.

World premiere of the Freightliner Inspiration Truck at Hoover Dam in May 2015
The Freightliner Inspiration Truck is the first autonomously driven truck licensed to operate on a public highway. The vehicle boasts the highest levels of efficiency, safety and connectivity. The basic elements of the autonomous vehicle system in the Inspiration Truck are already being successfully implemented in the Freightliner Cascadia Evolution.

Highlights of 2015

Q1

World premiere in Las Vegas
With its presentation of the autonomous F 015 Luxury in Motion high-end sedan at the Consumer Electronics Show in Las Vegas, Mercedes-Benz demonstrates how vehicles will be transformed into personal retreats in the future. The extreme interior spaciousness and lounge-like atmosphere of the F 015 take comfort and luxury to a new level.

car2go launched in China
The world's biggest car-sharing company announces that it will begin operating in the major city of Chongqing with a fleet of several hundred smart fortwo models. This marks the entry of car2go into the Asian market, whereby operations in Chongqing will serve as a pilot project for expansion into other major cities in Asia.

World premiere for moovel in Stuttgart
With the full integration of online tickets for buses, trams and trains, moovel in Stuttgart is the first provider to offer a genuine one-stop shop for urban mobility. Directly in the moovel app, moovel users can book and pay for journeys with car2go, Flinkster or mytaxi, as well as by German Railways or Stuttgart public transport.

GLE coupe stars in *Jurassic World*
The two main characters in *Jurassic World* rely on the off-road capabilities of various Mercedes-Benz vehicles for their adventures in the jungle – and especially on the new GLE Coupe, whose production version is presented for the first time in the film.

Cornerstone laid for a new passenger car plant in Brazil
Mercedes-Benz expands its global production network: A new passenger car manufacturing facility in Iracemápolis (near São Paulo) will begin building C-Class models in the first quarter of 2016; production of the compact GLA SUV will start in the middle of the year.

New Metris van for the United States unveiled
The Metris – the US version of the new Vito – celebrates its premiere at The Work Truck Show in Indianapolis. The Metris went on sale at more than 200 US dealerships in October, and is available in different versions as a panel van (for cargo) and as a tourer (for passengers). The Metris joins the Sprinter as the second van with the three-pointed star in the US market.

People who shape the future
This is the motto for the celebration marking the 100th anniversary of the Mercedes-Benz facility in Sindelfingen. The official ceremony takes place in the new future-oriented Technology Factory. This is where tools and machinery will soon be developed for the Mercedes-Benz plants around the world.

Q2

Annual Shareholders' Meeting approves highest dividend in the company's history
The Daimler Annual Shareholders' Meeting takes place for the first time in the new CityCube in Berlin, and is also the first such meeting to be held with the Group's new Corporate Design. During the meeting, some 5,000 shareholders approve a dividend of €2.45 per share – the highest in the history of the company.

GLA production launch in Beijing
The opening ceremony for the new Mercedes-Benz production plant for compact cars at Beijing Benz Automotive Corporation is a major milestone in the Mercedes-Benz strategy for China. With the launch of GLA production in Beijing, Mercedes-Benz now builds its successful compact vehicles at four locations.

Mercedes-Benz is the most innovative premium brand
Mercedes-Benz is the most innovative premium automobile brand (greatest number of world firsts) according to an in-depth study conducted by the Center of Automotive Management (CAM) and the Pricewaterhouse Coopers (PwC) corporate consulting firm. Mercedes-Benz also receives a special award as the "Most Innovative Brand in the Last Decade."

Top marks in employer ranking
Daimler receives top marks in the current "trendence Graduate Barometer." The company is named as one of the best employers in Germany and finishes first in the categories "Innovation of the Year" and "Best Career Website" (among automakers).

Battery technology for stationary applications
Daimler's wholly owned ACCUMOTIVE subsidiary offers stationary energy storage devices for private and commercial use. Daimler plans to expand cooperation in this field with other sales partners in Germany and around the world.

Truck connectivity in the United States
Daimler Trucks continues to expand its activities in the field of connected services and to this end acquires an interest in Zonar Systems Inc. in North America. The company is one of the leading developers and suppliers of logistics, telematics and connectivity solutions. The investment is a key milestone on the path to completely networked vehicles and value-added services for fleet operators and drivers.

New bus plant in Colombia
Daimler's wholly owned subsidiary in Colombia, Daimler Colombia S. A., opens a new bus plant in the city of Funza (near Bogotá) with a production capacity of 4,000 units per year. Daimler Buses has built the plant in response to growing demand for regular-service buses and efficient mobility solutions, such as Bus Rapid Transit, in various cities in the region.

Daimler progresses as planned
Daimler sets new records for revenue, unit sales and earnings in the second quarter of 2015. EBIT from ongoing business operations increases by 54% to €3.8 billion. The Group continues to expect that it will achieve a significant increase in earnings for full-year 2015 as well.

Q3

Vito now built in Argentina as well
Local production of the new Vito in Argentina and the model's launch in that country's market is part of the "Mercedes-Benz Vans goes global" growth strategy, whose goals are to further increase the division's technology leadership, expand existing activities and utilize new growth potential.

Production of BharatBenz buses in India
The first bus built by the BharatBenz brand rolls off the production line in Oragadam. The facility there is the only Daimler manufacturing site that builds trucks, buses and engines from Mercedes-Benz, BharatBenz and FUSO at one location.

Cornerstone laid in Mexico
Daimler and the Renault-Nissan Alliance lay the cornerstone for a new joint venture production plant in Aguascalientes. The facility will manufacture premium compact models from the Mercedes-Benz and Infiniti brands. The first Mercedes-Benz vehicles will roll off the assembly line in 2018.

"She's Mercedes" launched
Mercedes-Benz plans to address women in a more targeted manner in the future, as they are the fastest-growing and most influential group of customers. To this end, the brand with the star launches the "She's Mercedes" inspiration platform.

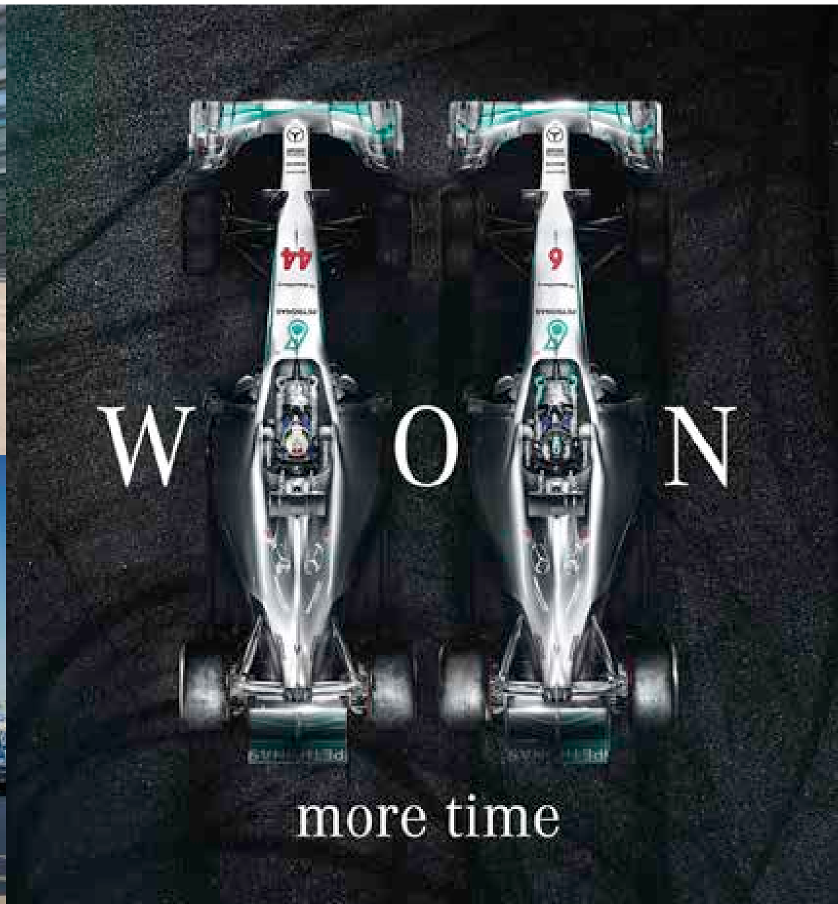
Further reductions in heavy-duty truck fuel consumption
Daimler takes things to the next level four years after the introduction of the OM 471 heavy-duty engine: The Mercedes-Benz Actros further improves its efficiency with up to three percent lower fuel consumption.

Strong signal sent to the workforce
The "Safeguarding the Future" agreement at Daimler will be extended until the end of 2020. The agreement is one of the most extensive and important Group-wide agreements for the workforce and has proved to be effective in difficult times as well. It includes specific firm investment plans on the part of Daimler and a commitment by employees to improve efficiency and flexibility.

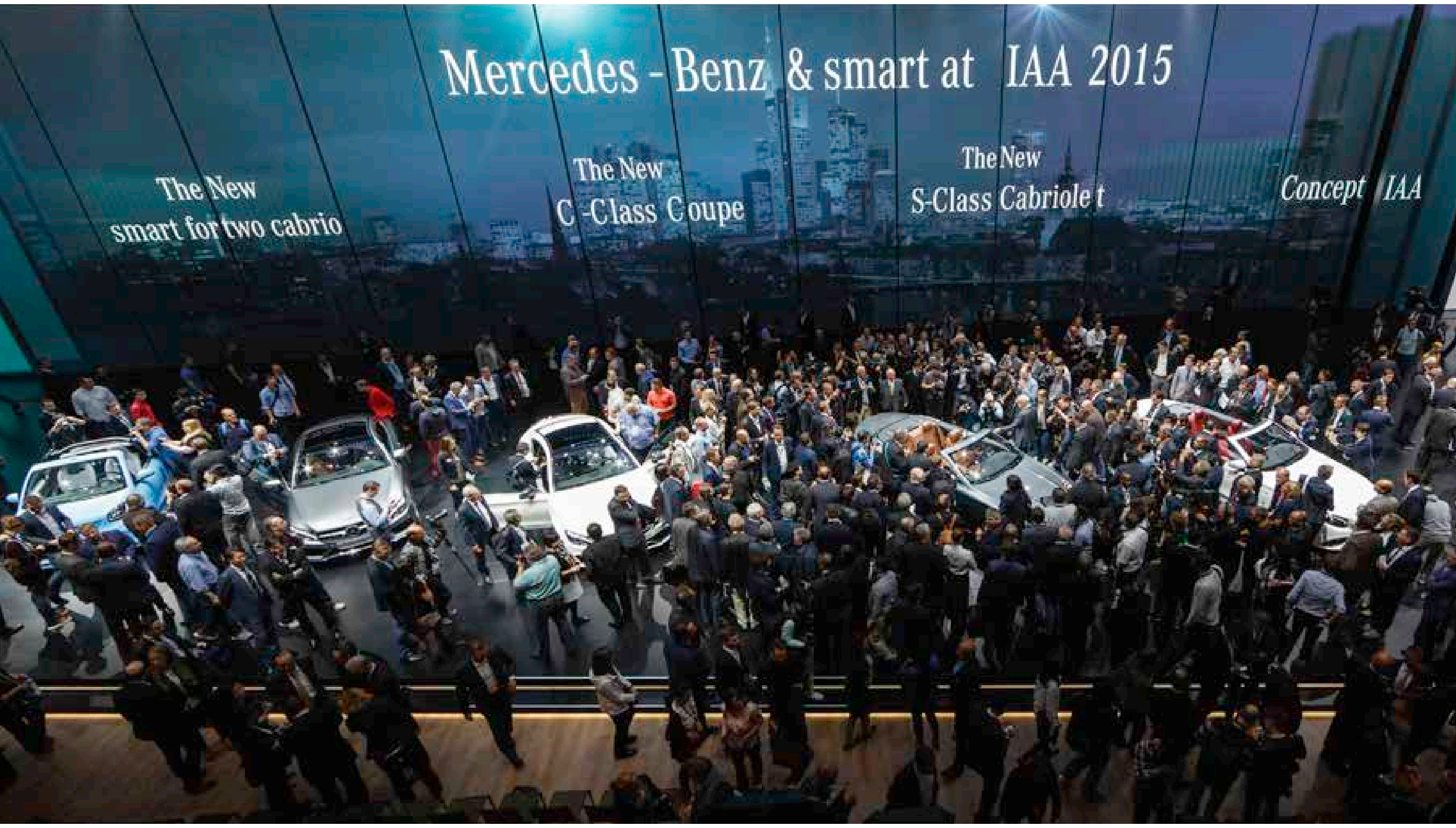
IAA 2015: The Mercedes Dream Car Collection
The "Mercedes Dream Car Collection" at the IAA International Motor Show in Frankfurt features three world premieres: the Concept IAA (Intelligent Aerodynamic Automobile), the Mercedes-Benz S-Class convertible and the Mercedes-Benz C-Class coupe. We also presented the new smart convertible in Frankfurt.

Legal and ethical aspects of autonomous driving
Data protection experts, engineers, lawyers, politicians, journalists, IT specialists and representatives of business and industry gather in Frankfurt at Daimler's invitation during IAA 2015 to discuss open questions related to autonomous driving. The focus is on legal, ethical and social aspects.

1,000,000th Actros delivered from the Wörth plant
The Actros stands for maximum economy, safety and comfort. The Actros demonstrates its efficiency advantages allover Europe in the so-called Fuel Duel. The results of over 1,900 comparative tests speak for themselves: more than 90% of all duels won, and average fuel-consumption advantage of 10%.



Q4



Daimler begins to offer internships to refugees
Some 40 refugees begin internships at the Stuttgart-Untertürkheim site in a project being carried out in cooperation with the Federal Employment Agency in Germany. Daimler plans to train several hundred refugees in professions that will enable them to work in various industrial sectors in Germany.

First autonomous series-production truck on a German autobahn
The milestone truck is a series-production Actros equipped with the intelligent Highway Pilot system for testing autonomous driving on public roads. The testing of a self-driving truck on public roads in Germany is another milestone on the path to this technology's market maturity – and to safe and sustainable road freight transport in the future.

Most successful motorsport year in Daimler's history
MERCEDES AMG PETRONAS clinches both the Drivers' and the Constructors' Championship in the Formula 1 series by a wide margin before the season ends. World Champion Lewis Hamilton and second-place finisher Nico Rosberg dominate nearly every race in 2015. Mercedes-Benz also captures the Drivers' Championship in the German DTM touring car series, with Pascal Wehrlein becoming the youngest champion of all time at the tender age of 20.

Filling stations for fuel-cell vehicles
With the establishment of their joint venture, H2 MOBILITY Deutschland GmbH & Co. KG, the companies Air Liquide, Daimler, Linde, OMV, Shell and Total have set the stage for a phased expansion of the hydrogen filling station network in Germany. Plans call for approximately 400 new stations to be built in Germany by 2023.

Daimler presents its new corporate design
The new corporate design is intended to underscore Daimler's premium claim worldwide even more effectively than before. The shiny chrome Daimler corporate logo and the use of silver as the new main design color convey a message of modernity, elegance and cutting-edge technology, and also highlight the Group's relationship with Mercedes-Benz, which is Daimler's most valuable vehicle brand.

Audi, BMW and Daimler successfully conclude HERE acquisition
The three partners acquire the digital mapping business operated by HERE from Nokia Corporations, with equal shareholdings. The move will ensure the availability of HERE products and services as a permanently open, independent and value-added platform for cloud-based map and mobility services.

Daimler and the Capital Market

Global stock markets remained volatile in 2015 and markets in some regions finished the year with substantial gains. European share prices benefited overall from the ongoing expansionary monetary policy of the European Central Bank (ECB), as well as from low interest rates. The Daimler share price increased by 12% over the course of the year and thus once again outperformed the DAX. The Board of Management and the Supervisory Board propose an increased dividend of €3.25 per share (prior year: €2.45).

A.01

Development of Daimler's share price and of major indices

	End of 2015	End of 2014	15/14
			% change
Daimler share price (in euros)	77.58	68.97	+12
DAX 30	10,743	9,806	+10
Dow Jones Euro STOXX 50	3,268	3,146	+4
Dow Jones Industrial Average	17,425	17,823	-2
Nikkei	19,034	17,451	+9
Dow Jones STOXX Auto Index	566	501	+13

A.02

Key figures per share

	2015	2014	15/14
Amounts in euros			% change
Net profit	7.87	6.51	+21
Dividend	3.25	2.45	+33
Equity (December 31)	50.06	40.81	+23
Xetra price at year end[1]	77.58	68.97	+12
Highest[1]	95.79	71.14	+35
Lowest[1]	63.26	56.01	+13

1 Closing prices

Volatile year on global stock markets

European stock markets began the year 2015 with substantial gains. The stock markets were boosted in particular by the expansionary monetary policy of the ECB, which supplemented its existing measures by initiating a government-bond purchasing program (quantitative easing, QE) with a total volume of €1.1 trillion. The DAX had risen by more than 25% by the beginning of April, reaching record highs during that period. Subsequently, however, the further escalation of the Greek debt crisis had a negative impact on the development of the index, as concerns surrounding the possible consequences of a potential Greek exit from the euro zone led to increased volatility. The share-price losses of companies with high export volumes were slightly higher than those of the market as a whole, as the euro was able to recover somewhat from its weak position against the dollar. After share prices rose slightly in July, developments on international markets were negatively affected by reports of slower growth for China's economy, turbulence on Chinese stock markets and uncertainties regarding the interest-rate policy of the Federal Reserve in the United States. As a result, share prices fell significantly in Europe and the United States in August. Given the importance of the Chinese market for vehicle manufacturers, automotive stocks were significantly impacted by the aforementioned developments. There were also further concerns at the time that economic growth in the United States might have already peaked. But it did not take long for the markets to recover, and many sectors were able to recoup at least some of their previous share-price losses. The ongoing decline in oil prices and disappointment related to the ECB's decision not to expand its bond purchasing program led to very volatile share-price movements in December.

The index of the most important shares in the euro zone, the Dow Jones Euro STOXX 50, rose by 4% in 2015. The leading German index, the DAX, performed significantly better, rising by 10%. The DAX also broke through the 12,000 mark for the first time ever in April 2015 and reached a new all-time high of 12,375 on April 10. In Japan, the Nikkei-Index climbed by 9% over the year, and in the United States, the Dow Jones fell by 2% over the year. ↗ A.01

Daimler share price up by 12% over the year

Financial markets responded very favorably to the publication of the Daimler Group's results for 2014, the positive outlook for 2015, and the recommendation that the dividend be increased from €2.25 to €2.45 per share. This helped the share price to rise considerably (by 30%) in the first quarter of 2015 alone. On March 16, 2015, the Daimler share price reached €95.79. This was the highest price for the year and also the highest value for Daimler shares in several years. However, the Daimler share price was also not immune to growing concerns regarding the escalation of the Greek debt crisis, as well as the market turbulence in China. Many investors pulled out of the market for a short period in August, and automotive stocks were significantly impacted by this development in light of the importance of the Chinese market for vehicle manufacturers. A short period of recovery followed in the run-up to the IAA International Motor Show in Frankfurt, due in part to our solid sales development throughout the summer months. Starting in mid-September, reports regarding irregularities with diesel emissions of a competitor's vehicles led to significant declines in share prices also for other automakers and automotive suppliers. In this situation, our share price reached its low point of the year (€63.26) on September 29, 2015.

International stock markets then made substantial gains once again in the fourth quarter, and our share price increased at an above-average rate. Daimler shares closed at €77.58 on December 30. At the end of the year, the company had a market capitalization of €83.0 billion (2014: €73.8 billion). Daimler's share price thus increased by 12% over the course of the year, outperforming the DAX (+10%) and in line with the Dow Jones STOXX Auto Index (+13%). When the dividend payout of €2.45 per share is included, our shareholders saw the value of their investment rise by 16%.

Stock exchanges started the year 2016 with falling prices worldwide. The main unsettling factors were concerns about China, tension in the Middle East and the sharp fall in commodity prices. At 9,798 at the end of January, the DAX was 9% lower than at the end of 2015.

Dividend of €3.25 ↗ A.02

The Board of Management and the Supervisory Board will recommend the payment of a dividend of €3.25 per share at the Annual Shareholders' Meeting on April 6, 2016. We are thus raising the dividend substantially once again (+33%), and letting our shareholders participate in the company's financial success. The total dividend will amount to €3,477 million (2014: €2,621 million), which is by far the highest dividend payout in Daimler's history.

A broad shareholder structure ↗ A.07

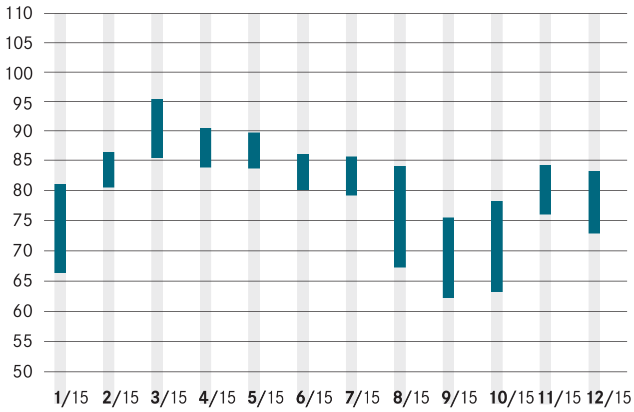
Daimler continues to have a broad shareholder base of approximately 900,000 shareholders. The Kuwait Investment Authority (KIA) currently owns 6.8% of the company's stock, making it Daimler AG's largest single shareholder. The Renault-Nissan Alliance continues to hold 3.1% of Daimler's shares. BlackRock Inc., New York, still holds a stake above the 5% reporting limit as defined by Germany's Securities Trading Act (WpHG). In December 2015, BlackRock notified us that its proportion of the voting rights was 6.12% on November 26. The Norwegian Finance Ministry informed us that on October 26, 2015, the shares held by Norges Bank, Oslo, dropped below the reporting limit of 3%. As of that date, the bank held 2.99% of the voting rights in Daimler.

The aforementioned and all other voting-rights notifications as well as notifications of shareholdings pursuant to Germany's Transparency Directive Implementation Act are published on the Internet at daimler.com/investors/share/voting-rights.

A.03

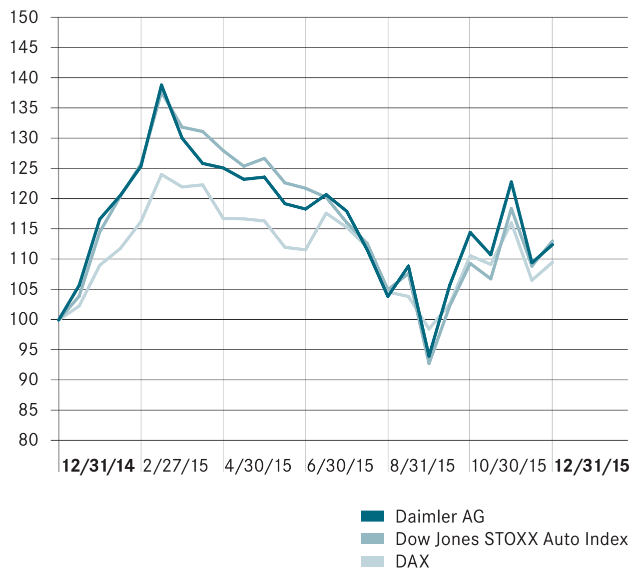
Daimler share price (high/low), 2015

In euros



A.04

Share price index



A.05

Key figures for Daimler shares

	End of 2015	End of 2014	15/14 % change
Share capital (in millions of euros)	3,070	3,070	0
Number of shares (in millions)	1,069.8	1,069.8	0
Market capitalization (in billions of euros)	83.0	73.8	+12
Number of shareholders (in millions)	0.9	0.9	0
Weighting in share indices			
DAX 30	8.67%	8.51%	
Dow Jones Euro STOXX 50	3.63%	3.46%	
Long-term credit ratings			
Standard & Poor's	A-	A-	
Moody's	A3	A3	
Fitch	A-	A-	
DBRS	A (low)	A (low)	

A.06

Stock-exchange data for Daimler shares

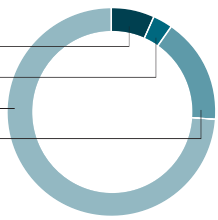
ISIN	DE0007100000
German Securities Identification Number	710000
Stock-exchange symbol	DAI
Reuters ticker symbol	DAIGn.DE
Bloomberg ticker symbol	DAI:GR

A.07

Shareholder structure as of December 31, 2015

By type of shareholder

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

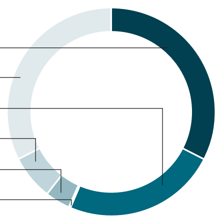


A.08

Shareholder structure as of December 31, 2015

By region

Germany	32.5%
Europe, excluding Germany	32.4%
USA	23.9%
Kuwait	6.8%
Asia	4.1%
Rest of the world	0.3%



Institutional investors hold a total of 74% of our equity capital while private investors own 16%. Approximately 65% of our capital is in the hands of European investors and around 24% is held by US investors. ↗ A.08 Daimler shares' weighting in major indices rose further during the reporting year as a result of the overall share-price rise. With a weighting of 8.67% (2014: 8.51%), Daimler was ranked second in the German DAX 30 index at the end of 2015. ↗ A.05 In the Dow Jones Euro STOXX 50 index, our shares had a weighting of 3.63% (2014: 3.46%), which put them in fifth place. Daimler shares are listed on the stock exchanges in Frankfurt and Stuttgart. A total volume of 1,188 million shares were traded in Germany in 2015 (2014: 957 million). Daimler shares are also increasingly being traded on multilateral trading platforms and in the over-the-counter market.

Employee share purchase plan implemented once again

Staff members entitled to purchase employee shares were able to do so once again in March 2015. As was the case in the prior year, the employees received a discount as well as bonus shares. At 11.7%, the participation rate was lower than in 2014 (15.4%). A total of 20,400 employees took part in the program (2014: 26,600), purchasing just under 300,000 shares (2014: 390,000).

Annual Shareholders' Meeting in a new venue with an all-new Daimler corporate design

Our Annual Shareholders' Meeting took place for the first time in the new CityCube in Berlin on April 1, 2015. The modern building offered the perfect atmosphere for an elegant presentation of the Group's new corporate design. Some 5,000 shareholders (2014: 5,500) attended the meeting, despite very stormy weather in Berlin. A total of 36.15% of the equity capital was represented at the meeting (actual attendees and shareholders who voted by absentee ballot). A large majority of the shareholders approved each of the agenda points proposed by the company's management. For example, the Annual Shareholders' Meeting approved the highest dividend in the company's history (€2.45 per share; 2014: €2.25) and reelected Dr. Paul Achleitner, Chairman of the Supervisory Board of Deutsche Bank AG, as a shareholder representative on the Daimler AG Supervisory Board. All of the documents and information regarding the Annual Shareholders' Meeting can be found at daimler.com/investors/events/annual-meetings. In the exhibition areas of the CityCube, Daimler presented its technological expertise and broad range of products and services. The presentation highlights included the F 015 research vehicle, which points the way to the future of autonomous driving with passenger cars and also attracted a lot of admiring looks during the Annual Shareholders' Meeting. Our trainees provided an insight into their work, and with "Mercedes me" the Mercedes-Benz brand presented services in addition to its products.

Continuation of comprehensive investor relations activities

In 2015, we once again provided institutional investors, analysts, rating agencies and private investors with timely information regarding the company's business development.

We organized road shows for institutional investors and analysts in the finance capitals of Europe, North America, Asia and Australia. We also held many one-on-one meetings at investor conferences. This was especially the case at the international motor shows in Geneva and Frankfurt. Sustainability-focused investors were also able to meet and talk with company representatives at events held at the IAA and at a conference in Paris in November. We reported on our quarterly results in conference calls and webcasts. The presentations can be viewed on our website at daimler.com/investors/events.

The talks with analysts and investors focused on the latest earnings expectations for 2015, as well as on the business development and profitability of the individual divisions and regions. In addition, top-level managers from Mercedes-Benz Cars discussed the strategies and goals of their division during a capital market event held in June at our Mercedes-AMG motor sports subsidiary in Affalterbach, Germany. The audio recording and charts and illustrations from that event are also available at daimler.com/investors/events.

Awards once again for the print and online versions of the Annual Report

Annual Report 2014 was created in a pilot project that already included elements of the new Corporate Design. The print version in the new brushed silver look and the online version with numerous additional features led to several prestigious national and international awards for Annual Report 2014. Daimler was also named the best listed company in Germany in the "Investor's Darling" rankings of *Manager Magazin,* which took into account reporting, investor relations activities and capital market presence.

Corporate website with new software platform and layout

The broad range of information offered on our website at the existing address daimler.com was transferred to an entirely new and more powerful software platform in November and aligned with Daimler's new corporate design as well. In addition to its many helpful features, the website has a responsive layout that allows it to be displayed easily on any device in an optimal size and format.

Number of online shareholders remains at a high level

Our shareholders continue to make good use of our range of personalized electronic information and communication. Approximately 84,000 shareholders once again received the invitation and agenda for the Annual Shareholders' Meeting by e-mail rather than by post in 2015. We would like to thank those shareholders for helping to protect the environment and cut costs. As was the case in the past, those shareholders once again had the opportunity to win attractive prizes in a lottery. Access to the e-service for shareholders and additional information can be found at https://register.daimler.com.

Refinancing benefits from a high level of capital-market liquidity and good ratings

The ongoing expansionary monetary policies at central banks also impacted bond markets during the year under review. As a result of the high level of liquidity, companies with investment-grade ratings saw their risk premiums remain at an attractive level despite volatile markets.

In 2015, Daimler primarily covered its refinancing needs by issuing bonds. A large proportion of those bonds were sold as benchmark bond issuances (bonds with high nominal volumes) in euro and US-dollar markets. In the US capital market, for example, Daimler Finance North America LLC issued bonds worth a total of $9.5 billion in March, May and August 2015. The bonds had terms of 18 months and two, three, five or ten years. In addition, Daimler AG issued euro bonds in benchmark format with a total volume of €1.5 billion and terms of two and approximately four years. In 2015, Daimler AG also issued bonds in the Chinese capital market (so-called Panda bonds) worth a total of CNY 5.0 billion. Furthermore, many smaller bonds were issued by the Daimler Group in a variety of currencies in the euro market as well as in Mexico, Brazil, Argentina, Canada, South Africa, Thailand and South Korea.

At the end of 2015, companies of the Daimler Group had issued bonds that were still outstanding in a volume of €51.4 billion (2014: €43.2 billion). Besides raising funds through the issuance of bonds, Daimler also issued a small volume of commercial paper in 2015.

Daimler also conducted several asset-backed security (ABS) transactions in the United States, Canada and Germany during the reporting year. In the United States, for example, the company generated a refinancing volume of US$5.8 billion through four issuances. A further C$0.4 billion was placed in Canada. In addition, Mercedes-Benz Bank used the Silver Arrow Platform to sell €1.0 billion in ABS bonds to European investors once again.

Objectives and Strategy

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

Four objectives

Technology leadership and innovation
We set standards for technology and innovation. We want our products from all the divisions to be industry leaders in terms of safety, autonomous driving with cars and commercial vehicles, and green technologies. We also seek to be the leader in the use of digital technologies, both in our products and services and as channels for maintaining contact with our customers. We utilize the potential generated by Group-wide research activities and predevelopment and, where possible, we make use of standardized systems and solutions.

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

Best teams
We work in teams whose diversity in terms of gender, nationality and age is of great importance. Our employees are proud to work at Daimler, and we are one of the employers most sought after by job applicants. Our core corporate values – passion, respect, integrity and discipline – form the basis of our actions. Integrity is particularly important to our company. It is one of the key principles that stand behind our actions, and it guides our dealings with respect to the company and its employees, business partners and customers. We are firmly convinced that conducting business with integrity makes us more successful over the long term and is also good for society as a whole.
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Profitable growth
We intend to achieve an average return on sales (EBIT in relation to revenue) for the automotive business of 9% on a sustained basis. This overall figure is based on the return targets for the individual divisions. These targets are 10% for Mercedes-Benz Cars, 8% for Daimler Trucks, 9% for Mercedes-Benz Vans and 6% for Daimler Buses. For Daimler Financial Services, we have set a target for return on equity of 17%.

The “Mercedes-Benz 2020” growth strategy is designed to ensure that our Mercedes-Benz Cars division will play the leading role in the premium segment worldwide by the end of the decade. We also plan to further enhance the smart brand’s pioneering role in urban mobility. In addition, we want to further strengthen Daimler Trucks’ position as the leading truck manufacturer in the global truck business. Mercedes-Benz Vans aims to achieve further profitable growth with the help of its “Mercedes-Benz Vans goes global” strategy. Daimler Buses will further strengthen its leading position in the segment for buses above eight metric tons gross vehicle weight. Daimler Financial Services plans to maintain its position as the best captive financial services provider; it will continue to grow in line with our automotive business and also in the area of mobility services.

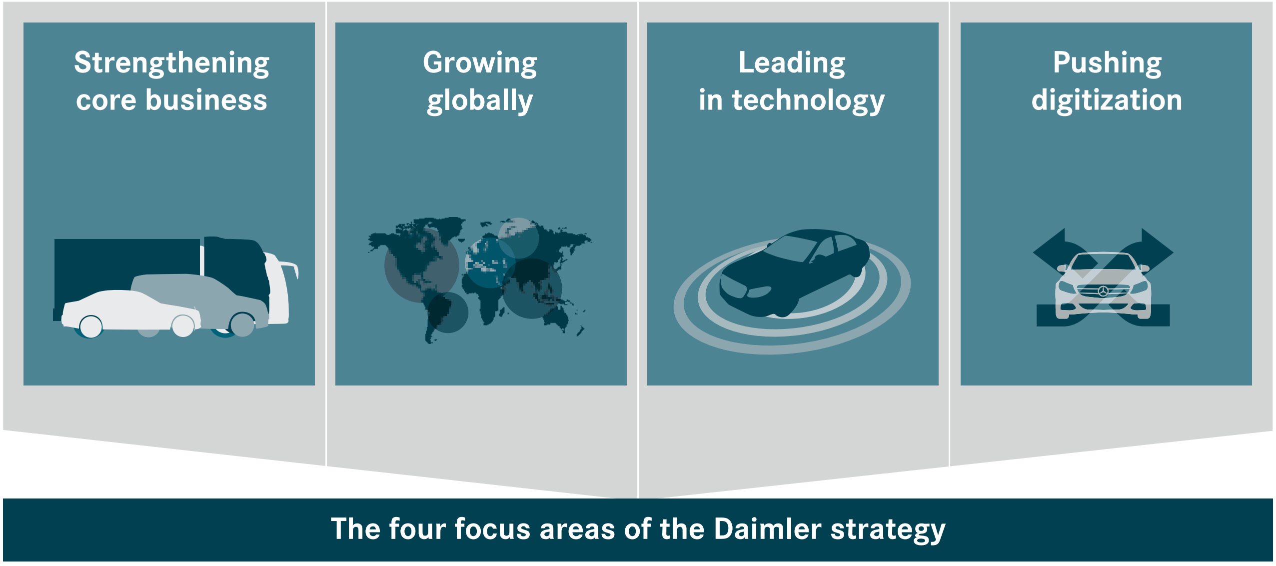
In order to safeguard our profitability also under difficult market conditions, we are adapting our business system in a way that enables us to react quickly and flexibly to market fluctuations and create value as near to our markets as possible.

Sustainability is a fixed element of our philosophy. For us, sustainability means conducting business responsibly to ensure long-term success in harmony with the environment and society. pages 105 ff

Four strategic focus areas

We plan to achieve our goals through four strategic focus areas. ↗ **A.09**
We will focus on
- strengthening our core business,
- growing globally,
- leading in technology
- pushing digitization.

A.09
Strategic focus areas



Strengthening our core business

We are strengthening our core business with innovative first-class products, competitive structures, flexible processes and a customer-oriented organization. We are continuing the model offensive launched at **Mercedes-Benz Cars** in 2012 by developing additional models and attractive successor models in all segments. We will launch more than 30 new car models between 2012 and 2020. Almost half of those new products have no predecessor model in the current product portfolio. In 2015, we expanded our product range with a Mercedes-Maybach model, the Mercedes-AMG GT, the CLA Shooting Brake, and the GLE coupe. The major highlight of 2016 will be the new E-Class, whose innovative assistance and safety systems will take the model a step further in the direction of autonomous driving. In the S-Class segment, the S-Class convertible presented at the Frankfurt Motor Show will be launched without a direct predecessor, and additional attractive models will then follow.

We continue to forge ahead with our vehicle architecture and module strategy. It allows us to successfully manage the increasing complexity resulting from additional model variants, as well as ever-shorter innovation cycles and the expansion of our international production network. By increasing the level of standardization and modularization at our manufacturing plants, we are reducing our investment requirements and fixed costs. The classification of lead and partner plants is safeguarding both the transfer of knowledge and the high quality standards associated with “Made by Mercedes” worldwide. Comprehensive restructuring measures are helping to safeguard the future of our German plants. To this end, we have also reached far-reaching agreements with employee representatives in the areas of products, expertise, vertical integration and employment. In addition, plans call for the investment of €4.75 billion in our facilities in Germany over the next few years. We will also invest $1.3 billion in the expansion of our production operations in the United States. We will open a new plant in Mexico with our strategic partner Renault-Nissan and will begin producing Mercedes-Benz compact vehicles there in 2018. We continue to systematically enhance our brands through the creation of new products and the expansion of existing model series. Our “Best Customer Experience” initiative is designed to offer our customers the best experience among all automakers. All sales, service and financial services activities are aligned with each other throughout the entire duration of the customer relationship – right from the first contact. New sales formats such as mobile sales pavilions and Mercedes me stores create meeting points that enable us to establish contact with new customers as well. With our state-of-the-art digital product presentations, we are creating product experiences without having to maintain a stock of all product variants in our showrooms. We are also developing Mercedes me into a central platform and service brand. page 18

The smart brand – with the smart fortwo, forfour and new smart convertible models that will be launched in 2016 – stands for outstanding urban mobility. The electric smart, whose new version will be launched in 2016, will help us enhance our position in the field of electric mobility.

Daimler Trucks relies on its technology leadership, global presence and the intelligent use of platforms. Our platform strategy enables us to deliver tailor-made systems and technologies to our customers worldwide, even as we exploit our economies of scale to the greatest extent possible. For example, we can offer innovative cutting-edge technologies to our core markets of Western Europe, North America and Japan, as well as traditional and proven technologies in markets such as Brazil, China and Russia. We are also in a position to supply markets in India, Africa and certain Asian countries with simpler and locally produced technologies. Thanks to this strategy and a broad range of products, Daimler Trucks occupies a very good position in the competitive field. On this basis, we continue to target sales of 700,000 units in the year 2020. In addition to growth, Daimler Trucks also prioritizes further increases in efficiency and the focus on its core business.

Mercedes-Benz Vans intends to strengthen its good market position in Western Europe with tailored and technologically leading products. For this purpose, the division is systematically further developing its proven models Sprinter, Vito and Citan, with which it primarily addresses commercial customers. The focus is on the product features that are especially important to customers: economy and safety. With the very successful V-Class multipurpose vehicle, the Marco Polo models and the Vito Tourer, Mercedes-Benz Vans is addressing additional target groups. New markets are to be developed with these models also in regional terms.

Daimler Buses will focus over the next few years on achieving further growth and continual efficiency gains. Additional business volume will be generated through increased sales of highly attractive buses and bus chassis, as well as by a larger number of more extensive services for buses. Our new Mercedes-Benz Citaro NGT model is an urban regular-service bus powered by a highly efficient natural-gas engine.

Daimler Financial Services remains on course for growth. Approximately half of all newly delivered passenger cars from the Daimler Group worldwide are already financed or leased by Daimler Financial Services. The division currently finances 3.7 million cars and commercial vehicles worldwide, and plans to increase this figure in the future. At the same time, the division will expand its product range in the areas of financing, leasing, insurance and mobility services. The company is also focusing on the expanded use of digital sales channels and more extensive networking with the vehicle divisions. Daimler Financial Services currently enjoys an excellent reputation as an attractive employer, which serves as further motivation for the company to maintain its employees' high level of satisfaction and remain very appealing to external job applicants in the future.

Growing on a global scale

Growth in global demand for automobiles will take place mainly in Asia in the coming years. Although growth rates in China will be more moderate in the next few years, we expect China to permanently become the world's largest automobile market over the next ten years. For Daimler, growing further on a global scale means improving our strong position in passenger car and commercial vehicle markets in Europe, North America and Japan, while also fully exploiting growth potential in Asia and various emerging markets.

In order to achieve **Mercedes-Benz Cars**' sales targets, we are intensifying our local activities, particularly in China but also in Brazil and India. We manufacture the GLK SUV in China, and in late 2015 we began building its successor, the GLC, there as well. We also produce the long-wheelbase version of the E-Class, long and short versions of the C-Class and, since mid-2015, the GLA compact SUV in China. Beginning in mid-2016, the previous long-wheelbase version of the E-Class will be replaced with a successor model. We opened a new production plant for four-cylinder engines in China in late 2013, and this facility has been gradually expanded since then. As of year-end 2015, we and our partner BAIC had invested a total of €4 billion in the expansion of local car and engine production in China. In the electric-vehicle segment, we joined forces with the Chinese battery and vehicle manufacturer BYD to develop a battery-electric automobile. This electric vehicle was launched in China in 2014 under the DENZA brand name. We are continuing our internationalization strategy for the research and development unit with the expansion of the R&D center in Beijing. Our dealership network in China is now just as extensive as the networks of our main competitors.

We have further expanded assembly capacity in India to include the compact CLA-Class, which means that seven of the nine volume models available in India are now assembled locally in Pune.

We will begin producing the C-Class and the GLA for the local market in Brazil in 2016. In Mexico, Daimler and the Renault-Nissan alliance have laid the foundation stone for a shared production plant in Aguascalientes. The first Mercedes-Benz vehicles should drive off the production lines there in 2018.

Our goal for **Daimler Trucks** is to safeguard the division's strong position in Europe and North and South America, and to achieve significant growth in particular in the Asian markets with Daimler Trucks Asia. Daimler Trucks Asia consists of the two regional companies Mitsubishi Fuso Truck and Bus Corporation (MFTBC) and Daimler India Commercial Vehicles (DICV), which has been operating in India for several years. The consolidation of these two companies under a joint management system enables us to more effectively exploit market potential in the region and also generate synergies. At DICV in India, we build trucks of the BharatBenz brand as well as FUSO trucks for export to external markets. The FUSO trucks built in India are mainly aimed at price-sensitive markets in Asia and Africa.

Our activities in the field of medium-duty and heavy-duty trucks in China focus on cooperation with our partner Foton, with which we produce Auman-brand trucks in our joint venture Beijing Foton Daimler Automotive Co. Ltd. (BFDA).

In order to fully utilize growth opportunities in the markets of the future in Africa, Asia and Latin America, we are positioning ourselves even closer to the pulse of the market in these regions with our new regional centers. They will concentrate on sales and aftersales for commercial vehicles of the Daimler brands. Following the opening of the first of six worldwide regional centers in Dubai in October last year, more regional centers will follow in the first quarter of 2016.

Within the framework of its “Mercedes-Benz Vans goes global” strategy, **Mercedes-Benz Vans** also plans to grow in new markets. In order to meet the rising demand for our Sprinter in North America and to improve our cost position over the long term, a new production plant is being established in Charleston in the US state of South Carolina. We also produce vans in Argentina as well as in Russia with our partner GAZ. Alongside the Sprinter, the Vito is meanwhile the second world van from Mercedes-Benz Vans. Following the market launch in Europe in 2014, the mid-size van was launched in October 2015 in Latin America and under the name Metris also in North America. For the Latin American market, the vehicle is also produced in Argentina. The joint venture Fujian Benz Automotive Corporation produces the models Vito, Viano and Sprinter for the Chinese market. In 2016, the Viano will be there replaced with the new V-Class, which should stimulate further growth. The entry into the worldwide volume segment of mid-size pickups before the end of the decade in cooperation with our strategic partner Renault-Nissan is to be seen as a further step in the global growth strategy.

Daimler Buses plans to grow in the emerging markets in the coming years. Extensive potential for growth exists in Latin America especially, and this potential can be utilized once the markets in the region begin to recover. In India, Daimler Buses has integrated its local business activities into the Daimler India Commercial Vehicles (DICV) organization and also started operations at a new plant in the country. Among other things, Daimler Buses has set itself the goal of moving into the premium bus segment in India.

The **Daimler Financial Services** division continues to expand its business activities in line with the growth strategies of the automotive divisions. The division offers leasing and financing models tailored to specific regions. China especially offers good opportunities for further substantial growth in the future. Daimler Financial Services supports the worldwide sales of Daimler vehicles in more than 40 countries, and will profit from the growing unit sales in those markets.

Maintaining our technology leadership

As a pioneer of automotive engineering, we continue to expand our leadership in the areas of drive system technology, safety, autonomous driving and the connectivity of our vehicles. Regardless of whether our customers travel long distances, along country roads, or mainly in cities – we offer the right drive system solution for every user profile. Our portfolio ranges from optimized internal combustion engines to hybrid drive and locally emission-free solutions. In 2015, we were able to reduce the average CO_2 emissions of newly registered vehicles from **Mercedes-Benz Cars** in the European Union from 129 grams per kilometer to 123 g/km. This means we have achieved our 2016 target of 125 g/km ahead of schedule. Beginning in 2016, our new E-Class will also help us achieve a further significant reduction in fuel consumption and thus CO_2 emissions, thanks to its lightweight design, improved aerodynamics and highly efficient combustion engines. Consistent hybridization is an important component of the drive-system strategy at Mercedes-Benz Cars. We plan to launch a total of ten plug-in hybrid models in the period of 2014 through 2017. Our new plug-in hybrid vehicles combine the highest levels of dynamic handling and comfort with the fuel consumption of a small car, and can drive up to 33 kilometers in purely electric mode – and thus locally emission free. Fuel consumption here ranges from 3.3 liters per 100 kilometers for the GLE 500 e 4MATIC[1] to an outstanding 2.1 l/100 km in the most efficient model, the C 350 e[2]. Our activities in the area of alternative drive systems will focus on plug-in hybrids in the years ahead. However, we are also a leader for purely electric mobility. For example, we expanded our range of series-produced electric vehicles in 2014 to include the new electric B-Class for the United States and Europe. The DENZA brand gives us an electric vehicle exclusively for the Chinese market. And we will launch the new smart electric drive in 2016. In the medium term, another battery-electric vehicle with a range of up to 500 kilometers will be available. We are also pushing forward with fuel-cell technology. In 2017, we will present the next vehicle generation on the basis of our GLC.

In order to improve the fuel efficiency of commercial vehicles as well, we are optimizing vehicles and powertrains at our **Daimler Trucks** division. The Predictive Powertrain Control cruise control system makes it possible for example to reduce diesel fuel consumption by as much as 5%. The new generation of the OM471 heavy-duty engine consumes up to 3% less fuel than its predecessor. We conducted a field test with a comprehensively optimized truck that was not only equipped with the new engine but also featured an enhanced trailer as well as modified tires and other key components. The CO_2 emissions produced by this vehicle were 12 to 14% lower than those generated by its non-optimized counterpart.

In Europe, we want to reduce the fuel consumption of our truck fleet by an average of 20% over the period of 2005 to 2020. We are confident that we will achieve this ambitious goal and took a further step in that direction with the introduction of the new generation of the OM471 heavy-duty truck engine in 2015.

The Freightliner Cascadia Evolution is currently the most fuel-efficient heavy-duty truck on the North American market. We are the world leader for hybrid technologies in commercial vehicles. The Canter Eco Hybrid for example boasts fuel savings of as much as 23%, and owners are able to recoup the additional cost for the hybrid model in just a few years. A series of customer tests with the emission-free FUSO Canter E-CELL resulted in operating costs that were 64% lower than those for a conventional diesel truck. We thus already have an effective and reliable concept in place today that will enable us to meet the requirements for urban delivery vehicles and address the challenges that will be brought by more restrictive emission standards in metropolitan areas in the future.

1 GLE 500 e 4MATIC: fuel consumption in l/100 km (combined): 3.3;
CO_2 emissions in g/km (combined): 78;
electricity consumption in kWh/100 km: 16.0

2 C 350 e: fuel consumption in l/100 km (combined): 2.4-2.1;
CO_2 emissions in g/km (combined): 54-48;
electricity consumption in kWh/100 km: 11.3-11.0

We have also achieved fuel savings of as much as 8% with our new Euro VI bus models. Use of the second-generation OM471 heavy-duty engine in the new Mercedes-Benz Travego has led to a further reduction in fuel consumption and CO_2 emissions of approximately 4%. **Daimler Buses** is also focusing more on alternative drive systems. The Mercedes-Benz Citaro NGT is a new urban regular-service bus equipped with a natural-gas engine. The model stands out through its low-noise operation and lower CO_2 emissions, both of which are very important considerations in congested cities. The CO_2/km emissions of the Citaro NGT are between 15% and 20% lower than those of the predecessor model. Daimler Buses also plans to launch the Citaro E-CELL with a battery-electric drive and a new model with fuel cells in the segment for locally emission-free vehicles before the end of the decade.

We continue to safeguard our leading position with regard to safety and assistance systems in all our automotive divisions. In parallel, we are developing autonomous driving to series maturity for cars and commercial vehicles. pages 6 ff

We will also further strengthen our position as a pioneer in the development of active and passive safety systems for cars and commercial vehicles. Our goal here is to offer the highest degree of safety in all our model series. The E-Class, which will become available in the spring of 2016, marks a major step forward on the path to autonomous and connected driving. The new Intelligent Drive next Level system enables the vehicle to follow traffic ahead in its lane at speeds of up to 210 km/h. At speeds up to 130 km/h, the system can intervene even without clearly visible lane markings and thus ease the burden on drivers, especially in congested and slow-moving traffic. Active Brake Assist can detect traffic approaching from the side at an intersection, as well as traffic jams and pedestrians in danger zones in front of the car. The system can warn drivers of an impending collision and automatically initiate an emergency braking maneuver if necessary. The S 500 INTELLIGENT DRIVE research car and the Future Truck 2025 are both milestones on the road to fully autonomous driving, which we want to make a reality in a series-production car by the end of this decade. In September 2015, we became the first automaker to receive official permission to test autonomously driving vehicles on public roads in California in the United States.

In May 2015, Daimler Trucks received the world's first permit for an autonomously driving truck on public roads for the Freightliner Inspiration Truck in the US state of Nevada. And since October 2015, the first autonomously driving series-produced truck, a Mercedes-Benz Actros with Highway Pilot, has been undergoing road tests in Germany. Autonomous driving offers many advantages in particular for transporting goods by road. It increases safety, as well as efficiency as a result of optimal gear shifting, braking and accelerating.

We are underscoring our leading position in the field of safety also with new assistance systems and with the further development of the emergency-braking and lane-keeping assistants. And in the near future, we will launch the turning assistant on the market. It can recognize pedestrians, cyclists and stationary obstacles, thus preventing accidents in urban traffic and saving lives.

Moving ahead with digitization

Digitization is changing the way we do things in a major way. It is altering our products and services, our communication with customers and the manner in which we create value at Daimler. Digitization is also paving the way for new mobility concepts. In order to remain on top as this transformation proceeds, we are moving ahead with digitization at all levels and along the entire value chain, while continuing to focus on our customers. Our activities involve enhancing the connectivity of our products, developing customer-focused digital services and increasing digital communication with customers – starting with the initial contact and extending through the entire relationship. This approach offers our customers many benefits. For example, connecting sales and production processes enables us to respond to customer preferences more quickly, individually and flexibly. We are also using digitization to make our internal processes more efficient and to improve their quality, while eliminating the need for our employees to perform certain types of heavy physical labor.

We continue to roll out connected vehicles at Mercedes-Benz Cars. Mercedes me connect is now available in nearly all model series and customers can access their vehicle online at any time and from any location. Mercedes me is our digital platform that brings together mobility, financing and other services (connect, assist, move and finance), and also provides information and news about the Mercedes-Benz brand (inspire). page 18

We are extending our range of digital services also at Daimler Trucks. Connectivity will be a crucial factor for success in the logistics sector in the future. Our goal is to be the leading commercial vehicle manufacturer in terms of connectivity so that our products become part of an overall logistics system. We are further expanding our Detroit Connect telematics services in North America in cooperation with our strategic partner Zonar Systems. We are further developing FleetBoard in Europe, South Africa and Brazil, where the system is now included in half of all our new trucks. The Mercedes-Benz Vans and Daimler Buses divisions are also developing integrated transport solutions and improving their fleet management systems.

Digital technologies also offer us the opportunity to develop new and innovative mobility concepts for private, business and public transport applications. Examples here include car2go, CharterWay, Bus Rapid Transit (BRT) and the "moovel" mobility platform. car2go, which is our biggest business for private mobility services and is managed by Daimler Financial Services, is being further expanded around the world and linked with the moovel range of services. By the end of 2015, car2go was established at 31 locations in Europe and North America and had well over a million customers. car2go is also one of the biggest car-sharing companies for electric vehicles, with all-electric fleets at four locations. moovel offers our customers the opportunity to optimally combine various private and public mobility services and book them through a payment system.

Digitization along the entire value chain allows us to shorten development times, design production processes more flexibly and utilize marketing and sales channels in a more direct manner. For example, the development time for the Concept IAA (Intelligent Aerodynamic Automobile) presented at the Frankfurt Motor Show in 2015 was shortened from one and a half years to less than ten months. Industry 4.0 will digitize factories through the use of systems for augmented reality, virtual assembly or human-robot cooperation. The amount of monotonous and strenuous work will be reduced as a result. The intelligent use of continually increasing volumes of data, along with the networking of all points in the value chain, will enhance efficiency, improve quality, increase speed and make the entire production process even more flexible. It is also no longer possible to imagine marketing and customer-oriented communication without digitization. Our social media channels are already widespread and successful, for example. Concepts such as the lifestyle configurator, temporary pop-up stores and extra online sales channels help us directly address our customers in an innovative manner – and gain new customers as well.

The further digitization of core processes and the comprehensive expansion of digital services are also important goals for the next few years at Daimler Financial Services.

New ways of thinking and acting are required if the digital transformation at our company is to be successful. We want to get our employees enthusiastic about digital technologies and strengthen our culture of innovation. We are addressing digitization issues with the help of new innovation formats. We are changing our structures and processes in order to ensure we can optimally exploit the opportunities offered by digitization. Our goal is to successfully combine the speed and risk-taking culture of the digital sector with our company's perfection and innovative capability. For us, digitization is just as important as a strong core business and leadership in technology.

Extensive investment in the future of the company

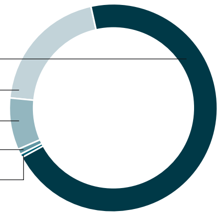
In the coming years, we will continue to move ahead systematically with our investment offensive in order to implement our growth strategy through the introduction of new products, innovative technologies and state-of-the-art manufacturing capacities. A large amount of our investment will be used for the digitization of processes and products throughout the entire company. We will therefore invest approximately €14 billion in property, plant and equipment in 2016 and 2017, as well as €14.5 billion in research and development projects. With this plan, we are once again substantially increasing our investment in order to safeguard the future of our company. ↗ A.10 to A.13

The investment in property, plant and equipment will mainly be used to prepare for the production of our new models, to modernize and realign our manufacturing facilities in Germany, to expand local production in growth markets and to enhance and restructure our sales organization. page 95

Most of our outlay for research and development is used for new products, innovative drive and safety technologies, vehicle connectivity systems and the further development of autonomous driving technologies. Between 2012 and 2020, we will launch more than 30 new car models and will also systematically further develop our range of commercial vehicles. In addition, we intend to continue significantly reducing our vehicles' fuel consumption, and thus CO_2 emissions, for example with the use of innovative hybrid drive systems. We will also continue to set standards in the areas of safety and autonomous driving for cars and commercial vehicles. pages 6 ff and 107 ff

A.10
Investment in property, plant and equipment 2016 – 2017
In %

Mercedes-Benz Cars	71%
Daimler Trucks	20%
Mercedes-Benz Vans	8%
Daimler Buses	1%
Daimler Financial Services	0.4%

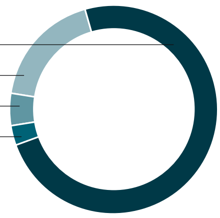


A.11
Investment in property, plant and equipment

Amounts in billions of euros	2014 actual	2015 actual	2016 – 2017
Daimler Group	4.8	5.1	**14.0**
Mercedes-Benz Cars	3.6	3.6	**9.9**
Daimler Trucks	0.8	1.1	**2.7**
Mercedes-Benz Vans	0.3	0.2	**1.1**
Daimler Buses	0.1	0.1	**0.2**
Daimler Financial Services	0.02	0.03	**0.05**

A.12
Research and development expenditure 2016 – 2017
In %

Mercedes-Benz Cars	74%
Daimler Trucks	18%
Mercedes-Benz Vans	5%
Daimler Buses	3%



A.13
Research and development expenditure

Amounts in billions of euros	2014 actual	2015 actual	2016 – 2017
Daimler Group	5.7	6.6	**14.5**
Mercedes-Benz Cars	4.0	4.7	**10.7**
Daimler Trucks	1.2	1.3	**2.6**
Mercedes-Benz Vans	0.3	0.4	**0.8**
Daimler Buses	0.2	0.2	**0.4**

We are growing profitably and sustainably

Daimler accelerated along its profitable growth path in the year 2015. Unit sales, revenue and earnings were significantly higher than in the previous year. We inspired our customers with numerous new products and improved Daimler's market position. At the same time, we succeeded in putting pioneering innovations on the road, such as autonomous driving and the new plug-in hybrids. We pressed forward with the digitization of our products and processes throughout the Group. On the basis of sound finances, we were once again able to invest very substantial amounts in our future, thus creating the right conditions for further profitable growth.

B | Combined Management Report

Corporate Profile

Business model

Daimler can look back on a tradition covering 130 years – a tradition that extends back to Gottlieb Daimler and Carl Benz, the inventors of the automobile, and features pioneering achievements in automotive engineering. Today, the Daimler Group is a globally leading vehicle manufacturer with an unparalleled range of premium automobiles, trucks, vans and buses. The product portfolio is rounded out by a range of tailored financial services and mobility services. Daimler seeks to play a leading role in the digitization of products, services and processes in the automotive industry.

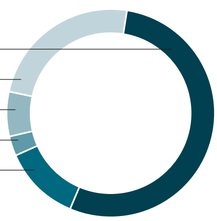
Daimler AG is the parent company of the Daimler Group and is domiciled in Stuttgart (Mercedesstraße 137, 70327 Stuttgart, Germany). The main business of Daimler AG is the development, production and distribution of cars, trucks and vans in Germany and the management of the Daimler Group. The management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

With its strong brands, Daimler is active in nearly all the countries of the world. The Group has production facilities in a total of 19 countries and more than 8,500 sales centers worldwide. The global networking of research and development activities and of production and sales locations gives Daimler considerable advantages in the international competitive field and also offers additional growth opportunities. In addition, we can apply our innovative drive and safety technologies in a broad portfolio of vehicles while utilizing experience and expertise from all parts of the Group. This also helps us with the further development of autonomous driving technology, an area in which we play a pioneering role for both passenger cars and commercial vehicles.

B.01

Consolidated revenue by division

Mercedes-Benz Cars	54%
Daimler Trucks	24%
Mercedes-Benz Vans	7%
Daimler Buses	3%
Daimler Financial Services	12%



In 2015, Daimler increased its revenue by 15% to €149.5 billion. The individual divisions contributed to this total as follows: Mercedes-Benz Cars 54%, Daimler Trucks 24%, Mercedes-Benz Vans 7%, Daimler Buses 3% and Daimler Financial Services 12%. At the end of 2015, Daimler employed a total workforce of more than 284,000 people worldwide.

The products supplied by the **Mercedes-Benz Cars** division comprise a broad spectrum of premium vehicles of the Mercedes-Benz brand and its Mercedes-AMG and Mercedes-Maybach sub-brands. These vehicles range from the compact models of the A-Class and B-Class to a highly varied program of sport utility vehicles, roadsters, coupes and convertibles, and S-Class luxury sedans. The portfolio is rounded out by the new Mercedes me sub-brand and the high-quality small cars of the smart brand. The main country of manufacture is Germany, but the division also has production facilities in the United States, China, France, Hungary, Romania, South Africa, India, Vietnam and Indonesia, and at Valmet Automotive in Finland. In the medium term, we anticipate significant growth in worldwide demand for automobiles and above-average growth in the premium car segment. In order to ensure that we can exploit this potential, we are creating additional production capacities, especially at Beijing Benz Automotive Co. (BBAC) in China and at our plants in the United States and India. We will also expand our global production network with a new plant in Brazil, where we will produce the next generation of the C-Class as well as the GLA compact SUV for the local market starting in 2016. Together with our partner Renault-Nissan, we are now establishing an assembly plant in Aguascalientes, Mexico, which will also begin manufacturing compact vehicles of the Mercedes-Benz brand in 2018. The most important markets for Mercedes-Benz Cars in 2015 were China with 20% of unit sales, the United States (18%), Germany (15%) and the other markets of Western Europe (24%).

As the biggest globally active manufacturer of trucks above 6 metric tons gross vehicle weight, **Daimler Trucks** develops and produces vehicles in a global network under the brands Mercedes-Benz, Freightliner, Western Star, FUSO and BharatBenz. The division's 26 production facilities are located in the NAFTA region (14), Europe (7), Asia (3) and South America (2). In China, Beijing Foton Daimler Automotive Co., Ltd. (BFDA), a joint venture with our Chinese partner Beiqi Foton Motor Co., Ltd., has been producing trucks under the Auman brand name since 2012. Daimler Trucks' product range includes light-, medium- and heavy-duty trucks for local and long-distance deliveries and construction sites, as well as special vehicles used mainly in municipal applications. Due to close links in terms of production technology, the division's product range also includes the buses of the Thomas Built Buses and FUSO brands. Daimler Trucks' most important sales markets in 2015 were the NAFTA region with 38% of unit sales, Asia (29%), Western Europe (13%) and Latin America excluding Mexico (6%).

The product range of the **Mercedes-Benz Vans** division in the segment for mid-size and large vans comprises the Sprinter and Vito series. Our portfolio is rounded out at the lower end by the Mercedes-Benz Citan city van, the addition of which makes us a full-range supplier in the van market. In 2014, we also launched the V-Class, which is a multi-purpose vehicle (MPV). Mercedes-Benz Vans has manufacturing facilities at a total of nine locations in Germany, Spain, the United States and Argentina, as well as in China within the framework of the Fujian Benz Automotive Co., Ltd. joint venture, and in France in the context of the strategic alliance with Renault-Nissan. The Mercedes-Benz Sprinter Classic is produced under license by our partner GAZ in Russia. The most important markets for vans at the moment are in Western Europe, which accounts for 65% of unit sales. As part of the "Mercedes-Benz Vans goes global" business strategy, we are also increasingly developing the growth markets of South America and Asia, as well as the Russian van market. In addition, we plan to more effectively exploit the potential of the expanding North American van market in the future, and to this end we expanded our range of products in that market in 2015 by launching the Vito under the name Metris. With our new production location for the next-generation Sprinter in South Carolina in the United States (construction to begin in 2016), we will also improve our cost position in this major sales market.

The **Daimler Buses** division with its brands Mercedes-Benz and Setra is the undisputed industry leader in the segment for buses above 8 metric tons in its core markets. The division's product range comprises city and intercity buses, coaches and bus chassis. The largest of the division's 14 production sites are located in Germany, France, Spain, Turkey, Argentina, Brazil and Mexico. In the year under review, a new bus plant was opened at the production location in Chennai, India. Front-engine buses are produced there to meet the requirements of the Indian volume market with bodies from the British bus manufacturer Wrightbus. Rear-engine buses for the premium segment are built and sold under the Mercedes-Benz brand name in India. Another new bus plant started production last year in Funza near Bogotá, Colombia. In 2015, Daimler Buses generated 58% of its revenue in Western Europe and 18% in Latin America (excluding Mexico). While we mainly sell fully equipped buses in Europe, our business in Latin America, Mexico, Africa and Asia is focused on the production and distribution of bus chassis.

The **Daimler Financial Services** division supports the sales of the Daimler Group's automotive brands in more than 40 countries. Its product portfolio primarily consists of tailored financing and leasing packages for customers and dealers, but also insurance brokering, fleet management services, investment products and credit cards, as well as various mobility services such as the "moovel" mobility platform, the "mytaxi" app and the flexible car2go mobility concept. The main areas of the division's activities are Western Europe and North America, and increasingly Asia as well. During the year under review, Daimler Financial Services financed or leased nearly 50% of the vehicles sold by the Daimler Group. The division's contract volume of €116.7 billion covers more than 3.7 million vehicles. Daimler Financial Services also holds a 45% interest in the Toll Collect consortium, which operates an electronic toll-charging system for trucks on highways in Germany.

B.02
Daimler Group structure 2015

	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Financial Services
Revenue	€83.8 billion	€37.6 billion	€11.5 billion	€4.1 billion	€19.0 billion
Employees	136,941	86,391	22,639	18,147	9,975
Brands	Mercedes-Benz AMG MAYBACH smart Mercedes me	Mercedes-Benz FREIGHTLINER FUSO WESTERN STAR Thomas BUILT BUSES BHARATBENZ	Mercedes-Benz FREIGHTLINER	Mercedes-Benz SETRA	Mercedes-Benz Bank Mercedes-Benz Financial Daimler Truck Financial moovel CAR 2GO mytaxi

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

Portfolio changes and strategic partnerships

By means of targeted investments and future-oriented partnerships, we strengthened our core business and utilized additional growth potential in 2015. At the same time, we focused on the continuous further development of our existing business portfolio, as well as on improving our competitiveness in our core business areas.

Entry into the digital map business
In August 2015, Audi, BMW and Daimler reached an agreement with the Nokia Corporation on the acquisition of its HERE subsidiary, which provides digital mapping and location-based services. This move will ensure the availability of HERE products and services as a permanently open, independent and value-added platform for cloud-based map and mobility services. Digital maps from HERE will serve as the foundation for the next generation of mobility and location-based services, which in turn will form the basis for new assistance systems and eventually fully automated vehicles. Such systems link highly precise digital map data with real-time vehicle data in a manner that enhances road safety and enables the introduction of innovative products and services. The three partners have acquired equal numbers of shares in HERE. The purchase price of €2.6 billion was financed by capital contributions from Audi, BMW and Daimler and partially by borrowing. Daimler's capital contribution amounted to €0.7 billion. After receiving the approval of the antitrust authorities, the transaction was completed in December 2015.

Audi, BMW and Daimler plan for other investors to acquire shares in HERE and to reduce their own stakes in HERE from the current level of 33.3%.

Expansion of the partnership with BAIC
Daimler and the Chinese automobile manufacturer BAIC Motor Corporation plan to intensify their cooperation in the area of financial services. To this end, Daimler AG and BAIC Motor Corporation signed an agreement in March 2015. In line with that agreement, BAIC Motor, which is the passenger car division of the BAIC Group, has acquired 35% of Mercedes-Benz Leasing Co., Ltd (MBLC) within the framework of a capital increase. Daimler will retain its majority interest with 65% of MBLC's shares. The transaction was completed at the beginning of September 2015 after being approved by the relevant authorities. The expansion of financial services is an important factor for achieving growth in China in the future.

We once again expanded production capacities at Beijing Benz Automotive Co., Ltd. (BBAC) in 2015. Another SUV model for the Chinese market went into production there in October – the GLC – about six months after the start of production of the compact GLA. In 2015, we produced more than 200,000 vehicles locally at BBAC for the first time in one year.

Production joint venture with Nissan launched in Mexico
Daimler and the Renault-Nissan Alliance have intensified their cooperation five years after the launch of their strategic partnership. In September, the two companies laid the cornerstone for a new joint-venture production plant in Aguascalientes, Mexico, known as COMPAS (Cooperation Manufacturing Plant Aguascalientes), whose establishment had been agreed upon back in June 2014. The new plant is being constructed at a site in the direct vicinity of an existing Nissan facility. After the start of production, the new plant will be ramped up to an annual capacity of 300,000 units, which is expected to be achieved by 2021. Production is scheduled to begin with Infiniti models in 2017. The plant will start producing Mercedes-Benz brand vehicles in 2018. The partners will invest a total of $1 billion in the joint venture. Daimler and Renault-Nissan will also cooperate on the development of the next generation of premium compact cars for the Mercedes-Benz and Infiniti brands.

Daimler acquires an interest in Zonar Systems
In June 2015, Daimler Trucks North America (DTNA) acquired a minority interest in Zonar Systems Inc., which is one of the leading developers and suppliers of logistics, telematics and connectivity solutions. The investment is a key milestone along the way to completely connected vehicles and value-added services for truck fleet operators and drivers. DTNA and Zonar will work together to launch tailored applications for North American customers.

Reorganization of the sales system
Mercedes-Benz is restructuring its own sales organization in Germany for the requirements of the future. The objective is to ensure optimal customer care, to operate profitably on a sustainable basis, and thus to protect jobs. In this context, 63 of the total 158 Daimler-owned sales locations were sold in 2015. For 26 of the operations sold, the transfer of ownership took place on January 1, 2016. The other transactions will be concluded in 2016.

In addition, Daimler's own sales-and-service centers, which had been organized in early 2015 as regional sales centers, eleven for cars and eleven for trucks, have now been transitioned into the planned target structure of seven regional sales centers for cars and seven for trucks as of January 1, 2016. We are thus consistently pursuing our strategy of a divisional orientation; by focusing on the respective business we are ensuring optimal customer care, the basis for secure jobs and adequate profitability.

We are continually optimizing our sales structures also in other markets.

Sale of Atlantis Foundries (Pty.) Ltd.
Daimler Trucks also continually works to improve its competitiveness. Within the framework of this strategy, a decision was made at the end of February to sell the division's Atlantis Foundries business in South Africa. The new owner is an established supplier company that will continue to deliver cylinder crankcases to Daimler. The transaction was completed at the end of June 2015 after approval by the relevant authorities.

Efficiency programs take full effect

With the programs “Fit for Leadership” at Mercedes-Benz Cars, “Daimler Trucks #1” at Daimler Trucks, “Performance Vans” at Mercedes-Benz Vans and “GLOBE 2013” at Daimler Buses, we were able to achieve earnings contributions totaling approximately €4 billion by the end of 2014 as a result of measures taken for the sustained improvement of cost structures, as well as through additional business activities. As planned, those programs had their full effect in 2015. Further efficiency enhancements are currently being implemented in all divisions. In addition, we are taking fundamental measures for the long-term and structural optimization of the business system. For example, the “Fit for Leadership Next Stage” follow-up program was launched at Mercedes-Benz Cars in 2015. We are also continuing the standardization and modularization of production processes throughout the Group, making intelligent use of vehicle platforms in order to generate additional cost benefits, for example. In parallel, we are systematically moving ahead with digital connectivity at all divisions and along the entire value chain – from development and production to sales and service. Among other things, this approach gives us additional scope to become faster and more flexible and efficient, to the benefit of our customers. These long-term structural measures already had a positive impact on earnings in 2015 and will facilitate further efficiency gains in the coming years.

Performance measurement system

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

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

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

The quantitative development of value added and the other financial performance measures is explained in the “Profitability” chapter. pages 85 ff

Profit measure
The measure of operating profit at the divisional level is EBIT (earnings before interest and income taxes). EBIT thus reflects the divisions’ responsibility for profit and loss. The measure of operating profit used at the Group level is net operating profit. It comprises the EBIT of the divisions as well as profit and loss effects for which the divisions are not held responsible. The latter include income taxes and other reconciliation items. ↗ B.12 on page 85

Net assets
Net assets are the basis for the investors’ required return. The industrial divisions are accountable for the net operating assets; all assets, liabilities and provisions which they are responsible for in day-to-day operations are therefore allocated to them. Performance measurement at Daimler Financial Services is on an equity basis. Net assets at the Group level include the net operating assets of the industrial divisions and the equity of Daimler Financial Services, as well as assets and liabilities from income taxes and other reconciliation items that cannot be allocated to the divisions. Average annual net assets are calculated from average quarterly net assets. page 90

B.03
Calculation of value added

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

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

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

B.04
Cost of capital

	2015	2014
In percent		
Group, after taxes	8	8
Industrial business, before taxes	12	12
Daimler Financial Services, before taxes	13	13

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

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

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

Details of the development of non-financial performance indicators can be found in the chapters "Economic Conditions and Business Development" and "Sustainability." pages 79 ff and pages 105 ff. For "Integrity and Compliance," see pages 185 ff.

Corporate governance statement

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

Economic Conditions and Business Development

The world economy

In the year under review, the world economy expanded at a slightly lower rate than in the two previous years, once again remaining below the long-term trend with real growth of about 2.5%. ↗ **B.05** This was primarily the result of the ongoing slowdown and highly dissatisfactory economic developments in the emerging markets. Global financial markets continued to feature considerable interest-rate fluctuations during 2015. Prices of industrial raw materials decreased significantly compared with the previous year and were approximately 20% lower than in 2014; the price of crude oil actually fell by nearly 50%.

In a generally sluggish global economic environment, the economies of the industrialized countries were rather more dynamic than in the previous year. Overall, these countries' real gross domestic product (GDP) grew by approximately 1.9% (2014: 1.7%). The US economy once again proved to be a stable cornerstone of the global economy. Supported by lively private consumption and solid investment by companies, the United States achieved overall economic growth of 2.4%. In Japan, the economy revived slightly at the beginning of the year, but then reverted to a rather weaker phase. Due only to the positive start of the year, 2015 as a whole resulted in slight growth of approximately 0.5%.

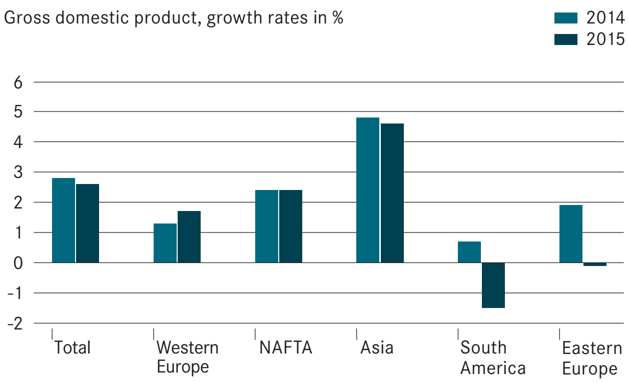
Although the Greece crisis resulted in considerable uncertainty, especially in the first half of the year, the economy of the European Monetary Union (EMU) was one of the positive surprises in 2015. Overall, the EMU seems to have achieved a growth rate of about 1.5%. Low inflation, rising real incomes, low energy prices, a weaker euro and the very expansive monetary policy of the European Central Bank (ECB) were responsible for this positive development. It was particularly pleasing that former crisis countries such as Spain and Ireland posted some of the highest growth rates. But the German economy was also very robust with growth of 1.7%. The British economy delivered a convincing performance, as in the previous years, with expansion of 2.2%.

Unlike the industrialized countries, the overall economic growth of the emerging markets slowed down in the year under review. It amounted to only about 3.3% (2014: 4.3%), and was thus almost as low as most recently during the financial crisis in the year 2009. The main reason was the repeated drop in raw-material prices, which had a major impact above all on the economic development of the raw-material exporting countries. Some economies such as Russia and Brazil were actually in distinct recession. Another factor was substantial currency depreciation in some major emerging economies. The slowdown of growth in China to a rate of 6.9% was roughly as expected so the country's economic restructuring fortunately continued without a hard landing. However, the significant correction of the Chinese stock market in the middle of the year triggered considerable uncertainty in the global financial markets.

B.05

Economic growth

Gross domestic product, growth rates in %



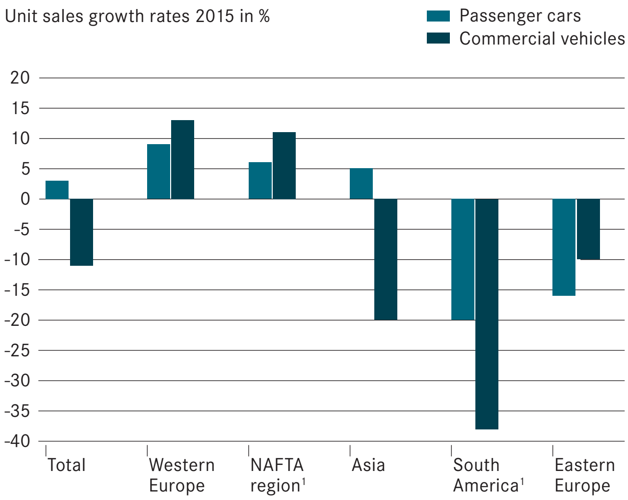
Source: IHS Global Insight, S/DM

In this partially very tense global economic environment, currency exchange rates were very volatile. Against the US dollar, the euro fluctuated between $1.05 and $1.21. At the end of the year, the euro was about 10% weaker than a year earlier at $1.09. Once again, the range of fluctuation of the euro to the Japanese yen was quite substantial, with a corridor of 126 to 146 yen to the euro. By the end of the year, the euro had fallen by 10% also against the yen. Against the British pound, the euro ended the year with depreciation of approximately 6%. The euro gained against some currencies such as the Turkish lira and the Canadian dollar, in some cases by double-digit percentages, with the highest gain of over 30% against the Brazilian real. Compared with the ruble, the euro had gained nearly 12% by the end of the year, with substantial volatility during the year of between 53 and 82 rubles to the euro.

B.06

Global automotive markets

Unit sales growth rates 2015 in %



1 Cars segment includes light trucks

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

Automotive markets

The continuation of below-average global economic dynamism in the year 2015 was also reflected by the development of **global demand for cars**. The increase of about 3% in demand worldwide is to be regarded as quite solid with currently strong markets, whereby regional differences were very substantial. While China and the traditional markets of the United States and Western Europe followed a relatively positive development, demand was very weak in some major emerging markets. ↗ B.06

From a very strong starting point, the US market grew again by nearly 6%, surpassing its previous record from the year 2000 with sales of approximately 17.5 million cars and light trucks. Demand in Western Europe also developed very positively. The market recovery that had started in 2014 became more dynamic and led to significant growth of about 9%. It must be emphasized that this market growth took place on a broad basis: double-digit growth was recorded in Spain and Italy while the three major markets of Germany, the United Kingdom and France each posted significant growth of between 6 and 7%.

The initial impression of the Chinese car market is still positive, with growth of approximately 9% and the biggest contribution in absolute terms to the increased worldwide volume. But these figures conceal the significant period of weakness that the market went through during the summer months. The Chinese government finally initiated countermeasures, granting tax reductions on the purchase of small cars with engine displacement of up to 1.6 liters, which were subsequently responsible for the aforementioned market growth.

The Japanese car market contracted by approximately 10%, after demand had been kept artificially high for several years as a result of measures taken by the government. With the exception of China, the major emerging markets displayed very differing tendencies. The Indian market grew significantly while demand for cars slumped in Brazil and Russia. Deep economic recessions in both countries resulted in market slumps of about 25% in Brazil and even 35% in Russia, thus dampening the worldwide volume growth.

Worldwide demand for **medium-duty and heavy-duty trucks** came under considerable pressure last year and fell by approximately 11%. This decrease was also primarily due to the drastic contraction of some major emerging markets, which was not offset by the positive development of the North American and European markets.

The North American market proved once again to be robust in Classes 6-8 with overall growth of approximately 11%. But a weakening of the market's dynamism was to be observed as the year progressed, at first in industrial orders received and towards the end of the year also in sales figures.

The European market developed significantly better than at the beginning of 2015. In a comparatively favorable economic environment, it grew by approximately 17%. The Turkish market weakened significantly following a positive start to the year, but grew in the full year by approximately 9% due to purchases brought forward because of the upcoming introduction of the Euro VI emissions standard. On the other hand, demand for trucks in Brazil slumped drastically because of the severe economic recession, falling to about half the volume of 2014; the market was additionally weakened towards the end of the year by the continued worsening of financing possibilities in the context of the government's FINAME program.

From Daimler's perspective, the main Asian markets were rather mixed. The Japanese market for light-, medium- and heavy-duty trucks remained close to its solid prior-year level despite weak economic dynamism. Indonesia, however, was affected by the growth slowdown in China and by falling raw-material prices, which resulted in a contraction of 32% in the overall truck market. Demand in India developed positively, with growth of about 10% in the market for medium- and heavy-duty trucks.

With a drop of more than 40%, demand for trucks in Russia decreased substantially due to the country's economic recession. And China, the world's biggest truck market, contracted by almost 30%.

Demand for vans in Western Europe continued to grow in 2015. The market volume increased by 11% for mid-size and large vans and by 8% for small vans. In particular, the markets of the countries of southern Europe recovered significantly, and distinct growth was apparent also in Germany. In the United States, the market for large vans continued to develop very positively with growth of 14%. In China, however, there was significant contraction of the market segment we address there. Due to the unfavorable economic situation, the market for large vans in Latin America also contracted sharply.

The **bus market** of Western Europe significantly surpassed its weak prior-year level. There was positive impetus in particular from the coach segment, which profited from expansion of the business of long-distance buses in Germany. Demand in Eastern Europe was at the prior-year level, with support from the growing coach segment in Turkey. As a result of the difficult economic and political situation in Latin America, market conditions there deteriorated significantly. In Brazil alone, market volume decreased by 40% compared with 2014.

Business development

Unit sales

Daimler significantly increased its total unit sales in the year 2015, as had been forecast in Annual Report 2014. Sales of approximately 2.9 million vehicles surpassed the prior-year figure by 12%. This growth was mainly driven by the Mercedes-Benz Cars division (+16%) and to a lesser extent by the Mercedes-Benz Vans division (+9%). The forecasts made at the beginning of the year were therefore confirmed. At Daimler Trucks, growth of just over 1% was lower than we had originally anticipated, primarily due to the weak condition of markets in Latin America and Indonesia. Unit sales of buses, which we had expected to increase slightly at the beginning of the year, were significantly below the prior-year level. This was mainly the result of the very weak markets for bus chassis in Latin America.

The **Mercedes-Benz Cars** division once again accelerated along its growth path in 2015, with 16% growth in unit sales to the new record of 2,001,400 vehicles. The Mercedes-Benz brand increased its unit sales by 15% to a record of 1,880,100 vehicles. We are the number one in the premium segment in Germany as well as in Canada and Japan. We also significantly improved our position in China.

In Western Europe, Mercedes-Benz sold a total of 678,200 vehicles, surpassing the prior-year number by 11%. Growth was particularly strong in Spain (+24%), the United Kingdom (+17%) and Italy (+16%). But also in Germany, we increased our unit sales by 4% to 259,200 vehicles. Unit sales in NAFTA continued to develop positively, with new records set in the United States (+5%) as well as in Canada (+23%) and Mexico (+10%). In China, we achieved growth of 41% – considerably stronger than the overall market and our main competitors. We posted significant growth also in Japan (+13%), South Korea (+30%), India (+31%), Brazil (+67%) and Turkey (+35%).

The increase in unit sales was primarily driven by the C-Class and the new SUVs. But with growth of 10%, there was a continuation of strong demand also for our A- and B-Class models: Including the CLA and the CLA Shooting Brake, a total of 425,000 of those models were delivered. Our C-Class models were especially successful, with 38% growth to sales of 470,400 sedans, wagons and coupes. The E-Class performed very well in its last year before the model change with sales of 306,000 units (-7%). The S-Class was once again the best-selling luxury sedan in the world by far. In total we sold 106,200 sedans and coupes of the S-Class (2014: 115,500). In the SUV segment, worldwide unit sales increased by 27% to 543,000 vehicles, primarily driven by the new GLC and GLE models and the success of the GLA in China. ↗ B.07

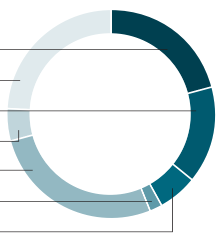
With the new and very successful fortwo and forfour models, the smart brand increased its unit sales by 31% to 121,300 vehicles. pages 160 ff

B.07

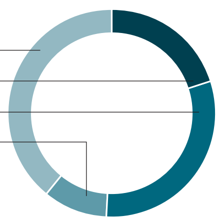
Unit sales structure of Mercedes-Benz Cars

A-/B-Class	21%
C-Class	24%
E-Class	15%
S-Class	5%
SUVs*	27%
Sports Cars	2%
smart	6%

* including GLA



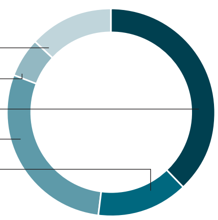
Western Europe	39%
NAFTA	20%
Asia	31%
Other markets	10%



B.08

Unit sales structure of Daimler Trucks

Western Europe	13%
Latin America	6%
NAFTA	38%
Asia	29%
Other markets	14%



Daimler Trucks increased its unit sales by 1% in 2015 in a regionally very disparate market environment. We sold a total of 502,500 heavy-, medium- and light-duty trucks as well as buses of the Thomas Built Buses and FUSO brands in the year under review (2014: 495,700), so we continue to be the biggest global manufacturer of trucks above 6 metric tons gross vehicle weight. ↗ B.08 Our strategy based on the three pillars of technology leadership, global market presence and intelligent platforms proved its worth once again in 2015. We have taken a leading role for autonomously driving trucks. In the new markets, we are increasing our customer focus and thus further strengthening our position.

In Western Europe, we increased our unit sales by 13% to 64,800 vehicles and defended our market leadership in the medium- and heavy-duty segment with a market share of 22.5% (2014: 24.4%). As a result of purchases being brought forward before the stricter Euro VI standard came into effect in 2016, the high level of unit sales achieved in Turkey in 2014 was surpassed with sales of 24,900 trucks in 2015 (2014: 22,200). Nonetheless, sales became significantly less dynamic in the second half of the year. In Russia, the continuation of the difficult economic situation led to a significant drop in demand. ↗ B.09

In Latin America, Daimler Trucks' unit sales decreased by 35% to 30,500 vehicles, primarily due to the economic crisis in our main market there, Brazil. Nonetheless, we succeeded in increasing our market share in the medium- and heavy-duty segment in Brazil to 26.7% (2014: 25.8%).

In the NAFTA region, we were once again the market leader for Class 6-8 medium- and heavy-duty trucks by a clear margin, and actually extended our lead to gain a share of 39.4% (2014: 37.2%). Unit sales rose by 19% to the record number of 191,900 vehicles. This performance was facilitated by our outstanding product portfolio and the favorable market development.

The Asian sales markets developed disparately in 2015. We increased our unit sales and gained market share in both Japan and India. The product portfolio of BharatBenz was expanded once again last year with the BharatBenz 3143, which is designed for use in mining and on construction sites. Our unit sales in Indonesia decreased significantly, but we increased our market share to 48.0% (2014: 47.4%). In total, we sold 147,700 trucks in Asia (2014: 167,200).

Through Beijing Foton Daimler Automotive Co., Ltd. (BFDA), a joint venture with our Chinese partner Foton, we are represented in the Chinese truck market with locally produced vehicles of the Auman brand. Unit sales of Auman trucks decreased by 30% to 69,200 vehicles in the reporting period for market-related reasons. These vehicles are not included in the Daimler Group's unit sales. pages 166 ff

Mercedes-Benz Vans once again achieved record unit sales in the year 2015, surpassing the prior-year figure by 9% with sales of 321,000 vehicles. Our Sprinter, Vito and Citan vans are targeted mainly at commercial customers, while the V-Class is designed primarily for private use. Unit sales in Western Europe, our most important market, rose by 10% to 208,500 vans; market leadership for mid-size and large vans was clearly defended with a share of 18.4% (2014: 18.2%). Nearly all volume markets contributed to this success, and in Germany we achieved a new record of 88,400 vehicles (2014: 79,900). Despite a difficult market environment due to the economic situation, unit sales in Eastern Europe increased by 5% to 32,200 vehicles. Our vans continued their success in the United States, where we set a new record with sales of 32,400 units (2014: 25,800). Our share of the market for large vans was 8.7% (2014: 8.9%). In Latin America, we sold 15,800 vans, almost equaling the number sold in the previous year despite the difficult economic situation there. In China, sales decreased significantly to 7,200 units (2014: 12,800), mainly because of the upcoming model change for the mid-size vans. Overall, we sold the record number of 194,200 Sprinter vans worldwide in 2015 (+4%). The Vito achieved growth of 23% to 74,400 vehicles and the V-Class multipurpose vehicle was also very successful with sales of 30,700 vehicles (+20%). Sales of the Mercedes-Benz Citan totaled 21,700 units (2014: 22,100). pages 171 ff

Daimler Buses sold 28,100 buses and bus chassis worldwide in 2015. Compared with the previous year, this was a significant decrease of 15%, but the division maintained its absolute market leadership in our core markets in the segment for buses with a gross vehicle weight above 8 tons. One positive aspect was the ongoing strong demand for our complete buses in Western Europe, where unit sales increased by 3% to 7,800 vehicles and market share once again reached a very high level of 30.9%, following the record level of 34.4% in 2014. In Germany, sales of 2,800 units were 3% lower than in the previous year, which was positively affected by unusually high demand for city buses in the first half of 2014. In Latin America, we posted a significant decrease in sales to 11,900 units (2014: 17,600). This development was mainly due to the significant market slump caused by the ongoing difficult economic situation, which particularly affected Brazil, our most important market. Nonetheless, we were able to strengthen significantly our leading market position in Brazil with a market share of 52.5% (2014: 49.7%). In Mexico, the number of 4,000 units sold was 9% higher than in 2014. pages 174 ff

Business at **Daimler Financial Services** developed very positively in the year under review. As we had forecast in Annual Report 2014, worldwide contract volume grew substantially, reaching the new record level of €116.7 billion (+18%). Adjusted for exchange rate effects, the increase amounted to 14%. As expected, new business also increased significantly, by 21% to €57.9 billion. Significant growth was achieved in Europe (+14%) as well as in the Americas region (+21%) and in the Africa & Asia-Pacific region (+39%). We achieved significant growth also in the insurance business in 2015, brokering a total of 1.8 million insurance policies, which is 25% more than in 2014. Daimler Financial Services supported numerous companies with the financing and management of their vehicles and fleets last year. At the end of 2015, the division had a total of 310,000 contracts with fleet customers in Europe (+1.5%). We further developed our business with innovative mobility services in the year under review. Our car-sharing service, car2go, had more than 1.2 million users at 31 locations in Europe and North America by the end of the year. This makes car2go the market leader in the area of flexible short-term car rentals. We also further developed the moovel app, with which customers in Germany can find the best way of traveling from A to B using all modes of transport, and can directly book and pay providers such as car2go, Flinkster, mytaxi and Deutsche Bahn (German Railways). At the beginning of the third quarter, RideScout, another Daimler-owned mobility platform in North America, acquired the US startup GlobeSherpa, an upcoming US provider in the field of mobile ticketing. pages 177 ff

B.09

Market share[1]

In %	2015	2014	15/14 Change in % points
Mercedes-Benz Cars			
Western Europe	6.0	5.5	+0.5
thereof Germany	10.1	9.7	+0.4
United States	2.0	2.1	-0.1
China	1.9	1.5	+0.4
Japan	1.6	1.3	+0.3
Daimler Trucks			
Medium-duty and heavy-duty trucks Western Europe	22.5	24.4	-1.9
thereof Germany	36.9	39.8	-2.9
Heavy-duty trucks NAFTA region (Class 8)	39.3	35.9	+3.4
Medium-duty trucks NAFTA region (Classes 6 and 7)	39.7	40.3	-0.6
Medium-duty and heavy-duty trucks Brazil	26.7	25.8	+0.9
Trucks Japan	20.8	20.1	+0.7
Trucks Indonesia	48.0	47.4	+0.6
Medium-duty and heavy-duty trucks India	7.3	6.2	+1.1
Mercedes-Benz Vans			
Mid-size and large vans Western Europe	18.4	18.2	+0.2
thereof Germany	27.1	26.5	+0.6
Small vans Western Europe	3.1	3.2	-0.1
Large vans USA	8.7	8.9	-0.2
Daimler Buses			
Buses over 8 metric tons Western Europe	30.9	34.4	-3.5
thereof Germany	49.3	57.1	-7.8
Buses over 8 metric tons Brazil	52.5	49.7	+2.8

1 Based on estimates in certain markets.

Order situation

The Mercedes-Benz Cars, Daimler Trucks, Mercedes-Benz Vans and Daimler Buses divisions produce vehicles predominantly to order in accordance with customers' specifications. In doing so, we flexibly adjust production numbers to changing levels of demand. Overall, the order situation of the Daimler Group continued to develop very positively in 2015. Due to strong demand in the United States and China in particular, the number of orders placed with Mercedes-Benz Cars was once again above the high level of orders recorded in the previous year. This was driven on the product side primarily by the models of the C-Class and the very successful new SUVs. Due to the positive development of demand, we significantly increased our production volumes. Nonetheless, the order backlog at the end of 2015 was higher than a year before. At Daimler Trucks, both orders received and order backlog at year-end were lower than the high levels of the prior-year, which was positively affected above all by the exceptionally high volume of orders received in the NAFTA region in the fourth quarter. Another factor is that orders in 2015 were negatively impacted by falling demand in Indonesia and Latin America.

Revenue

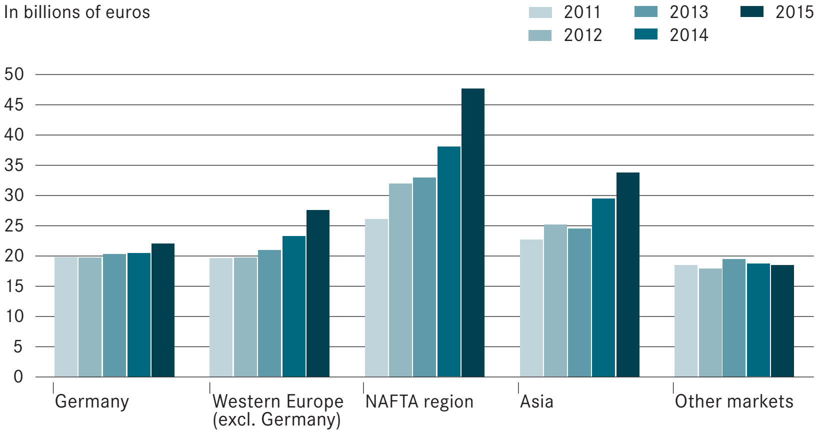
The Daimler Group increased its total revenue in the year 2015 by 15% to €149.5 billion; adjusted for exchange rate effects, the increase amounted to 9%. This means that, as we had expected at the beginning of 2015, our dynamic growth accelerated further thanks to the success of our new vehicle models. The divisions Mercedes-Benz Cars (+14%), Daimler Trucks (+16%) Mercedes- Benz Vans (+15%) and Daimler Financial Services (+19%) all increased their business volumes significantly. The factors behind this strong growth were the market success of our products, as well as exchange-rate effects especially at Daimler Trucks and Daimler Financial Services. At Daimler Buses, revenue was 2% lower than in the previous year. This was due to the negative impact of the market situation in Latin America, which was even more unfavorable than expected at the beginning of the year.

In regional terms, Daimler achieved revenue growth in Western Europe (+13% to €49.6 billion), the NAFTA region (+25% to €47.7 billion) and Asia (+15% to €33.7 billion).

B.10

Consolidated revenue by region

In billions of euros



B.11

Revenue by division

	2015	2014	15/14
In millions of euros			% change
Daimler Group	**149,467**	129,872	+15
Mercedes-Benz Cars	**83,809**	73,584	+14
Daimler Trucks	**37,578**	32,389	+16
Mercedes-Benz Vans	**11,473**	9,968	+15
Daimler Buses	**4,113**	4,218	-2
Daimler Financial Services	**18,962**	15,991	+19

Profitability

EBIT

The **Daimler Group** achieved an **EBIT** of €13.2 billion in 2015 (2014: €10.8 billion). ↗ B.12 ↗ B.13

The Mercedes-Benz Cars division in particular significantly surpassed its prior-year earnings as a result of further growth in unit sales. This was primarily due to the new C-Class in its first full year, as well as the expanded product range in the SUV segment (including the GLA). Daimler Trucks and Mercedes-Benz Vans significantly surpassed their prior-year earnings. Both divisions achieved growth in unit sales mainly in the NAFTA region and Europe. Daimler Buses achieved higher earnings than in 2014. Daimler Financial Services once again significantly surpassed its prior-year earnings, mainly as a result of its increased contract volume.

The development of currency exchange rates and lower expenses due to increased discount rates had a positive impact on operating profit. Also, the increasing effect of the implemented efficiency measures contributed to higher EBIT.

Special items resulted in expenses for the Group in 2015. In particular, expenses of €340 million from a recall in connection with Takata airbags at the Mercedes-Benz Cars and the Mercedes-Benz Vans division, expenses connected with the restructuring of the Group's own dealer network in a net amount of €144 million across all automotive divisions and public-sector levies related to prior periods of €121 million at the Mercedes-Benz Cars division led to negative effects on earnings.

The reconciliation of segment earnings to Group EBIT resulted in significantly lower income than in the previous year. The previous year was affected in particular by the income from the disposal of the shares in Rolls-Royce Power Systems Holding GmbH (RRPSH) and the remeasurement and sale of the shares in Tesla Motors Inc. (Tesla) as well as the expenses from the related hedging instruments totaling €1,482 million. Expenses connected with the ongoing antitrust investigations of European truck manufacturers by the EU Commission reduced earnings by €600 million in the previous year.

The special items affecting earnings in the years 2014 and 2015 are shown in table ↗ B.14.

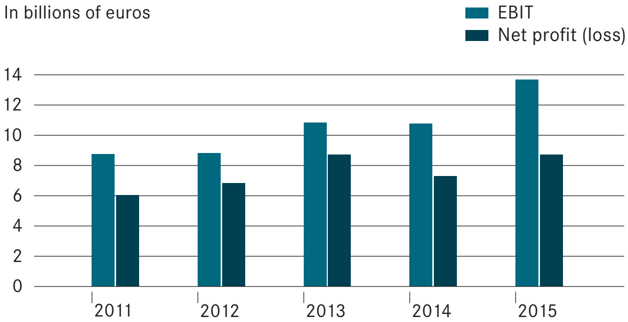
Due to the favorable business development in all divisions, Daimler was able to significantly exceed its prior-year **EBIT from ongoing business** of €10.1 billion, achieving €13.8 billion in 2015, which is in line with our expectations as stated in the Outlook section of Annual Report 2014. ↗ B.12

B.12
EBIT by segment

	EBIT			EBIT from ongoing business		
	2015	2014	15/14	**2015**	2014	15/14
In millions of euros			% change			% change
Mercedes-Benz Cars	**7,926**	5,853	+35	**8,343**	5,964	+40
Daimler Trucks	**2,576**	1,878	+37	**2,742**	2,073	+32
Mercedes-Benz Vans	**880**	682	+29	**952**	638	+49
Daimler Buses	**214**	197	+9	**202**	211	-4
Daimler Financial Services	**1,619**	1,387	+17	**1,619**	1,387	+17
Reconciliation	**-29**	755	.	**-29**	-127	-77
Daimler Group	**13,186**	10,752	+23	**13,829**	10,146	+36

B.13

Development of earnings



B.14

Special items affecting EBIT

	2015	2014
In millions of euros		
Mercedes-Benz Cars		
Recall in connection with Takata airbags	-300	–
Sale of real estate in the United States	+87	–
Public-sector levies related to prior periods	-121	–
Restructuring of own dealer network	-64	-81
Relocation of MBUSA Headquarters	-19	–
Impairment of investments in the area of alternative drive systems	–	-30
Daimler Trucks		
Sale of investment in Atlantis Foundries	-61	–
Workforce adjustments	-58	-149
Restructuring of own dealer network	-47	-16
Impairment of investment in Kamaz	–	-30
Mercedes-Benz Vans		
Recall in connection with Takata airbags	-40	–
Restructuring of own dealer network	-29	-17
Relocation of MBUSA Headquarters	-3	–
Reversal of impairment of investment in FBAC	–	+61
Daimler Buses		
Sale of investment in New MCI Holdings Inc.	+16	–
Restructuring of own dealer network	-4	-2
Business repositioning	–	-12
Reconciliation		
Sale of shares in RRPSH	–	+1,006
Measurement of put option for RRPSH	–	-118
Remeasurement of Tesla shares	–	+718
Sale of Tesla shares and hedge of Tesla share price	–	-124
Expenses related to EU antitrust proceedings	–	-600

The Mercedes-Benz Cars, Daimler Trucks and Mercedes-Benz Vans divisions significantly increased their EBIT from the ongoing business in 2015 and thus met the forecasts made in Annual Report 2014. Daimler Buses also fulfilled our expectations with EBIT just under the prior-year level. The earnings of Daimler Financial Services developed better than we had forecasted at the beginning of the year. We had anticipated a slight improvement at Daimler Financial Services compared with the previous year. We adjusted those assessments upwards as the year progressed in the context of our quarterly reporting, as the division's contract volume increased faster than expected.

Mercedes-Benz Cars posted EBIT of €7,926 million, which is significantly higher than the prior-year figure of €5,853 million. The division's return on sales increased to 9.5% (2014: 8.0%). ↗ B.15

This very positive development primarily reflects the in-creased unit sales of new vehicles. The main drivers were the new C-Class, the compact cars and increased unit sales in the SUV segment. Other positive effects on EBIT resulted from the better pricing, efficiency measures and currency translation. Negative effects resulted from expenses for the expansion of production capacities and advance expenditure for new technologies and vehicles. EBIT also includes expenses of €300 million from a recall in connection with Takata airbags as well as expenses for public-sector levies from prior periods of €121 million and expenses for the relocation of the Mercedes-Benz USA, LLC headquarters caused expenses of €19 million. On the other hand, EBIT includes a gain of €87 million on the sale of real estate in the United States. EBIT in the previous year included impairments of investments in the field of alternative drive systems of €30 million.

The automotive divisions were also affected by a total expense of €144 million from the restructuring of Daimler's own dealership network (2014: €116 million). In this context, we refer to the information provided in Note 5 of the Notes to the Consolidated Financial Statements.

Daimler Trucks achieved EBIT of €2,576 million (2014: €1,878 million), which is significantly higher than the prior-year figure. The division's return on sales increased to 6.9% (2014: 5.8%). ↗ B.15

The positive development of earnings was primarily the result of increased unit sales in the NAFTA region and Europe, the realization of further efficiency improvements and positive exchange-rate effects. There were negative impacts on earnings from lower unit sales in Latin America and Indonesia, as well as from higher expenses for warranties and customer goodwill, the expansion of production capacities and advance expenditure for new technologies and vehicles. EBIT also includes expenses of €58 million for workforce actions in the context of the ongoing optimization programs in Brazil and Germany. Furthermore, the sale of Atlantis Foundries (Pty.) Ltd. resulted in expenses of €61 million. The prior-year earnings were reduced by expenses from the impairment of the equity-method carrying value of the investment in Kamaz PAO.

Mercedes-Benz Vans posted EBIT of €880 million in 2015, a significant improvement on its prior-year earnings of €682 million. The division's return on sales increased to 7.7% from 6.8% in 2014. ↗ **B.15**

EBIT reflects the very positive development of unit sales, especially in Europe and in the NAFTA region. This was mainly due to the very strong growth rates for the V-Class and the new Vito. Improved material efficiency also had positive impact on earnings, while expenses for warranties and customer goodwill affected EBIT negatively. Additionally, expenses of €40 million from a recall in connection with Takata airbags had a negative effect on earnings. In the previous year, a gain on the reversal of an impairment of the investment in the Chinese joint venture Fujian Benz Automotive Corporation boosted EBIT by €61 million.

Daimler Buses increased its EBIT to €214 million in 2015 (2014: €197 million) and achieved a return on sales of 5.2% (2014: 4.7%). ↗ **B.15**

Positive effects resulted in particular from the good business with complete buses with a positive product mix in Western Europe as well as further efficiency improvements. The development of earnings also benefited from positive exchange-rate effects. On the other hand, the continuation of the difficult economic situation in Latin America had a negative impact on earnings. The division's EBIT includes a gain of €16 million on the sale of the shares in MCI Holdings Inc.

In 2015, **Daimler Financial Services** posted EBIT of €1,619 million, significantly surpassing its prior-year earnings (2014: €1,387 million). The division's return on equity was 18.3% (2014: 19.4%). ↗ **B.16**

The main reasons for this development were the increased contract volume and positive exchange-rate effects, which more than offset additional expenses in connection with the expansion of business operations.

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

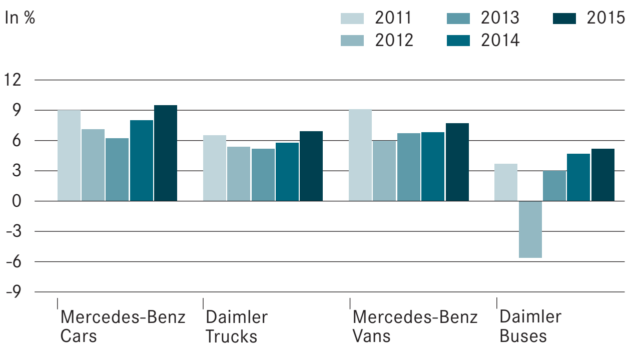
Items at the corporate level resulted in an expense of €79 million (2014: income of €713 million). The income in the previous year primarily resulted from our investments in RRPSH and Tesla. In 2014, Daimler had a gain of €1,006 million from the sale of the shares in RRPSH and an expense of €118 million from the remeasurement of the put option on those shares. In connection with our investment in Tesla, the loss of significant influence on that company meant that the Tesla shares had to be remeasured, resulting in a gain of €718 million. The hedge of Tesla's share price and the sale of those shares resulted in total expenses of €124 million in 2014. Items at the corporate level also included expenses of €600 million related to the ongoing antitrust investigations of European manufacturers of commercial vehicles by the EU Commission.

The elimination of intra-group transactions resulted in income of €50 million in 2015 (2014: €42 million).

The reconciliation of Group EBIT to profit before income taxes is shown in table ↗ **B.17**.

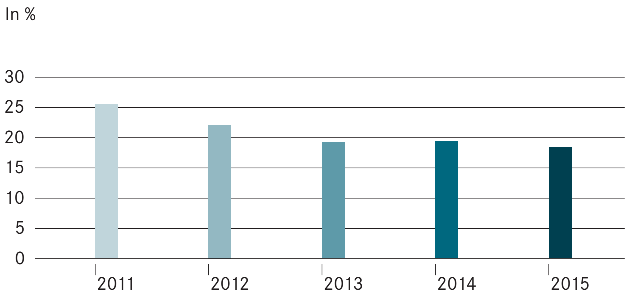
B.15

Return on Sales



B.16

Return on Equity



B.17

Reconciliation of Group EBIT to profit before income taxes

	2015	2014
In millions of euros		
Group EBIT	13,186	10,752
Amortization of capitalized borrowing costs[1]	-10	-9
Interest income	170	145
Interest expense	-602	-715
Profit before income taxes	**12,744**	10,173

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

Consolidated statement of income

The Group's **total revenue** increased by 15.1% to €149.5 billion in 2015; adjusted for exchange-rate effects, it increased by 9.0%. The revenue growth primarily reflects the strong demand for our products in nearly all divisions. Further information on the development of revenue is provided in the "Business development" section of this Management Report. ↗ B.18

Cost of sales amounted to €117.7 billion in 2015, increasing by 15.7% compared with the previous year. The rise in cost of sales was caused by higher business volumes and consequentially higher material expenses. Personnel expenses and depreciation of equipment on operating leases and of property, plant and equipment also increased. Further information on cost of sales is provided in Note 5 of the Notes to the Consolidated Financial Statements. ↗ B.18

Gross profit therefore increased by 12.8% overall.

B.18

Consolidated statement of income

In millions of euros	2015	2014	15/14 % change
Revenue	**149,467**	129,872	+15
Cost of sales	**-117,670**	-101,688	+16
Gross profit	**31,797**	28,184	+13
Selling expenses	**-12,147**	-11,534	+5
General administrative expenses	**-3,710**	-3,329	+11
Research and non-capitalized development costs	**-4,760**	-4,532	+5
Other operating income	**2,114**	1,759	+20
Other operating expense	**-555**	-1,160	-52
Share of profit from equity-method investments, net	**464**	897	-48
Other financial expense, net	**-27**	458	.
Interest income	**170**	145	+17
Interest expense	**-602**	-715	-16
Profit before income taxes	**12,744**	10,173	+25
Income taxes	**-4,033**	-2,883	+40
Net profit	**8,711**	7,290	+19
thereof attributable to non-controlling interests	**287**	328	-13
thereof attributable to shareholders of Daimler AG	**8,424**	6,962	+21

Due to the growth in unit sales, **selling expenses** increased by €0.6 billion to €12.1 billion. The main factors here were higher expenses for marketing and personnel. As a percentage of revenue, selling expenses decreased from 8.9% to 8.1%. ↗ B.18

General administrative expenses of €3.7 billion were above the level of the previous year (2014: €3.3 billion), mainly driven by higher IT and personnel expenses. As a percentage of revenue, general administrative expenses decreased slightly to 2.5% (2014: 2.6%). ↗ B.18

Research and non-capitalized development costs increased by €0.2 billion to €4.8 billion in 2015. They were mainly related to the development of new models, advance expenditure for the renewal of existing models and the further development of fuel-efficient and environmentally friendly drive systems as well as safety technologies and autonomous driving. As a proportion of revenue, research and non-capitalized development costs decreased from 3.5% to 3.2%. Further information on the Group's research and development costs is provided in the "Research and development" section of the "Sustainability" chapter of this Management Report. ↗ B.18

Other operating income increased to €2.1 billion (2014: €1.8 billion). **Other operating expense** decreased significantly to €0.6 billion (2014: €1.2 billion), due in particular to expenses of €0.6 billion in the previous year related to the ongoing antitrust investigations of European manufacturers of commercial vehicles by the EU Commission. Further information on the composition of other operating income and expense is provided in Note 6 of the Notes to the Consolidated Financial Statements. ↗ B.18

In 2015, our **share of profit from equity-method investments** decreased to €0.5 billion (2014: €0.9 billion). In 2014, Daimler lost its significant influence on Tesla, which was previously accounted for using the equity method; the subsequent remeasurement of our Tesla shares resulted in a gain of €0.7 billion in 2014. ↗ B.18

Other financial expense/income decreased from an income of €458 million to an expense of €27 million. This was primarily due to the disposal of the RRPSH shares, which resulted in a gain of €1.0 billion in 2014. ↗ B.18

Net interest expense improved to €0.4 billion (2014: €0.6 billion). Expenses in connection with pension and healthcare benefit obligations decreased, primarily due to lower applicable interest rates. Other interest expense improved, mainly because of the successive expiry of refinancing at high interest rates. ↗ B.18

The tax expense of €4.0 billion stated under **income tax expense** is €1.1 billion higher than in 2014, mainly due to the improved pretax income. The effective tax rate for 2015 was 31.6% (2014: 28.3%). In 2014, a gain was recognized on the sale of the RRPSH shares that was largely tax free. But also expenses arose that were not tax deductible in connection with the ongoing antitrust investigations of European manufacturers of commercial vehicles by the EU Commission. Therefore, the increase in pretax income is mainly an increase in normally taxed earnings, which led to a correspondingly higher tax expense. In both years, the income tax expense was affected by additional tax benefits and expenses. The year 2015 includes tax benefits in connection with the tax assessment of previous years as well as tax expenses due to valuation allowances on deferred tax assets, while in the year 2014, gains were recognized on the reversal of valuation allowances on deferred tax assets. ↗ B.18

Net profit for the year amounts to €8.7 billion (2014: €7.3 billion). Net profit of €0.3 billion is attributable to non-controlling interests (2014: €0.3 billion). Net profit **attributable to the shareholders of Daimler AG** amounts to €8.4 billion (2014: €7.0 billion), representing **earnings per share** of €7.87 (2014: €6.51). ↗ B.18

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

Dividend

At the Annual Shareholders' Meeting on April 6, 2016, the Board of Management and the Supervisory Board will recommend the payment of a dividend of €3.25 per share (2014: €2.45). With this proposal, we are once again raising the dividend (by 33%) and letting our shareholders participate in the Company's success. The total dividend will thus amount to €3,477 million (prior year: €2,621 million) and the distribution ratio will be 41.3% of the net profit attributable to the Daimler shareholders (prior year: 37.6%). ↗ B.19

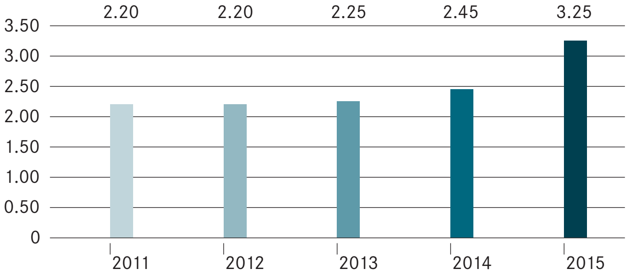
Net operating profit

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

Value added

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

B.19
Dividend per share
In euros



B.20
Reconciliation to net operating profit

In millions of euros	2015	2014	15/14 % change
Mercedes-Benz Cars	7,926	5,853	+35
Daimler Trucks	2,576	1,878	+37
Mercedes-Benz Vans	880	682	+29
Daimler Buses	214	197	+9
Daimler Financial Services	1,619	1,387	+17
EBIT of the divisions	13,215	9,997	+32
Income taxes[1]	-4,179	-3,074	+36
Other reconciliation	-29	755	.
Net operating profit	9,007	7,678	+17

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

B.21
Value Added

In millions of euros	2015	2014	15/14 % change
Daimler Group	5,675	4,416	+29
Mercedes-Benz Cars	5,881	3,799	+55
Daimler Trucks	1,619	761	+113
Mercedes-Benz Vans	703	473	+49
Daimler Buses	105	79	+33
Daimler Financial Services	467	457	+2

The **Group's value added** amounted to €5.7 billion in 2015 (2014: €4.4 billion), representing a return on net assets of 21.6% (2014: 18.8%). This was once again substantially higher than the minimum required rate of return of 8%. The increase in value added was primarily due to the rise in the divisions operating profits, partially offset by higher income taxes and to a smaller extent offset by an increase in average net assets. Furthermore, value added in the previous year included the gains on the sale of the 50% equity interest in RRPSH and the remeasurement and sale of the Tesla shares.

B.22

Net assets (average)

	2015	2014	15/14
In millions of euros			% change
Mercedes-Benz Cars	**17,045**	17,114	-0
Daimler Trucks	**7,974**	9,313	-14
Mercedes-Benz Vans	**1,479**	1,742	-15
Daimler Buses	**906**	982	-8
Daimler Financial Services[1]	**8,859**	7,154	+24
Net assets of the divisions	**36,263**	36,305	-0
Equity method investments[2]	**770**	618	+25
Assets and liabilities from income taxes[3]	**3,772**	2,700	+40
Other reconciliation[3]	**839**	1,156	-27
Daimler Group	**41,644**	40,779	+2

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

B.23

Net assets of the Daimler Group at year-end

	2015	2014	15/14
In millions of euros			% change
Net assets of the industrial business			
Intangible assets	**9,789**	9,144	+7
Property, plant and equipment	**24,262**	23,125	+5
Leased assets	**15,864**	14,374	+10
Inventories	**22,862**	20,004	+14
Trade receivables	**8,215**	7,824	+5
Less provisions for other risks	**-15,198**	-13,420	+13
Less trade payables	**-10,182**	-9,852	+3
Less other assets and liabilities	**-24,353**	-22,438	+9
Assets and liabilities from income taxes	**3,055**	3,981	-23
Total equity of Daimler Financial Services	**9,872**	7,617	+30
Net Assets	**44,186**	40,359	+9

The value added of **Mercedes-Benz Cars** increased by €2.1 billion to €5.9 billion. This was mainly the result of the very positive development of earnings reflected by the growth in unit sales of new vehicles, better pricing, efficiency measures and exchange-rate effects. There were offsetting effects on value added from expenses from the expansion of production capacities as well as from advance expenditure for new technologies and vehicles. The division's average net assets were nearly unchanged.

Value added at **Daimler Trucks** was significantly higher than in the previous year and reached €1.6 billion (2014: €0.8 billion). This was due to higher earnings resulting from increased unit sales in the NAFTA region and Europe, the realization of further efficiency improvements and positive exchange-rate effects. There were negative impacts on earnings from lower unit sales in Latin America and Indonesia, as well as from higher expenses for warranties and customer goodwill and for the expansion of production capacities, and from advance expenditure for new technologies and vehicles. In addition, the reduction in average net assets resulting among other things from the sale of the 50% equity interest in the associated company RRPSH in 2014 also led to the increase in value added.

Mercedes-Benz Vans' value added increased by €0.2 billion to €0.7 billion as a result of the significant improvement in EBIT reflecting the very positive development of unit sales, especially in Europe and in the NAFTA region. This was mainly due to the very strong growth rates for the V-Class and the new Vito. On the other hand, expenses for warranties and customer goodwill affected EBIT negatively. Average net assets decreased by €0.3 billion and also made a minor contribution to the increase in value added.

The value added of the **Daimler Buses** division was €26 million higher than in previous year and amounted to €105 million in 2015. This increase was primarily due to the development of EBIT. Positive effects primarily resulted from the good business with complete buses with a favorable product mix in Western Europe, further efficiency improvements and positive exchange-rate effects. Offsetting, negative effects came from the ongoing difficult economic situation in Latin America. Compared to the previous year, average net assets decreased by €76 million.

Daimler Financial Services' value added of €0.5 billion was close to the level of 2014. The division's return on equity amounted to 18.3% (2014: 19.4%). The development of value added primarily reflects the increase in EBIT due to growth in contract volume and positive exchange-rate effects, which more than offset additional expenses in connection with the expansion of business operations. Average equity rose by €1.7 billion to €8.9 billion.

Liquidity and Capital Resources

Principles and objectives of financial management

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

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

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

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

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

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

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

B.24

Condensed consolidated statement of cash flows

In millions of euros	2015	2014	15/14 Change
Cash and cash equivalents at beginning of period	**9,667**	11,053	-1,386
Cash provided by/used for operating activities	**222**	-1,274	+1,496
Cash used for operating activities	**-9,722**	-2,709	-7,013
Cash provided by operating activities	**9,631**	2,274	+7,357
Effect of exchange-rate changes on cash and cash equivalents	**138**	323	-185
Cash and cash equivalents at end of period	**9,936**	9,667	+269

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

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

Cash flows

Cash used for/provided by operating activities ↗ B.24 amounted to €0.2 billion in 2015 (2014: cash outflow of €1.3 billion) and was affected in particular by the implementation of our growth strategy. New business in leasing and sales financing was €3.3 billion above the high level of the prior-year period. Positive effects resulted from profit before income taxes, which improved by €2.9 billion to €13.1 billion (2014: €10.2 billion). Furthermore, there were impacts from the higher tax refunds in 2015 from the final tax assessment of the previous years. In addition, contributions to pension funds were lower than in 2014. The prior-year period was affected by cash outflows of €2.5 billion for the extraordinary contribution to the German pension fund assets, whereas in the reporting period, the extraordinary contributions in Germany and the United States amounted to €1.2 billion.

Cash used for investing activities ↗ B.24 amounted to €9.7 billion (2014: €2.7 billion). The change compared with the prior-year period resulted primarily from acquisitions and disposals of shares in companies. The prior-year period included proceeds of €2.4 billion from the sale of RRPSH shares. Furthermore, the sale of shares in Tesla and the termination of the related share-price hedge led to a cash inflow of €0.6 billion. On the other hand, the reporting period was affected in particular by the capital increases carried out at our financial investments and the acquisition of shares in the digital mapping business HERE in December 2015. Cash used for investing activities also reflects the increased investments in intangible assets and property, plant and equipment. Furthermore, negative effects resulted from acquisitions and disposals of securities in the context of liquidity management. Those transactions led to a net cash outflow in 2015, whereas disposals of securities were higher than acquisitions in the previous year.

Cash provided by financing activities ↗ B.24 amounted to €9.6 billion (2014: €2.3 billion). The change resulted almost solely from the renewed increase in financing liabilities. There were opposing effects from increased dividend payments to the shareholders of Daimler AG and to minority shareholders of subsidiaries.

Cash and cash equivalents increased by €0.3 billion compared with December 31, 2014, after taking currency translation effects into account. Total liquidity, which also includes marketable debt securities, increased by €1.9 billion to €18.2 billion.

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

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

The free cash flow of the industrial business amounted to €4.0 billion in 2015. The cash outflow of €1.2 billion for the extraordinary payments in the context of pension and health care benefits in Germany and the United States reduced the free cash flow of the industrial business. Furthermore, the acquisition of shares in the digital mapping business HERE had an influence of €0.7 billion. Adjusted for these special effects, the free cash flow of the industrial business amounted to €5.9 billion (2014: €5.2 billion).

At the beginning of 2015, we expected a free cash flow in a significantly higher amount than the dividend payment of €2.6 billion, but significantly lower than in the previous year as a result of the intensified level of investments. Due to the positive business development in the course of the year 2015, we successively increased our free cash flow forecast during the reporting period. With consideration of the acquisition of HERE and the extraordinary contribution to pension plan assets in the fourth quarter, the free cash flow in the reporting period was lower than in the previous year. Adjusted for these material special items, the free cash flow of the industrial business amounted to €5.9 billion and significantly exceeded the amount of €5.2 billion in the previous year.

The increase of €0.7 billion to €5.9 billion in the free cash flow adjusted for special effects reflects the positive business development, and was primarily the result of higher profit contributions from the automotive divisions. Opposing effects resulted from the higher increase in working capital, defined as the net change in inventories, trade receivables and trade payables. In addition to the higher capital increases carried out at our financial investments, the free cash flow of the industrial business was especially reduced by higher investments in intangible assets and property, plant and equipment. Higher tax payments were another factor.

B.25

Free cash flow of the industrial business

	2015	2014	15/14
In millions of euros			Change
Cash provided by operating activities	**11,735**	7,539	+4,196
Cash used for investing activities	**-9,936**	-2,887	-7,049
Change in marketable debt securities	**1,897**	-195	+2,092
Other adjustments[1]	**264**	1,022	-758
Free cash flow of the industrial business	**3,960**	5,479	-1,519

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

B.26

Net liquidity of the industrial business

In millions of euros	Dec. 31, 2015	Dec. 31, 2014	15/14 Change
Cash and cash equivalents	8,369	8,341	+28
Marketable debt securities	6,999	5,156	+1,843
Liquidity	15,368	13,497	+1,871
Financing liabilities	2,612	3,193	-581
Market valuation and currency hedges for financing liabilities	600	263	+337
Financing liabilities (nominal)	3,212	3,456	-244
Net liquidity	18,580	16,953	+1,627

B.27

Net debt of the Daimler Group

In millions of euros	Dec. 31, 2015	Dec. 31, 2014	15/14 Change
Cash and cash equivalents	9,936	9,667	+269
Marketable debt securities	8,273	6,634	+1,639
Liquidity	18,209	16,301	+1,908
Financing liabilities	-101,142	-86,689	-14,453
Market valuation and currency hedges for financing liabilities	583	270	+313
Financing liabilities (nominal)	-100,559	-86,419	-14,140
Net debt	-82,350	-70,118	-12,232

B.28

Other financial obligations (nominal amounts)

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Obligations from purchasing agreements	13,371	9,769
Non-terminable rental and leasing agreements	2,156	2,157
Irrevocable loan obligations	1,931	1,320
Miscellaneous other financial obligations	1,518	2,318
Other financial obligations	18,976	15,564

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

To the extent that the Group's internal refinancing of the financial services business is provided by the companies of the industrial business, this amount is deducted in the calculation of the net debt of the industrial business. At December 31, 2015, the Group's internal refinancing was of a higher volume than the financing liabilities originally taken on in the industrial business due to the application of the industrial business's own financial resources. This resulted in a positive value for the financing liabilities of the industrial business, thus increasing net liquidity, so the net liquidity of the industrial business exceeds the gross liquidity presented here.

Compared with December 31, 2014, the net liquidity of the industrial business increased from €17.0 billion to €18.6 billion. The increase mainly reflects the positive free cash flow of €4.0 billion. Opposing effects resulted from the dividend payments to the shareholders of Daimler AG (€2.6 billion) and to minority interests of subsidiaries (€0.3 billion). Positive exchange-rate effects were partially compensated by capital increases in financial services companies and led in total to an increase in net liquidity of €0.5 billion.

Net debt at Group level, which primarily results from the refinancing of the leasing and sales-financing business, increased compared with December 31, 2014 from €70.1 billion to €82.4 billion. ↗ **B.27**

Other financial obligations, financial guarantees and contingent liabilities

In the context of its ordinary business operations, the Group has entered into **other financial obligations** in addition to the liabilities shown in the consolidated balance sheet at December 31, 2015. Table ↗ **B.28** provides an overview of the nominal amounts of other financial obligations. With regard to their maturities, we refer to Note 30 (Financial guarantees, contingent liabilities and other financial commitments) and Note 32 (Management of financial risks) of the Notes to the Consolidated Financial Statements.

Within the context of **financial guarantees**, Daimler generally guarantees the settlement of the payment obligations of the main debtor vis-à-vis the holder of the guarantee. The maximum potential obligation resulting from these guarantees amounts to €1.0 billion at December 31, 2015 (end of 2014: €0.8 billion); liabilities recognized in this context amount to €0.1 billion at the end of the year (end of 2014: €0.1 billion). In connection with the Chrysler transactions entered into 2007 and 2009, Daimler provides guarantees for Chrysler obligations; at December 31, 2015, those guarantees amount to €0.3 billion, whereby Chrysler provided €0.2 billion on an escrow account as collateral for the guaranteed obligations. Another financial guarantee of €0.1 billion relates to bank loans of Toll Collect GmbH, the operator company of the toll-collection system for trucks in Germany. Other risks arise from an additional guarantee that Daimler Financial Services AG provided for obligations of Toll Collect GmbH to the Federal Republic of Germany. This guarantee is related to the completion and operation of the toll-collection system. A claim on this guarantee could primarily arise if for technical reasons toll revenue is lost or if certain contractually defined parameters are not fulfilled, if the Federal Republic of Germany makes additional claims or if the final operating permit is not granted. Furthermore, arbitration proceedings have been initiated against Daimler Financial Services AG. The maximum obligation that could result from this guarantee for the Group is substantial, but cannot be reliably estimated.

The **contingent liabilities** principally constitute buyback obligations. At December 31, 2015, the best possible estimate for the loss risk from these guarantees amounted to €1.6 billion (2014: €1.2 billion). Warranty and goodwill commitments (product guarantees) provided by the Group in connection with its vehicle sales are not included in the contingent liabilities. Contingent liabilities also include other contingent liabilities. The best possible estimate for potential expenses from the other contingent liabilities is €0.4 billion (December 31, 2014: €0.4 billion).

Investment

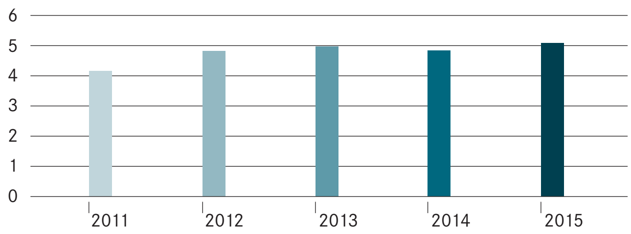
In the context of our growth strategy, we aim to make good use of the opportunities presented by the global automotive markets. At the same time, we intend to play a major role in the fundamental technological change in the automotive industry, and to assume a leading role with digitization. This requires substantial investment in innovative products and new technologies as well as in the expansion of our worldwide production network. In 2015, we therefore once again increased our investment in property, plant and equipment – as already announced in Annual Report 2014 – from an already high level to €5.1 billion (2014: €4.8 billion).

At December 31, 2015, financial obligations of €2.2 billion exist in connection with future investments in property, plant and equipment.

B.29

Investment in property, plant and equipment

In billions of euros



B.30

Investment in property, plant and equipment by division

	2015	2014	15/14
In millions of euros			% change
Daimler Group	**5,075**	4,844	+5
in % of revenue	**3.4**	3.7	
Mercedes-Benz Cars	**3,629**	3,621	+0
in % of revenue	**4.3**	4.9	
Daimler Trucks	**1,110**	788	+41
in % of revenue	**3.0**	2.4	
Mercedes-Benz Vans	**202**	304	-34
in % of revenue	**1.8**	3.0	
Daimler Buses	**104**	105	-1
in % of revenue	**2.5**	2.5	
Daimler Financial Services	**30**	23	+30
in % of revenue	**0.2**	0.1	

At Mercedes-Benz Cars, investment in property, plant and equipment of €3.6 billion in 2015 was on prior year level. The most important projects included the GLC and GLE SUVs and the new E-Class family. We also made substantial investments in the reorganization of our German production facilities as competence centers and in the expansion of our international production network. Following the completion of the Euro VI product offensive, the main areas of investment at Daimler Trucks in 2015 were to extend technological leadership and to adapt production capacities to the high demand. Total investment in property, plant and equipment at Daimler Trucks increased to €1.1 billion. At the Mercedes-Benz Vans division, the focus of investment was on the next-generation Sprinter, the new mid-size pickup and production preparations for the new Vito in Latin America. The main investments at Daimler Buses were in new products and the modernization and expansion of the production facilities.

In addition to capital expenditure on property, plant and equipment, we also invested in associated companies and joint ventures in 2015.

Together with Audi and BMW, we acquired the digital mapping business HERE in 2015. The digital maps from HERE are the basis for new assistance systems going as far as fully automated driving. Daimler's share of the purchase price is approximately €0.7 billion.

Furthermore, we capitalized development costs of €1.8 billion in 2015 (2014: €1.1 billion); this is presented under intangible assets. S. 107

Refinancing

The funds raised by Daimler in the year 2015 primarily served to refinance the leasing and sales-financing business. For that purpose, Daimler made use of a broad spectrum of various financing instruments in various currencies and markets. They include bank credits, commercial papers in the money market, bonds with medium and long maturities, customer deposits at Mercedes-Benz Bank and the securitization of receivables from customers in the financial services business (asset backed securities, ABS).

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

The continued expansive monetary policy of the central banks also affected the situation in the bond markets in the reporting period. The high volumes of available liquidity meant that risk premiums for companies with investment-grade credit ratings remained moderate despite increasingly volatile markets.

In 2015, the Group covered its refinancing requirements mainly through the issuance of bonds. A large proportion of those bonds were placed in the form of so-called benchmark emissions (bonds with high nominal volumes) in the US dollar and euro markets. ↗ B.32

In April and November, Daimler AG placed bonds in the domestic capital market of the People's Republic of China, so-called panda bonds, with a volume of CNY3.0 billion and CNY2.0 billion. In addition, a large number of smaller bonds were issued in various currencies in the euro market, as well as in Mexico, Brazil, Argentina, Canada, South Africa, Thailand and South Korea.

In addition, Daimler issued small volumes of **commercial papers** in 2015.

Furthermore, several **asset-backed securities (ABS) transactions** were carried out in the United States, Canada and Germany. In the United States for example, five emissions generated a refinancing volume totaling US$5.8 billion. Bonds in a volume of CAN$0.4 billion were issued in Canada. In addition, Mercedes-Benz Bank once again sold ABS bonds in a volume of €1.0 billion to European investors through its Silver Arrow Platform.

Bank credit was another important source of refinancing in 2015. Funds were provided not only by large, globally active banks, but increasingly also by a number of local banks. The lenders included supranational banks such as the European Investment Bank and the Brazilian Development Bank (BNDES). In this way, we continued our diversification in refinancing through banks.

In order to secure sufficient financial flexibility, in September 2013, Daimler concluded a €9 billion syndicated credit facility with a consortium of international banks with a maturity of five years and two extension options of two years in total. This provides the Group with financial flexibility until the year 2020. More than 40 European, American and Asian banks participated in the consortium. Daimler does not intend to utilize the credit line. In 2015, Daimler exercised the option to extend the facility by another year until 2020. All the banks in the consortium participated in the extension.

At the end of 2015, Daimler had not utilized short- and long-term credit lines totaling €18.5 billion (2014: €17.2 billion). They include a syndicated credit facility arranged in September 2013 with a consortium of international banks with a volume of €9 billion.

The carrying values of the main refinancing instruments and the weighted average interest rates are shown in table ↗ B.31. At December 31, 2015, they are mainly denominated in the following currencies: 40% in euros, 30% in US dollars, 6% in Chinese renminbi, 5% in British pounds and 3% in Japanese yen.

At December 31, 2015, the total of financial liabilities shown in the consolidated statement of financial position amounted to €101,142 million (2014:€86,689 million).

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

B.31
Refinancing instruments

	Average interest rates		Carrying values	
	Dec. 31, 2015	Dec. 31, 2014	**Dec. 31, 2015**	Dec. 31, 2014
	in %		In millions of euros	
Notes/bonds and liabilities from ABS transactions	**1.69**	1.68	**58,789**	49,165
Commercial paper	**1.35**	1.11	**2,961**	2,277
Liabilities to financial institutions	**2.58**	3.08	**27,311**	22,893
Deposits in the direct banking business	**0.71**	1.06	**10,532**	10,853

B.32
Benchmark issuances

Issuer	Volume	Month of emission	Maturity
Daimler Finance North America LLC	US$250 million	Mar. 2015	Mar. 2017
Daimler Finance North America LLC	US$1,500 million	Mar. 2015	Mar. 2018
Daimler Finance North America LLC	US$1,250 million	Mar. 2015	Mar. 2020
Daimler Finance North America LLC	US$1,050 million	May 2015	May 2018
Daimler Finance North America LLC	US$1,300 million	May 2015	May 2020
Daimler Finance North America LLC	US$650 million	May 2015	May 2025
Daimler Finance North America LLC	US$150 million	Aug. 2015	Feb. 2017
Daimler Finance North America LLC	US$1,000 million	Aug. 2015	Aug. 2017
Daimler Finance North America LLC	US$1,000 million	Aug. 2015	Aug. 2018
Daimler Finance North America LLC	US$850 million	Aug. 2015	Aug. 2020
Daimler Finance North America LLC	US$500 million	Aug. 2015	Aug. 2025
Daimler AG	€500 million	Sep. 2015	Sep. 2017
Daimler AG	€1,000 million	Nov. 2015	Mar. 2020

Credit ratings

In the year 2015, the outlook for the long-term credit rating of Daimler AG as assessed by Moody's improved from "stable" to "positive." Otherwise, our credit ratings remained unchanged. Daimler AG therefore has comparable ratings at the level of A- with all four of the credit-rating agencies it has engaged. The outlook for the ratings is assessed as "stable" by S&P, Fitch and DBRS. ↗ B.33

B.33
Credit ratings

	End of 2015	End of 2014
Long-term credit rating		
Standard & Poor's	A-	A-
Moody's	A3	A3
Fitch	A-	A-
DBRS	A (low)	A (low)
Short-term credit rating		
Standard & Poor's	A-2	A-2
Moody's	P-2	P-2
Fitch	F2	F2
DBRS	R-1 (low)	R-1 (low)

On February 11, 2015, **Moody's Investors Service** (Moody's) changed its outlook for Daimler's A3 long-term rating from "stable" to "positive." Moody's justified this change with the expectation of a positive sales development in the next 12 to 18 months, which will strengthen our company's credit profile in combination with the ongoing efficiency measures. Moody's pointed out that the financial profile of the Daimler Group has improved in recent years on the basis of a successful business development. The implementation of the positive outlook as an upgrade of the rating depends on the extent to which Daimler can sustain its strong operating performance in view of the heterogeneous development of the world economy.

Standard & Poor's Ratings Services (S&P) published a report on Daimler AG on November 27, 2015 in which it affirmed the corporate long-term credit rating of A- and the stable outlook. In the terminology of S&P, the rating reflects the satisfactory business and minimal financial risk profiles. Amongst other factors, the business risk reflects the cyclical development of the automotive markets. The financial risk is an indicator of the Group's financial strength. In the assessment of S&P, Daimler's ongoing positive business development is subject to the risk of weakening demand for motor vehicles in some markets.

Fitch Ratings (Fitch) also affirmed its long-term issuer default rating of A- with a stable outlook for Daimler AG. Fitch referred to the Group's solid business profile and the strengthening of key financial metrics. In addition, Fitch praised Daimler's wide geographical and product diversification as well as its leading positions in the markets for premium cars, trucks, vans and buses. Fitch stated that Daimler enjoys adequate headroom with its present rating.

The Canadian agency **DBRS** most recently confirmed the long-term credit rating of Daimler AG at A (low) with a stable outlook in November 2015. DBRS pointed out that Daimler's business performance had resulted in further improved profitability. This reflects the product offensive at Mercedes-Benz Cars as well as the ongoing cost-reduction activities. The rather favorable market conditions (in aggregate) are regarded as another driver of the positive sales development. DBRS referred in particular to the sales successes of Mercedes-Benz Cars in China and Daimler Trucks in North America.

The short-term credit ratings of all four rating agencies remained unchanged in 2015.

Financial Position

The **balance sheet** total increased compared with December 31, 2014 from €189.6 billion to €217.2 billion; adjusted for the effects of currency translation, the increase amounted to €23.2 billion. Daimler Financial Services accounts for €123.9 billion of the balance sheet total (2014: €105.5 billion); this is equivalent to 57% of the Daimler Group's total assets (2014: 56%).

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

Intangible assets of €10.1 billion include €7.8 billion of capitalized development costs (2014: €7.2 billion) and, as in the previous year, €0.7 billion of goodwill. Mercedes-Benz Cars accounts for 73% (2014: 69%) and Daimler Trucks for 18% (2014: 22%) of the develoment costs. Capitalized development costs amounted to €1.8 billion (2014: €1.1 billion), and account for 27% of the Group's total research and development expenditure (2014: 20%) page 107.

Property, plant and equipment page 95 rose to €24.3 billion (2014: €23.2 billion). In 2015, €5.1 billion was invested worldwide (2014: €4.8 billion), in particular at our production and assembly sites for new products and technologies and for the expansion and modernization of production facilities. The sites in Germany accounted for €3.3 billion of the capital expenditure (2014: €3.1 billion).

B.34
Consolidated statement of financial position

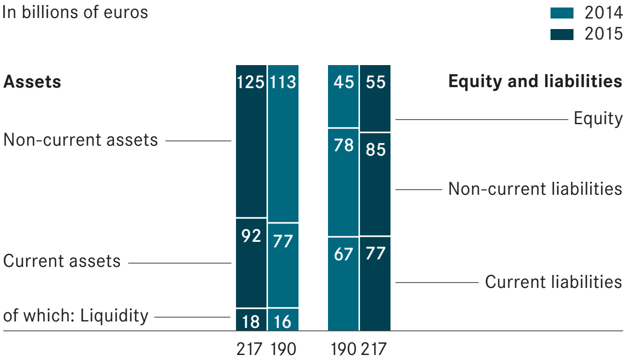
In millions of euros	Dec. 31, 2015	Dec. 31, 2014	15/14 % change
Assets			
Intangible assets	10,069	9,367	+7
Property, plant and equipment	24,322	23,182	+5
Equipment on operating leases and receivables from financial services	112,456	94,729	+19
Equity-method investments	3,633	2,294	+58
Inventories	23,760	20,864	+14
Trade receivables	9,054	8,634	+5
Cash and cash equivalents	9,936	9,667	+3
Marketable debt securities	8,273	6,634	+25
Other financial assets	7,454	5,987	+25
Other assets	8,209	8,277	-1
Total assets	**217,166**	189,635	+15
Equity and liabilities			
Equity	54,624	44,584	+23
Provisions	26,145	28,393	-8
Financing liabilities	101,142	86,689	+17
Trade payables	10,548	10,178	+4
Other financial liabilities	12,360	10,706	+15
Other liabilities	12,347	9,085	+36
Total equity and liabilities	**217,166**	189,635	+15

Equipment on operating leases and receivables from financial services increased to a total of €112.5 billion (2014: €94.7 billion). The increase was primarily caused by the higher level of new business at Daimler Financial Services. In addition, there was an increase due to the effects of currency translation in an amount of €3.3 billion. The growth reflects the successful course of business, especially in the United States. Above-average growth was achieved in the sales-financing business also in China and other Asian countries, as well as in Turkey. The leasing and sales-financing business as a proportion of total assets of 52% is above the prior-year level (50%).

B.35

Balance sheet structure Daimler Group

In billions of euros



Equity-method investments of €3.6 billion (2014: €2.3 billion) primarily comprise the carrying amounts of our equity interests in Beijing Benz Automotive Co. Ltd. (BBAC), BAIC Motor Corporation Ltd., Beijing Foton Daimler Automotive Co. Ltd. and Kamaz PAO. In addition, the investment in the digital mapping provider HERE (There Holding B.V.) in December 2015 has been recognized. The increase was also caused by the positive proportionate share of the profit and the capital increase at BBAC.

Inventories increased from €20.9 billion to €23.8 billion, equivalent to 11% of total assets, as in the prior year. Adjusted for currency effects, there was an increase of €2.6 billion, partially due to the launch of new models and a larger number of model versions, as well as the expected positive development of unit sales. This resulted primarily at the Mercedes-Benz Cars and Daimler Trucks divisions in increased stocks of finished and unfinished goods in Germany and the United States.

Trade receivables increased by €0.4 billion to €9.1 billion. The Mercedes-Benz Cars division accounts for 45% of these receivables and the Daimler Trucks division accounts for 32%.

Cash and cash equivalents increased compared with the end of 2014 by €0.3 billion to €9.9 billion.

Marketable debt securities increased compared with December 31, 2014 from €6.6 billion to €8.3 billion. Those assets include debt instruments that are allocated to liquidity, most of which are traded in active markets. They generally have an external rating of A or better.

Other financial assets increased from €6.0 billion to €7.5 billion. They primarily consist of the investments in Renault and Nissan and derivative financial instruments, as well as loans and other receivables due from third parties. Amongst other things, the increase was caused by higher stock-market prices of Renault and Nissan shares.

Other assets of €8.2 billion (2014: €8.3 billion) primarily comprise deferred tax assets and tax refund claims.

The **Group's equity** increased compared with December 31, 2014 from €44.6 billion to €54.6 billion. Equity attributable to the shareholders of Daimler AG increased to €53.6 billion (2014: €43.7 billion). The increase in equity was the result of the net profit of €8.7 billion page 88, actuarial gains from defined benefit pension plans recognized in retained earnings of €2.7 billion, positive currency translation effects of €1.4 billion and a gain of €0.7 billion on the measurement of financial assets available for sale. There were negative effects on equity, however, from the distribution of the dividend for financial year 2014 to the shareholders of Daimler AG (€2.6 billion) and the remeasurement of derivative financial instruments (€0.6 billion). Compared to the 15% increase in the balance sheet total, there was a disproportionately high increase in equity of 23%. Due to the effects described above, the Group's equity ratio of 23.6% was above the level at the end of 2014 (22.1%); the equity ratio for the industrial business was 44.2% (2014: 40.8%). It is necessary to consider that the equity ratios at the end of 2014 and 2015 are adjusted for the paid and proposed dividend payments.

Provisions decreased to €26.1 billion (2014: €28.4 billion); as a proportion of the balance sheet total, they amounted to 12% (2014: 15%). They primarily comprise provisions for pensions and similar obligations of €8.7 billion (2014: €12.8 billion), which mainly consist of the difference between the present value of defined benefit pension obligations of €27.6 billion (2014: €30.1 billion) and the fair value of the pension plan assets applied to finance those obligations of €20.2 billion (2014: €18.6 billion). The rise in discount rates, especially for German plans from 1.9% at December 31, 2014 to 2.6% at December 31, 2015, led to a decrease in the present value of the defined benefit pension obligations. This effect was strengthened by the extraordinary contribution of €1.2 billion to German and US pension plan assets. Provisions also relate to liabilities from income taxes of €1.7 billion (2014: €1.6 billion), from product warranties of €5.7 billion (2014: €5.0 billion) and from personnel and social costs of €4.4 billion (2014: €3.9 billion), as well as other provisions of €5.8 billion (2014: €5.1 billion).

Financing liabilities of €101.1 billion were above the level of December 31, 2014 (€86.7 billion). As well as currency effects of €1.4 billion, the increase primarily reflects the refinancing of the growing leasing and sales-financing business. 51% of the financing liabilities are accounted for by bonds, 27% by liabilities to financial institutions, 10% by deposits in the direct banking business and 7% by liabilities from ABS transactions.

Trade payables increased to €10.5 billion due to the higher volume of business (2014: €10.2 billion). The Mercedes-Benz Cars division accounts for 61% of those payables and the Daimler Trucks division accounts for 27%.

Other **financial liabilities** of €12.4 billion (2014: €10.7 billion) mainly consist of liabilities from derivative financial instruments, residual value guarantees, accrued interest on financing liabilities, deposits received and liabilities from wages and salaries. The increase of €1.2 billion after adjusting for exchange-rate effects is due to derivative financial instruments, among other things.

Other liabilities of €12.3 billion (2014: €9.1 billion) primarily comprise deferred income, tax liabilities and deferred taxes. The increase mainly results from the increase in deferred income of €1.7 billion, which resulted from a higher volume of service and maintenance contracts.

Further information on the assets presented in the statement of financial position and on the Group's equity and liabilities is provided in the Consolidated Statement of Financial Position page 200, the Consolidated Statement of Changes in Equity page 202 and the related notes in the Notes to the Consolidated Financial Statements.

Daimler AG

Condensed version according to the German Commercial Code (HGB)

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

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

The vehicles are produced at the domestic plants of Daimler AG, as well as under contract-manufacturing agreements by domestic and foreign subsidiaries and by producers of special vehicles. Daimler AG distributes its products through its own sales-and-service network, which is organized in seven regional centers for cars and seven for commercial vehicles, through foreign sales subsidiaries and through third parties.

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

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

Profitability

Profit from ordinary activities reported by Daimler AG for 2015 amounts to €4.7 billion (2014: €5.0 billion). The development of earnings reflects the increase in operating profit of €1.2 billion to €2.6 billion and the decrease in financial income of €1.5 billion to €2.1 billion. ↗ B.36

Revenue increased, as forecast in the previous year, due to higher unit sales of vehicles and components by €17.6 billion to €101.5 billion. In the car business, revenue thus rose by 24% to €77.9 billion. Also with trucks and vans, higher unit sales of vehicles and components led to an increase in revenue of 13% to €23.6 billion.

The earnings achieved by the car business in 2015 were significantly higher than in the previous year. The development of earnings was influenced by ongoing growth in unit sales in Europe, the United States and Asia. There were opposing, negative effects from expenditure for new products and technologies, amongst other factors. Unit sales in the car business increased by 14% to 1,790,000 vehicles[1] in the year under review. Of the various model series, the new C-Class was extremely successful in 2015 with a 29% increase in unit sales to 375,000 vehicles[1]. SUVs (including the GLA) posted sales growth of 19% to 455,000 units[1].

Earnings from trucks and vans were significantly higher than in 2014. Sales of trucks increased by 11% to 102,000 units[1]. Sales of vans increased by 12% to 314,000 units[1].

Cost of sales increased by 22% to €91.7 billion. Increases in unit sales and expenses for new products and technologies led to higher cost of sales. Research and development expenses, which are included in cost of sales, were higher than in the previous year at €5.6 billion (2014: €4.9 billion); as a proportion of revenue, they amounted to 5.5% (2014: 5.8%). Research and development expenses were primarily related to the renewal and expansion of the product portfolio, especially with regard to the model series of the E-Class, the SUVs and the compact class. In addition, we are continuously working on new generations of engines and alternative drive systems. At the end of the year, approximately 18,000 people were employed in the area of research and development.

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

Selling expenses increased by €0.2 billion to €6.7 billion. This was primarily due to higher expenses for marketing and outbound shipping. As a proportion of revenue, selling expenses decreased from 7.8% to 6.6%.

General administrative expenses of €2.0 billion were slightly above the prior-year level (2014: €1.9 billion). In relation to revenue, they amounted to 1.9% (2014: 2.2%).

Other operating income amounted to €1.4 billion (2014: €1.1 billion). As part of the organizational focus on the divisions, a restructuring program for the German sales organization was started in 2014. In that context, individual selected locations of the Group's own sales network in Germany were sold in 2015. The income and expenses from the sale of the individual sales locations, in particular the expenses for personnel actions, result in a net expense of €0.2 billion. In the previous year, there had been a negative impact of €0.6 billion from expenses in connection with the antitrust investigations of European manufacturers of commercial vehicles by the EU Commission. ↗ B.36

Financial income decreased by €1.5 billion to €2.1 billion, primarily due to interest income/expense. The decrease mainly reflects the higher interest expense relating to retirement benefit obligations, which was caused by the lower discount rate. Interest income/expense was also influenced by lower income from pension plan assets.

The **income tax expense** amounts to €0.9 billion (2014: €1.2 billion). In 2015, the figure includes high tax benefits of €0.7 billion connected with the tax assessment of previous years. Despite a higher tax expense for the year 2015 as a result of the improved operating profit, these tax benefits led to a reduction in the effective income tax expense compared with 2014.

Net profit of €3.8 billion was at the prior-year level. The higher than forecast operating profit was partially offset by opposing effects in financial income. Net profit is therefore significantly higher than the amount originally expected.

The **economic situation** of Daimler AG primarily results from its business operations and those of its subsidiaries. Daimler AG participates in the operating results of its subsidiaries through profit distributions. The economic situation of Daimler AG is therefore fundamentally the same as that of the Daimler Group, which is described in the chapter "Overall Assessment of the Economic Situation." pages 120 f

Financial position, liquidity and capital resources

The **balance sheet total** of €88.3 billion is €3.0 billion higher than at year-end 2014.

Non-current assets decreased by €4.5 billion to €39.3 billion in 2015, primarily due to the lower amount of financial assets. This mainly reflects the merger of Daimler Luft- und Raumfahrt Holding AG into Daimler AG. Investments in property plant and equipment (excluding leased assets, approximately €2.6 billion) mainly comprise investments for the production of the C-, E- and S-Class, as well as investments in engine and transmission projects.

Inventories increased by €0.7 billion to €8.5 billion at December 31, 2015. The increase is mainly related to finished and unfinished goods in connection with the higher production volumes.

Receivables, securities and other assets increased compared with December 31, 2014 by €8.4 billion to €38.3 billion. The main reason for this development was growth in receivables due from subsidiaries of €6.6 billion. Cash and cash equivalents decreased by €1.5 billion to €1.9 billion, partially due to the extraordinary contribution to German pension plan assets of €0.9 billion.

Gross liquidity – defined as cash and cash equivalents and other marketable securities – of €7.8 billion was lower than a year earlier (2014: €8.6 billion).

Cash provided by operating activities amounted to €6.6 billion at the end of 2015 (2014: €3.2 billion). The increase primarily reflects lower contributions to pension plan assets. Additional factors behind the increase are lower inventory growth than in the previous year and increased operating profit in 2015.

B.36
Condensed statement of income of Daimler AG

	2015	2014
In millions of euros		
Revenue	101,537	83,947
Cost of sales (including R&D expenses)	-91,733	-75,307
Selling expenses	-6,695	-6,518
General administrative expenses	-1,969	-1,885
Other operating income, net	1,441	1,122
Operating profit	2,581	1,359
Financial income	2,074	3,635
Profit from ordinary activities	4,655	4,994
Income tax expense	-900	-1,223
Net profit	3,755	3,771
Transfer to retained earnings	-278	-1,150
Distributable profit	3,477	2,621

Cash flows from investing activities resulted in a net cash outflow of €4.2 billion in 2015 (2014: €1.3 billion). The increased cash outflow was the result of higher net investment in financial assets. An additional factor is that the sale of the equity interest in Rolls-Royce Power Systems Holding GmbH had a positive impact on cash flows from investing activities in the previous year.

Cash flows from financing activities resulted in a net cash outflow of €3.9 billion (2014: €3.2 billion). The increased outflow is the result of the higher increase than in 2014 in receivables due from subsidiaries from the Group's internal transactions in connection with central finance and liquidity management. There was an opposing effect from the increase compared with the previous year in external financing liabilities. Cash flows from financing activities include the payment of the dividend for the year 2014 in an amount of €2.6 billion.

Equity increased compared with December 31, 2014 by €1.1 billion to €38.2 billion. This change primarily resulted from the net profit for 2015, of which, in accordance with Section 58 Subsection 2 of the German Stock Corporation Act (AktG), €0.3 billion was transferred to retained earnings. The equity ratio at December 31, 2015 was 43.3% (December 31, 2014: 43.5%).

B.37
Balance sheet structure of Daimler AG

	Dec. 31, 2015	Dec. 31, 2014
In millions of euros		
Assets		
Non-current assets	**39,259**	43,772
Inventories	**8,503**	7,846
Receivables, securities and other assets	**38,341**	29,985
Cash and cash equivalents	**1,925**	3,399
Current assets	**48,769**	41,230
Prepaid expenses	**257**	256
	88,285	85,258
Equity and liabilities		
Share capital	**3,070**	3,070
(conditional capital €500 million)		
Capital reserve	**11,480**	11,480
Retained earnings	**20,169**	19,891
Distributable profit	**3,477**	2,621
Equity	**38,196**	37,062
Provisions for pensions and similar obligations	**1,931**	1,391
Other provisions	**11,811**	10,470
Provisions	**13,742**	11,861
Trade payables	**5,098**	5,412
Other liabilities	**30,654**	30,379
Liabilities	**35,752**	35,791
Deferred income	**595**	544
	88,285	85,258

Provisions increased compared with December 31, 2014 by €1.9 billion to €13.7 billion. This primarily reflects the sales-related increase in provisions for warranty claims. The increase also resulted from provisions for pensions and similar obligations, which were affected by the lower discount rate. There was an opposing, reducing effect from the extraordinary contribution of €0.9 billion to the German pension plan assets. An additional factor is that there were higher personnel and social-security obligations than in the previous year.

Liabilities of €35.8 billion were at the prior-year level.

Risks and opportunities

The business development of Daimler AG is fundamentally subject to the same risks and opportunities as that of the Daimler Group. Daimler AG generally participates in the risks of its subsidiaries and associated companies in line with the percentage of each holding. The risks and opportunities are described in the "Risk and Opportunity Report." pages 138 ff For Daimler AG, we assess the probability of occurrence of the risks and opportunities connected with pension plans as high. These risks and opportunities increase along with a change in the discount rate. Risks may additionally arise from relations with subsidiaries and associated companies in connection with statutory or contractual obligations (in particular with regard to financing).

Outlook

Due to the interrelations between Daimler AG and its subsidiaries and the relative size of Daimler AG within the Group, we refer to the statements in the "Outlook" chapter, which largely reflect our expectations also for the parent company. This includes the statements on unit sales and revenue. pages 152 ff For the year 2016, we plan for Daimler AG to achieve a net profit significantly higher than in 2015. Due to the expected legislation with regard to discount rates for retirement benefit obligations, we anticipate a lower interest expense. The related increase in financial income will be partially offset by a decrease in income from investments in subsidiaries and associated companies.

Sustainability

Sustainability at Daimler

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

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

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

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

- We are committed to both legal and ethical standards and must ensure that these standards are adhered to around the world – also by our business partners and suppliers.
- Road traffic is one of the causes of CO_2 and pollutant emissions. As an automobile manufacturer, we work to promote sustainable mobility solutions and have demonstrated our innovative capability with regard to environmental and resource protection and safety.
- Our operations impact the environment, and this is especially the case in vehicle production. We therefore employ a consistent system of environmental management in order to minimize this impact.
- As an employer, we have a responsibility to ensure fair and attractive working conditions for our more than 284,000 employees worldwide.
- As a corporate citizen, we seek to contribute to the common good beyond the level of our business operations, and we utilize our special expertise in order to achieve this goal.

Group-wide sustainability management
At Daimler, sustainability is thematically and organizationally embedded in our Group-wide corporate governance activities. pages 180 ff The Corporate Sustainability Board (CSB) is the central management body for all sustainability-related issues. The operational work is conducted by the Corporate Sustainability Office, which is staffed by representatives of the specialist departments and divisions. Since 2011, we have been using the Sustainability Scorecard as a tool for steering our efforts to meet key sustainability targets. The scorecard uses a color-coded system either to display the success of quantitative indicators and qualitative objectives or to show that action needs to be taken. This allows targeted measures to be taken with the direct involvement of corporate management.

Comprehensive reporting on sustainability
The new sustainability report on financial year 2015 will be presented at Daimler's Annual Shareholders' Meeting in early April 2016. The report will be published exclusively in digital form for the first time, which means it will be available for viewing at any time on the Daimler corporate website. The report provides a detailed and comprehensive sustainability balance sheet for the previous financial year. All of the key facts and figures will also be published in a brochure.
daimler.com/sustainability

The new sustainability report was drawn up in line with the Global Reporting Initiative (GRI) guidelines "4.0 – Comprehensive." In this context, Daimler specifically highlights all of the company's key sustainability-related issues. This applies in particular to current focal topics such as further reductions in the emissions of our vehicles, our position on the introduction of new test cycles in Europe and our extensive activities to assist refugees. We also focus on those issues that our periodic materiality analyses have determined to be of great importance to our stakeholders and ourselves. These include our activities to protect human rights, measures to further reduce the CO_2 emissions of our vehicles and the development of innovative vehicle and drive-system technologies.

Research and development

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

The expertise, creativity and drive of our employees in research and development are key factors behind our vehicles' market success. At the end of 2015, Daimler employed 23,300 men and women at its research and development units (2014: 21,700). A total of 15,500 of those employees (2014: 14,000) worked at Group Research & Mercedes-Benz Cars Development, 5,500 (2014: 5,500) at Daimler Trucks, 1,100 (2014: 1,000) at Mercedes-Benz Vans and 1,200 (2014: 1,100) at Daimler Buses. Around 5,100 researchers and development engineers (2014: 4,600) worked outside Germany.

Our international research and development network
Our global research and development network comprises 23 locations in eleven countries. Our biggest facilities are in Sindelfingen and Stuttgart-Untertürkheim in Germany. A new facility for an ultramodern testing and technology center is now under construction in Immendingen. We started test operations there in October 2015. We are investing approximately €200 million in Immendingen, where 300 new jobs will be created. Approximately 200 people are currently employed in Sunnyvale, California, the headquarters of our research facilities in North America. Other important research locations in North America are Long Beach and Carlsbad, California; Portland, Oregon; and Redford, Michigan. Our most important locations in Asia are our facilities in Bangalore and Pune, India; the Global Hybrid Center in Kawasaki, Japan; and our research and development center in Beijing. With its nearly 2,900 employees, Mercedes-Benz Research and Development India (MBRDI, with headquarters in Bangalore) is Daimler's largest research and development center outside Germany. In November 2014, Daimler Greater China Ltd. opened a new research and development center in China, thereby expanding the existing R&D network in Beijing. The Advanced Design Studio is the most important component of the new center and also serves as the Group's design hub in Asia. At the end of 2015, approximately 500 highly qualified engineers and designers were employed at the Mercedes-Benz research and development center in Beijing. Back in 2013, our van joint venture in China, Fujian Benz Automotive Corporation, opened a new product development center in Fuzhou. This facility, which is the first Mercedes-Benz Vans product development center outside Germany, has a design and calculation department, proving grounds, test labs and component and complete-vehicle test rigs.

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

Targeted involvement of the supplier industry
In order to achieve our ambitious goals, we also cooperate very closely with research and development units from the supplier industry. Daimler must be closely intermeshed with supplier companies in order to deal with the rapid pace of technological change in the automotive industry and the need to quickly bring new technologies to market maturity. Such cooperation is all the more important in light of the increasing digitization of processes throughout all stages of the value chain. Strong partners from the supplier industry are also indispensable for our efforts to develop and offer new concepts for future mobility. As part of our joint research and development work, we ensure that the Group maintains the key technological expertise it needs in order to keep our brands distinct and to safeguard the future of the automobile in general.

Intellectual property rights secure our leadership in technology and innovation

We invented the automobile: On January 29, 1886, Carl Benz registered a patent for a "vehicle powered by a gas engine." In the 130 years since then, we have refined automobiles with more than 100,000 patents and set standards that point the way toward emission-free, accident-free and autonomous driving. We continued this tradition in 2015 by registering a total of approximately 2,000 new ideas for patents as in the previous year. These patents are important to the company for two reasons. First of all, they enable exclusivity – i.e. the use of such innovations solely in our products. Secondly, the patents secure Daimler a certain amount of "freedom of action" – i.e. they prevent restrictive third-party patents from limiting Daimler's scope of operations. In addition to industrial property rights, which safeguard our innovations for future mobility over the long term, the unique visual aspects of our products are protected with over 9,000 designs registered in 2015 (2014: 6,400). The significant increase is primarily due to the expansion of our product portfolio, but is also the result of a method change in registration. Furthermore, with a portfolio of more than 31,300 trademarks worldwide (2014: 32,900), we protect the renowned and valuable Mercedes-Benz brand, the three-pointed star and all of our other product brands in each relevant market. The decrease is mainly due to portfolio rationalization.

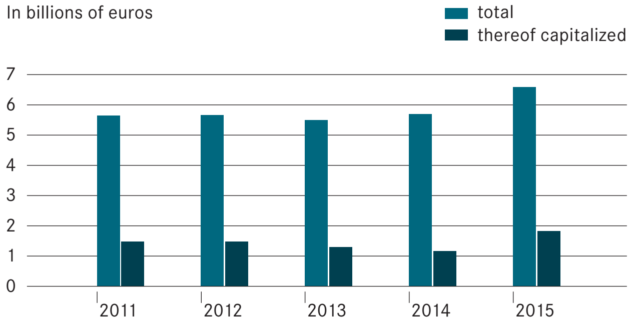
€6.6 billion for research and development

We want to continue shaping mobility through our pioneering innovations in the coming years while moving ahead with digitization throughout the entire Group. We therefore increased our very high level of investment in research and development of €5.7 billion in 2014 to €6.6 billion in 2015. Of that amount, €1.8 billion (2014: €1.1 billion) was capitalized as development costs, which amounts to a capitalization rate of 27% (2014: 20%). The amortization of capitalized research and development expenditure totaled €1.2 billion during the year under review (2014: €1.2 billion). With a rate of 4.4% (2014: 4.4%), research and development expenditure also remained at a high level in comparison with revenue. Research in the reporting year focused on new vehicle models, extremely fuel-efficient and environmentally friendly drive systems, new safety technologies, autonomous driving systems and the digital networking of our products.

The most important development projects at Mercedes-Benz Cars were the new models of the E-Class, the new SUVs and the new generation of compact cars. In addition, we continually invest in new low-emission engines, alternative drive systems and innovative safety technologies. Mercedes-Benz Cars spent a total of €4.7 billion on research and development in 2015, which once again marked a significant increase from the prior year's figure (€4.0 billion). Daimler Trucks invested €1.3 billion in research and development projects (2014: €1.2 billion). The focus there was on new medium-duty and heavy-duty engines as well as on the successor generations of existing products. R & D expenditure at Mercedes-Benz Vans focused mainly on ongoing product enhancement measures, the new Sprinter generation and the development of a new mid-size pickup. Daimler Buses primarily focused its development activities on new products, the fulfillment of new emissions standards and the creation of alternative drive systems. ↗ B.38 ↗ B.39

B.38

Research and development expenditure



B.39

Research and development expenditure by division

	2015	2014	15/14
In millions of euros			% change
Daimler Group	**6,564**	5,680	+16
thereof capitalized	**1,804**	1,148	+57
Mercedes-Benz Cars	**4,711**	4,025	+17
thereof capitalized	**1,612**	1,035	+56
Daimler Trucks	**1,293**	1,188	+9
thereof capitalized	**26**	34	-24
Mercedes-Benz Vans	**384**	293	+31
thereof capitalized	**153**	68	+125
Daimler Buses	**184**	182	+1
thereof capitalized	**13**	11	+18

Innovation and safety

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

Daimler and Mercedes-Benz receive awards for their innovative capability
In April 2015, both Daimler and Mercedes-Benz received awards for their innovative capability as a result of an extensive study conducted by the Center of Automotive Management (CAM) and the Pricewaterhouse Coopers (PwC) corporate consulting firm. The study found that Mercedes-Benz is the most innovative premium automobile brand with the greatest number of world firsts. Mercedes-Benz also received a special award as the “Most Innovative Brand in the Last Decade.” Daimler was named “Most Innovative Group” in the category “Alternative Drive Systems.”

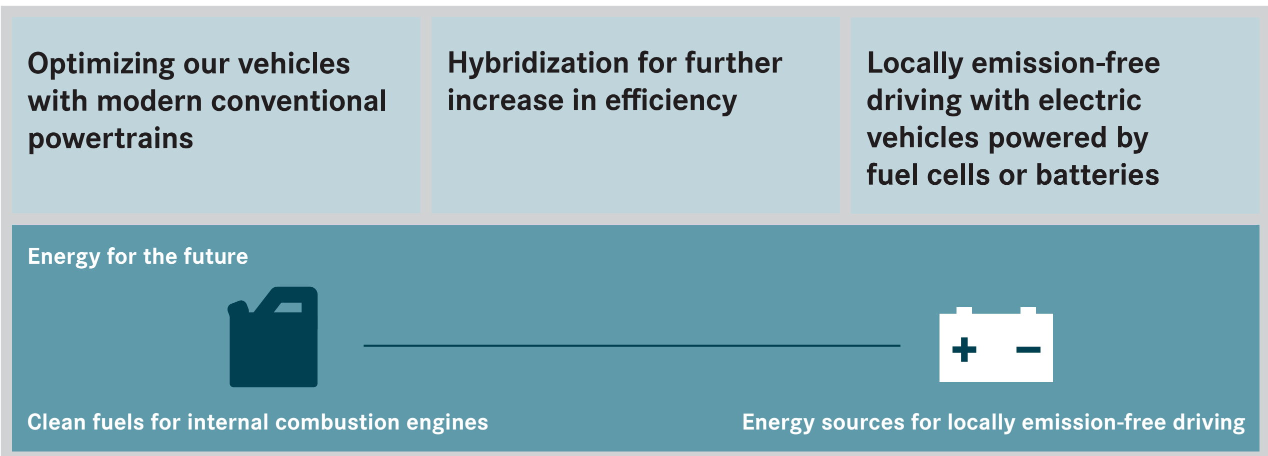
Mercedes-Benz beat out the competition with its 578 individual innovations and 183 world firsts. The outstanding innovations cited include DISTRONIC PLUS with Stop&Go Pilot, the economical hybrid drive system in the S-Class and the MAGIC BODY CONTROL suspension. Innovations highlighted in the “Most Innovative Premium Brand” category included the curve tilting technology in the S-Class Coupe, the 24-pixel LED MULTIBEAM headlights in the CLS and the overall concept of the CLA Shooting Brake, which leads the way in its segment by combining the beauty of a coupe with the practical benefits of a station wagon. Daimler came out on top in the “Alternative Drive Systems” category as a result of the S-Class and C-Class plug-in hybrids and the all-electric B-Class.

Our “road to emission-free mobility”
Our goal is to safeguard mobility for the generations to come. We therefore strive to offer our customers vehicles and services that are safe and efficient and produce low emissions – along the entire value chain. Our “Road to Emission-free Driving” initiative defines the key development approaches for creating new extremely fuel-efficient and environmentally friendly drive-system technologies at all of our automotive divisions:

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

We are systematically pursuing our approach to emission-free driving along the entire value chain. To this end, we are addressing all relevant aspects and exploiting potential at all development units for everything from lightweight engineering to optimized aerodynamics, the use of clean and efficient fuels, the creation of electric drive systems and the implementation of sustainable mobility concepts. We also view emissions as a holistic issue and are therefore examining ways to reduce other types of emissions besides pollutants – e.g. noise.

B.40
Road to emission-free mobility



Efficient cars and commercial vehicles with internal combustion engines

Much of our research and development work focuses on making our cars and commercial vehicles with internal combustion engines even more efficient. This is largely made possible by engines with low displacement and turbochargers, as well as by lightweight engineering, aerodynamic improvements, tires with low rolling resistance, demand-appropriate energy management and an automatic start-stop function. In particular, our new SUVs that were launched in 2015 displayed significantly higher fuel efficiency. This was made possible by modified or new drive systems, outstanding aerodynamics and intelligent lightweight design. For example, the new GLC SUV boasts up to 19% lower fuel consumption and CO_2 emissions compared with predecessor models with the same engine output, despite its improved driving performance. The most fuel-efficient Mercedes-Benz passenger car with a combustion engine is currently the A 180 d BlueEFFICIENCY Edition[1], which boasts average diesel consumption of only 3.5 liters per 100 km. We are exploiting additional emission-reduction potential through intelligent and customized hybridization.

We have also further reduced the fuel consumption of our range of commercial vehicles, thanks to the most recent additions and the use of new engines. Our Actros, Arocs, Antos and Atego series, the heavy-duty Freightliner Cascadia Evolution in the United States and the FUSO Super Great V are amongst the cleanest and most economical trucks in their respective classes – and our new buses also boast outstanding fuel consumption figures. pages 113 f

Additional plug-in hybrids with the star

Following the launch in October 2014 of the S 500 e[2] – the world's first certified "three-liter" luxury sedan – we continued our hybrid offensive with the introduction of additional models in 2015.

The Mercedes-Benz C 350 e[3] makes an excellent impression both as a sedan and a wagon through its exceptionally dynamic handling and efficiency. It can also be driven in the pure electric mode, and thus locally emission-free, for a distance of 31 kilometers. The model has a drive-system output of 205 kW (279 hp) and system torque of 600 Nm. The C 350 e[3] thus displays the driving performance of a sports car, even as it boasts certified fuel consumption of between 2.4 and 2.1 liters per 100 km as a sedan or station wagon (depending on the equipment features installed). The fuel consumption figures correspond to CO_2 emissions of just 54-48 g/km. Independent monitors from the TÜV Süd inspection agency have now the Mercedes-Benz C 350 e[3]: The new plug-in-hybrid meets all the requirements for environmentally sound product development in accordance with the ISO TR 14062 standard. This certification is based on a comprehensive life cycle assessment of the model in which every environmentally relevant detail is documented.

The new GLE 500 e 4MATIC[4] is the first Mercedes-Benz SUV equipped with a plug-in hybrid drive. The model combines the performance and comfort of a V8 engine with the fuel consumption of a "three-liter vehicle" and the versatility of a premium SUV. Its drive-system components include a direct-injection BlueDIRECT V6 gasoline engine with an output of 245 kW (333 hp) and a hybrid module with an electrical output of 85 kW (116 hp). Along with the impressive acceleration enabled by a boost function, the innovative drive system allows for purely electric driving at speeds of up to 130 km/h, optimized energy recovery made possible by an intelligent operating strategy, and comfort features such as pre-entry climate control in both summer and winter.

In the spring of 2016, Mercedes-Benz will begin offering a plug-in hybrid in the compact SUV segment: the GLC 350 e 4MATIC[5] combines agile all-wheel driving pleasure with minimal consumption and emission values. The mid-size SUV has a top speed of 235 km/h and emits just 59 to 64 g CO_2/km; these are new top figures for its segment.

In the period up until 2017, we will launch a total of ten plug-in hybrid cars whose batteries can also be charged via the normal power grid. This Mercedes-Benz plug-in hybrid offensive will be accompanied over the next several years by the launch of additional fully electric vehicles. For example, the new electric smart will be introduced in 2016 – for the first time as a four-seater as well. In addition, we are currently developing a concept for an overarching vehicle architecture for electric cars with a range of 400–500 km. And on the basis of the Mercedes-Benz GLC, we will launch an innovative fuel-cell vehicle with a long range and quick refueling as a series-produced model. Daimler also continues to invest heavily in the expansion of its battery expertise, which underscores the company's firm commitment to electric mobility and its holistic approach to sustainability.

1 A 180 d BlueEFFICIENCY Edition: fuel consumption in l/100 km: urban 3.9 / extra-urban 3.2 / combined 3.5; CO_2 emissions in g/km: combined 89; electricity consumption in kWh/100 km: 13.5
2 S 500 e: fuel consumption in l/100 km: combined 2.8; CO_2 emissions in g/km: combined 65; electricity consumption in kWh/100 km: 13.5
3 C 350 e: fuel consumption in l/100 km: combined 2.4-2.1; CO_2 emissions in g/km: combined 54-48; electricity consumption in kWh/100 km: 11.3-11.0
4 GLE 500 e 4MATIC: fuel consumption in l/100 km: combined 3.3; CO_2 emissions in g/km: combined 78; electricity consumption in kWh/100 km: 16.0
5 GLC 350 e 4MATIC: fuel consumption in l/100 km: combined 2.7-2.5; CO_2 emissions in g/km: combined 64-59; electricity consumption in kWh/100 km: 15.2-13.9

Clean, quiet and efficient:
New natural gas drive systems for urban buses

With its new Citaro NGT urban bus, Mercedes-Benz is now offering an attractive alternative to the diesel-powered Citaro. The Citaro NGT (Natural Gas Technology) stands out with its low-noise operation and lower CO_2 emissions, both of which offer key benefits in congested inner cities. The Citaro NGT also makes a convincing argument with its low weight and associated high passenger capacity, as well as through its engine's strong power delivery, low fuel consumption and long maintenance intervals. The Citaro NGT's new high-tech natural gas engine is extremely efficient. In combination with the intelligent operation of its auxiliary systems, the vehicle offers potential fuel savings of 15% to 20% compared to the predecessor model. Even greater fuel savings can be achieved through the use of an optional energy recovery module. Mercedes-Benz offers the new drive-system variant as a Citaro NGT solo bus and a Citaro G NGT articulated bus. The Citaro NGT can be operated with either natural gas or renewable natural gas, in which case the Citaro NGT becomes a virtually CO_2-neutral bus.

Fuel-cell infrastructure

With the establishment of their H2 MOBILITY Deutschland GmbH & Co. KG joint venture, the companies Air Liquide, Daimler, Linde, OMV, Shell and Total have set the stage for the phased expansion of a nationwide hydrogen filling station network in Germany. Plans call for approximately 400 stations to be built in Germany by 2023 with a total investment of approximately €400 million. H2 MOBILITY, which has its headquarters in Berlin, has already started operations and is preparing the first phase of its plan of action, which will involve the rapid installation of an initial group of 100 filling stations over the next few years. The success of fuel-cell drive systems powered by hydrogen depends to a large extent on the establishment of a filling station infrastructure, which H2 MOBILITY will now create. Daimler is convinced that fuel-cell drive systems powered by hydrogen offer great potential. In particular, their long range and short refilling times lead to extensive benefits as an alternative to battery-electric drive for vehicles that travel long distances. Our F 015 Luxury in Motion and Vision Tokyo research vehicles offer a preview of the future of fuel-cell technology. These vehicles are equipped with the innovative F-CELL PLUG-IN HYBRID system – a combination of an electric motor and a fuel cell that achieves an emission-free range of up to 1,100 km.

Entry into the sector for stationary battery storage devices

In mid-2015, Daimler entered the sector for stationary energy storage devices with its wholly owned ACCUMOTIVE subsidiary. The underlying concept was developed by Daimler Business Innovation and involves both private and commercial use of such devices. For private applications, up to eight battery modules can be combined into an energy storage device with a capacity of 20 kWh. Households that have their own photovoltaic system can use the devices for interim storage of surplus electricity with virtually no losses. The new stationary energy storage devices will be launched on the market in early 2016. The systems for commercial and industrial use can be scaled as desired. Large stationary energy storage devices can be used to stabilize grids or provide support during peak demand. The first industrial-scale lithium-ion storage device is already online and is operated by two Daimler partners: The Mobility House AG and GETEC Energie AG.

Under the motto “E-mobility thought to the end,” the world's largest second-use battery storage unit at the moment will begin operating in early 2016 within the framework of a joint venture in Lünen, Germany, in which we are participating. The unit will be marketed in Germany's primary energy balancing sector. The joint venture partners Daimler, The Mobility House, GETEC and REMONDIS cover the entire battery value creation and recycling chain with their project – from the manufacture and reprocessing of battery systems at the Daimler subsidiary ACCUMOTIVE, the corresponding range of electric and plug-in hybrid vehicles from Daimler AG, and the installation and marketing of stationary battery storage units in the energy markets by The Mobility House and GETEC, through to the recycling of the battery systems at the end of their lifecycle and the feeding of the valuable raw materials back into the production cycle, which REMONDIS will be responsible for. With their 2nd-use battery storage project, the four partners are also demonstrating that the lifecycle of a plug-in or electric vehicle battery does not end after its automotive application. Instead, battery systems remain fully operational after this point, as the low levels of power loss are only of minor importance when used in stationary storage operations. It is estimated that such a unit can operate efficiently in a stationary application for at least another ten years. This approach demonstrably improves the environmental performance of electric vehicles and also helps make electric mobility more economically efficient.

Our “road to accident-free driving”

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

Trailblazing advances on the road to autonomous and accident-free driving pages 4 ff

During the year under review, we made tremendous progress on the road to series production of autonomously driving vehicles, thereby underscoring our technological lead in this area. The milestones for passenger cars in this respect were the F 015 Luxury in Motion and Vision Tokyo research vehicles. With regard to trucks, we received permission to test the Highway Pilot on public roads in both the United States and Germany. We put the autonomously driving Freightliner Inspiration Truck on the road in the United States last May, and the first partially autonomous production truck had its premiere on a Germany highway in October. The latter vehicle is an Actros equipped with the intelligent Highway Pilot system.

The components used in our research and test vehicles are gradually being put into series production, which means partially autonomous driving is already a reality in our production vehicles. For example, the basic elements of the autonomous vehicle system in the Freightliner Inspiration Truck have already been successfully implemented in the Freightliner Cascadia Evolution model, thousands of which are shaping the image of America’s road freight transport. In the form of the DISTRONIC proximity cruise control system installed in many of our Mercedes-Benz vehicles, the DRIVE PILOT can not only automatically maintain a proper distance to vehicles ahead but can also safely follow them at speeds of up to 210 km/h. The system supports drivers during steering and evasive maneuvers as well.

New standards for safety, comfort and stress reduction will also be set once again when the new E-Class is launched in the spring with new driver assistance systems, car-to-X communication technology and innovative safety systems. For example, the new assistance systems package will enable partially autonomous driving on highways and secondary roads and make it possible to automatically move a vehicle in and out of tight parking spaces using a smartphone app without anyone inside the car. An autonomous braking feature will also reduce the risk of an accident in a greater number of situations than before. In addition, the Active Lane Change Assist system will make autonomous lane changes possible for the first time (e.g. for overtaking). Car to-X communication systems provide timely warnings of dangers ahead and state-of-the-art radio technology transforms the smartphone into a car key.

In addition, the new Mercedes-Benz E-Class is the first series-produced car worldwide to receive a test license for autonomous driving in the US federal state of Nevada. For the first time and punctually for the main trade fair for consumer electronics, the CES in Las Vegas, three series-produced E-Class cars were approved in January 2016. pages 30 ff

UR:BAN: New assistance systems for city driving

Cross traffic, cyclists, crossing pedestrians (perhaps totally engrossed in their smartphones), children playing – city traffic places demands on drivers in many different situations, while at the same time harboring many dangers as well. So there is plenty of scope for assistance systems that support drivers and also make driving in cities safer and less stressful.

With this goal in mind, Daimler researchers achieved a breakthrough within the framework of the UR:BAN research initiative. Using “scene labeling,” a camera-based system automatically classifies completely unknown situations and thus detects all objects that might be of importance to driver assistance systems – from cyclists to pedestrians and wheelchair users. Daimler researchers showed their system thousands of photos from various German cities. In these photos, they had manually and precisely labeled 25 different object classes, such as vehicles, cyclists, pedestrians, streets, sidewalks, buildings, poles and trees. The system used these examples to teach itself how to correctly classify completely unknown images automatically, and thus detect all important objects for driver assistance systems even if such objects are largely hidden or far away. Such abilities are made possible by powerful computers that are artificially networked in a manner similar to the neural networks in the human brain. The result is known as a deep neural network. Scene labeling transforms the camera from a simple measuring system into an interpretive system as versatile as the interaction between the human eye and brain. The tremendous increase in computing power in recent years is bringing us closer to the day when vehicles will be able to see their surroundings in the same way humans do, and are also able to correctly understand complex situations in city traffic. In other words, the vision of autonomous and accident-free driving is becoming more and more of a reality.

High-resolution LED headlights

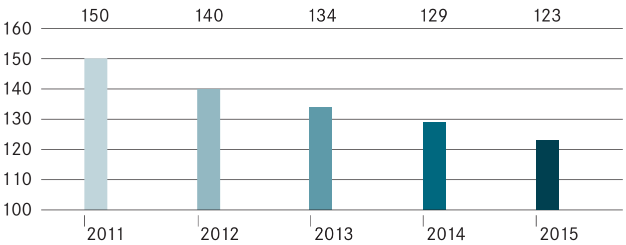
The future E-Class opens up new dimensions in headlight technology. The model’s MULTIBEAM LED headlights are now equipped with 84 high-performance LEDS rather than the previous 24. This means the headlights in the new E-Class enable the resolution of the light pattern to be increased by a factor of 3.5. Other road users can therefore now be protected more precisely against blinding, and back-glare can be more effectively avoided as well. This new dimension of precision in light distribution makes it possible to use the partial high-beams longer, thereby increasing safety even further. Drivers also benefit from improved illumination of the road. The MULTIBEAM LED headlights have partial high-beam light output up to 2.5 times greater than that of most systems on the market today. The completely freely configurable high-resolution light distribution has made it possible for the first time to implement all high- and low-beam functions of the Intelligent Light System in an entirely digital mode in the new E-Class. As a world first, the dynamic cornering light function is now purely electronic. In addition, a broad range of new, adaptive light functions is possible, which will make driving at night and in inclement weather even safer for both the driver and other road users.

Environmental protection

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

€2.8 billion for environmental protection
In 2015, we continued to energetically pursue the goal of conserving resources and reducing all relevant emissions. We kept a close eye on the impact of all our processes, ranging from vehicle development and production to recycling and environmentally friendly disposal. Our expenditure for environmental protection remained nearly unchanged at €2.8 billion.

B.41
Average CO_2 emissions of the new car fleet of Mercedes-Benz Cars in the EU
g/km



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

Further reductions in cars' CO_2 emissions
Daimler makes great efforts to reduce the fuel consumption of its vehicles while enhancing their performance – and thus increasing driving enjoyment and safety reserves. With a fleet average of 123 g/km (2014: 129 g/km), we once again significantly reduced the average CO_2 emissions of the cars we sell in the European Union in 2015. We were thus ahead of schedule in achieving our goal of reducing the CO_2 emissions of our new-vehicle fleet in the European Union to 125 g/km by 2016. Our achievements here were due to the further optimization of our BlueEFFICIENCY measures and the success of our efficient hybrid drive systems and extremely fuel-efficient new models. We have reduced the CO_2 emissions of our cars by 18% since 2011 – and by 40% within just two vehicle generations. More than 68 Mercedes-Benz models emit less than 120 g CO_2/km and more than 108 models have received A+ or A energy efficiency labels. ↗ B.41

We plan to use innovative technologies for locally emission-free mobility, and in particular new hybrid models, in order to further reduce the fuel consumption and CO_2 emissions of our cars. We have also continuously reduced the pollutant emissions of our cars in recent years and have been able to meet new emission requirements in advance – and ahead of our competitors. At Mercedes-Benz, we were one of the first manufacturers to begin in 2009 with the introduction of the EURO 6 technology, which was not obligatory until September 2015. Our BLUETEC technology and sustainable SCR exhaust treatment technology make us a world leader for reducing diesel-vehicle emissions. The cars with this equipment already comply with the strictest emission standards. In addition, we are continually further developing our emission control systems. The next generation of cutting-edge diesel engines will soon be launched and will be pioneers by fulfilling new legislative requirements in advance in Europe.

Economical and low-emission commercial vehicles
In recent years, we have also continuously reduced the fuel consumption of our commercial vehicles as well as their emissions of CO_2 and pollutants. Daimler was the first manufacturer to switch its entire European product range to Euro VI before that new emissions standard went into effect in January 2014. Mercedes-Benz is achieving further efficiency gains with the latest generation of the Mercedes-Benz OM 471 heavy-duty engine, whose fuel consumption is up to 3% lower than that of the predecessor unit, while the new engine also offers higher torque and better driving performance. An Actros semitrailer tractor equipped with this engine can save around 1,100 liters of fuel per year when driven over a distance of 130,000 km, which corresponds to a roughly three-ton reduction in annual CO_2 emissions. The new engine is being used in the heavy-duty Actros, Antos and Arocs trucks and puts all of those models amongst the most efficient trucks in their respective segments. Over the last four years, the fuel consumption of our heavy-duty Actros truck has been reduced by 13%, thanks in large part to the introduction of the new model as a Euro VI truck, the use of the Predictive Powertrain Control (PPC) cruise control system and the launch of the new engine generation. Moreover, these savings were achieved despite the fact that the truck is now more powerful than before and produces lower levels of pollutant emissions. By comparison, long-term fuel-efficiency progress in the commercial vehicle sector normally amounts to between 1.0% and 1.5% per year.

Natural-gas engines also offer outstanding possibilities for reducing fuel consumption and emissions. Daimler Trucks has therefore supplemented its EURO VI engine family with the new environmentally friendly M 936 G natural gas engine. The new engine's CO_2 emissions are up to 20% lower than those of diesel engines and can be reduced even further with the use of biogas.

Our trucks also set the standards for fuel efficiency in North America, where production of the new Western Star 5700 XE was launched in May 2015. The truck stands out through its sophisticated aerodynamic features and is also equipped with a new highly efficient powertrain from our Detroit brand. The Western Star 5700 XE consumes nearly 15% less fuel than a comparable truck.

We are also leading the way with the introduction of the latest exhaust technology in the bus sector. For example, all Mercedes-Benz and Setra model series were made available with Euro VI technology at a very early stage. A further reduction in the fuel consumption of our already efficient buses will be achieved through the use of the new generation of the OM 471 engine in buses as well. page 35

The consumption of diesel fuel can also be greatly reduced by hybrid technology – particularly in vans and trucks used for distribution transportation. For example, the FUSO Canter Eco Hybrid consumes up to 23% less fuel than a comparable diesel truck, depending on use, and the Freightliner M2e Hybrid consumes up to 30% less fuel than a conventional diesel-powered M2 106. No other commercial vehicle manufacturer has more experience in the areas of alternative drive systems and electric mobility. We also have the most extensive lineup of vehicles in this field, ranging from vans and trucks to buses.

At the end of 2015, we completed a series of customer tests with eight FUSO Canter E-Cell models in Portugal. Depending on body type and payload, the Canter diesel truck can travel 100 km on approximately 14 liters of diesel, while the FUSO Canter E-Cell requires around 48 kWh of electricity for the same distance. Based on the current cost of diesel fuel and electricity in Portugal, the Canter E-CELL offers operating cost savings of more than 60% compared with a diesel truck.

In Europe, we plan to reduce the fuel consumption of our truck fleet by an average of 20% over the period of 2005 to 2020. We are confident that we will achieve this ambitious target and took a further step in that direction with the introduction of the new generation of the OM 471 heavy-duty engine in 2015.

Integrated approach reduces CO_2 emissions on long-distance truck journeys
Double-digit reductions in the fuel consumption and thus the CO_2 emissions of modern truck combinations can be achieved by using equipment and systems already available on the market. This was demonstrated by a practical test whose results Daimler Trucks presented in Berlin in October 2015. The field test, which was known as the "Efficiency Run," has major implications in terms of achieving CO_2 targets for road freight transport. That is because the Efficiency Run showed that fuel consumption, and therefore also CO_2 emissions, can be significantly reduced – and at a lower cost as well – if optimization efforts focus not just on the engine but also on the vehicle as a whole. In other words, this integrated approach addresses the trailer, tires and fuel in addition to the tractor, although it focuses on actual driving operation, infrastructure and fleet modernization as well. The Efficiency Run demonstrated that the integrated approach does in fact work.

Daimler Trucks conducted the series of tests in cooperation with leading German logistics companies. Typical payloads were transported in typical ways along typical routes under realistic conditions. The tests were supervised in detail by the independent DEKRA testing organization, which defined the test conditions, carried out the measurements and evaluated the results. One of the key results was that the two Mercedes-Benz Actros standard semitrailer combinations that were optimized for the Efficiency Run each consumed around 12% to 14% less fuel than the standard semitrailer combinations from the participating logistics companies. The Efficiency Run also examined the potential of long combination vehicles – with a clear result here as well: In the test, a long combination vehicle displayed fuel consumption that was around 17% lower than that of the standard semitrailer combination used in volume-based transport.

Innovative SuperTruck

We are continually working on further increasing efficiency in road freight transport also in the United States. In March, for example, Daimler Trucks North America presented its SuperTruck concept vehicle at the Mid America Trucking Show 2015. Thanks to its pioneering technology, the SuperTruck program operated by Daimler Trucks North America (DTNA) has achieved transport efficiency improvements of 115% (measured in ton-miles per gallon). As a result, DTNA far exceeded the efficiency improvement target of 50% set by the US Department of Energy (DOE). Indeed, Daimler Trucks North America exceeded all expectations in the DOE program and achieved the best result of all four participating truck manufacturers. In honor of its outstanding performance, Daimler was presented with the Department of Energy's "Distinguished Achievement Award." Some of the solutions developed within the framework of the SuperTruck program are already being used as standard components in Freightliner and Detroit products. The combination of proven and forward-looking technologies that DTNA utilized in the DOE project allowed the truck manufacturer to highlight solutions that are technically possible. One of the most important initiatives was the optimal alignment of the tractor and semitrailer, which DTNA developed as a unified system for the first time in the project. Individual energy-efficient tires with low rolling resistance, as well as sophisticated aerodynamic features for the trailer, also made a major contribution to the increase in efficiency achieved.

Compliance with legal emission-measurement stipulations

After reports surfaced or manipulation by a competitor in the fulfillment of emission regulations, doubts began to arise concerning the emission and fuel consumption figures reported by other automakers. Daimler repudiates any allegations of manipulation. In particular, Daimler does not use and has never used any so-called "defeat device" that illegally restricts the effectiveness of emission control systems. This applies to all of our diesel and gasoline engines. Our engines comply with all applicable laws and regulations. We also preclude any irregularities when measuring the CO_2 emissions of our vehicles. Furthermore, we draw attention to the fact, that several environmental authorities in Europe and in the USA have made requests for test results. Some requests were answered without any findings whereas other discussions still continue.

In addition, we actively support the efforts being undertaken in Germany and on the European level to introduce new testing procedures that measure emissions during actual driving operations (Real Driving Emissions – RDE).

The fuel-consumption data provided by manufacturers is based on the legally stipulated NEDC test cycle, which is conducted in a laboratory. However, because conditions in real driving situations generally differ from those in such labs, actual fuel consumption values can deviate from reported values. Daimler strongly supports the introduction of the WLTP (Worldwide Harmonized Light Vehicles Test Procedure) as a replacement for the NEDC that would ensure only minor deviations between actual and reported fuel consumption figures.

CO_2 air conditioners in production cars as of 2017

In 2017, S-Class and E-Class models in Europe will become the first production cars in the world to be equipped with CO_2 air conditioning systems. By making this move, Mercedes-Benz will go beyond the climate protection requirements of the EU. Because of their ability to produce a large amount of cold air very quickly, CO_2 air conditioners can create a comfortable interior atmosphere in a short time, even when it is very hot outside. The units are also very environmentally friendly, which makes them the ideal sustainable premium solution among climate control systems.

The use of CO_2 as a refrigerant requires the redevelopment of key components. CO_2 air conditioners operate at a pressure of over 100 bar, which is around ten times the operating pressure of previously used systems. For this reason, all the components, as well as hoses and seals and gaskets, will have to be newly developed. To this end, Mercedes-Benz has worked with all other German automakers and numerous supplier companies on the creation of new standards in the automotive standards committee of the German Association of the Automotive Industry (VDA). These new DIN specifications, which can be viewed by the public, will also offer other companies the chance to launch short-term development activities in this area. Mercedes-Benz has taken on a pioneering role here and has become the first automaker to commission not only development work on CO_2 air conditioning systems and their components but also production orders.

Despite the extraordinarily short time available to develop CO_2 air conditioning systems for its top models, Mercedes-Benz will be able to achieve the high level of quality it is striving to attain. However, it will not be possible to equip the brand's entire fleet with such systems by the cut-off date for the new EU directive of January 1, 2017. So in order to ensure that all other model series comply with the EU regulations on time, we have developed safe solutions for using the R1234yf synthetic refrigerant. As is generally well known, this refrigerant has a different ignition potential than the R134a refrigerant previously used in the automotive industry. In order to continue to offer our customers the same high degree of safety in the future, we have developed a comprehensive package of vehicle-specific measures that will ensure typical Mercedes-Benz safety in those models in which R1234yf is used. These measures, which will be implemented as needed, include a special protection component system for various vehicle configurations. In the event of a frontal collision, this system, which has since been patented, ensures that the refrigerant and air mixture remains separate from the hot components in the engine compartment and that the latter are also very effectively cooled. This is made possible by the use of a gas generator that sprays the protective gas argon onto the hot surfaces, thus protecting against fire.

The safety requirements of customers and the high safety standards at Mercedes-Benz will thus continue to be met in the future. The system also enables the Group to make a further contribution to climate protection.

Extensive recyclability of old vehicles

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

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

Avoiding waste

In the area of waste management, Daimler believes that recycling and the prevention of waste are better than disposal. Accordingly, the reconditioning and reuse of raw, process and operating materials has been standard practice at our plants for many years. In order to avoid the creation of waste from the outset, we use innovative technological processes and environmentally focused production planning. Waste materials that are unavoidable are generally recycled. As a result, the recycling rate for waste at our plants is approximately 91% on average. At some plants, almost 100% of the waste is now recycled, meaning that waste destined for landfills has been almost completely eliminated.

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

Extensive measures for environmental protection in production

In recent years, we have been able to limit the energy consumption, CO_2 emissions, production-related solvent emissions and noise at our plants with the help of environmentally friendly production processes. As a result, energy consumption during the period 2011-2015 increased by only 4.5% to 10.9 million megawatt-hours, which was well below the rate of production growth. During the same period, CO_2 emissions decreased by 6.1% to a total of 3.2 million metric tons. Our ongoing energy-saving projects enabled us to counteract the additional energy consumption and CO_2 emissions increase that resulted from the rise in production in 2015. Energy consumption per manufactured vehicle (car) in the reporting year decreased by 5.5% from the prior year, and CO_2 emissions declined by 5.7%. With resource-conserving technology such as circulation systems, water consumption rose by slightly less than 1.1% between 2011 and 2015, which was well below the rate of production growth. In relation to the number of vehicles we manufactured, we were able to reduce water consumption by 2.2% compared with the prior year.

The workforce

Slight increase in number of employees

At December 31, 2015, the Daimler Group employed a total of 284,015 men and women. Due to the high demand for our products, the workforce grew by 1% compared with the end of 2014. We had anticipated that the workforce would grow slightly at the beginning of 2015. The number of employees in Germany increased to 170,454 (2014: 168,909) and employee numbers also rose in the United States, to 24,607 (2014: 22,833). At the end of 2015, Daimler employed 11,669 men and women in Brazil (2014: 12,313) and 11,002 (2014: 11,400) in Japan. ↗ B.42 Our consolidated subsidiaries in China had a total headcount of 3,155 at the end of the year (2014: 2,664). At the end of the reporting year, the parent company Daimler AG employed a total of 151,183 men and women (2014: 151,524).

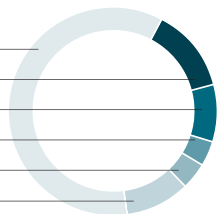
Workforce numbers in nearly all divisions increased compared with the previous year. Growth primarily took place at Daimler Financial Services, Daimler Buses and Mercedes-Benz Vans. ↗ B.43 Within the context of the Customer Dedication initiative, the employees previously reported under "Sales & Marketing Organization" were included in the employee numbers for the respective divisions for the years 2014 and 2015. Since the end of 2015, this has also applied to the Group's own sales and service centers in Germany and the global logistics center in Germersheim, whose employees are now grouped under Mercedes-Benz Cars, Daimler Trucks, Mercedes-Benz Vans and Daimler Buses. The figures for comparison from 2014 have been adjusted to reflect these changes.

B.42

Employees at 12/31/2015

By region

Germany	60.0%
Europe, excluding Germany	13.3%
USA	8.7%
Brazil	4.1%
Japan	3.9%
Other	10.0%



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Employees by division

Employees (December 31)	2015	2014	15/14 % change
Daimler Group	**284,015**	279,972	+1
Mercedes-Benz Cars	**136,941**	135,553	+1
Daimler Trucks	**86,391**	87,628	-1
Mercedes-Benz Vans	**22,639**	21,598	+5
Daimler Buses	**18,147**	17,473	+4
Daimler Financial Services	**9,975**	8,878	+12
Other	**9,922**	8,842	+12

Around the world, we have combined in-house services such as those for financial processes, HR, IT and development tasks, sales functions and certain location-specific services into shared service centers. Some of the shared service centers are not consolidated because they do not affect our profitability, cash flow or financial position; those companies employed more than 6,800 men and women at the end of 2015.

The Group's workforce also does not include the employees of companies that we manage together with Chinese partners; on December 31, 2015, they numbered approximately 19,000 people.

Number of years at Daimler
The average number of years our employees have worked for Daimler was close to the prior-year level at 16.0 years (2014: 16.1 years). In Germany, employees had worked for the Group for an average of 19.4 years at the end of 2015 (2014: 19.4 years). The comparative figure for Daimler AG was 19.9 years (2014: 19.8 years). Daimler employees outside Germany had worked for the Group for an average of 10.9 years (2014: 11.0 years).

Attractive compensation
We continually strive to further enhance our appeal as an employer – both within the company and externally on the job market. Our employees receive market-rate wages and salaries and additional benefits, such as company pension plans, which also conform to market practices. We also let our employees share in our success. For example, in April 2016 eligible employees of Daimler AG will receive a profit-sharing payout of up to €5,650 for financial year 2015 – the highest such payout in the company's history. In April 2015, we issued a profit-sharing payout of €4,350 for financial year 2014.

High degree of employee commitment
We regularly conduct employee surveys to determine how satisfied our employees are and the extent to which they identify with the company. The feedback we receive helps us improve our organization and further develop our management culture. Our level of employee commitment is well above the global average as determined by benchmark studies. The results of the 2014 employee survey were carefully analyzed and used to identify areas where action was subsequently taken to achieve sustained improvements for the benefit of the Group and its employees. The next Group-wide employee survey will be conducted in 2016.

Mobile working
Employees are increasingly demanding more flexible working hours in line with the requirements of a modern lifestyle.
In response to this development, Daimler's executive management launched an initiative in 2015 together with the Group's General Works Council, the IG Metall trade union and the Fraunhofer Institute. This initiative featured surveys and brought together managers and employees for a broad dialogue that resulted in the creation of a framework of rules and limitations for mobile work. The goal here is to incorporate the knowledge thus gained into a new Group-wide agreement and thus make Daimler an even more attractive employer.

Extension of Safeguarding the Future at Daimler agreement
An agreement was reached in the summer of 2015 to extend the Group-wide Safeguarding the Future at Daimler agreement. The agreement includes measures designed to improve competitiveness and flexibility, and it also excludes the possibility of layoffs for employees at Daimler AG in Germany until December 31, 2020. The basis for the extension was the local transformation plans that were agreed upon beforehand at Daimler AG plants. These plans also include investment commitments. They will enable us to utilize market opportunities, respond flexibly to demand fluctuations and quickly increase the workforce as needed.

Diversity management
The statement "Daimler's success. Your benefit. Our responsibility." underscores the importance of diversity management as a strategic factor for success at Daimler. The various skills, expertise and composition of our workforce enable us as a global company to effectively reflect the diversity of our customers, suppliers and shareholders around the world.

Increased proportion of women employees
Our instruments for supporting the targeted promotion of women include special mentoring programs, special seminars for women, and women's networks. We also support both men and women who are managing a career and a family through numerous company agreements, flexible working time models, daycare services and sabbaticals.

In this context, we consider not only the new legislation for equal participation of women and men in management positions. Already in 2006, Daimler committed to raising the proportion of women in senior executive positions at the Group to 20% by the year 2020. The proportion of women in such positions has continually risen over recent years to reach 15.4% at the end of 2015 (2014: 14.1%). Because we are a technologically oriented company, the targets take into account sector-specific conditions and women's current share of our workforce. At the Daimler Group, the proportion of women in the total worldwide workforce increased to 17.3% (2014: 16.8%). At Daimler AG, women accounted for 15.2% of all employees at the end of the year under review (2014: 14.9%).

Slight increase in average age of our employees
The average age of our global workforce in 2015 was 42.5 years (2014: 42.4). Our employees in Germany were 44.0 years old on average (2014: 43.8). Employees who are 50 years old or older currently make up about 37% of our permanent workforce at Daimler AG. On the basis of current assumptions, this proportion will rise to about 50% over the next eight years.

Basic agreement on generation management
In the fall of 2015, executive management and the General Works Council signed a basic agreement on generation management at the Group. The components of the agreement form the framework of Daimler's strategy for addressing the demographic transformation. The main aspects here include health, work arrangements, leadership, learning and human resources development. The associated measures are designed to help maintain the health and performance capabilities of both young and old employees, while promoting cooperation across all age groups. Examples include extensive health programs and measures to ensure ergonomic workstations.

The Daimler Senior Experts program allows experienced retired employees to return to the company for a temporary period. Around 300 senior experts have participated in the program since it was launched, with most of them helping out in production, development and IT departments. More than 600 interested former Daimler employees have set up senior expert profiles that list their areas of expertise and experience.

Securing young talent
Daimler takes a holistic approach to securing young talent. For example, for five years now, our Genius initiative has been enabling children and teenagers to gain valuable information about technologies of the future and professions in the automotive industry. page 118 School leavers can apply to participate in a technical or commercial apprenticeship at one of our locations or to study at the Cooperative State University of Baden-Württemberg. After completing their college degrees, they can directly join our company or launch their careers at Daimler by taking part in our global CAReer training program.

We had 8,307 apprentices and trainees worldwide at the end of 2015 (2014: 8,346). A total of 1,871 young people began their vocational training at Daimler in Germany during the year under review (2014: 1,990). The number of people we train and subsequently hire is based solely on the Group's needs and its future development. In 2015, 84% of Daimler trainees were hired after completing their apprenticeships (2014: 89%).

Employee qualification
We provide our staff with training and continuing education opportunities throughout their entire careers. Our range of qualification measures includes practical training courses, seminars, workshops, specialist conferences and instruction through digital media. In Germany alone, we spent €126 million on the training and qualification of our employees in the year under review (2014: €121 million). On average, every employee spent four days on qualification courses in 2015 (2014: four days).

Measures for lifelong learning, such as the Daimler Academic Programs for active employees, enable us to enhance the qualifications of our employees and improve their performance and innovative capability throughout their entire careers.

Assistance for refugees
Daimler believes it has a responsibility to help with efforts to assist refugees. In order to support the professional integration of refugees into the German labor market, Daimler is offering 14-week "bridge internships" for several hundred refugees in the coming years. After a successful pilot phase with 40 "bridge interns," the project will be expanded to the number of 300 additional places within the first half of 2016. The 14-week "bridge internships" are being carried out in close cooperation with the Federal Employment Agency and local job centers in Germany. The latter organizations are also responsible for selecting those refugees who have the best chance of being granted residency. The internships include alternating days of German language instruction and production work. A total of 50 additional trainee positions for refugees are also being offered at various Group locations in Germany in the coming years. For information on other assistance activities: page 119.

Social responsibility

Responsible business activity
Our global presence offers us the opportunity to help shape the social environment and promote an intercultural dialogue in the places where we do business around the world. We and our employees participate together in many charitable projects that help address major challenges in society.

We concentrate here on areas where we can have an impact through our role as a "good neighbor." We also participate in projects to which we can contribute our specific knowledge and core areas of expertise as an automobile manufacturer. Our activities focus on the following areas: support for science, education, traffic safety, the environment, the arts and culture, community projects, charitable projects, projects for which our employees volunteer, and projects for promoting dialogue and understanding. ↗ B.44

In 2015, we spent around €60 million on donations to nonprofit institutions and on sponsorships of socially beneficial projects. This does not include our foundations, corporate volunteering activities or self-initiated projects.

In 2015, we once again supported political parties in Germany, donating a total of €320,000. As in the prior year, the CDU and SPD parties each received €100,000 while the FDP, the CSU and BÜNDNIS 90/DIE GRÜNEN each received €40,000.

Science funding

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

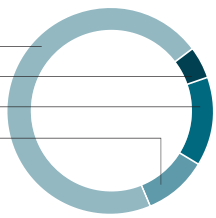
The Daimler and Benz Foundation, for example, is endowed with €125 million. This foundation promotes the in-depth scientific examination and study of research ideas in the areas of environmental protection and technical safety. It also supports a think tank that will address mobility issues and examine the impact and socially relevant aspects of autonomous driving. daimler-benz-stiftung.de

“Electrified commercial vehicle drive concepts” is the working title of a professorship that is being established at the Department of Automotive Engineering at Esslingen University of Applied Sciences. The endowed professorship is being funded by the Daimler Fund in the Donors’ Association, with a view to the promotion of forward-looking research into electric drive systems for commercial vehicles in the future. stifterverband.org

B.44

Donations and sponsoring in 2015

Charity/Community	71%
Arts & Culture	5%
Education	14%
Science/Technology/Environment	10%



Education

Providing more people with access to education is one of the most lasting investments to the benefit of society and also our company. The numerous education projects we fund around the world promote interest in and passion for science and technology, as well as the ability to look beyond the working world and remain open to new ideas. The projects we support also promote equal opportunities.

“Genius – Daimler’s young knowledge community” celebrated its fifth anniversary in 2015. The goal of this education initiative is to get children and teenagers interested in technology and the natural sciences, thus counteracting the trend of waning interest in these subjects on the part of young people. Efforts here focus especially on girls, as women remain underrepresented in technical professions. The initiative also includes an expert team that develops technical and practical teaching materials on the subject of automotive technologies.
genius-community.com

Traffic safety

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

Back in 2001, Daimler launched its MobileKids initiative. Since then, a standardized concept that can be adjusted in line with the situation in different countries has playfully taught more than 1.2 million children worldwide how to recognize and avoid danger in road traffic. The initiative also makes parents and teachers aware of the importance of accident prevention and supports them through the provision of information and relevant materials. mobilekids.net

Nature conservation

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

For example, Daimler supports the wetland restoration project of the NABU nature conservation organization in Baden-Württemberg. The goal of the project is the renaturation of damaged moors and bogs. Such wetlands currently occupy only 3% of the earth’s surface but store nearly one third of all the carbon that remains trapped in the earth. Moors transform CO_2 from the atmosphere into long-lasting peat and are thus the best natural carbon sinks.

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

As early as 1977, the company laid the cornerstone for its Daimler Art Collection, which now includes some 2,600 works. In 2015, the Daimler Art Collection presented newly acquired Chinese works of art at two exhibitions in Berlin. The works of the Chinese artists offer a unique insight into a fascinating country with a culture that is thousands of years old.

However, we do not focus solely on the visual arts, as Daimler also supports the German Music Council, the largest cultural association in Germany, through the Group's funding of Germany's Federal Youth Orchestra. We also support art and culture outside Germany, such as the "Moscow meets Friends" music festival in Russia and the "Emerging Artist Award," which is jointly presented by Daimler Financial Services and the renowned Cranbrook Academy in the United States.

Communities and charitable projects
Against the backdrop of the current refugee crisis in Germany, Daimler has launched a variety of aid initiatives to provide rapid assistance to refugees non-bureaucratically, thus sending a message of respect and tolerance.

Daimler has actually been involved in refugee assistance programs for a long time now. For example, since 2013, Daimler and the Wings of Help relief organization have sent three convoys with supplies for Syrian refugee camps in Turkey, and the partners have also sent two aid shipments by plane to northern Iraq. We have also contributed €100,000 annually for three years to the city of Stuttgart's "Welcome Fund." We have donated a further €100,000 to refugee assistance projects sponsored by a community organization in Sindelfingen. In addition, we donated €1 million to the "Bild hilft e. V. – Ein Herz für Kinder" child refugee aid association. We finance German courses for refugees, collect food donations from Daimler cafeterias and provide aid organizations with an "assistance fleet" of Mercedes-Benz vehicles.

We also assist efforts to integrate refugees and support the individual campaigns of our employees. For example, our staff members donated more than €300,000 to refugee assistance projects and we doubled that amount to €601,332, which was then given to the refugee aid section of the German Red Cross. The fundraising campaign was initiated by the company management and the General Works Council in Germany.

In order to support the smooth integration of refugees into the German labor market, Daimler also began offering "bridge internships" for refugees in November 2015. For additional information, page 117.

Employee commitment
The efforts of our employees to help communities and promote the common good around the globe manifest themselves in countless initiatives that go beyond the refugee assistance campaigns. These initiatives demonstrate just how seriously our employees take their responsibility, and how willing they are to offer opportunities to people at the very fringes of society.

In the ProCent initiative, for example, Daimler employees voluntarily donate the cent amounts of their net salaries to socially beneficial projects. The company matches every cent donated. Approximately €1 million was collected in this manner in 2015.

The largest single donation to date was €57,000 for a project in South Africa known as "A fence for more freedom." With the help of ProCent, an orphanage being built in Cape Town was secured against attacks with a fence in order to protect children and youths. The orphanage will offer around 120 children a place to grow up in a family-like group atmosphere, and will also provide them with medical care and education.

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

The East Jerusalem Emergency Response Network, which is being built by the Jerusalem Foundation with our assistance, will provide effective assistance to the people of Jerusalem in emergencies. The goals of the Jerusalem Foundation are to improve the quality of life of residents of Jerusalem, break down the barriers between the different religious and ethnic groups and create a just society for everyone.

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

Overall Assessment of the Economic Situation

In the opinion of the Board of Management, the Daimler Group's economic situation is thoroughly satisfactory at the time of publication of this Annual Report. In recent years, we have implemented our strategy effectively and with great determination. This already led us onto a stable and profitable growth path in the year 2014, along which we progressed further in 2015. We significantly increased our revenue, unit sales and earnings – although we were confronted by difficult conditions in some markets. With new products and tailored services, we performed better than our competitors in many areas, allowing us to increase our market share. At the same time, we strengthened our leading position in key technologies with pioneering innovations, and systematically pushed forward with the digitization of the Group at all levels and in all divisions.

Awards for our innovative strength, for our attractiveness as an employer and for our new products and services are indicators of the positive momentum we now have. The appeal of our core brand Mercedes-Benz was significantly enhanced worldwide as a result not only of new and especially attractive products but also of outstanding quality. This allows us to address new markets as well as new and younger customer groups. For this purpose, we make use also of digital forms of customer contact and new sales formats, for example with the new Mercedes me sub-brand.

We significantly increased our unit sales by 12% to 2.9 million passenger cars and commercial vehicles despite difficult conditions in some major markets. Thanks to numerous new and successful products, Mercedes-Benz Cars and Mercedes-Benz Vans set new records for unit sales and Daimler Trucks also achieved a small increase, although the market situation in two key markets (Brazil and Indonesia) was extraordinary difficult. Only Daimler Buses did not quite match its unit sales of the previous year due to the market weakness in Latin America. Driven by the positive development of the automotive business, the Daimler Financial Services division also expanded significantly in the reporting period. The Group's revenue therefore also grew significantly – by 15% to €149.5 billion. Adjusted for exchange-rate effects, there was an increase of 9%.

We made significant progress in 2015 also in terms of the profitability of our business. Operating profit (EBIT) from the ongoing business of €13.8 billion was 36% above the prior-year level (€10.1 billion). This was primarily due to the Mercedes-Benz Cars and Daimler Trucks divisions, but Mercedes Benz Vans and Daimler Financial Services also significantly increased their EBIT. At Mercedes-Benz Cars, the return on sales from the ongoing business for the first time reached the division's target of 10%, and Daimler Financial Services' return on equity of 18.3% was once again above its target (17%). We laid a cornerstone for this positive development with the efficiency programs that we implemented in all divisions in recent years. By the end of 2014, we achieved a total contribution to earnings of approximately €4 billion through sustained improvements in cost structures as well as additional business activities. The full impact of these programs was reflected for the first time in the year 2015. In addition to these measures with short-term effects, we are implementing fundamental initiatives for the long-term and structural optimization of business systems in all divisions.

As a result of the positive development of earnings, we once again achieved a very good return on net assets of 21.6% (2014: 18.8%). We therefore once again earned substantially more than our targeted minimum return on capital employed (8%). This is reflected by our value added, which increased very significantly to €5.7 billion (2014: €4.4 billion).

In line with the ongoing high level of earnings, we continue to have very sound key financial metrics. At year-end, the Group's overall equity ratio rose to 23.6% (2014: 22.1%) and the equity ratio of the industrial business was 44.2% (2014: 40.8%). The net liquidity of the industrial business increased to €18.6 billion (2014: €17.0 billion), although we made an extraordinary contribution of €1.2 billion to the pension fund assets in Germany and the United States and applied €0.7 billion for the acquisition of the digital mapping business HERE. At €5.9 billion, the free cash flow of the industrial business – the parameter we use to measure financial strength – was once again higher than in the previous year after adjusting for special items (2014: €5.2 billion), and is thus significantly higher than the proposed dividend distribution.

We want our shareholders to participate appropriately in the earnings achieved by Daimler in 2015. At the Annual Shareholders' Meeting on April 6, 2016, the Board of Management and the Supervisory Board will therefore propose an increase in the dividend to €3.25 per share (prior year: €2.45). With this decision, we are also expressing our confidence about the ongoing course of business. The dividend distribution will thus rise to €3.5 billion (prior year €2.6 billion), which is by a large margin the highest amount paid out in the Company's history.

The generally very positive business development strengthens our financial basis on a broad front and thus improves our ability to invest substantial amounts to secure our successful future and to finance those investments from our own resources. In the year under review, we invested more than €13 billion in property, plant and equipment, associated companies and joint ventures, research and development for new products, new technologies and digitization, and the expansion of our global production network. And even higher amounts are planned for the coming years.

The high levels of research and development expenditure in recent years are already paying off. This is shown not only by our current business development, but also by the fact that we are playing a pioneering role in key technologies that are crucial for the future of individual mobility. This applies to powertrain technology, traffic safety and digital connectivity, and in particular also to autonomous driving. Two milestones were the research vehicles F 015 Luxury in Motion and Vision Tokyo in the area of passenger cars. In the area of trucks, we have official approval in both the United States and Germany for road tests of our Highway Pilots. pages 10 f The components from our research and test vehicles are gradually being applied in series production. Partially autonomous driving is therefore already reality for our cars and our trucks. And we will go one step further with the new E-Class, which will be launched in the spring.

We once again demonstrated our technology leadership in 2015 in the fields of fuel efficiency, safety and vehicle connectivity. With innovative powertrains and highly economical model versions, we reduced the average CO_2 emissions of the cars we sell in the European Union to 123 grams per kilometer. We thus achieved the goal we had set of 125 g/km by 2016 ahead of time. This was due in particular to our highly efficient new models as well as our first four plug-in hybrids.
pages 12 f

A key element of our growth strategy is the systematic digitization of our products and processes – in all divisions, along the entire value chain and with a focus on the customer. The intelligent networking of the entire value chain enables us to shorten the development processes and to make production processes more flexible and marketing and sales processes more direct. New patterns of thought and action are required for the digital transformation at the Group. Our goal is to combine the speed and risk culture of the digital industry with Daimler's perfection and innovative strength.

We are extremely well positioned for the upcoming challenges with our growth strategies, our digitization offensive and the high levels of investment in the future of the Group. We are on a stable growth path, which we will continue to follow systematically. We therefore look to the coming years with great confidence and continue to aim for further profitable growth.

Events after the Reporting Period

In February 2016, Daimler AG announced a recall of vehicles for precautionary reasons due to defective airbags from the manufacturer Takata. The resulting expense of €0.3 billion has been recognized in the consolidated financial statements for the year 2015.

Since the end of the 2015 financial year, there have been no further occurrences that are of major significance for Daimler. The course of business in the first weeks of 2016 confirms the statements made in the "Outlook" section of this Annual Report.

Remuneration Report

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

Principles of Board of Management remuneration

Goals

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

Practical implementation

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

- the effects of the individual fixed and variable components, that is, the methods behind them and their reference parameters;
- the relative weighting of the components, that is, the relationship between the fixed base salary and the short-term and long-term variable components; and
- the target remuneration consisting of base salary, annual bonus and long-term variable remuneration, also with consideration of entitlement to a retirement pension and fringe benefits.

The vertical comparison focuses on the ratio of Board of Management remuneration to the remuneration of the senior executives and the entire workforce of Daimler AG in Germany, also with regard to development over time. The Supervisory Board has defined the group of senior executives for this purpose.

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

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

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

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

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

The system of Board of Management remuneration in 2015
The fixed base salary and the annual bonus each continue to comprise approximately 29% of the target remuneration, while the variable component of remuneration with a long-term incentive effect (PPSP) makes up approximately 42% of the target remuneration. The base salary was increased by an average of 3% in the reporting year. ↗ B.45

With regard to the PPSP, an additional limitation of the target achievement for the reference parameter return on sales was decided upon for plans from 2015 onwards, if the strategic target for return on sales (currently 9%) is not achieved.

As before, only 50% of the annual bonus is paid out in the March of the following year. The other 50% is paid out a year later (deferral) with the application of a bonus-malus rule, depending on the development of the Daimler share price compared with an automotive index (Dow Jones STOXX Auto Index) pages 63f, which Daimler AG uses as a benchmark for the relative share-price development. Both the delayed payout of the portion of the annual bonus (with the use of the bonus-malus rule) and the variable component of remuneration from the PPSP with its link to additional, ambitious comparative parameters and to the share price reflect the recommendations of the German Corporate Governance Code and give due consideration to both positive and negative developments.

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

The maximum amounts of remuneration of the members of the Board of Management were set as of financial year 2015 at 1.9 times the target remuneration for its members and 1.5 times the target remuneration for its Chairman. The target remuneration consists of the base salary, the target annual bonus and the grant value of the PPSP, excluding fringe benefits and retirement benefit commitments. With the inclusion of fringe benefits and retirement benefit commitments from the respective financial year, the maximum limit of total remuneration increases by these amounts. The possible cap on the amount exceeding the maximum limit takes place with the payment of the PPSP issued in the relevant financial year, i.e. for the year 2015, with payment of the PPSP in 2019. ↗ B.46

The individual components of the remuneration system are as follows:

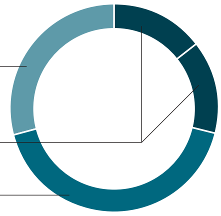
The **base salary** is fixed remuneration relating to the entire year, oriented towards the area of responsibility of each Board of Management member and paid out in twelve monthly installments. ↗ B.47

B.45

Remuneration structure

Target remuneration consists of non-performance-related and performance-related components:

base salary (non-performance-related)	approx. 29%
short- and medium-term performance-related components	approx. 29%
long-term performance-related components	approx. 42%



B.46

Maximum limit of total remuneration[1] 2015

Chairman of the Board of Management	1.5 times the target remuneration[1]
Members of the Board of Management	1.9 times the target remuneration[1]

Base salary in 2015
+ target bonus = 100% of the 2015 base salary
+ PPSP value when granted for 2015

Target remuneration[1] in 2015

Base salary in 2015
+ annual bonus for 2015
(50% paid out in 2016 + 50% in 2017)
+ PPSP payment for 2015 (in 2019)
incl. dividend equivalent payments

Total remuneration[1] in 2015

The possible cap on the amount exceeding the maximum limit takes place with the payment of the PPSP for 2015 in 2019.

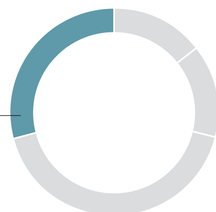
1 Excluding fringe benefits and retirement benefit commitments in all cases.

B.47

Base salary – fixed page 123

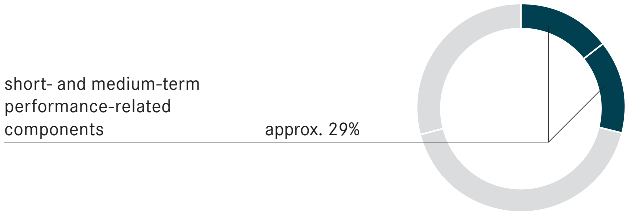
base salary – fixed – oriented towards the area of responsibility

base salary (non-performance-related) paid out in twelve monthly installments	approx. 29%



B.48

Annual bonus – short- and medium-term performance-related remuneration page 124



annual bonus 2015 = **target bonus** x **overall target achievement**

target bonus = 100 % of base salary 2015

target achievement EBIT
+/- target achievement "individual targets"
+/- target achievement "non-financial targets"
- target achievement "compliance targets"

overall target achievement

time of payment of annual bonus 2015

50% of annual bonus = in March of the year after the reporting year (2016)

50% of annual bonus (deferral) = in March of the second year after the reporting year (2017)

amount paid out = 50% of annual bonus x "relative share performance"[1]

1 Depending on the development of the Daimler share price compared with the Dow Jones STOXX Auto Index.

B.49

Annual bonus in 2015

dependent upon	
EBIT target achievement Range of possible target achievement: 0% – 200%	– 50% relates to a comparison of actual EBIT in 2015 with EBIT targeted for 2015 – 50% relates to a comparison of actual EBIT in 2015 with actual EBIT in 2014
Target achievement: "individual targets" Range of possible target achievement: -25% – +25%	Individual target agreements in 2015
Target achievement: "non-financial targets" Range of possible target achievement: -10% – +10%	For 2015: Further development and permanent establishment of the corporate value of integrity, as well as diversity and the maintenance and enhancement of a high level of employee satisfaction and product quality.
Target achievement: "compliance targets" Range of possible target achievement: -25% – 0%	Compliance agreements in 2015
Maximum target achievement (total cap):	**235% of the target bonus**

The **annual bonus** is variable remuneration, the level of which is primarily linked to the operating profit of the Daimler Group (EBIT). For the past financial year, the annual bonus was linked to the target for the financial year determined by the Supervisory Board (derived from the level of return targeted for the medium term and the growth targets), the actual result compared with the prior year, the individual performance of the Board of Management members and the achievement of compliance targets. In addition, qualitative targets are defined and included. With the actual-actual comparison, achievement of EBIT at the prior-year level constitutes target achievement of 100%. With the target-actual comparison, the particularly ambitious definition of the targeted EBIT that is oriented towards the competition constitutes target achievement of 150%. ↗ B.48 ↗ B.49

Primary reference parameters:
- 50% relates to a comparison of actual EBIT in 2015 with EBIT targeted for 2015.
- 50% relates to a comparison of actual EBIT in 2015 with actual EBIT in 2014.

Amount with 100% target achievement (target annual bonus):
In 2015, this is equivalent to the respective base salary.

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

For the other primary reference parameter, which also relates to half of the annual bonus, "comparison of actual EBIT in the financial year with actual EBIT in the prior year," the limits of the unchanged possible range of 0% to 200% continue to be defined by a deviation of +/- two percent of the prior-year revenue.

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

Also in 2015, further qualitative targets were agreed upon with the individual members of the Board of Management with regard to the development and sustained function of the compliance management system. The complete or partial non-achievement of these individual compliance targets can be reflected by a deduction of up to 25% from the individual target achievement. However, the compliance targets cannot result in any increase in individual target achievement, even in the case of full accomplishment.

The total amount to be paid out from the annual bonus is limited to 2.35 times the base salary of the respective financial year.

B.50

Performance Phantom Share Plan (PPSP)
– long-term performance-related remuneration pages 125 f

long-term performance-related remuneration approx. 42%

amount when granted in euros page 125 / price of Daimler shares when issued = **preliminary number of phantom shares (virtual shares)** three-year dividend entitlement

after expiry of third plan year

preliminary number of phantom shares x performance factor
= **final number of phantom shares,** dividend entitlement in fourth year

after expiry of fourth plan year

final number of phantom shares x Daimler share price at end of plan
= **amount paid out**

Time of payment of Performance Phantom Share Plan 2015 in February of the year 2019

B.51

PPSP 2015

dependent upon	
Development of performance factors	– 50% relates to the "return on sales" achieved in a three-year comparison with the defined group of competitors page 126 Bandwidth of possible target achievement: 0% – 200%[1] – 50% relates to the "relative share performance," i.e. the development of Daimler's share price in a three-year comparison with the development of a share-price index for the defined group of competitors. Bandwidth of possible target achievement: 0% – 200%
Development of the Daimler share price	Price when issued and price at the end of the plan period Bandwidth of possible price development: maximum of 2.5 times the issue price

Maximum performance development (total cap):
2.5 times the amount granted
(including dividend equivalent payments throughout the plan period)

Stock ownership guidelines
Share purchase obligation of up to 25% of the gross remuneration until the defined number of shares (between 20,000 and 75,000) have been purchased (shares to be held until the end of term of service)

1 Maximum of 195% if, in the event of target achievement of 195% – 200%, the strategic return target of 9% has not been reached.

The **Performance Phantom Share Plan** (PPSP) is a variable element of remuneration with long-term incentive effects. At the beginning of the plan, the Supervisory Board specifies a grant value (absolute amount in euros) in the context of setting the individual annual target remuneration. This amount is divided by the relevant average price of Daimler shares calculated over a predefined long period of time, which results in the preliminary number of phantom shares allocated. Also at the beginning of the plan, performance targets are set for a period of three years (performance period). Depending on the achievement of these performance targets with a possible range of 0% to 200%, after three years, the phantom shares allocated at the beginning of the plan are converted into the final number of phantom shares allocated. After another plan year has elapsed, the amount to be paid out is calculated from this final number of phantom shares and the applicable share price at that time. The share price relevant to the payout under this plan is also relevant to allocating the preliminary number of phantom shares for the plan newly issued in the respective year. ↗ B.50 ↗ B.51

Reference parameters for Plan 2015:

- 50% relates to the Group's return on sales in a three-year comparison with a group of competitors comprising all listed vehicle manufacturers with an automotive proportion of more than 70% by revenue and an investment-grade credit rating (BMW, Ford, Fuji Heavy, Honda, Hyundai, Isuzu, Mazda, Nissan, Paccar, Suzuki, Toyota, Volvo and Volkswagen). For the measurement of this success criterion, the competitors' average return on sales is calculated over a period of three years. Target achievement occurs to the extent to which Daimler's return on sales deviates by a maximum of +/- 2 percentage points from 105% of the calculated average of the competitors. Target achievement of 100% only occurs when the average return on sales of the Daimler Group reaches 105% of the average return on sales of the group of competitors. So target achievement of 200% occurs if Daimler's return on sales exceeds 105% of the average of the competitors by 2 percentage points or more. An additional limitation will be implemented starting with PPSP 2015: If a target achievement of between 195% and 200% occurs in the third year of the performance period, the maximum target achievement calculated from the reference parameter of return on sales compared to the reference group will only be deemed to be 200% if the actual return on sales for Daimler's automotive business reaches at least the strategic target for return on sales (currently 9%). Otherwise, target achievement will be limited to 195%.

  Target achievement of 0% occurs if Daimler's return on sales is 2 percentage points or more lower than 105% of the calculated average of the competitors. In the deviation range of +/- 2 percentage points, target achievement varies in proportion to the deviation.

- 50% relates to "relative share performance," i.e. the development of Daimler's share price in a three-year comparison with the development of a share-price index for the defined group of competitors. If the development of Daimler's share price (in percent) is the same as of the index (in percent), target achievement is deemed to be 100%. If the development of Daimler's share price (in percent) is 50 percentage points or more below (above) the development of the index, target achievement is deemed to be 0% (200%). In the deviation range of +/- 50 percentage points, target achievement varies in proportion to the deviation.

Value upon allocation:
Determined annually by the Supervisory Board; for 2015, approximately 1.3 to 1.5 times the base salary.

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

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

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

Guidelines for share ownership
As a supplement to these three components of remuneration, "Stock Ownership Guidelines" exist for the Board of Management. These guidelines require the members of the Board of Management to invest a portion of their private assets in Daimler shares over several years and to hold those shares until the end of their Board of Management membership. The number of shares (between 20,000 and 75,000) to be held was set in 2005 when the Performance Phantom Share Plan was introduced in relation to double the then annual base salary of each ordinary member of the Board of Management and triple the then annual base salary of the Chairman of the Board of Management. In fulfillment of the guidelines, up to 25% of the gross remuneration out of each Performance Phantom Share Plan is generally to be used to acquire ordinary shares in the Company, but the required shares can also be acquired in other ways.

Appropriateness of Board of Management remuneration
In accordance with Section 87 of the German Stock Corporation Act (AktG), the Supervisory Board of Daimler AG once again had an assessment of the system of Board of Management remuneration carried out by an external remuneration expert in 2015. The result was that the remuneration system as described above was confirmed as being in conformance with the requirements of applicable law. The remuneration system was approved as described by the Annual Shareholders' Meeting in 2014 with an approval ratio of 96.8%.

Board of Management remuneration in 2015

Board of Management remuneration in 2015 pursuant to Section 314 Subsection 1 No. 6 of the German Commercial Code (HGB)
The total remuneration granted by Group companies (excluding retirement benefit commitments) to the members of the Board of Management of Daimler AG is calculated as the total of the amounts of

- the base salary in 2015,
- the half of the annual bonus for 2015 payable in 2016 and measured as of the end of the reporting period,
- the half of the medium-term share-based component of the annual bonus for 2015 payable in 2017 with its value at the end of the reporting period (entitlement depending on the development of Daimler's share price compared with the Dow Jones STOXX Auto Index),
- the value of the long-term share-based remuneration (PPSP) at the time when granted in 2015, and
- the taxable non-cash benefits in 2015.

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

The remuneration of the Board of Management for the year 2015 amounts to €38.8 million (2014: €29.9 million). Of that total, €9.1 million was fixed, that is, non-performance-related remuneration (2014: €8.2 million), €17.4 million (2014: €11.6 million) was short- and medium-term variable performance-related remuneration (annual bonus with deferral), and €12.3 million was variable performance-related remuneration granted in 2015 with a long-term incentive effect (2014: €10.1 million). ↗ B.52

The granting of non-cash benefits in kind, primarily the reimbursement of expenses for security precautions and the provision of company cars, resulted in taxable benefits for the members of the Board of Management in 2015 as shown in table ↗ B.53.

B.52

Board of Management remuneration in 2015

		Base salary	Short and medium-term variable remuneration (annual bonus)		Long-term variable remuneration (PPSP)		Total
			Short-term	Medium-term	Number	Value when granted (2015: at share price €83.35) (2014: at share price €66.83)	
In thousands of euros							
Dr. Dieter Zetsche	**2015**	**2,008**	**2,289**	**2,289**	**37,092**	**3,092**	**9,678**
	2014	2,008	1,727	1,727	43,424	2,902	8,364
Dr. Wolfgang Bernhard	**2015**	**824**	**939**	**939**	**16,564**	**1,381**	**4,083**
	2014	779	670	670	18,380	1,228	3,347
Dr. Christine Hohmann-Dennhardt	**2015**	**781**	**851**	**851**	**14,837**	**1,237**	**3,720**
	2014	758	633	633	17,370	1,161	3,185
Ola Källenius	**2015**	**781**	**890**	**890**	**14,837**	**1,237**	**3,798**
	2014						
Wilfried Porth	**2015**	**781**	**890**	**890**	**15,512**	**1,293**	**3,854**
	2014	758	652	652	18,159	1,151[1]	3,213
Andreas Renschler[2]	**2015**	**–**	**–**	**–**	**–**	**–**	**–**
	2014	62	47	47	–	–	156
Hubertus Troska	**2015**	**781**	**890**	**890**	**14,837**	**1,237**	**3,798**
	2014	758	652	652	17,370	1,161	3,223
Bodo Uebber	**2015**	**928**	**1,058**	**1,058**	**17,737**	**1,478**	**4,522**
	2014	901	775	775	20,765	1,298[3]	3,749
Prof. Dr. Thomas Weber	**2015**	**781**	**890**	**890**	**15,754**	**1,313**	**3,874**
	2014	758	652	652	18,444	1,233	3,295
Total	**2015**	**7,665**	**8,697**	**8,697**	**147,170**	**12,268**	**37,327**
	2014	6,782	5,808	5,808	153,912	10,134	28,532

1 PPSP 2014 taking into account board remuneration of €62,707.
2 Board of Management remuneration paid until January 28, 2014.
3 PPSP 2014 taking into account board remuneration of €89,391.

B.53

Taxable non-cash benefits and other fringe benefits

	2015	2014
In thousands of euros		
Dr. Dieter Zetsche	**148**	163
Dr. Wolfgang Bernhard	**90**	163
Dr. Christine Hohmann-Dennhardt	**97**	94
Ola Källenius	**189**	–
Wilfried Porth	**107**	93
Andreas Renschler[1]	**–**	8
Hubertus Troska[2]	**493**	431
Bodo Uebber	**188**	332
Prof. Dr. Thomas Weber	**127**	121
Total	**1,439**	1,405

1 Board of Management remuneration paid until January 28, 2014.
2 For the fulfillment of disclosure obligations pursuant to Section 285 No. 9a of the German Commercial Code (HGB), this amount is reduced by €170,820 for the year 2015 (2014: €139,000). The corresponding fringe benefits were granted and borne by a subsidiary and are thus not included in the amounts to be disclosed in the annual financial statements of the parent company, Daimler AG.

Commitments upon termination of service

Retirement provision

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

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

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

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

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

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

Service costs for pension obligations according to IFRS amounted to €3.5 million in 2015 (2014: €2.8 million). The present value of the total defined benefit obligation according to IFRS amounted to €80.0 million as of December 31, 2015 (December 31, 2014: €80.5 million). Taking age and period of service into account, the individual entitlements, service costs and present values are shown in the table. ↗ B.54

Commitments upon early termination of service

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

Sideline activities of Board of Management members

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

Loans to members of the Board of Management

In 2015, no advances or loans were made to members of the Board of Management of Daimler AG.

Payments made to former members of the Board of Management of Daimler AG and their survivors

Payments made in 2015 to former members of the Board of Management of Daimler AG and their survivors amounted to €15.5 million (2014: €16.8 million). Pension provisions for former members of the Board of Management and their survivors amounted to €235.2 million as of December 31, 2015 (2014: €263.0 million).

B.54

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

In thousands of euros		Annual pension (as regulated until 2005) as of age 60	Service cost (for pension, pension capital and Daimler Pensions Plan)	Present value[2] of obligations (for pension, pension capital and Daimler Pensions Plan)
Dr. Dieter Zetsche	**2015**	**1,050**	**1,044**	**37,925**
	2014	1,050	827	39,238
Dr. Wolfgang Bernhard	**2015**	**–**	**448**	**2,491**
	2014	–	380	2,565
Ola Källenius	**2015**	**–**	**117**	**1,690**
	2014	–	–	–
Wilfried Porth	**2015**	**156**	**281**	**8,070**
	2014	156	220	8,788
Andreas Renschler[1]	**2015**	**–**	**–**	**–**
	2014	225	30	–
Hubertus Troska	**2015**	**–**	**342**	**3,159**
	2014	–	314	3,321
Bodo Uebber	**2015**	**275**	**834**	**14,538**
	2014	275	676	14,148
Prof. Dr. Thomas Weber	**2015**	**300**	**419**	**12,178**
	2014	300	333	12,454
Total	**2015**	**1,781**	**3,485**	**80,051**
	2014	2,006	2,780	80,514

1 Mr. Renschler proportionately until January 28, 2014.
2 The amounts of the present values are primarily due to the low level of the relevant discount rate.
Dr. Hohmann-Dennhardt has no entitlement to a company retirement benefit.

Details of Board of Management remuneration in 2015 pursuant to the requirements of the German Corporate Governance Code

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

The total of "benefits granted" for financial year 2014 is calculated from

- the base salary in 2014,
- the taxable non-cash benefits and other fringe benefits in 2014,
- the half of the annual bonus payable in 2015 for 2014 at the value for target achievement of 100%,
- the half of the share-based annual bonus payable in 2016 for 2014 at the value for target achievement of 100%,

B.55

Benefits granted

	Dr. Dieter Zetsche Chairman of the Board of Management, Head of Mercedes-Benz Cars				Dr. Wolfgang Bernhard Daimler Trucks & Buses			
	Jan. 1 – Dec. 31, 2014	2015	Jan. 1 – Dec. 31, min.	Jan. 1 – Dec. 31, max.	Jan. 1 – Dec. 31, 2014	2015	Jan. 1 – Dec. 31, min.	Jan. 1 – Dec. 31, max.
In thousands of euros								
Base salary	2,008	**2,008**	2,008	2,008	779	**824**	824	824
Taxable non-cash benefits and other fringe benefits	163	**148**	148	148	163	**90**	90	90
Total	2,171	**2,156**	2,156	2,156	942	**914**	914	914
Annual variable remuneration (50% of annual bonus, short-term)	1,004	**1,004**	0	2,360	390	**412**	0	968
Deferral (50% of annual bonus, medium-term)	1,004	**1,004**	0	2,360	390	**412**	0	968
Long-term variable remuneration (plan period of 4 years)	2,902	**3,092**	0	6,875	1,228	**1,381**	0	3,070
Total	4,910	**5,100**	0	11,595	2,008	**2,205**	0	5,006
Retirement pension expense (service costs)	827	**1,044**	1,044	1,044	380	**448**	448	448
Total remuneration	7,908	**8,300**	3,200	14,795	3,330	**3,567**	1,362	6,368
Total limit[1] for components of remuneration granted in the reporting year Excluding – Taxable non-cash benefits and other fringe benefits – Retirement pension expense (service costs)	10,149			10,149	5,172			5,464

	Dr. Christine Hohmann-Dennhardt Integrity & Legal Affairs				Ola Källenius Mercedes-Benz Cars Marketing & Sales			
	Jan. 1 – Dec. 31, 2014	2015	Jan. 1 – Dec. 31, min.	Jan. 1 – Dec. 31, max.	Jan. 1 – Dec. 31, 2014	2015	Jan. 1 – Dec. 31, min.	Jan. 1 – Dec. 31, max.
In thousands of euros								
Base salary	758	**781**	781	781	–	**781**	781	781
Taxable non-cash benefits and other fringe benefits	94	**97**	97	97	–	**189**	189	189
Total	852	**878**	878	878	–	**970**	970	970
Annual variable remuneration (50% of annual bonus, short-term)	379	**391**	0	919	–	**391**	0	919
Deferral (50% of annual bonus, medium-term)	379	**391**	0	919	–	**391**	0	919
Long-term variable remuneration (plan period of 4 years)	1,161	**1,237**	0	2,750	–	**1,237**	0	2,750
Total	1,919	**2,019**	0	4,588	–	**2,019**	0	4,588
Retirement pension expense (service costs)	–	**–**	–	–	–	**117**	117	117
Total remuneration	2,771	**2,897**	878	5,466	–	**3,106**	1,087	5,675
Total limit[1] for components of remuneration granted in the reporting year Excluding – Taxable non-cash benefits and other fringe benefits – Retirement pension expense (service costs)	4,971			5,058	–			5,058

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

- the value of the long-term share-based remuneration (PPSP) at the time when granted in 2014 (payable in 2018), and
- the retirement pension expense in 2014 (service costs in 2014).

The total of “benefits granted” for financial year 2015 is calculated from:
- the base salary in 2015,
- the taxable non-cash benefits and other fringe benefits in 2015,
- the half of the annual bonus payable in 2016 for 2015 at the value for target achievement of 100%,
- the half of the share-based annual bonus payable in 2017 for 2015 at the value for target achievement of 100%,
- the value when granted in 2015 (payable in 2019) of the long-term share-based remuneration (PPSP), and
- the retirement pension expense in 2015 (service costs in 2015).

Benefits granted

	Wilfried Porth HR and Labor Relations Director, IT & Mercedes-Benz Vans				**Andreas Renschler[2]**	**Hubertus Troska** Greater China			
	Jan. 1 – Dec. 31, 2014	**2015**	Jan. 1 – Dec. 31, min.	max.	Jan. 1 – Jan. 28, 2014	Jan. 1 – Dec. 31, 2014	**2015**	Jan. 1 – Dec. 31, min.	max.
In thousands of euros									
Base salary	758	**781**	781	781	62	758	**781**	781	781
Taxable non-cash benefits and other fringe benefits	93	**107**	107	107	8	431	**493**	493	493
Total	851	**888**	888	888	70	1,189	**1,274**	1,274	1,274
Annual variable remuneration (50% of annual bonus, short-term)	379	**391**	0	919	31	379	**391**	0	919
Deferral (50% of annual bonus, medium-term)	379	**391**	0	919	31	379	**391**	0	919
Long-term variable remuneration (plan period of 4 years)	1,214	**1,293**	0	2,875		1,161	**1,237**	0	2,750
Total	1,972	**2,075**	0	4,713	62	1,919	**2,019**	0	4,588
Retirement pension expense (service costs)	220	**281**	281	281	30	314	**342**	342	342
Total remuneration	3,043	**3,244**	1,169	5,882	162	3,422	**3,635**	1,616	6,204
Total limit[1] for components of remuneration granted in the reporting year Excluding – Taxable non-cash benefits and other fringe benefits – Retirement pension expense (service costs)	5,066			5,153	233	4,971			5,058

	Bodo Uebber Finance & Controlling, Daimler Financial Services				**Prof. Dr. Thomas Weber** Group Research & Mercedes-Benz Cars Development			
	Jan. 1 – Dec. 31, 2014	**2015**	Jan. 1 – Dec. 31, min.	max.	Jan. 1 – Dec. 31, 2014	**2015**	Jan. 1 – Dec. 31, min.	max.
In thousands of euros								
Base salary	901	**928**	928	928	758	**781**	781	781
Taxable non-cash benefits and other fringe benefits	332	**188**	188	188	121	**127**	127	127
Total	1,233	**1,116**	1,116	1,116	879	**908**	908	908
Annual variable remuneration (50% of annual bonus, short-term)	451	**464**	0	1,090	379	**391**	0	919
Deferral (50% of annual bonus, medium-term)	451	**464**	0	1,090	379	**391**	0	919
Long-term variable remuneration (plan period of 4 years)	1,388	**1,478**	0	3,288	1,233	**1,313**	0	2,920
Total	2,290	**2,406**	0	5,468	1,991	**2,095**	0	4,758
Retirement pension expense (service costs)	676	**834**	834	834	333	**419**	419	419
Total remuneration	4,199	**4,356**	1,950	7,418	3,203	**3,422**	1,327	6,085
Total limit[1] for components of remuneration granted in the reporting year Excluding – Taxable non-cash benefits and other fringe benefits – Retirement pension expense (service costs)	5,922			6,025	5,100			5,187

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

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

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

B.56

Payments made

	Dr. Dieter Zetsche Chairman of the Board of Management, Head of Mercedes-Benz Cars		**Dr. Wolfgang Bernhard** Daimler Trucks & Buses	
	Jan. 1 – Dec. 31, 2014	Jan. 1 – Dec. 31, **2015**	Jan. 1 – Dec. 31, 2014	Jan. 1 – Dec. 31, **2015**
In thousands of euros				
Base salary	2,008	**2,008**	779	**824**
Taxable non-cash benefits and other fringe benefits	163	**148**	163	**90**
Total	2,171	**2,156**	942	**914**
Annual variable remuneration (50% of annual bonus, short-term)	1,727	**2,289**	670	**939**
Deferral (50% of annual bonus, medium-term)	1,583	**1,809**	564	**626**
Long-term variable remuneration				
Payment of PPSP 2010	7,524	**–**	2,770	**–**
Payment of PPSP 2011	–	**6,416**	–	**2,566**
Dividend equivalent PPSP 2011	195	**–**	78	**–**
Dividend equivalent PPSP 2012	154	**304**	61	**122**
Dividend equivalent PPSP 2013	143	**156**	57	**62**
Dividend equivalent PPSP 2014	98	**106**	41	**45**
Dividend equivalent PPSP 2015	–	**91**	–	**41**
Total	11,424	**11,171**	4,241	**4,401**
Retirement pension expense (service costs)	827	**1,044**	380	**448**
Total remuneration	14,422	**14,371**	5,563	**5,763**

	Dr. Christine Hohmann-Dennhardt Integrity & Legal Affairs		**Ola Källenius** Mercedes-Benz Cars Marketing & Sales	
	Jan. 1 – Dec. 31, 2014	Jan. 1 – Dec. 31, **2015**	Jan. 1 – Dec. 31, 2014	Jan. 1 – Dec. 31, **2015**
In thousands of euros				
Base salary	758	**781**	–	**781**
Taxable non-cash benefits and other fringe benefits	94	**97**	–	**189**
Total	852	**878**	–	**970**
Annual variable remuneration (50% of annual bonus, short-term)	633	**851**	–	**890**
Deferral (50% of annual bonus, medium-term)	584	**626**	–	**–**
Long-term variable remuneration				
Payment of PPSP 2010	–	**–**	–	**–**
Payment of PPSP 2011	–	**2,246**	–	**268**
Dividend equivalent PPSP 2011	68	**–**	–	**–**
Dividend equivalent PPSP 2012	61	**122**	–	**15**
Dividend equivalent PPSP 2013	57	**62**	–	**8**
Dividend equivalent PPSP 2014	39	**43**	–	**12**
Dividend equivalent PPSP 2015	–	**36**	–	**36**
Total	1,442	**3,986**	–	**1,229**
Retirement pension expense (service costs)	–	**–**	–	**117**
Total remuneration	2,294	**4,864**	–	**2,316**

The total of “payments made” for financial year 2015 is calculated from:
- the base salary in 2015,
- the taxable non-cash benefits and other fringe benefits in 2015,
- the half of the annual bonus payable in 2016 for 2015 at the value as of the end of the reporting period,
- the half of the share-based annual bonus paid in 2015 for 2013,
- the amount of the long-term share-based remuneration (PPSP 2011) paid in 2015,
- the dividend equivalent of the current PPSP (2012, 2013, 2014 and 2015) paid in 2015, and
- the retirement pension expense in 2015 (service costs in 2015).

The caps possible to ensure the total maximum amount shown in the table of benefits granted for the reporting year 2015 are implemented with the payout of PPSP 2015, which constitutes the last payment to be made of the components of remuneration granted in 2015. For the year 2015, therefore, the possible cap would take place in 2019, the year that PPSP 2015 is paid out.

Payments made

	Wilfried Porth HR and Labor Relations Director, IT & Mercedes-Benz Vans		Andreas Renschler[1]	Hubertus Troska Greater China	
	Jan. 1 – Dec. 31, 2014	Jan. 1 – Dec. 31, 2015	Jan. 1 – Jan. 28, 2014	Jan. 1 – Dec. 31, 2014	Jan. 1 – Dec. 31, 2015
In thousands of euros					
Base salary	758	**781**	62	758	**781**
Taxable non-cash benefits and other fringe benefits	93	**107**	8	431	**493**
Total	851	**888**	70	1,189	**1.274**
Annual variable remuneration (50% of annual bonus, short-term)	652	**890**	47	652	**890**
Deferral (50% of annual bonus, medium-term)	564	**645**	595	27	**626**
Long-term variable remuneration					
Payment of PPSP 2010	3,009	**–**		1,231	**–**
Payment of PPSP 2011	–	**2,566**		–	**1,050**
Dividend equivalent PPSP 2011	78	**–**		32	**–**
Dividend equivalent PPSP 2012	61	**122**		25	**50**
Dividend equivalent PPSP 2013	57	**62**		57	**62**
Dividend equivalent PPSP 2014	41	**44**		39	**43**
Dividend equivalent PPSP 2015	–	**38**		–	**36**
Total	4,462	**4,367**	642	2,063	**2,757**
Retirement pension expense (service costs)	220	**281**	30	314	**342**
Total remuneration	5,533	**5,536**	742	3,566	**4,373**

	Bodo Uebber Finance & Controlling, Daimler Financial Services		Prof. Dr. Thomas Weber Group Research & Mercedes-Benz Cars Development	
	Jan. 1 – Dec. 31, 2014	Jan. 1 – Dec. 31, 2015	Jan. 1 – Dec. 31, 2014	Jan. 1 – Dec. 31, 2015
In thousands of euros				
Base salary	901	**928**	758	**781**
Taxable non-cash benefits and other fringe benefits	332	**188**	121	**127**
Total	1,233	**1,116**	879	**908**
Annual variable remuneration (50% of annual bonus, short-term)	775	**1,058**	652	**890**
Deferral (50% of annual bonus, medium-term)	707	**781**	544	**664**
Long-term variable remuneration				
Payment of PPSP 2010	3,598	**–**	3,194	**–**
Payment of PPSP 2011	–	**3,068**	–	**2,725**
Dividend equivalent PPSP 2011	93	**–**	83	**–**
Dividend equivalent PPSP 2012	73	**146**	65	**129**
Dividend equivalent PPSP 2013	68	**75**	61	**66**
Dividend equivalent PPSP 2014	47	**51**	41	**45**
Dividend equivalent PPSP 2015	–	**43**	–	**39**
Total	5,361	**5,222**	4,640	**4,558**
Retirement pension expense (service costs)	676	**834**	333	**419**
Total remuneration	7,270	**7,172**	5,852	**5,885**

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

Remuneration of the Supervisory Board

Supervisory Board remuneration in 2015

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

The members of the Supervisory Board and its committees receive a meeting fee of €1,100 for each Supervisory Board meeting and committee meeting that they attend.

The individual remuneration of the members of the Supervisory Board is shown in table ↗ B.57.

In financial year 2015, no remuneration was paid for services provided personally beyond the aforementioned board and committee activities, in particular for advisory or agency services, except for the remuneration paid to the members of the Supervisory Board representing the employees in accordance with their contracts.

The remuneration of all the activities of the members of the Supervisory Board of Daimler AG in the year 2015 was thus €3.5 million (2014: €3.6 million).

Loans to members of the Supervisory Board

No advances or loans were made to members of the Supervisory Board of Daimler AG in 2015.

B.57

Supervisory Board remuneration

Name	Function(s) remunerated	Total in 2015
In euros		
Dr. Manfred Bischoff	Chairman of the Supervisory Board, the Presidential Committee and the Nomination Committee	**447,400**
Michael Brecht[1]	Member of the Supervisory Board and the Audit Committee, Deputy Chairman of the Supervisory Board, the Presidential Committee and the Audit Committee	**368,900**
Dr. Paul Achleitner	Member of the Supervisory Board and the Nomination Committee	**152,800**
Sari Baldauf	Member of the Supervisory Board and the Nomination Committee	**152,800**
Michael Bettag[1]	Member of the Supervisory Board (since January 1, 2015)	**127,700**
Dr. Clemens Börsig	Member of the Supervisory Board and the Audit Committee (Chairman of the Audit Committee)	**253,200**
Dr. Bernd Bohr	Member of the Supervisory Board	**127,700**
Dr. Jürgen Hambrecht	Member of the Supervisory Board and of the Presidential Committee	**182,300**
Petraea Heynike	Member of the Supervisory Board	**127,700**
Jörg Hofmann[1]	Member of the Supervisory Board and of the Presidential Committee (each until October 31, 2015)	**149,823**
Andrea Jung	Member of the Supervisory Board	**127,700**
Joe Kaeser	Member of the Supervisory Board and the Audit Committee	**192,100**
Ergun Lümali[1]	Member of the Supervisory Board	**127,700**
Dr. Sabine Maaßen[1]	Member of the Supervisory Board and the Audit Committee	**194,300**
Wolfgang Nieke[1]	Member of the Supervisory Board	**127,700**
Dr. Bernd Pischetsrieder	Member of the Supervisory Board	**127,700**
Valter Sanches[2]	Member of the Supervisory Board	**127,700**
Jörg Spies[1]	Member of the Supervisory Board	**127,700**
Elke Tönjes-Werner[1]	Member of the Supervisory Board	**127,700**
Dr. Frank Weber	Member of the Supervisory Board	**127,700**
Roman Zitzelsberger[1]	Member of the Supervisory Board (since November 4, 2015) and of the Presidential Committee (since December 9, 2015)	**20,168**

1 The employee representatives have stated that their board remuneration is to be transferred to the Hans-Böckler Foundation, in accordance with the guidelines of the German Trade Union Federation.
2 Mr. Sanches has directed that he receive no remuneration and that his board remuneration is to be paid to the Hans-Böckler Foundation.

Takeover-Relevant Information and Explanation

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

Composition of share capital
The share capital of Daimler AG amounted to approximately €3,070 million as of December 31, 2015. It is divided into 1,069,837,447 registered shares, each of which accounts for approximately €2.87 of equity capital. Pursuant to Section 67 Subsection 2 of the German Stock Corporation Act, only those persons registered as shareholders in the share register are considered to be shareholders of the Company. With the exception of treasury shares, from which the Company does not have any rights, all shares confer equal rights to their holders. Each share confers the right to one vote and, with the possible exception of any new shares that are not yet entitled to a dividend, to an equal share of the profits in accordance with the dividend payout approved by the Annual Shareholders' Meeting. The rights and obligations arising from the shares are derived from the provisions of applicable law, in particular Sections 12, 53 a ff, 118 ff and 186 of the German Stock Corporation Act. There were no treasury shares as of December 31, 2015.

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

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

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

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

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

Pursuant to Section 179 of the German Stock Corporation Act (AktG), the Articles of Incorporation can only be amended by a resolution of an Annual Shareholders' Meeting. Unless otherwise required by applicable law, resolutions of the Annual Shareholders' Meeting – with the exception of elections – are passed pursuant to Section 133 of the German Stock Corporation Act (AktG) and Article 16 Subsection 1 of the Articles of Incorporation with a simple majority of the votes cast and if required with a simple majority of the share capital represented.

Pursuant to Section 179 Subsection 2 of the German Stock Corporation Act (AktG), any amendment to the purpose of the Company requires a 75% majority of the share capital represented at the Shareholders' Meeting; no use is made in the Articles of Incorporation of the possibility to stipulate a larger majority of the share capital. Amendments to the Articles of Incorporation that only affect the wording can be decided upon by the Supervisory Board in accordance with Section 7 Subsection 2 of the Articles of Incorporation. Pursuant to Section 181 Subsection 3 of the German Stock Corporation Act (AktG), amendments to the Articles of Incorporation take effect upon being entered in the Commercial Register.

Authorization of the Board of Management to issue or buy back shares

By resolution of the Annual Shareholders' Meeting of April 14, 2010, the Board of Management was authorized during the period until April 13, 2015 to acquire the Company's own shares, and to apply derivative financial instruments for this purpose as well. This authorization was rescinded by resolution of the Annual Shareholders' Meeting of April 1, 2015 and replaced by a new authorization that allows the Company to acquire its own shares during the period until March 31, 2020 for all legal purposes in a volume of up to 10% of the share capital at the time of the resolution of the Annual Shareholders' Meeting. The shares can be used, under the exclusion of shareholders' subscription rights, for, among other things, corporate mergers and acquisitions or else can be sold for cash to third parties at a price that is not significantly below the market price at the time of the sale. The shares can also be used to service debt on convertible bonds and/or bonds with warrants, or else issued to employees of the Company and employees and members of executive bodies of affiliated companies pursuant to Section 15 ff. of the German Stock Corporation Act (AktG). The Company's own shares can also be canceled.

In addition, the Board of Management is authorized under other defined circumstances and with the consent of the Supervisory Board to exclude shareholders' subscription rights. The Company's own shares in a volume of up to 5% of the share capital existing at the time of the resolution of the Annual Shareholders' Meeting can also be acquired with the application of derivative financial instruments (put or call options, forwards or a combination of these financial instruments), whereby the terms of the derivatives may not exceed 18 months and must be terminated on March 31, 2020.

No use was made of this authorization to acquire the Company's own shares during the reporting period.
By resolution of the Annual Shareholders' Meeting held on April 9, 2014, the Board of Management was authorized with the consent of the Supervisory Board to increase the share capital of Daimler AG in the period until April 8, 2019, wholly or in partial amounts, on one or several occasions, by up to €1 billion by issuing new registered shares of no par value in exchange for cash or non-cash contributions, and with the consent of the Supervisory Board under certain conditions and within defined limits to exclude shareholders' subscription rights (Approved Capital 2014). No use has yet been made of Approved Capital 2014.

The Company was authorized by resolution of the Annual Shareholders' Meeting held on April 14, 2010, to issue convertible bonds and/or bonds with warrants during the period until April 13, 2015. The Company made no use of this authorization, which was rescinded by resolution of the Annual Shareholders' Meeting of April 1, 2015 and replaced by a new authorization. It authorizes the Board of Management with the consent of the Supervisory Board to issue during the period until March 31, 2020 convertible bonds and/or bonds with warrants or a combination of those instruments (commercial papers) in a total nominal amount of up to €10 billion with a maximum term of ten years, and to grant the owners/lenders of those bonds conversion or option rights to new, registered shares of no par value in Daimler AG with a corresponding amount of the share capital of up to €500 million, in accordance with the terms and conditions of those convertible bonds or bonds with warrants. The bonds may be issued in exchange for consideration in cash, but also for consideration in kind, in particular for a participation in other companies. The respective terms and conditions may also provide for mandatory conversion or an obligation to exercise the option rights. The bonds can be issued once or several times, wholly or in installments, or simultaneously in various tranches. They can also be issued by companies affiliated with Daimler AG pursuant to Section 15 ff. of the German Stock Corporation Act (AktG).

Inter alia, the Board of Management was also authorized under certain circumstances, within certain limits and with the consent of the Supervisory Board to exclude shareholders' subscription rights to the bonds. No use has yet been made of this new authorization to issue convertible bonds and/or bonds with warrants.

In order to service the debt of the convertible bonds and/or bonds with warrants issued as a result of the authorization, the Annual Shareholders' Meeting of April 1, 2015 also approved a conditional increase in the share capital of up to €500 million (Conditional Capital 2015). Conditional Capital 2010 was rescinded.

Material agreements taking effect in the event of a change of control

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

- A non-utilized syndicated credit line in a total amount of €9 billion, which the lenders are entitled to terminate if Daimler AG becomes a subsidiary of another company or comes under the control of one person or several persons acting jointly.
- Credit agreements with lenders for a total amount of €2.8 billion, which the lenders are entitled to terminate if Daimler AG becomes a subsidiary of another company or comes under the control of one person or several persons acting jointly.
- Guarantees and securities for credit agreements of consolidated subsidiaries for a total amount of €562 million, which the lenders are entitled to terminate if Daimler AG becomes a subsidiary of another company or comes under the control of one person or several persons acting jointly.
- An agreement concerning the acquisition of a majority (50.1%) of AFCC Automotive Fuel Cell Cooperation Corp., which has the purpose of further developing fuel cells for automotive applications and making them marketable. In the case of a change of control of Daimler AG, the agreement provides for the right of termination by the other main shareholder, Ford Motor Company. Control as defined by this agreement is the beneficial ownership of the majority of the voting rights and the resulting right to appoint the majority of the members of the Board of Management.
- A cooperation agreement with Ford concerning the joint predevelopment of a fuel-cell system. In the event of a change of control of one of the parties to the agreement, the agreement provides for the right of termination for the other parties. A change of control is deemed to occur at a threshold of 50% of the voting rights of the company in question or upon authorization to appoint the majority of the members of its managing board.
- A master cooperation agreement on wide-ranging strategic cooperation with Renault S. A., Renault-Nissan B.V. and Nissan Motor Co., Ltd. in connection with cross-shareholdings. The Renault-Nissan Alliance received an equity interest of 3.1% in Daimler AG and Daimler AG received equity interests of 3.1% in each of Renault S. A. and Nissan Motor Co., Ltd. In the case of a change of control of one of the parties to the agreement, each of the other parties has the right to terminate the agreement. A change of control as defined by the master cooperation agreement occurs if a third party or several third parties acting jointly acquire, legally or economically, directly or indirectly, at least 50% of the voting rights in the company in question or are authorized to appoint a majority of the members of its managing board. Under the master cooperation agreement, several cooperation agreements were concluded between Daimler AG on the one side and Renault and/or Nissan on the other, which provide for the right of termination for a party to the agreement in the case of a change of control of another party. These agreements primarily concern a new architecture for small cars, the shared use and development of fuel-efficient diesel and gasoline engines and transmissions, the development and supply of a small urban delivery van, the development, production and supply of pickups, the use of an existing architecture for compact cars, the joint development of components for a new architecture for compact cars, and the joint production of Infiniti and Mercedes-Benz compact vehicles in a 50-50 joint venture in Mexico. A change of control is deemed to occur at a threshold of 50% of the voting rights of the company in question or upon authorization to appoint a majority of the members of its managing board. In the case of termination of cooperation in the area of the development of small cars due to a change of control in the early phase of the cooperation, the party affected by the change of control would be obliged to bear its share of the costs of the development of shared components even if the development were terminated for that party.
- An agreement with BAIC Motor Co., Ltd., relating to a jointly held company for the production and distribution of cars of the Mercedes-Benz brand in China, by which BAIC Motor Co., Ltd. is given the right to terminate or exercise a put or call option in the case that a third party acquires one third or more of the voting rights in Daimler AG.
- An agreement relating to the establishment of a joint venture with Beiqi Foton Motor Co., Ltd. for the purpose of producing and distributing heavy-duty and medium-duty trucks of the Auman brand. This agreement gives Beiqi Foton Motor Co., Ltd. the right of termination in the case that one of its competitors acquires more than 25% of the equity or assets of Daimler AG or becomes able to influence the decisions of its Board of Management.
- An agreement between Daimler and Robert Bosch GmbH relating to the joint establishment and joint operation of EM-motive GmbH for the development and production of traction and transmission-integrated electric motors as well as parts and components for such motors for automotive applications and for the sale of those articles to the Robert Bosch Group and the Daimler Group. If Daimler should become controlled by a competitor of Robert Bosch GmbH, Robert Bosch GmbH has the right to terminate the consortium agreement without prior notice and to acquire all the shares in the joint venture held by Daimler at a fair market price.
- An agreement between Daimler AG, BMW AG and Audi AG relating to the acquisition of the companies of the HERE Group and the associated establishment of There Holding B.V. In the event of a change of control of one of the parties to the agreement, the agreement obligates the party in question to offer its shares in There Holding B.V. to the other parties to the agreement (shareholders). If none of the other parties acquire these shares, the agreement gives them the right to dissolve There Holding B.V.

Risk and Opportunity Report

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

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Assessment of probability of occurrence and possible impact

Level	Probability of occurrence		
Low	0% <	Probability of occurrence	≤ 33%
Medium	33% <	Probability of occurrence	≤ 66%
High	66% <	Probability of occurrence	< 100%

Level	Possible impact		
Low	€0 <	Impact	< €500 million
Medium	€500 million ≤	Impact	< €1 billion
High		Impact	≥ €1 billion

Risk and opportunity management system

The **risk management system** with regard to material and existence-threatening risks is integrated into the value-based management and planning system of the Daimler Group. It is an integral part of the overall planning, management and reporting process in the legal entities, divisions and corporate functions. The risk management system is intended to systematically and continually identify, assess, control, monitor and report material risks and risks threatening Daimler's existence, in order to ensure the achievement of corporate targets and to enhance risk awareness at the Group.

The **opportunity management system** at the Daimler Group is derived from the risk management system. The objective of opportunity management is to recognize the possible opportunities arising in business activities as a result of positive developments at an early stage and to utilize them as optimally as possible for the Group by taking appropriate measures. Taking advantage of opportunities may lead to an overachievement of planned goals. Opportunity management considers those opportunities that are relevant and implementable, but which have not yet been included in any planning.

In the context of operational planning, risks and opportunities – with consideration of appropriate risk and opportunity categories – are identified and assessed generally for a two-year planning period. Furthermore, the discussions for the derivation of mid-term and strategic targets in the context of strategic planning include the identification and assessment of risks and opportunities relating to a longer period. The reporting of risks and opportunities in the Management Report generally relates to a period of one year. Besides the reporting at specific times and with reference to the described periods, risk and opportunity management is established as a continuous task within the Group. In addition to the regular reporting, there is also an internal reporting obligation within the Group for risks with reporting relevance arising unexpectedly. The Group's central corporate risk management regularly reports the identified risks and opportunities to the Board of Management and the Supervisory Board.

Risk assessment takes place on the basis of the probability of occurrence and the possible impact of the risk according to the levels low, medium and high. These levels also apply to the potential impact of opportunities. An analysis of the probability of occurrence is not conducted here. When assessing the impact of a risk, the effect in relation to EBIT is basically considered.

At the Daimler Group, risks below €500 million are categorized as low, between €500 million and €1 billion as medium and above €1 billion as high. Risk management is based on the principle of completeness. This means that at the level of the individual entities, all concrete risks enter the risk management process. General uncertainties without any clear indication of a possible effect on earnings are monitored by the internal control system (ICS). The assessment of the dimensions probability of occurrence and possible impact is based on the levels shown in table ↗ B.58 and is conducted before measures are implemented.

The quantification of each risk and opportunity category in the Management Report summarizes the individual risks and opportunities for each category. If the impact of an individual risk exceeds the amount of €2 billion, this risk is described separately in the Management Report. If not otherwise presented, even in the case of simultaneous occurrence of all individual risks in a risk category, the Group does not expect any effect in this category of more than €3 billion. In the context of describing the risk and opportunity categories, significant changes in comparison to the prior year are explained.

The scope of consolidation for risk and opportunity management corresponds to the scope of consolidation of the consolidated financial statements and goes beyond that if necessary. The risks and opportunities of the divisions and operating units, important associated companies, joint ventures, joint operations and the corporate departments are included.

The tasks of the employees responsible for risk and opportunity management include, besides identification and assessment, the development of measures and the initiation of such measures, if necessary. The objective of such measures is to avoid, reduce or transfer risks. The utilization or enhancement of an opportunity, and its partial or full implementation, also require measures to be taken. The cost-effectiveness of a measure is assessed before its implementation. The development of all risks and opportunities of the individual entities and of the related countermeasures that have been initiated are continually monitored. Risk and opportunity controlling at the Daimler Group takes place at the level of the divisions based on individual risks and opportunities.

The **internal control and risk management system with regard to the accounting process** has the objective of ensuring the correctness and effectiveness of accounting and financial reporting. It is designed in line with the internationally recognized framework for internal control systems of the Committee of Sponsoring Organizations of the Treadway Commission (COSO Internal Control – Integrated Framework), is continually developed further and is an integral part of the accounting and financial reporting process in all relevant legal entities and corporate functions. The system includes principles and procedures as well as preventive and detective controls. Among other things, it is regularly checked, if

- the Group’s uniform financial reporting, valuation and accounting guidelines are continually updated and regularly taught and adhered to;
- transactions within the Group are fully accounted for and properly eliminated;
- issues relevant for financial reporting and disclosure from agreements entered into are recognized and appropriately presented;
- processes are established to guarantee the completeness of financial reporting;
- processes are established for the segregation of duties and for the “four-eyes principle” (dual accountability) in the context of preparing financial statements and authorization and access rules exist for relevant IT accounting systems.

The effectiveness of the internal control system is systematically assessed with regard to the corporate accounting process. The first step consists of a risk analysis and the definition of control. Significant risks are identified relating to the process of corporate accounting and financial reporting in the main legal entities and corporate functions. The controls required are then defined and documented in accordance with Group-wide guidelines. Random samples are regularly tested to assess the effectiveness of the controls. Those tests constitute the basis for self-assessment of the appropriate magnitude and effectiveness of the controls. The results of this self-assessment are documented and reported in a global IT system. Identified weaknesses are eliminated with consideration of their potential effects. At the end of the annual cycle, the selected legal entities and corporate functions confirm the effectiveness of the internal control and risk management system with regard to the corporate accounting process. The Board of Management and the Audit Committee of the Supervisory Board are regularly informed about the main control weaknesses and the effectiveness of the control mechanisms installed. However, the internal control and risk management system for the accounting process cannot ensure with absolute certainty that material false statements in accounting are avoided.

The **organizational embedding and monitoring of risk and opportunity management** takes place through the risk management organization established at the Group. The divisions, corporate functions and legal entities are asked to report about concrete risks and opportunities at regular intervals. This information is passed on to Corporate Risk Management, which processes the information and provides it to the Board of Management and the Supervisory Board as well as to the Group Risk Management Committee (GRMC).

In order to ensure the complete presentation and assessment of material risks and risks threatening the existence of the Group, as well as the control and risk processes with regard to the corporate accounting process, Daimler has established the Group Risk Management Committee. It is composed of representatives of Finance & Controlling, Accounting, Legal and Group Compliance, and is chaired by the Board of Management Member for Finance & Controlling and Daimler Financial Services. The internal auditing department contributes material findings on the internal control and risk management system.

In addition to dealing with fundamental issues, the committee has the following tasks:
- The GRMC defines and designs the framework conditions with regard to the organization, methods, processes and systems that are needed to ensure a functional, group-wide and holistic control and risk management system.
- The GRMC regularly reviews the effectiveness and functionality of the installed control and risk management processes. Minimum requirements can be laid down in terms of the design of the control processes and of risk management and necessary and appropriate measures can be initiated to eliminate any system failings or weaknesses identified. The measures taken by the GRMC ensure that relevant risks and process weaknesses that might exist are identified and eliminated as early as possible.

However, responsibility for operational risk management and for the control and risk management processes with regard to the corporate accounting process remains directly with the divisions, corporate functions and legal entities.

Reports regarding the current risk situation and the effectiveness, functionality and appropriateness of the internal control and risk management system are regularly presented to the Board of Management and to the Audit Committee of the Supervisory Board of Daimler AG. Furthermore, the responsible managers regularly discuss the risks of business operations with the Board of Management.

The Audit Committee of the Supervisory Board is responsible for **monitoring the internal control and risk management system**. The internal auditing department monitors whether the statutory conditions and the Group's internal guidelines are adhered to in the Group's monitoring and risk management system. If required, measures are then initiated in cooperation with the respective management. External auditors audit the system for the early identification of risks that is integrated in the risk management system for its general suitability to identify risks threatening the existence of the Group; in addition, they report to the Supervisory Board on any significant weaknesses that have been recognized in the internal control and risk management system.

Risks and opportunities

The following section describes the risks and opportunities that can have a significant influence on the profitability, cash flows and financial position of the Daimler Group. In general, the reporting of risks and opportunities takes place for the individual segments. If no segment is explicitly mentioned, the risks and opportunities described relate to all the automotive divisions.

In addition, risks and opportunities that are not yet known or classified as not material can influence profitability, cash flows and financial position.

Industry and business risks and opportunities

The following section describes the industry and business risks and opportunities of the Daimler Group. A quantification of these risks and opportunities is shown in table ↗ **B.59.**

Economic risks and opportunities
Economic risks and opportunities constitute the framework for the risks and opportunities listed in the following categories and are integrated as premises into the quantification of these risks and opportunities. Overall economic conditions have a significant influence on automobile sales markets. Their development is one of the Group's major risks and opportunities.

Like the majority of economic research institutes, Daimler expects the **world economy** to remain within its rather below-average growth corridor of 2.5 to 3.0% in 2016. Economic developments in 2015 are described in detail in the "Economic Conditions and Business Development" section of this Management Report; growth assumptions for 2016 are explained in the "Outlook" section pages 79 ff and 152 ff.

Economic risks and opportunities are linked with assumptions and forecasts on the **general development** of the individual subjects. Overall, economic risks for the business environment have tended to increase compared with the previous year, and the opportunities for an improvement of the world economy have slightly decreased.

The ongoing growth dynamism of the **US economy** will be mainly determined by reactions to the first increases in interest rates by the central bank after such a long phase of extremely low rates. Excessively fast increases in interest rates by the US Federal Reserve (Fed) would have a significantly negative impact on the US economy. Rising interest on loans could reverse the recovery of the real-estate market and dampen companies' investments. If the weakening of industrial activity that was to be observed as of mid-2015 exacerbates, there will be a perceptible impact on the growth of the US economy in 2016. If the recovery of the labor market falters or if wages rise more slowly than currently assumed, there will be negative consequences for private consumption, which is now the main driver of US economic growth. Political uncertainty in advance of the presidential election in 2016 could also impact consumer and investor confidence. Although the Fed could counteract significantly weakening growth through its monetary policy, it would have little scope for action in this field, so the effectiveness of the potential measures would be limited. A possible renewed wave of expansive measures would also further increase the danger of speculative bubbles. Such a development would have significant consequences because the Daimler Group (especially the Mercedes-Benz Cars and Daimler Trucks divisions) generates a considerable volume of its unit sales in the United States and diminished growth could also spread to other regions. However, if investment activity in the United States turns out to be significantly more dynamic than previously assumed, this could result in substantially stronger growth. The resulting increased employment and income effects could boost demand for all the automotive divisions.

If there is no continuation of the required consolidation of state budgets and of reform efforts in the countries of the **European Monetary Union** (EWU), this could cause renewed turmoil in the financial markets, leading to increasing refinancing costs through rising capital-market interest rates and thus jeopardizing the still only moderate economic recovery. The extremely low rate of inflation harbors an additional risk in that a long-lasting and broad-based fall in prices would constitute a considerable threat to the economic recovery of the EMU and make it even more difficult for the debt-ridden countries of the euro zone to finance their debts. Furthermore, there is concern that the very expansive monetary policy of the European Central Bank could further increase the danger of speculative bubbles in the stock and bond markets. Major turbulence in the financial markets would directly impact the economic outlook. Although the agreement reached between Greece and its creditors in the summer of 2015 reduced the direct risk of Greece's exit from the euro zone, that risk is by no means completely removed. A return to that discussion could lead to renewed uncertainty and volatility in the financial markets. A new factor is the risk of the United Kingdom's exit from the European Union. This would have significantly larger economic effects, whereby a major portion of the risk would relate to the UK itself. The possible burden on the British economy would be immense. The European market continues to be very important for Daimler across all divisions; for the Mercedes-Benz Cars and Mercedes-Benz Vans divisions, it is in fact still the biggest sales market. An opportunity that is difficult to assess can be seen in a significantly improved economic development in the euro zone. If countries such as Italy and France implement reform measures more quickly and decisively than has so far been assumed, economic growth could also accelerate. That would benefit the development of investment and demand for motor vehicles in the important European market.

In **Japan**, the failure of the country's expansive monetary and fiscal policy and the lack of structural reforms could trigger a significant growth slowdown or recession, although this should be regarded as a regionally limited risk. A slowdown of economic growth could lead to lower demand for cars and trucks, which in turn could negatively affect the Mercedes-Benz Cars and Daimler Trucks divisions, for which Japan is an important sales market. A regionally limited opportunity exists in the possibility of a distinct acceleration of economic growth in Japan. This could be caused by a significant increase in investment activity, resulting from the targeted structural reforms and the expansive monetary and fiscal policies that have already been initiated. The Mercedes-Benz Cars and Daimler Trucks divisions could then benefit from this positive development.

Due to China's enormous importance as a growth driver for the world economy in recent years, an economic downturn in **China** would represent a considerable risk to the world economy. The stock-market slumps in the summer of 2015 and at the beginning of 2016, the volatile development of the real-estate sector along with falling exports and increasing capital outflows are indicators of structural weaknesses. If these structural problems become more severe than currently assumed and the growth slowdown turns out to be more pronounced as a consequence, the world economy would cool off significantly. Another factor is the significant risk inherent in the enormous growth in debt that has been observed since the global financial crisis, especially in the corporate sector. If the growth slowdown results in an excessive increase in credit defaults, this could lead to turbulences in the banking sector and the financial markets. China is now a key sales market for the Mercedes-Benz Cars and Mercedes-Benz Vans divisions in particular, which means that any disruptions caused by the aforementioned risks could result in lower-than-planned growth in unit sales. In addition, a drop in demand in China would further exacerbate the fall in the price of oil and other raw materials, with extremely disadvantageous effects for raw-material exporting countries worldwide. This would have a massive negative impact on

B.59
Industry and business risks and opportunities

Risk category	Probability of occurrence	Impact	Opportunity category	Impact
General market risks	Medium	High	General market opportunities	High
Risks relating to leasing and sales financing	Low	Low	Opportunities relating to leasing and sales financing	Low
Procurement market risks	Low	High	Procurement market opportunities	Low
Risks relating to the legal and political framework	Medium	High	Opportunities relating to the legal and political framework	Low

demand for the automotive divisions in these regions. On the other hand, a further opportunity is seen in an even stronger development of the Chinese economy. This could be triggered by the expansive monetary and fiscal policies taking rapid effect, accompanied by a significant increase in consumption. Strong growth in overall economic consumption would create additional opportunities for the aforementioned divisions.

Another risk is to be seen in a renewed weakening of growth in the **emerging markets**. There have been disappointing developments in recent years, especially in major economies such as Russia and Brazil, although other countries such as Indonesia and Turkey have also developed below their possibilities. A combination of weak growth and high interest-rates increases the risk of a rising number of defaults in those countries, especially in view of the substantial expansion of credit in some cases over the past few years. A further drop in the price of raw materials along with the interest-rate increase in the United States could lead to renewed substantial capital outflows, especially in raw-material exporting emerging countries. This would worsen financing conditions above all in the emerging markets, which are very dependent on foreign capital due to their high current-account deficits and have high rates of foreign debt. Financial-market turbulences going as far as currency crises would be possible consequences and could have a massive impact on the economies of the affected countries. As Daimler is already very active in these countries or their markets play a strategic role, this would have significantly negative effects on the Group's prospective unit sales. An opportunity is to be seen in the implementation of reforms occurring in important emerging economies. If structural reforms are quickly and consistently carried out in countries such as India or Indonesia, flows of global capital into these countries would increase again, resulting in new scope for growth. Furthermore, reduced uncertainty in the international financial markets following the first rise in interest rates in the United States could have positive effects, especially on the economies of the emerging markets.

The **conflict between Russia and Ukraine** has led to an additional risk for the development of the world economy since 2014. This risk has increased macroeconomic uncertainty and has had a negative effect on the business climate and consumer confidence. An escalation of the crisis and the resulting tightening of sanctions and counter-sanctions would have a massive negative impact on the economy, especially in Europe, whereby the exact extent of this effect is very difficult to predict. It is conceivable that such an escalation would negatively impact oil prices through a higher risk premium, and it would also dampen sentiment and demand in markets that are highly dependent on oil imports. Furthermore, the consequences of a possible debt default by Russia or of its failure to service due debts cannot be predicted.

The conflict in **Syria**, which has heated up as a result of the offensive of the "Islamic State" (IS), is threatening the stability of the region, especially in neighboring Iraq. The severance of diplomatic relations between Iran and Saudi Arabia is increasing the tension in the region and reducing the chance of a settlement of the current conflicts. Although most Iraqi oil production facilities are located in regions not controlled by IS, concerns still remain that Iraqi oil deliveries could be interrupted or that the armed conflict in Syria could spill over into other areas. An abrupt increase in oil prices brought about by an attack on oil refineries could endanger the recovery in fragile European economies or in the United States and could also negatively affect emerging markets that depend on oil imports. However, if oil prices remain at such a low level for a long time, this could present a significant growth opportunity for the world economy due to increased purchasing power. An additional factor is that recent **terror attacks** by IS have shown that the conflict can no longer be regarded as a regional risk. Should further attacks or assassinations in Europe lead to a shock of uncertainty, investment and consumer confidence could be severely undermined with a resulting impact on the real economy. In addition, state spending for such purposes as coping with the refugee crisis and for security actions could lead to rising fiscal deficits in Europe. However, the suspension of the sanctions imposed on Iran represents an opportunity. The resumption of economic relations and an enormous need to catch up after the end of the sanctions offer great growth potential in which the divisions Mercedes-Benz Cars and above all Daimler Trucks can participate.

On the **global financial markets**, a market environment with relatively low liquidity could lead to significant market corrections and phases of extreme volatility, for example when market expectations with regard to central bank activities in the United States or Europe are not fulfilled. Such developments could impact the worldwide investment climate and have a negative effect on the global economy. In addition, tensions resulting from exchange-rate volatility and possible manipulations carried out to preserve global competitiveness could lead to an increase in **protectionist measures** and a type of "devaluation race." This would put a substantial strain on world trade and threaten future growth.

General market risks and opportunities

The risks and opportunities for the development of automotive markets are strongly affected by the situation of the global economy as described above.

The assessment of **market risks and opportunities** is associated with assumptions and forecasts about the overall development of markets in the various regions in which the Daimler Group is active. The potential effects of the risks on the development of the Daimler Group's **unit sales** are included in risk scenarios. The danger of worsening market developments or changed market conditions, especially due to the partially unstable macroeconomic environment and political or business uncertainties, generally exists for all divisions of the Daimler Group and can cause changes relating to the planned unit sales and inventories. Differences between the divisions exist due to variations in their regional focus of activities. The development of the markets is continuously analyzed and monitored by the divisions; if necessary, specific marketing and sales programs are implemented. Clear strategies have been formulated for each division in order to ensure profitable growth and efficiency progress.

Existing uncertainties with regard to market developments can also mean that the overall market or regional conditions for the automotive industry might develop better than assumed in the internal forecasts and the premises upon which the Group's target planning is based. Due to strong demand, in particular for vehicles of various series of the Mercedes-Benz Cars division, market **opportunities** are conceivable that could be utilized by creating additional production capacities or increasing the divisions' production volumes. The possibility of higher unit sales of vehicles exists in the Daimler Trucks segment as a result of improved market developments or changed conditions in the market. Further market opportunities have been identified by the Mercedes-Benz Vans and Daimler Buses divisions. However, the existing market opportunities of the divisions of the Daimler Group can only be utilized if production and the corresponding regional conditions can be focused accordingly and gaps between demand and supply are recognized and covered in good time. The measures that could be taken by the Daimler Group to utilize potential opportunities include a combination of local sales and marketing activities, central strategic product and capacity planning, and the adjustment of production and cost structures to the changing conditions.

Some **dealers and vehicle importers** are in a difficult financial situation. As a result, supporting actions may become necessary to ensure the viability of such business partners. The sources of the risks lay in the respective risk environments. Supporting actions would negatively impact the profitability, cash flows and financial position of the automotive segments. For this reason, the financial situations of strategically relevant dealerships and vehicle importers are continually monitored. Risks of this kind exist for dealers and vehicle importers of the Mercedes-Benz Cars, Daimler Trucks and Mercedes-Benz Vans divisions.

The Daimler Group's successful product portfolio is one of the factors behind the advantageous positioning compared to the competitors. A possible increase in **competition and price pressure** is another area of risk that affects all the automotive segments. Aggressive pricing policies, the introduction of new products by competitors or price pressure related to the aftersales business could make it impossible to achieve the targeted prices. This might result in lower revenue or could mean that the effect of cost-reduction programs is not fully reflected in earnings. The extent of such risks is oriented towards a division's sales volume. Depending on the volume of regional unit sales, various measures are taken to support weaker markets. They include the use of new sales channels, actions designed to strengthen brand awareness and brand loyalty, and sales and marketing campaigns. These measures can also be applied to safeguard business in the area of aftersales. Daimler also operates various programs to boost sales through the use of financial incentives for customers. Corresponding measures taken to support the segments' unit sales would adversely affect the projected revenue. Continuous monitoring of competitors is carried out in order to recognize such risks at an early stage. Opportunities can arise in this context if sales-promotion activities already planned do not have to be applied in full.

Further risks and opportunities at Mercedes-Benz Cars and Daimler Trucks relate to the **development of the used vehicle markets** and thus to the residual values of the vehicles produced. As part of the established residual-value management process, certain assumptions are made at the local and corporate levels regarding the expected level of prices, on which basis the cars returned in the leasing business are valued. If general market developments lead to a negative or positive deviation from the assumptions, there is a risk of lower residual values or an opportunity of higher residual values of used cars. Depending on the region and the current market situation, the measures taken generally include continuous market monitoring as well as, if required, price-setting strategies or sales promotions designed to regulate vehicle inventories. The quality of market forecasts is verified by periodic comparisons of internal and external sources. If necessary, the set residual values are adjusted and refined with regard to methods, processes and systems for determining such values.

As the target achievement of the Daimler Financial Services division is closely connected with the development of business in the automotive divisions, the existing **volume risks and opportunities** are also reflected in the Daimler Financial Services segment. In this context, Daimler Financial Services contributes towards marketing expenses, especially for advertising campaigns.

The impact of the risks continues to be assessed as "high". Due to market volatility, the overall market risk increases to more than €3 billion. The impact of opportunities has risen, due in particular to market opportunities in the Mercedes-Benz Cars segment.

Risks and opportunities relating to the leasing and sales-financing business
In connection with the sale of vehicles, Daimler also offers its customers a wide range of financing possibilities – primarily leasing and financing the Group's products. The resulting risks for the Daimler Financial Services segment are mainly due to borrowers' worsening creditworthiness, so that receivables might not be recoverable in whole or in part due to customers' insolvency (**default risk or credit risk**). Daimler counteracts credit risks by means of creditworthiness checks on the basis of standardized scoring and rating methods and the collateralization of receivables, as well as state-of-the-art risk management with a firm focus on monitoring both internal and macroeconomic leading indicators. Other risks associated with the leasing and sales-financing business involve the possibility of increased refinancing costs due to changes in interest rates (**interest-rate risk**). An adjustment of credit conditions for customers in the leasing and sales-financing business due to higher refinancing costs could reduce the new business and contract volume of Daimler Financial Services, also reducing the unit sales of the automotive divisions. Risks and opportunities also arise from a lack of matching maturities with refinancing. The **risk of mismatching maturities** is minimized by coordinating the refinancing with the periods of financing agreements, from the perspective of interest rates as well as liquidity. Any remaining risks from changes in interest rates are managed by the use of derivative financial instruments. Further information on credit risks and the Group's risk-minimizing actions is provided in Note 32 of the Notes to the Consolidated Financial Statements. With regard to the leasing business, the automotive divisions also have a **residual-value risk** resulting from the risks associated with the development of used-vehicle prices. The extent of the risks and opportunities and the probability of occurrence of the risks relating to the leasing and sales-financing business continue to be assessed as low.

Procurement market risks and opportunities
Procurement market risks arise for the automotive divisions in particular from fluctuations in prices of raw materials. There are also risks of capacity bottlenecks caused by supplier delivery failures as well as risks of insufficient utilization of production capacities at suppliers. In general, the possible impact of risks related to the procurement market continues to be assessed as "high". The risk situation relating to the probability of occurrence decreased slightly compared with the previous year and is now assessed as "low". As in the previous year, only minor opportunities are anticipated in the raw-material markets.

Raw-material prices primarily remained constant with some falls during 2015 and featured moderate volatility. The weaker euro against the dollar at the beginning of the year had a major impact on all raw materials priced in US dollars. Due to almost completely unchanged macroeconomic conditions, price fluctuations are expected with uncertain and uneven trends in the near future. On the one hand, raw-material markets can be strongly impacted by political crises and uncertainties – combined with possible supply bottlenecks – as well as by volatile demand for specific raw materials; this increases the risk from raw-material prices for the individual automotive segments. On the other hand, the automotive segments' procurement operations profit from both the significantly lower dynamism of Chinese industry and from the anticipated continuation of slightly below-average growth of the world economy. Vehicle manufacturers are generally limited in their ability to pass on the higher costs of commodities and other materials in the form of higher prices for their products because of strong competitive pressure in the international automotive markets. A drastic increase in raw-material prices would at least temporarily result in a considerable reduction in economic growth.

Supplier risk management aims to identify potential **financial difficulties for suppliers** at an early stage and to initiate suitable countermeasures. Even though the crisis of recent years is over, the situation of some of the suppliers remains difficult due to tough competitive pressure. This has necessitated individual or joint support actions by vehicle manufacturers to safeguard their production and sales. In the context of supplier risk management, regular reporting dates are set for suppliers for which we have received early warning signals and made corresponding internal assessments. On these dates, the suppliers report key performance indicators to Daimler and decisions are made concerning any required support actions.

In connection with a further decrease in unit sales in major emerging markets, the Daimler Trucks division in particular is faced with the risk that Daimler will require a significantly lower volume of components from suppliers than originally planned. This would result in **underutilization of production capacities** for the suppliers. If fixed costs were no longer covered, there would be the risk of suppliers demanding compensation payments.

Risks and opportunities related to the legal and political framework
The risks and opportunities from the legal and political framework also have a considerable impact on Daimler's future business success. Regulations concerning vehicles' **emissions, fuel consumption and safety** play a particularly important role. Complying with these varied and often diverging regulations all over the world requires strenuous efforts on the part of the automotive industry. In the future, we expect to spend an even larger proportion of the research and development budget to ensure the fulfillment of these regulations. The probability of risks' occurrence has not changed compared with the previous year and is assessed as "medium"; the assessment of possible impact remains unchanged at "high".

Many countries have already implemented stricter **regulations to reduce vehicles' emissions and fuel consumption**, or are currently doing so.

The **Mercedes-Benz Cars** segment faces risks in China in particular, as the Chinese authorities have defined fleet fuel consumption as of 2020 of 5.0 liters per 100 kilometers (approximately 117 g CO_2/km) as the industry's target for new cars. For the year 2025, China has communicated in the context of its "Made in China 2025" strategy an industry target of 4.0 l/100 km (about 94 g CO_2/km). If the manufacturer-specific fleet targets are exceeded, there is the danger that vehicles may not be granted type approval or may be barred from the market. In addition, new emission legislation are currently being discussed (China 6 and Beijing 6). A significant tightening of the current legislation is expected.

Regulations concerning the CO_2 emissions of new cars are challenging also in the European Union. As of 2020, fleet-average CO_2 emissions of 95 g CO_2/km are to be achieved across the industry. The new regulation will apply to 100% of the fleet in 2021 following a one-year transition period. Daimler will suffer penalties if it exceeds the limits resulting from the average fleet vehicle weight (€95 per g CO_2/km and vehicle). In addition, the planned replacement of the NEDC (New European Driving Cycle) with the WLTP (Worldwide Harmonized Light Vehicles Test Procedure) is creating uncertainty, as neither the date for the introduction of the WLTP nor the conditions for converting from WLTP to NEDC figures to check the NEDC fleet target (by foreseeably 2020) or the continuation of fleet targets in WLTP figures (from foreseeably 2021) has been finally set. Based on current information, the changeover to the WLTP will make it more difficult to meet CO_2 targets as of 2020.

In Germany, there have been considerations of stimulating the hitherto sluggish sales of electric vehicles with a government program. The concepts for incentives for car buyers include a discussion of financing. This involves the risk that conventional vehicles would suffer a higher burden in the form of a new registration fee for the financing of incentives (also depending on CO_2 emissions). This also applies to the taxation of company cars, which could cause fleet customers to switch over to smaller and more fuel-efficient cars.

Legislation in the United States on greenhouse gases and fuel consumption stipulates that new car fleets in the United States may only emit an average of 163 grams of CO_2 per mile as of 2025 (approximately 100 grams CO_2 per kilometer). These new regulations will require an average annual reduction in CO_2 emissions as of 2017 amounting to 5% for cars and 3.5% at first for SUVs and pickups (this rather lower rate applies until 2022). This will impact the German premium manufacturers and thus also the Mercedes-Benz Cars division harder than the US manufacturers, for example. As a result of strong demand for large, powerful engines in the United States as well as Canada, financial penalties cannot be ruled out.

Similar legislation exists or is being prepared in many other countries, for example in Japan, South Korea, India, Canada, Switzerland, Mexico, Saudi Arabia, Brazil and Australia.

Daimler gives these targets due consideration in its product planning. The increasingly ambitious targets require significant proportions of plug-in hybrids or cars with other types of electric drive. The market success of these drive systems is greatly influenced by regional market conditions, for example the battery-charging infrastructure and state support. But as market conditions cannot be predicted with certainty, a residual risk exists.

In 2015, the diesel technology that is important in particular for the achievement of the challenging CO_2 targets in the EU came under pressure due to air-quality problems in cities (failure to meet NOx limits) and increasingly due to competitors' irregularities in the fulfilment of emission tests. In this environment, large parts of the Real Driving Emission (RDE) legislation has been or is being introduced. This has led to very ambitious legislation, which will require very complex exhaust-gas aftertreatment as of 2017. It remains to be seen to what extent the negative headlines and the threat of driving bans on diesel vehicles have unsettled customers with resulting shifts in the drive-system portfolio (fewer diesel and more gasoline engines). If such a shift occurs over the long term, additional measures will have to be taken to meet the CO_2 fleet limits as of 2020. We draw attention to the fact that several environmental authorities in Europe and in the USA have made requests for test results. Some requests were answered without any findings whereas other discussions still continue.

Pursuant to EU Directive 2006/40/EC, since January 1, 2011, vehicles only receive type approval if their air-conditioning units are filled with a refrigerant that meets certain criteria with regard to climate friendliness. For vehicles produced on the basis of type approvals granted previously, the directive allows a period of transition until December 31, 2016. Mercedes-Benz vehicles will fully comply with these legal requirements as of January 1, 2017 through the application of CO_2 air-conditioning and the refrigerant R1234yf in combination with a specially developed safety device that will be used depending on each vehicle's configuration. In December 2015, the EU Commission decided to file a lawsuit with the European Court of Justice (ECJ) against the Federal Republic of Germany. The Commission sees a contravention of the type-approval directive by the German authorities. At present, the Group does not assume that this will result in material effects on profitability, cash flows or financial position.

Strict regulations for the reduction of vehicles' emissions and fuel consumption create potential risks also for the **Daimler Trucks** division. For example, legislation was passed in Japan in 2006 and in the United States in 2011 for the reduction of greenhouse-gas emissions and fuel consumption by heavy-duty commercial vehicles. In the United States, a draft was proposed in July for fuel-consumption and greenhouse-gas legislation, which will probably have to be complied with starting in the period of 2021 to 2027. As the legislation will not be passed until mid-2016, the consequences for Daimler Trucks cannot yet be fully assessed. In China, legislation has been drafted which is likely to affect exports to that country and require additional expenditure as of 2017. The European Commission is currently working on methods for measuring the CO_2 emissions of heavy-duty commercial vehicles that will probably have to be applied as of 2018. We have to assume that the statutory limits will be very difficult to meet in some countries. Very demanding regulations for CO_2 emissions are also planned or have been approved for light commercial vehicles. This will present a long-term challenge for **Mercedes-Benz Vans** in particular, because the division primarily serves the heavy segment of N1 vehicles. The European fleet of N1 vehicles may not emit an average of more than 175 g CO_2/km as of 2017 and not more than 147 g CO_2/km as of 2020; penalty payments may otherwise be imposed. In the United States, Mercedes-Benz Vans is affected to varying degrees by fuel-consumption and greenhouse-gas regulations for both light-duty and heavy-duty vehicles. The stricter limits planned for the years 2021 to 2027 will also affect Mercedes-Benz Vans.

Daimler currently does not anticipate any additional risks from worldwide statutory **safety regulations** due to the Group's longstanding strong focus on vehicle safety.

In addition to emission, fuel consumption and safety regulations, **traffic-policy restrictions** for the reduction of traffic jams, noise and pollution are becoming increasingly important in cities and urban areas of the European Union and other regions of the world. Drastic measures are increasingly being taken such as general vehicle-registration restrictions like those in Beijing, Guangzhou or Shanghai. This can have a dampening effect on the development of unit sales, especially in growth markets. Pressure to reduce personal transport is also being applied in European cities through increasing measures such as restrictions or bans on vehicles in inner cities, as well as congestion charges and other types of road-use fees. This stimulates demand for mobility services, including car sharing services. In order to utilize the resulting opportunities, Daimler is present in the market with the provision of innovative mobility services (e.g. car2go, moovel, RideScout and mytaxi).

Daimler continually monitors the development of statutory and political conditions and attempts to anticipate foreseeable requirements and long-term targets at an early stage in the process of product development. The biggest challenge in the coming years will be to offer an appropriate range of drive systems and the right product portfolio in each market, while fulfilling customers' wishes, internal financial targets and statutory requirements. With an optimal product portfolio and market-launch strategy, competitive advantages may also arise.

The position of the Daimler Group in key foreign markets could also be affected by an **increase in bilateral trade agreements**. If bilateral agreements are concluded without the involvement of the European Union or without the conclusion of equivalent agreements by the EU, the position of the Daimler Group could be significantly impacted. At the same time, however, this could also result in opportunities for the Daimler Group if the EU concludes agreements with markets which have no similar agreements with other important competitive markets.

Furthermore, the danger exists that individual countries will attempt to defend and improve their competitiveness in the world's markets by resorting to **interventionist and protectionist actions**. Particularly in China and the markets of developing countries and emerging economies, tendencies are increasingly observed to limit growth in imports, for example by making certification processes more difficult, and to attract direct foreign investment by means of appropriate **industrial policies**. Furthermore, a tendency towards stricter competition law is also to be observed.

In order to adapt to these requirements, Daimler has already increased its local value added in major markets, and has thus taken appropriate action in good time. On the basis of increasing proximity to the markets of our production locations, however, further opportunities also exist for the Daimler Group such as logistical advantages or opportunities relating to the utilization of market potentials.

Company-specific risks and opportunities

The following section deals with the company-specific risks and opportunities of the Daimler Group. A quantification of these risks and opportunities is shown in table ↗ B.60.

Production and technology risks and opportunities
Key success factors for achieving the desired level of prices for the products of the Daimler Group, and hence for the achievement of corporate goals, are the brand image, design and quality of the products – and thus their acceptance by customers – as well as technical features based on innovative research and development. Convincing solutions, which for example promote accident-free driving or further improve our vehicles' fuel consumption and emissions (e.g. diesel-hybrid or electric vehicles), are of key importance for safe and sustainable mobility. Due to growing technical complexity, continually rising requirements in terms of emissions, fuel consumption and safety, and the Daimler Group's goal of meeting and steadily raising its quality standards, product development and manufacturing in the various automotive divisions are subject to production and technology risks.

B.60
Company-specific risks and opportunities

Risk category	Probability of occurrence	Impact	Opportunity category	Impact
Production and technology risks	Low	High	Production and technology opportunities	–
Information technology risks	Low	Medium	Information technology opportunities	–
Personnel risks	Medium	High	Personnel opportunities	–
Risks related to equity interests and joint ventures	Medium	Medium	Opportunities related to equity interests and joint ventures	Low

Innovation and technology opportunities for the progressive and future-oriented design of the product range flow into the strategic product planning of the automotive divisions.
In the context of a continuous process, checks are regularly carried out as to whether the level of production can be increased by means of shift work, the worldwide production network, investment projects or more flexible production facilities. In order to safeguard the long-term future orientation of the Daimler Group's production facilities with regard to the diversity of the product portfolio and in order to develop additional production capacities to allow Daimler to grasp the opportunities that are presented, continuous modernization, expansion, construction and restructuring are carried out at the locations of the Daimler Group and its joint ventures and joint operations. The **execution of modernization actions and the launch of new products** are generally connected with high investments. Guidelines or delays in the ramp-up phase of a new model or in connection with a product's lifecycle can lead to a short-term reduction in production volumes. In order to achieve a very high level of quality, which is one of the key factors for a customer's decision to buy a product of the Daimler Group, it is necessary to make investments in new products and technologies that sometimes exceed the originally planned scope. This cost overrun would then reduce the anticipated earnings from the launch of a new model series or product generation. Those automotive segments are affected which are currently launching new products or planning to do so, or carrying out related production expansions and modifications, in some cases in conformance with specific regional conditions. In particular, the creation and expansion of production capacities in the Chinese market is connected with risks due to the uncertain market development. The establishment of efficient production processes serves to manage quality risks there. Furthermore, dependencies between contractual partners and possible changes in the conditions in China must be included in the local decision-making process.

In principle, there is also a danger that due to infrastructure problems, the failure of **production equipment or a production plant** or in the external supply of energy, it might not be possible to maintain the planned level of production, and that would consequently generate costs. Such risks mainly exist for the Mercedes-Benz Cars segment. The production equipment is regularly maintained and as a precaution, spare parts are held available for the production plants that might be at risk.

Insufficient availability of vehicle components at the right time and difficulties or interruptions in the supply chain, possibly caused by regional restrictions, can lead to bottlenecks. In order to avoid such **bottleneck situations**, priority is given to foresighted capacity planning. In addition, supply chains and the availability and quality of products are continuously monitored within the context of managing the entire value chain. The ongoing modernization of the production plants, supplier management and other monitoring activities help to prevent risks in this area.

Warranty and goodwill claims can arise when the quality of the products of the automotive divisions does not meet customers' expectations, when a regulation is not fully complied with, or when support is not provided in the required form in connection with product problems and product care. The Daimler Group works continually and intensively to maintain product quality at a very high level, even given the growing product complexity, in order to avoid the danger of making corrections to end products and in order to supply customers with the best possible products. Furthermore, processes are implemented at the Daimler Group to regularly obtain customers' opinions on the support provided so that our service and customer satisfaction can be continuously improved.

Production and technology risks continue to have a low probability of occurrence due to preventive measures. However, because of the continually high number of new product launches, the potential impact of such risks remains at the same level.

Information and technology risks and opportunities
The digitization strategy that is systematically pursued at Daimler offers new possibilities for enhancing customer benefits and enterprise value. However, it includes risks from the increasing dependency of products and business processes on IT. In addition, specific risks exist due to the use and availability of new technologies in connection with digitization, which for example can affect the products, their use or the operational business. It is still essential for a global company like Daimler that information is maintained and exchanged in real time, comprehensively and correctly. Appropriately secure IT systems and a reliable IT infrastructure must be used in order to protect information. Risks that could result in the interruption of business processes due to the failure of IT systems or which could cause the loss or corruption of data are therefore identified and evaluated over the entire lifecycles of applications and IT systems. Daimler has defined suitable measures for risk avoidance and limitation of damage. These measures are continually adapted to changing circumstances. For example, the Group minimizes potential interruptions of operating routines in the data centers by means of mirrored data sets, decentralized data storage, outsourced archiving, high-availability computers and appropriate emergency plans. An IT-security operations center coordinates potential danger from cyber crime and hacker attacks. Daimler utilizes various preventive and corrective measures in order to meet the growing demands placed on the confidentiality, integrity and availability of data. Necessary precautions are taken also for the protection of the products and services of the Daimler Group. Despite all the precautionary measures taken, Daimler cannot completely rule out the possibility that IT disturbances will arise and have a negative impact on the Group's business processes. The impact and probability of occurrence of IT risks remain unchanged compared to the prior year.

Personnel risks and opportunities
Daimler's success is highly dependent on its employees and their expertise. With their ideas and suggestions, they are involved in their respective activities and working processes and thus contribute considerably every day to improvements and innovations.

To support this process, the Daimler Group has established an **ideas management** system through which employees can submit ideas and suggestions for improvements. The processing of the information received by this system and the integration of ideas in an assessment process carried out by experts and persons in charge of the respective processes is supported by the established IT system "idee.com". This is intended to ensure the systematic and sustained promotion of employees' ideas and suggestions for improvement.

Furthermore, workgroups create processes and instruments to produce new business ideas and to establish inter-departmental cooperation. In this context, an online community exists in the area of **business innovation** to which suggestions for discussions can be submitted, which all employees can assess and develop further.

Competition for highly qualified staff and management is still very intense in the industry and the regions in which we operate. The future success of the Daimler Group also depends on the magnitude to which we succeed over the long term in recruiting, integrating and retaining specialist employees. The established human resources instruments take such personnel risks into consideration, while contributing toward the recruitment and retention of staff with high potential and expertise and ensuring transparency with regard to the resources of the Daimler Group. One focus of human resources management is the targeted personnel development and further training of the workforce. Employees benefit for example from the range of courses offered by the Daimler Corporate Academy and from the transparency created by a uniform worldwide performance and potential management system. Due to demographic developments, the Group has to cope with changes relating to an aging workforce and has to secure a sufficient number of qualified young persons with the potential to become the next generation of highly skilled specialists and executives. We address this issue by taking appropriate measures in the area of generation management. If this risk materializes, depending on the size of the personnel shortage, an impact is to be expected on the Group's activities and thus also on the earnings of the Daimler Group. Further risks exist in the context of collective bargaining negotiations concerning wages and general conditions. There is no segment-specific assessment of the human resources risk because the described risks are not related to any specific business segment, but are valid for all segments. The category of personnel risks is unchanged compared with the previous year with regard to their impact and probability of occurrence.

Risks and opportunities related to associated companies, joint ventures and joint operations
Cooperation with partners in associated companies, joint ventures and joint operations and other types of partnerships is of key importance for Daimler. Along with ensuring better access to growth markets and new technologies, equity interests and joint ventures help us exploit synergies and improve cost structures and thus enable us to successfully respond to competitive pressures in the automotive industry.

Daimler generally bears a proportionate share of the risks and opportunities of its associated companies, joint ventures and joint operations. The possible risks include negative financial developments and delays in setting up development and production structures in equity interests and joint ventures, which can negatively impact the achievement of growth targets in the affected segments. The related risks and opportunities are allocated to the respective risk and opportunity category in the Management Report. The remeasurement of an associated company, joint venture or joint operation can result in risks and opportunities relating to the corresponding carrying value for the segment to which it is allocated. A disposal or the business situation of an associated company, joint venture or joint operation can also cause financial obligations or expected revenue might not materialize. Risks from associated companies, joint ventures and joint operations exist in the Mercedes-Benz Cars, Daimler Trucks and Mercedes-Benz Vans segments, as well as in the associated companies, joint ventures and joint operations directly allocated to the Group. All associated companies, joint ventures and joint operations are subject to a continuous monitoring process so that they can be promptly supported if required and their profitability can be ensured. The recoverable value of investments is also continually monitored. Due to current developments in worldwide equity markets, the probability of occurrence of these risks has increased compared to the previous year from "low" to "medium".

Financial risks and opportunities

The following section deals with the financial risks and opportunities of the Daimler Group. Risks and opportunities can have a negative or positive effect, respectively, on the profitability, cash flows and financial position of the Daimler Group. The probability of occurrence and possible impact of these risks and opportunities is presented in table ↗ B.61.

In principle, the Group's operating and financial risk exposures underlying the financial risks and opportunities can be divided into symmetrical and asymmetrical risk and opportunity profiles. With the symmetrical risk and opportunity profiles (e.g. currency exposures), risks and opportunities exist equally, while with the asymmetrical risk and opportunity profiles (e.g. credit and country exposures), the risks outweigh the opportunities.

Daimler is generally exposed to risks and opportunities from changes in market prices such as currency exchange rates, interest rates, commodity prices and share prices. Market-price changes can have a negative or positive influence on the Group's profitability, cash flows and financial position. Daimler manages and monitors market-price risks and opportunities primarily in the context of its operational business and financing activities, and applies derivative financial instruments for hedging purposes where needed, whereby both market-price risks and opportunities are limited.

In addition, the Group is exposed to credit and country-related risks. As part of the risk management process, Daimler regularly assesses these risks by considering changes in key economic indicators and market information. Pension plan assets to cover retirement and healthcare benefits (market sensitive investments including equities and interest-bearing securities) are not included in the following analysis.

Exchange rate risks and opportunities

The Daimler Group's global orientation implies that its business operations and financial transactions are connected with risks and opportunities of foreign exchange rates against the euro, especially for the US dollar, the Chinese renminbi, the British pound and other currencies such as currencies of growth markets. An exchange rate risk or opportunity arises in business operations primarily when revenue is generated in a currency different from that of the related costs (transaction risk). This applies in particular to the Mercedes-Benz Cars division, as a major portion of its revenue is generated in foreign currencies while most of its production costs are denominated in euros. The Daimler Trucks division is also exposed to such transaction risks, but to a lesser degree because of its worldwide production network. Currency risk exposures are successively hedged with suitable financial instruments (predominantly currency-forwards and options) in accordance with exchange rate expectations, which are constantly reviewed, whereby both risks and opportunities are limited. Exchange rate risks and opportunities also exist in connection with the translation into euros of the net assets, revenues and expenses of the companies of the Group outside the euro zone (translation risk); these risks are not generally hedged.

Interest rate risks and opportunities

Daimler employs a variety of interest-rate sensitive financial instruments to manage the cash requirements of its business operations on a day-to-day basis. Most of these financial instruments are held in connection with the financial services business of Daimler Financial Services, whose policy is generally to perform term-congruent refinancing. However, to a limited extent, the funding does not match in terms of maturities and interest rates, which gives rise to the risk of changes in interest rates. The funding activities of the industrial business and the financial services business are coordinated at Group level. Derivative interest rate instruments such as interest rate swaps are used to achieve the desired interest rate maturities and asset/liability structures (asset and liability management).

Equity price risks and opportunities

The Group is subject to equity price risks in connection withits listed associated companies and joint ventures. As of December 31, 2015, the only shares that Daimler holds are shares that are classified as long-term investments (especially Nissan and Renault) or that are included in the consolidated financial statements using the equity method (primarily BAIC Motor). The Group does not include these investments in a market-price risk analysis. The section "Risks and opportunities related to associated companies, joint ventures and joint operations" provides more information on equity risks and opportunities.

Commodity price risks and opportunities

As already described in the section "Procurement market risks and opportunities", the Group's business operations are exposed to changes in the prices of consignments and raw materials. The Group addresses these procurement risks by means of concerted commodity and supplier risk management. To a minor degree, derivative financial instruments are used to reduce the Group's market-price risks related to the purchase of certain metals.

Credit risks

The Group is exposed to credit risks which result primarily from its financial services activities and from the operations of its vehicle business. Credit risks also arise from the Group's liquid assets. The following statements pertain to risks arising from the Group's liquid assets; risks related to leasing and sales financing are addressed on page 144. Should defaults occur, this would negatively affect the Group's financial position, cash

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Financial risks and opportunities

Risk category	Probability of occurrence	Impact	Opportunity category	Impact
Exchange rate risks	Low	High	Exchange rate opportunities	High
Interest rate risks	Low	Low	Interest rate opportunities	Low
Commodity price risks	Low	Low	Commodity price opportunities	Low
Credit risks	Low	Low	Credit opportunities	–
Country risks	Low	Low	Country opportunities	–
Risks relating to pension plans	Low	High	Opportunities relating to pension plans	High
Risks from changes in credit ratings	Low	Low	Opportunities from changes in credit ratings	Low

flows and profitability. In recent years, the limit methodology for exposures with financial institutions has been continually further developed in order to counteract the diminished creditworthiness of the banking sector since the financial crisis. In connection with investment decisions, priority is placed on the borrower's very high creditworthiness and on balanced risk diversification. Most liquid assets are held in investments with an external rating of A or better.

Country risks
Daimler is exposed to country risks that primarily result from cross-border financing for Group companies or customers as well as from investments in subsidiaries and joint ventures. Country risks also arise from cross-border cash deposits at financial institutions. The Group addresses these risks by setting country limits (e.g. for cross-border financing of customers and for hard-currency portfolios from financial services companies) and through investment-protection insurance against political risks in high-risk countries. Daimler also has an internal rating system that divides all countries in which it operates into risk categories.

Further information on financial risks, risk-limiting measures and the management of these risks is provided in Note 32 of the Notes to the Consolidated Financial Statements. Information on the Group's financial instruments is provided in Note 31 of the Notes to the Consolidated Financial Statements.

Risks and opportunities relating to pension plans
Daimler has pension benefit obligations, and to a lesser degree, obligations relating to healthcare benefits, which are largely covered by plan assets. The balance of pension obligations less plan assets constitutes the balance total or funded status for these employee benefit plans. The valuation of the pension obligations and the calculation of net pension expense are based on certain assumptions. Even small changes in these assumptions such as a change in the discount rate could have a negative or positive effect on the funded status in the current financial year or could lead to changes in the periodic net pension expense in the following financial year. The market value of plan assets is determined to a large degree by developments in the capital markets. Unfavorable or favorable developments, especially relating to equity prices and fixed-interest securities, could reduce or increase the value of plan assets. The recently increased volatility of financial markets raises the risks and opportunities relating to the valuation of both pension obligations and plan assets. The legal situation in connection with pension plans can in some countries lead to payment obligations if underfunding of the plans in those countries has to be offset. Further information on the pension plans and their risks is provided in Note 22 of the Notes to the Consolidated Financial Statements.

Risks and opportunities from changes in credit ratings
Daimler's creditworthiness is assessed by the rating agencies Standard & Poor's Rating Services, Moody's Investors Service, Fitch Ratings and DBRS. There are risks and opportunities in connection with potential downgrades or upgrades to credit ratings by these rating agencies. Downgrades could have a negative impact on the Group's financing if such a downgrade leads to an increase in the costs for external financing or otherwise restrict the Group's ability to obtain financing. A credit rating downgrade could also damage the company's reputation or discourage investment in Daimler AG. A risk to the credit rating of the Daimler Group could also arise if the earnings and cash flows anticipated from the Group's growth could not be realized. Credit rating upgrades could lead to lower borrowing costs for the Group and also facilitate its access to financing sources on the money and capital markets. If the positive development of the Group should continue and its cash flow and profitability should also develop positively, opportunities could arise for an upgrade of the credit rating on the part of the rating agencies.

Risks from guarantees, legal and tax risks

The Group continues to be exposed to risks from guarantees and legal risks. Provisions are recognized for those risks if and insofar as that they are likely to be utilized and the amounts of the obligations can be reasonably estimated. In 2015, the risk and opportunity management system was expanded to include tax risks. No quantitative assessment of tax risks is carried out.

Risks from guarantees
Issuing guarantees results in liability risks for the Group. For example, Daimler holds an equity interest in the system for recording and charging tolls for the use of highways in Germany by commercial vehicles. The operation of the electronic toll-collection system is the responsibility of the operator company, Toll Collect GmbH, in which Daimler holds a 45% stake and which is included in the consolidated financial statements using the equity method of accounting. In addition to Daimler's membership of the Toll Collect consortium and its equity interest in Toll Collect GmbH, risks also arise from guarantees that Daimler Financial Services AG has assumed with the other partners in the Toll Collect consortium (Deutsche Telekom AG and Cofiroute S.A.) supporting obligations of Toll Collect GmbH toward the Federal Republic of Germany in connection with the toll system and a call option of the Federal Republic of Germany. Claims could be made under those guarantees if toll revenue is lost for technical reasons, if certain contractually defined performance parameters are not fulfilled, if additional claims are made by the Federal Republic of Germany, if the final operating permit is not granted, if Toll Collect GmbH fails to meet contractual obligations, if it fails to have the required equipment available, or if the Federal Republic of Germany takes over Toll Collect GmbH. The maximum loss risk for the Group from these risks can be substantial. Additional information is provided in Note 29 (Legal proceedings) and Note 30 (Financial guarantees, contingent liabilities and other financial commitments) of the Notes to the Consolidated Financial Statements.

Legal risks

Various legal proceedings, claims and government investigations (legal proceedings) are pending against Daimler AG and its subsidiaries on a wide range of topics, including vehicle safety, emissions, fuel economy, financial services, dealer, supplier and other contractual relationships, intellectual property rights, warranty claims, environmental matters, legal proceedings relating to competition law and shareholder litigation. Product-related litigation involves claims alleging faults in vehicles, some of which have been made as class actions. If the outcome of such legal proceedings is detrimental to Daimler, the Group may be required to pay substantial compensatory and punitive damages or to undertake service actions, recall campaigns or other costly actions.

Some of these proceedings may have an impact on the Group's reputation. As these proceedings are connected with a large degree of uncertainty, it is possible that after the final resolution of litigation, some of the provisions we have recognized for legal proceedings could prove to be insufficient. As a result, substantial additional expenditures may arise. This also applies to legal proceedings for which the Group has seen no requirement to recognize a provision.

Although the final result of any such litigation may influence the Group's earnings and cash flows in any particular period, Daimler believes that any resulting obligations are unlikely to have a sustainable effect on the Group's cash flows, financial position or profitability. Further information on legal proceedings is provided in Note 29 of the Notes to the Consolidated Financial Statements.

Tax risks

Daimler AG and its subsidiaries operate in many countries worldwide and are therefore subject to numerous differing statutory provisions and tax audits. Within the Group, the tax assessments of several years are not yet final. Changes in local tax legislation and court verdicts, and differing interpretations by the fiscal authorities in the various jurisdictions – especially in the field of cross-border transactions – can lead to negative effects on the Group's net profit and cash flows.

Any changes or interventions by the fiscal authorities are continuously monitored by the Tax department and measures are taken if required.

Overall assessment of the risk and opportunity situation

The Group's overall risk situation is the sum of the individual risks of all risk categories for the divisions, the corporate functions and the legal entities. In addition to the risk categories described above, unpredictable events that can disturb production and business processes are possible, such as natural disasters, political instability or terrorist attacks. Therefore, emergency plans are prepared to allow the resumption of business operations, precautionary measures are taken and insurance policies are arranged, if possible. Risks relating to compliance are addressed in the risk management process and are continually monitored. Regular training courses are carried out to prevent compliance violations.

In addition to the risks described above, there are risks that affect the reputation of the Daimler Group as a whole. Public interest is focused on Daimler's position with regard to issues such as ethics and sustainability. Furthermore, customers and capital markets are interested in how the Group reacts to the technological challenges of the future and how it succeeds in offering up-to-date and technologically leading products in the markets. As one of the fundamental principles of business activity, Daimler places particular priority on adherence to applicable law and ethical standards. In addition, a secure approach to sensitive data is a precondition for doing business with customers and suppliers in a trusting and cooperative environment.

In order to obtain an overall picture, Corporate Risk Management collates the information described on risks from the individual organizational units. The overall situation with regard to the Group's risks and opportunities is the aggregate of the individual risks and opportunities presented. The situation of the Daimler Group has not changed significantly compared with the previous year. No risks are currently recognizable that either alone or in combination with other risks could endanger the continued existence of the Group. But since considerable economic and industry risks still exist, setbacks on the way to regularly achieving growth and profitability targets cannot be completely ruled out. The aforementioned opportunities represent potential as well as challenges for the Daimler Group. By effectively and flexibly focusing the production program and sales activities on changing conditions, the divisions of the Daimler Group strive to secure or surpass their respective targets and plans. As far as it lays within the control of the Daimler Group and if measures prove to be financially viable, the Group takes appropriate action to realize the potential of its opportunities. Most of the opportunities mentioned last year were effectively realized. The associated measures that have been implemented have a sustainable positive effect on the Group's earnings.

Daimler is confident that due to the risk and opportunity management system established at the Group, risks and opportunities will continue to be recognized at an early stage in the future, the current risk situation will be successfully managed, and opportunities will be effectively utilized.

Outlook

The statements made in the Outlook chapter are generally based on the operational planning of Daimler AG as approved by the Board of Management and the Supervisory Board in December 2015. This planning is based on the premises we set regarding the economic situation and the development of the automotive markets. It involves assessments made by Daimler, which are based on relevant analyses by various renowned economic research institutes, international organizations and industry associations, as well as on the internal market analyses of our sales companies. The prospects for our future business development as presented here reflect the targets of our divisions as well as the opportunities and risks presented by the anticipated market conditions and the competitive situation. We are constantly adjusting our expectations, however, taking into account the latest forecasts on the development of the world economy and automotive markets, as well as our recent business development. The statements made below are based on the information available to us in February 2016.

Our assessments for the year 2016 are based on the assumption of generally stable economic conditions and the expectation that the upward trend of the global economy and of worldwide demand for motor vehicles will continue. The development we have outlined is subject to various opportunities and risks, which are explained in detail in the Risk and Opportunity Report. pages 138 ff

The world economy

At the beginning of 2016, the world economy is continuing along a path of moderate growth. The solid growth of the advanced economies continues to be one of the key drivers of the global economy. But for the first time in five years, the emerging markets might also be able to support the upward trend with their aggregate growth rate.

Current leading indicators suggest that the US economy will continue the upswing that has now lasted for six years. This outlook is based on the continuation of solid domestic demand and above all the robust growth of private consumption, and should not be altered by the fact that the US Federal Reserve has emerged from the phase of zero interest rates. The majority of analysts therefore expect growth in gross domestic product (GDP) of 2 to 2.5%.

The outlook for the Japanese economy is significantly less positive. In order to achieve the projected GDP growth of just over 1%, it is above all necessary for private consumption to increase following its decrease in 2015.

The economy of the European Monetary Union (EMU) should continue its recovery in 2016. The main drivers are likely to be the latest – once again more expansive – monetary policy measures of the European Central Bank, the comparatively weak euro, rising real incomes and ongoing support from low raw-material prices. To what extent the dominant political events such as the refugee crisis and the ongoing uncertainty surrounding the Ukraine conflict will affect economic prospects in Europe cannot yet be assessed at the beginning of 2016. It is currently assumed that the EMU could achieve economic growth in the magnitude of 1.5 to 2%. Growth expectations for the German economy are within a similar corridor. With growth of more than 2%, the British economy should expand again significantly, despite the debate about its continued membership of the European Union.

The development of China continues to be of key importance for the world economy. Despite current uncertainty with regard to the Chinese stock market and the development of the currency exchange rate, most analysts assume that a sudden slump in growth dynamism (“hard landing”) can be avoided. However, the ongoing economic restructuring – away from high investment and towards more consumption – will entail rather lower growth rates of about 6.5%. Due to the renewed fall in raw-material prices at the beginning of 2016, the economic situation of all emerging markets that rely on exports of raw materials remains critical. Recessive tendencies are still very pronounced in those countries. This applies in particular to Brazil, and to a lesser extent also to Russia. But as many other emerging markets remain significantly below their long-term expansion potential, the growth of these economies will remain limited and will be only slightly stronger than in 2015.

In total, global economic output in 2016 is unlikely to exceed the rather below-average growth corridor of 2.5 to 3%. With regard to the currencies important for our business, we continue to anticipate significant exchange-rate fluctuations in 2016.

In order to counteract the risks arising for our business as a result of still very volatile exchange rates, we conduct hedging transactions as far as this makes sense for the various currencies. For the year 2016, we have hedged approximately 80% of the exchange-rate risks as of mid-February.

Automotive markets

According to current estimates, global **demand for cars** in the year 2016 is likely to increase again by between 3 and 4% from its high level of 2015. Growth rates in the traditional markets of the United States and Western Europe will probably be significantly lower than the substantial growth of recent years. But the Chinese market should expand significantly once again, thus making the largest contribution to worldwide growth.

However, much of the expected growth in China will be the result of government stimulus. Against the backdrop of the pronounced weak phase that the Chinese market went through last summer, the government halved the sales tax on cars with engines of up to 1.6 liters displacement in October. After this measure already resulted in a visible improvement in the later months of 2015, a positive effect is to be expected also in 2016.

In the US market for cars and light trucks, only slight growth is to be expected after the all-time high in the reporting year. We anticipate slight market growth also for the market of Western Europe. While little growth is likely in the core markets of Germany and the United Kingdom, considerable catch-up potential exists in other markets such as Italy.

In Japan, a stabilization of demand is expected following the significant market correction of the previous year. The outlook for the large emerging markets remains mixed. Market growth in India should accelerate again, whereas the ongoing recession in Russia will most likely result in a further decrease in car sales.

Demand for **medium- and heavy-duty trucks** in the markets relevant for Daimler should be slightly below the prior-year volume in 2016.

In the North American truck market, the gradual weakening of the industrial sector is likely to have an impact. From today’s perspective, demand for Classes 6-8 trucks is likely to decrease by approximately 10%. But the European market so far seems to be fairly unaffected by the uncertain development of the world economy and should continue its recovery with slight growth this year.

The Brazilian market shows no signs of improvement. Due to the ongoing economic recession and the continuation of relatively unfavorable financing conditions, we have to anticipate further market contraction in the magnitude of 10%. The situation in the Russian market will remain difficult, so demand there can only be expected at about the prior-year level. Demand in China is likely to be impacted by the growth slowdown in the manufacturing sector. From today’s perspective, only a moderate market recovery can be anticipated.

Demand in Japan for light-, medium- and heavy-duty trucks is likely to be relatively solid. In a rather sluggish economic environment, the market volume should be at about the prior-year level. The Indonesian truck market is expected to stabilize at the low level of 2015. In India, further significant growth in the segment of medium- and heavy-duty trucks is anticipated.

We expect a slight increase in demand for mid-size and large **vans** in Western Europe in 2016 and stable demand for small vans. For the United States, we also anticipate moderate growth in the market for large vans. In Latin America, however, we expect further substantial contraction in the market for large vans, while in China, we expect more lively demand in the market we address there.

We expect a slightly larger market volume for **buses** in Western Europe in 2016 than in 2015. Following the significant drop in demand for buses in Brazil, we anticipate further market contraction in 2016.

Unit sales

Mercedes-Benz Cars will continue its “Mercedes-Benz 2020” growth strategy in 2016. Overall, we intend to significantly increase our unit sales and thus reach a new record level. This is based on our very attractive and young model portfolio, which we will expand with some additional new products. The diversity of models is greater than ever before and the attractiveness of the Mercedes-Benz brand has been significantly enhanced. This allows us to continually establish new concepts for individual customer communication, and thus to address new markets and younger target groups. In line with its “Best Customer Experience” sales and marketing strategy, Mercedes-Benz is focusing even more on the wishes and requirements of women. The new, holistic initiative is centered on the “She’s Mercedes” inspiration platform.

Our new models will supply major growth impetus also in the year 2016. In 2015, the “year of the SUVS,” the Mercedes-Benz brand renewed almost its full range of SUVs with four new or upgraded models. In March 2016, the new generation of the luxurious GLS SUV will be in the showrooms as the successor to the GL. We anticipate additional growth impetus from the new E-Class in 2016. Mercedes-Benz is taking a further step along the way to accident-free and autonomous driving with the world’s most intelligent business sedan. And our new dream cars such as the C-Class coupe and the S-Class convertible, as well as the new SL and SLC generations, will also contribute towards the ongoing success of the Mercedes-Benz brand. Furthermore, we will launch some more plug-in hybrid models in 2016, which combine outstanding driving performance with the fuel consumption of a small car. Vehicles with plug-in hybrid technology are an important component of our strategy for emission-free driving. For this reason, we will successively increase the number of models with plug-in hybrid drive systems in the coming months. In 2017, a total of ten Mercedes-Benz plug-in hybrid models will be on the market.

We expect significant growth in unit sales also from the smart brand in 2016. This will be assisted by the new smart fortwo convertible, which had its world premiere at last year’s Frankfurt Motor Show. Delivery of the first cars of this model will start in March 2016. And in the summer, the new BRABUS models of the fortwo and forfour with a sporty profile and more powerful engines will be in the showrooms.

From a regional perspective, we expect the Asian markets to be particularly strong growth drivers of our growth in unit sales in 2016. In the year 2015, China was for the first time the biggest sales market for Mercedes-Benz. Following strong growth of 41% in 2015, we intend to expand further in 2016, above all with the models that we produce locally. But our growth rate in China will be more moderate this year. Last year, we expanded the dealer network to approximately 500 dealerships. Our local production capacities were also expanded. In addition to the C- and E-Class, production of two SUV models (the GLA and the GLC) started in 2015. We will achieve further growth with our new models also in North America, and we intend to profit to an above-average degree from the ongoing revival of demand expected for Western Europe.

Daimler Trucks anticipates unit sales in 2016 at the level of the previous year. We expect to sell slightly more vehicles in Western Europe than in 2015. In Turkey, however, a significant decrease in unit sales is likely, mainly due to purchases brought forward to 2015 because of the Euro VI emissions standard that came into effect also in Turkey at the beginning of 2016.

In Brazil, we anticipate a further drop in vehicle deliveries following last year’s market slump. The lack of economic growth and unfavorable financing conditions are likely to impact our business also in 2016. For the sustained strengthening of Daimler Trucks’ competitiveness in Brazil, we will invest approximately €500 million by 2018 in tailored products, innovative technologies and the optimization of our production network.

In the NAFTA region, we expect unit sales below the high level of the previous year in a contracting market. With our modern product range in combination with the strong components of our Detroit brand, we can ideally satisfy our customers’ requirements and safeguard our market leadership. We assume, that we will increase the proportion of our own engines and transmissions installed in the trucks sold.

In Japan and Indonesia, unit sales are likely to be of the same magnitude as in 2015. In India, we should increase our unit sales with our very well-positioned product portfolio. And we will generate additional unit sales in Asia and Africa with the expanded range of FUSO vehicles produced in India.

Mercedes-Benz Vans plans to achieve significant growth in unit sales in 2016. We anticipate significant increases in sales of vans in Europe, our core market. In the context of our strategy for the division, “Mercedes-Benz Vans goes global,” we launched the Vito also in North America and Latin America in 2015. This will stimulate additional demand in those markets also in 2016. And we aim to achieve additional growth with the Sprinter, which we will produce also in North America in the future. Furthermore, we will launch the V-Class multipurpose vehicle and the Vito commercial van in China, thus expanding our presence in the market segments we address there.

Daimler Buses assumes that it will be able to defend its market leadership in its core markets for buses above 8 tons with innovative and high-quality new products. For the year 2016, we anticipate total unit sales at the prior-year level. This is based on the assumption of moderate growth in unit sales in Europe. Following the significant decrease in Brazil in 2015, we expect another fall in unit sales in 2016. An ongoing positive development of unit sales is expected in Mexico.

Daimler Financial Services aims to achieve further growth in the coming years. For the year 2016, we anticipate slight growth in new business and further growth in contract volume. This will be driven by the growth offensives of the automotive divisions. In addition, we are utilizing new market potential especially in Asia, and applying new and digital possibilities for customer contacts – in particular by systematically further developing our online sales channels. We see good growth opportunities also in the field of innovative mobility services, where we are active with the brands car2go, moovel, Ridescout and mytaxi, as well as with investments in the companies Blacklane and MeinFernbus FlixBus.

On the basis of our assumptions concerning the development of automotive markets and the divisions' planning, we expect the **Daimler Group** to achieve further significant growth in total unit sales in 2016. However, the rate of growth is likely to be rather lower than in 2015, which featured exceptional dynamism.

Revenue and earnings

We assume that the Daimler Group's **revenue** will grow slightly in 2016. Daimler will therefore continue along its growth path. The most positive aspect is the ongoing growth in unit sales by the automotive divisions.

Without exception, our divisions currently have a very attractive and particularly competitive product range, which has been expanded and consistently renewed in recent years. We therefore assume that Daimler will profit to an above-average extent from the slight growth in global demand for automobiles that we expect for 2016, and will be able to strengthen its position in important markets. At Mercedes-Benz Cars, additional growth this year will be driven above all by the new SUVs and the new E-Class models. The other automotive divisions are also extremely well positioned with their products, and Daimler Financial Services' new business will profit from further growth in unit sales. We anticipate significant revenue growth at Mercedes-Benz Cars and Mercedes-Benz Vans and expect Daimler Trucks and Daimler Buses to post revenue in the magnitude of the previous year. We assume that the Daimler Financial Services division will slightly increase its revenue.

In regional terms, we expect the highest growth rates in Asia and Western Europe, but our business volumes should expand also in the other regions. In particular in China, we have created the right conditions for further growth with new sales outlets and additional production capacities. But the continuing growth in unit sales in China will have a disproportionately low impact on revenue growth, as the share of local production will increase. Our Chinese associated company Beijing Benz Automotive China (BBAC) is included in our consolidated financial statements using the equity method of accounting.

The growth in unit sales and revenue that we anticipate will have a positive impact on earnings in 2016.

We have laid the foundations for a lasting high level of earnings with the programs "Fit for Leadership" at Mercedes-Benz Cars, "Daimler Trucks #1" at Daimler Trucks, "Performance Vans" at Mercedes-Benz Vans and "GLOBE 2013" at Daimler Buses. With these programs, we achieved total profit contributions of approximately €4 billion by the end of 2014, by taking measures for sustained improvements in cost structures as well as through additional business activities. The full effect of these programs was already reflected in 2015. In addition to these measures for improved cost structures with short-term effects, we are taking measures in all divisions for the long-term structural optimization of our business system. In all divisions, we are standardizing and modularizing our production processes, for example with the intelligent use of vehicle platforms to achieve further cost advantages. In parallel, we are pushing forward with digital connectivity: in all divisions and along the entire value chain – from development to production to sales and service. This gives us additional scope to become faster, more flexible and more efficient – for the benefit of our customers. These long-term structural measures already had a positive impact on earnings in 2015, and will facilitate further efficiency gains in the coming years.

There will be opposing effects, however, from the ongoing high expenditure for our model offensive, for innovative technologies for the digitization of our products and processes, and for the expansion and modernization of our worldwide production facilities. As a result, our expenditure aimed at securing our successful future will once again be higher in 2016 than in the previous year. page 71

After the development of currency exchange rates had an overall very positive impact on revenue and earnings in the year 2015, this effect is likely to be significantly less pronounced in 2016. Last year, the appreciation of the US dollar and some other currencies such as the Chinese renminbi led to positive exchange-rate effects. There were also some significant negative effects, in particular from the depreciation of the Russian ruble.

On the basis of the anticipated market development, the aforementioned factors and the planning of our divisions, we assume that **Group EBIT** from the ongoing business will increase slightly in 2016.

For the individual divisions, we have set ourselves the following targets for EBIT from the ongoing business in the year 2016:
- Mercedes-Benz Cars: slightly above the prior-year level,
- Daimler Trucks: at the prior-year level,
- Mercedes-Benz Vans: slightly above the prior-year level,
- Daimler Buses: slightly above the prior-year level, and
- Daimler Financial Services: slightly above the prior-year level.

Free cash flow and liquidity

The anticipated development of earnings in the automotive divisions will have a positive impact on the free cash flow of the industrial business also in 2016. With regard to the free cash flow in the year 2015, it is necessary to consider that it was affected by extraordinary contributions to the German and American pension plan assets of €1.2 billion as well as by the acquisition of stakes in the digital mapping business, HERE, and in the US telematics provider, Zonar Systems, in a total amount of €0.7 billion. As we will continue and intensify our investment offensive in products and technologies, the free cash flow of the industrial business adjusted for special items should be significantly lower in 2016 than the comparable amount of €5.9 billion in 2015. We assume, however, that it will be significantly higher than the dividend distribution in the year 2016.

For the year 2016, we aim to have liquidity available in a volume appropriate to the general risk situation in the financial markets and to Daimler's risk profile. When measuring the level of liquidity, we give due consideration to possible refinancing risks caused for example by temporary distortions in the financial markets. We continue to assume, however, that we will have very good access to the capital markets and bank markets also in the year 2016. We want to cover our funding needs in the planning period primarily by means of bonds, commercial paper, bank loans, customer deposits in the direct banking business and the securitization of receivables in the financial services business; the focus will be on bonds and loans from globally and locally active banks. In view of the very good liquidity situation of the international capital markets and our strong creditworthiness, we expect a continuation of very attractive refinancing conditions in 2016. An additional goal is to continue securing a high degree of financial flexibility.

Dividend

We aim to achieve a sustainable dividend development also in the coming years. In setting the dividend, our target is to distribute approximately 40% of the net profit attributable to Daimler shareholders.

At the Annual Shareholders' Meeting on April 6, 2016, the Board of Management and the Supervisory Board will propose an increase in the dividend to €3.25 per share (prior year: €2.45). This represents a total distribution of €3.5 billion (prior year: €2.6 billion) and is by far the highest dividend paid out in the Company's history. With this proposal, we are letting our shareholders participate in the Company's success while expressing our confidence about the ongoing course of business.

Investment

In order to achieve our ambitious growth targets, we will expand our product range in the coming years and develop additional production and distribution capacities. We also want to make sure that we can play a leading role in the far-reaching technological transformation of the automotive industry. This applies in particular to the digital connectivity of our products and processes along the entire value chain. For this purpose, we will once again significantly increase our already very high investment in property, plant and equipment in the year 2016. The Mercedes-Benz Cars, Daimler Trucks and Mercedes-Benz Vans divisions will account for this increase. In addition to capital expenditure, we are developing our position in the emerging markets by means of targeted financial investments in our holdings. That includes the expansion of our car production capacities in China, together with our partner BAIC.

At the Mercedes-Benz Cars division, we will significantly increase our capital expenditure in 2016. The most important projects include the new E-Class family, the successor models to the current compact class and new gasoline and diesel engines. Substantial investment is planned also for the expansion of our German production sites as competence centers, as well as for the expansion of our international production network. Daimler Trucks will mainly invest in successor generations of existing products, the expansion and modernization of the plants, and new global component projects in 2016. At Mercedes-Benz Vans, the focus will be on further developing the existing model range, expanding the sales-and-service organization and establishing production of the Sprinter in the United States. Key projects at Daimler Buses are advance expenditures for new models and product enhancements and the new bus plant in India.

Research and development

With our research and development activities, our goal is to further strengthen Daimler's competitive position against the backdrop of upcoming technological challenges. We want to create competitive advantages above all by means of innovative solutions for low emissions and safe mobility – for example in the fields of autonomous driving, hybrid drive, electric mobility with batteries and fuel cells, and the connectivity of our vehicles and services. In addition, we intend to utilize the growth opportunities offered by worldwide automotive markets with new and attractive products. In order to achieve these goals, we will once again significantly increase our total expenditure for research and development in 2016. At Mercedes-Benz Cars, a large part of that expenditure will flow into the renewal and expansion of our model range. In addition, we will invest considerable amounts in new low-emission and fuel-efficient engines, alternative drive systems, the connectivity of our vehicles and innovative safety technologies. At Daimler Trucks, the focus will be on activities in the areas of emmission standards and fuel efficiency, as well as expenditure for tailored products and technologies for the Brazilian market and for the FUSO product portfolio. Also at Mercedes-Benz Vans and Daimler Buses, an important area of research and development is to meet future emission standards and to increase fuel efficiency. One focus at Mercedes-Benz Vans will be on the connectivity of products and processes, and alternative drive systems will play an important role at Daimler Buses.

The workforce

Due to the growth in unit sales and revenue that we expect for 2016, production volumes will continue rising. At the same time, the efficiency-enhancing measures we have implemented at all divisions in recent years will now take full effect. The medium- and long-term programs for structural improvements of our business processes should facilitate further efficiency progress. Against this backdrop, we assume that we will be able to achieve our ambitious growth targets with only slight workforce growth. Additional jobs are likely to be created at companies that we operate together with Chinese partners and whose employees are not included in the figures for the Daimler Group.

Overall statement on future development

We have implemented our strategy with great determination in recent years, thus creating the basis for further growth:

- We are very well positioned in our markets with innovative products and services. We are increasingly succeeding in addressing new target groups and utilizing additional market potential.
- In the technologies that are decisive for the future of individual mobility, we have achieved a competitive advantage with pioneering innovations.
- Also in the field of drive systems, we meanwhile set the standards with our cars and commercial vehicles. For example, we reduced the average CO_2 emissions of the cars we sell in the European Union to 123 g/km in 2015, thus achieving the target set for 2016 of 125 g/km ahead of time. With new and highly efficient engines and the particularly economical plug-in hybrids and new electric vehicles, we will significantly reduce CO_2 emissions in the coming years.
- We have assumed a leading role in the automotive industry with the digitization of our products and processes.
- With the efficiency programs that have been implemented in all divisions in recent years, we have improved our cost structures on a sustained basis. On that basis, we are taking measures for the long-term and structural optimization of the business system, which will facilitate further efficiency gains in the coming years.
- We have continuously expanded our worldwide production network in recent years, thus creating the right conditions for further growth.
- We have significantly increased our investment in the future of the Company on the basis of sound finances.

Against this backdrop, we look to the year 2016 with confidence. Everything indicates that we will continue along our growth path. We anticipate higher unit sales, revenue and earnings than in the previous year.

We inspire with new products and pioneering technologies

Daimler’s divisions developed very positively overall in the year under review and further increased their profitability. We developed additional markets and market segments with numerous new vehicle models and innovative service offerings. At the same time, we pushed forward with the digitization of our business at all levels. In order to create the right conditions for future growth, we modernized and expanded our worldwide production network.

C | The Divisions

Mercedes-Benz Cars

Mercedes-Benz Cars continued to grow profitably in 2015 in a very dynamic manner. Unit sales, revenue and earnings increased once again, and we also reached our target for return on sales in the ongoing business. Numerous new models enabled us to significantly increase our market share in nearly all regions. China is now our biggest market, and unit sales in China rose by 37% in the year under review. The very good business year we enjoyed in 2015 was rounded out by numerous awards for our vehicles and an extremely successful motorsport season. We further expanded our global production network in the year under review, thereby creating the conditions necessary for future growth.

C.01

Mercedes-Benz Cars

€ amounts in millions	2015	2014	15/14 % change
EBIT	7,926	5,853	+35
Revenue	83,809	73,584	+14
Return on sales (in %)	9.5	8.0	.
Investment in property, plant and equipment	3,629	3,621	+0
Research and development expenditure	4,711	4,025	+17
thereof capitalized	1,612	1,035	+56
Production	2,059,823	1,754,115	+17
Unit sales	2,001,438	1,722,561	+16
Employees (December 31)	136,941	135,553	+1

C.02

Unit sales Mercedes-Benz Cars

in thousands	2015	2014	15/14 % change
Mercedes-Benz	1,880	1,630	+15
thereof[1]: A-/B-Class (excluding GLA)	425	387	+10
C-Class	470	342	+38
E-Class	306	329	-7
S-Class	106	115	-8
SUVs (including GLA)	543	426	+27
Sports cars	29	31	-4
smart	121	92	+31
Mercedes-Benz Cars	2,001	1,723	+16
thereof Western Europe	773	669	+16
thereof Germany	296	272	+9
NAFTA	412	391	+5
thereof United States	359	344	+4
China	400	293	+37
Japan	69	61	+13

1 Including model variants.

Records for unit sales, revenue and earnings

The Mercedes-Benz Cars division, comprising the Mercedes-Benz brand with the Mercedes-AMG, Mercedes-Maybach and Mercedes me sub-brands as well as the smart brand, once again accelerated its pace of profitable growth in the year under review. We increased our unit sales for the sixth year in succession and our sales of 2,001,400 vehicles (+16%) put us above the two-million mark for the first time in our history. ↗ C.01 We were able to gain market share in nearly all regions. Revenue increased by 14% to €83.8 billion. We also significantly improved our profitability compared with the previous year, with EBIT rising by 35% to €7.9 billion. In addition, we reached our target for return on sales in the ongoing business. Our very positive overall business development throughout the year was largely due to our new products, in particular the new C-Class and our attractive SUVs.

Mercedes-Benz once again posts record unit sales

Unit sales of the Mercedes-Benz brand rose to the new record level of 1,880,100 vehicles in 2015. ↗ C.02 Despite difficult conditions in several markets, the pace of growth increased significantly once again compared with the previous year, as sales grew by 15% (2014: 11%). We are the number one manufacturer in the premium segment in Germany as well as in Canada and Japan. We also significantly improved our position in China in the year under review.

Mercedes-Benz sold a total of 678,200 vehicles in Western Europe in 2015, an increase of 11% from the previous year. Growth was particularly strong in Spain (+24%), the United Kingdom (+17%) and Italy (+16%). Sales in Germany increased by 4% to 259,200 units. Sales development was also positive in the NAFTA region, where we set new records in the United States (+5%), Canada (+23%) and Mexico (+10%). Despite difficult market conditions, sales rose by 41% in China, where we significantly outperformed the market as a whole. We recorded substantial increases in unit sales also in Japan (+13%), South Korea (+30%), India (+31%), Brazil (+67%) and Turkey (+35%).

The sum total of its innovations makes the new Mercedes-Benz E-Class the most intelligent business sedan.

The main contributions to the growth in unit sales came from the C-Class and our new SUVs. Our A-Class and B-Class models also remained very popular, with sales of these cars increasing by 10%. Including the CLA and CLA Shooting Brake, a total of 425,000 units were delivered to customers. Our C-Class models were particularly successful, with sales of these vehicles increasing by 38% to 470,400 sedans, wagons and coupes in the reporting year. The E-Class performed very well in the last year before its model changeover, achieving unit sales of 306,000 vehicles (-7%). The S-Class was once again the best-selling luxury sedan in the world by far. In total we sold 106,200 sedans and coupes of the S-Class (2014: 115,500). Global sales in the SUV segment increased by 27% to 543,000 units. This positive development was mainly due to the new GLC and GLE models and the success enjoyed by the GLA in the Chinese market.

Model offensive accelerated

During the year under review, Mercedes-Benz Cars once again expanded its range of models within the framework of its “Mercedes-Benz 2020” growth strategy. The most wide-ranging product portfolio in our history enabled us to attract new customer groups and improve our market position vis-à-vis our main competitors. The model offensive focused on SUVs in 2015. We renewed our range of vehicles in this growth segment almost completely, and we also added the GLE coupe to the portfolio. pages 28 f Other all-new additions are the CLA Shooting Brake, the Mercedes-Benz AMG GT, another exclusive Mercedes-Maybach model and the S-Class convertible, which will be launched in the spring of 2016.

The new SUVs: at home on any terrain

The new generation of the GLE is a completely reworked version of the Mercedes-Benz bestseller in the SUV segment (the former M-Class). The highlights of the new GLE include a considerably more appealing front and rear as well as extensive measures that enable new benchmarks for emissions and drive systems. The all-new Mercedes-Benz GLE coupe combines two very different vehicle segments in one model, whereby its sporty coupe character is rather more dominant than the distinctive features of a robust SUV. The model stands out both through its impressive handling and its attractive exterior design. The GLE models were launched in the spring of 2015 and have been very well received by our customers.

The GLC compact SUV, which had its world premiere in June 2015, combines the utmost driving comfort with great sportiness. Mercedes-Benz implemented an extensive package of measures to significantly increase the GLC’s energy efficiency and performance. The fuel consumption of the GLC is as much as 19% lower than of the GLK predecessor model, thanks in large part to updated or completely new drive systems, outstanding aerodynamics and intelligent lightweight engineering. In terms of appearance, the vehicle body follows the clear design idiom that was very successfully presented in the Concept GLC Coupe show car in the spring of 2015. This design approach will be used as a standard for future SUV families.

During the year under review, we also upgraded the GL, which is our most spacious SUV. The new GLS, which will arrive in showrooms in March 2016, underscores our position as the manufacturer of the “S-Class among SUVs.” The fully fledged seven-seater combines luxury with impressive comfort, agile handling and best-in-class safety.

CLA Shooting Brake: Space for something new

The CLA Shooting Brake became the fifth member of our successful family of compact models in March 2015. The CLA Shooting Brake stands for a completely new vehicle concept that combines a progressive, sporty design with versatile spaciousness. The high quality of the interior is underscored by the use of the same design idiom that makes the exterior so special, as well as by carefully selected high-end materials.

A new coupe for the C-Class family
Athletic and sporty: The clear and sensual design of the new C-Class coupe makes a big impression on the road, while a dynamically configured chassis forms the basis for agile handling and driving pleasure. Among other things, this was made possible by a weight-reducing lightweight design, excellent aerodynamics and high-performance yet efficient engines. New assistance systems offer the highest degree of safety, and the new C-Class coupe also sets new standards in its segment with its high-end appeal and spacious interior. The model has been delivered to customers since December 2015.

The world's most comfortable convertible
The new convertible is the sixth variant of the current S-Class family and the first open-top luxury four-seater from Mercedes-Benz since 1971. The elegant and sporty model celebrated its world premiere at the Frankfurt Motor Show in September 2015. With this vehicle, Mercedes-Benz can now boast of making the world's most comfortable convertible. A unique level of climate comfort is provided by the refined automatic draft shield system AIRCAP, the AIRSCARF neck-level heating system, heated armrests and a fully automatic intelligent climate control system.

Mercedes-Maybach expands its range of models
Following the successful launch of the Mercedes-Maybach S 600[1] in November 2014, the second model from the new Mercedes-Maybach sub-brand celebrated its world premiere at the Geneva Motor Show in March 2015. Mercedes-Maybach stands for prestigious exclusivity and is aimed at particularly status-conscious customers. With its combination of the very highest exclusivity, unparalleled comfort and state-of-the-art technology, the new Mercedes-Maybach Pullman[2] now assumes the role of a clear top-of-the-line model. With a length of 6.50 meters, the vehicle offers enough space for a large and luxurious club lounge in the rear that features numerous amenities as standard equipment. The chauffeured limousine thus meets the modern demand for the highest degree of exclusivity and luxury. The four rear seats in the Mercedes-Maybach Pullman[2] are arranged opposite one another. These adjustable executive seats offer outstanding comfort.

Mercedes-AMG: the sports-car and performance brand
The AMG brand claim of "Driving Performance" reflects the two core competencies of Mercedes-AMG: the ability to provide an unparalleled driving experience and the ability to serve as a driving force in the high-performance segment. The AMG sports-car brand enhances the fascination of Mercedes-Benz. The brand's dynamic vehicles especially attract young and sporty customers to the brand with the three-pointed star. AMG models such as the new C 63 Coupe[3] differ extensively from their production-model cousins in terms of both engineering and appearance, thus strengthening the authenticity of the AMG brand. Mercedes-AMG is positioning itself even more aggressively as a dynamic sports car and high-performance brand with the GT, a sports car that was developed by Mercedes-AMG completely on its own and clearly demonstrates the innovation and development expertise in Affalterbach. The numerous awards the AMG GT has received since its premiere in 2014 underscore the success of this sports car, which will be used as the basis for an entire model family. True to its philosophy of performance with responsibility, Mercedes-AMG is striving to become even more efficient through new engine technologies and a comprehensive lightweight design approach. AMG models already have some of the lowest emissions in their respective segments.

Open for luxury: The S-Class convertible from Mercedes-Benz is a superlative dream car that stands for individual and timelessly exclusive mobility.

The new smart fortwo cabrio converts at the touch of a button from a closed two-seater into a cabriolet with a completely open roof.

The smart convertible – the most exclusive way to drive a smart

The new smart fortwo and forfour models, deliveries of which started in Europe in late 2014, were also launched in China, the United States and Japan in the reporting year. Total sales of smart-brand vehicles increased by 31% to 121,300 units in 2015.

A third model – the smart convertible – was then launched at the end of 2015. The open-top two-seater celebrated its world premiere in September 2015 at the Frankfurt Motor Show and deliveries began in the first quarter of 2016. The only genuine convertible in its segment, it can transform itself from a closed two-seater into a car with a large foldable roof or a completely open-top convertible with just the push of a button and when traveling at any velocity – even at top speed. The flexibility offered by this "tritop" roof is exceptional in this vehicle segment. We also significantly improved safety features once again and have made the convertible more robust than the coupe in critical areas. Among other things, torsional stiffness has been improved by around 15% compared with the previous model. As is the case with the smart fortwo, advanced assistance systems previously reserved for more upper-range vehicles have been installed to help prevent accidents. The new smart convertible also makes a big impression with its compact dimensions and unparalleled small turning circle.

Expansion of the global production network

In order to meet the production targets of our 2020 growth strategy, we are continually refining our flexible and highly efficient production network. We have agreed with employee representatives on transformation plans that are currently being implemented at nearly all Mercedes-Benz manufacturing plants in Germany. These plans will ensure the international competitiveness of these facilities and also safeguard jobs at the various locations. The billions of euros we are investing here underscore the importance of our plants in Germany as centers of expertise for global production. We are also expanding our international production capacities. For example, we will start building the C-Class and the GLA compact SUV at a new car plant in Iracemápolis, Brazil, in 2016. In addition, Daimler and the Renault-Nissan Alliance have laid the cornerstone for a joint production facility in Aguascalientes, Mexico, where Mercedes-Benz compact models will go into production in 2018.

1 Mercedes-Maybach S 600: fuel consumption in l/100 km urban 16.9/extra-urban 8.7/combined 11.7; CO_2 emissions in g/km combined 274.
2 Mercedes-Maybach Pullman: fuel consumption in l/100 km urban 18.0/extra-urban 9.2/combined 2.9; CO_2 emissions in g/km combined 299.
3 Mercedes-AMG C 63 Coupe: fuel consumption in l/100 km urban 11.9-11.4/extra-urban 7.1-6.9/combined 8.9-8.6; CO_2 emissions in g/km combined 209-200.

Mercedes-Benz aims for top quality at all production locations and also seeks to ensure it can respond quickly to market fluctuations and changed customer requirements. Within the framework of Industry 4.0, we are working intensely on the creation of “smart factories” that stand out through their resource efficiency, as well as their ability to make rapid adjustments and integrate customers and partners into value creation processes. Connected production systems, a completely digital process chain, the intelligent use of production data and new models for human-machine cooperation will make manufacturing even more flexible and efficient in the future. At the same time, we are optimizing our employees’ workstations on the basis of ergonomic criteria and creating the conditions necessary for successful intergeneration cooperation in our production organization.

15 new models for the Chinese market

In 2015, we renewed and expanded our range of products for customers in China by offering 15 new or updated model series. Important new products here are the GLA and GLE SUVs, the Mercedes-Maybach and the new smart models. We also added more than 50 new sales outlets to our sales network in China, which now comprises approximately 500 dealerships nationwide. With the start of compact-vehicle production in the form of the GLA, the plant in Beijing has become the only Mercedes-Benz facility in the world to manufacture both front and rear-drive car models, as well as engines, at one site. In October 2015, we began producing an additional volume series – the GLC SUV – for the local market in China. Our new research and development center in China ensures we will be able to address customer requirements in the country in an even more targeted manner in the future. During the year under review, we significantly improved our market position in China, especially in comparison with our main competitors. All in all, we were able to increase sales of Mercedes-Benz brand vehicles by 41% to 387,400 units, although the overall car market grew at a much slower pace. Additional sales momentum was generated in China by our new SUVs, as well as by the new C-Class, which along with a long-wheelbase variant is now also available in a sporty version with the short wheelbase. A total of 250,200 of the vehicles we sold in China during the reporting year were manufactured locally at facilities operated by our BBAC joint venture (2014: 145,500).

Mercedes-Benz wins numerous awards

The Mercedes-Benz brand once again made a big impression on award juries and readers of various automotive magazines in 2015. The outstanding design of Mercedes-Benz vehicles led to many awards, including three first-place finishes for the CLA Shooting Brake, the GLE coupe and the Mercedes-AMG GT in the Auto Bild Design Award competition – and an impressive sixth consecutive overall victory in this contest. The fact that the most beautiful automobiles are built by Mercedes-Benz is also underscored by awards for the GLE coupe and the Mercedes-AMG GT, as well as the Autonis readers’ design brand of the year award from the magazine *auto motor sport.* The SUV models from Mercedes-Benz also performed well in award competitions in 2015. The brand’s SUVs were nominated ten times in six categories and came out on top six times. In addition, more than 110,000 readers of *auto motor sport* chose the

Second generation in great shape: The Mercedes-Benz GLC with sensuous clarity and modern SUV esthetics and a classic off-road stance.

The Mercedes-Benz CLA Shooting Brake appeals with superb driving dynamics, a unique space concept and great everyday practicality.

S-Class and the C-Class as the best cars of the year in their respective categories. Mercedes-Benz was very successful in the World Car Awards as well. The C-Class took home the coveted title "2015 World Car of the Year" and the S-Class coupe and Mercedes-AMG GT won in their respective categories. Our vehicles also proved their worth once again when it comes to value stability: The S-Class, C-Class, CLA , GLA and smart fortwo cabrio electric drive[1] were named the best vehicles in their respective classes in terms of value stability by Focus Online and the Bähr & Fess Forecast market research institute.

Best Customer Experience

Within the framework of the "Best Customer Experience" marketing and sales strategy, Mercedes-Benz is aligning its sales and marketing organization with changing customer requirements. The goal is to address new target groups while maintaining the brand loyalty of established customers. To this end, Mercedes-Benz is utilizing new sales channels and digital portals as innovative interfaces with the brand. The multichannel approach links different sales formats with digital elements, thereby supplementing the services offered at traditional Mercedes-Benz showrooms. The centerpiece of Best Customer Experience is Mercedes me mercedes.me. This platform is also the name of a new chain of stores Mercedes-Benz has opened in inner-city locations. A total of five Mercedes me Stores have opened around the world since 2014. New temporary formats such as special events and pop-up stores have also been created, and more than 1,800 sales employees have received training in the new retail formats. The year 2015 also marked the launch of the "She's Mercedes" initiative, which is designed to help Mercedes-Benz address women in a targeted manner and significantly increase its proportion of female customers over the medium term. Along with the provision of a new community and inspiration platform, the initiative also includes networking dinners, training programs for sales personnel and measures to increase the proportion of women in the sales workforce. pages 18 f

Most successful motorsport year in the Company's history

MERCEDES AMG PETRONAS captured both the Drivers' and the Constructors' Championship in the Formula 1 racing series for the second consecutive year. The key to the team's success was once again the hybrid drive of the F1 W06 Hybrid championship car – the most efficient and successful drive system in the competition. World champion Lewis Hamilton and second-place finisher Nico Rosberg dominated nearly every Formula 1 race in 2015. Mercedes-Benz was also very successful in the popular German DTM touring car series, in which our driver Pascal Wehrlein became the youngest champion of all time at the tender age of 20. Taking our victories in the Formula 3 European Championship and the ADAC GT Masters into account as well, we succeeded in winning the drivers' championship in every racing series we took part in last year, something that has never been done before throughout the long history of motorsports at Mercedes-Benz. Our efforts here paid off for Daimler in the form of significant image enhancement and the extensive publicity provided by the races. We can also gain valuable experience with the hybrid technologies and lightweight designs that we use in our motorsports activities, and this experience flows into our series development and production operations.

Further reduction of CO_2 emissions

Our new engines and extremely fuel-efficient model variants enabled us to substantially reduce the average CO_2 emissions of the cars we sold in the European Union in 2015 – from 129 grams per kilometer to 123 g/km. This means we have achieved our 2016 target of 125 g/km ahead of schedule. That achievement was made possible in large part by our new compact-class models, the new and significantly more economical C-Class models and our efficient hybrid drive systems. page 112

1 smart fortwo cabrio electric drive: electricity consumption in kWh/100 km 15.1; CO_2 emissions in g/km 0.0.

Daimler Trucks

Daimler Trucks is shaping the future of transportation. In 2015 Daimler Trucks once again impressively demonstrated its leading role as a truck manufacturer with its strategy based on the three pillars of technology leadership, global presence and intelligent platforms. In May 2015, the state of Nevada approved our Freightliner Inspiration Truck for road use, making it the first autonomously driving truck to receive this kind of certification anywhere in the world. Just five months later, we tested the first autonomously driving series-production truck on public roads in Germany. With our successful products and supported by positive market developments in the NAFTA region and Europe, we further increased our unit sales to more than 500,000 vehicles, setting a major milestone in our sales development.

C.03

Daimler Trucks

€ amounts in millions	2015	2014	15/14 Change in %
EBIT	2,576	1,878	+37
Revenue	37,578	32,389	+16
Return on sales (in %)	6.9	5.8	.
Investment in property, plant, and equipment	1,110	788	+41
Research and development expenditure	1,293	1,188	+9
thereof capitalized	26	34	-24
Production	506,663	497,710	+2
Unit sales	502,478	495,668	+1
Employees (December 31)	86,391	87,628	-1

C.04

Unit sales of Daimler Trucks

In thousands	2015	2014	15/14 Change in %
Total	502	496	+1
Western Europe	65	57	+13
thereof Germany	32	29	+10
United Kingdom	9	8	+12
France	7	6	+26
NAFTA	192	161	+19
thereof United States	167	142	+18
Latin America (excluding Mexico)	31	47	-35
thereof Brazil	16	32	-49
Asia	148	167	-12
thereof Japan	46	44	+4
Indonesia	32	58	-45
For information purposes:			
BFDA (Auman Trucks)	69	99	-30
Total (including BFDA)	572	595	-4

Very successful business developments in a heterogeneous market environment

In 2015, Daimler Trucks increased its unit sales by 1% to 502,500 vehicles, the highest number since 2006. Revenue grew by 16% to €37.6 billion (2014: €32.4 billion). Daimler Trucks faced a regionally very diverse market environment in 2015. Demand for trucks rose strongly once again in the NAFTA region last year. Truck demand increased also in Europe, thanks to a robust economic recovery and the purchase of more replacement vehicles. In Japan, sales of commercial vehicles were at the solid level of the previous year, whereas the demand in India increased compared with the previous year. The weak and uncertain economic situation in Brazil almost halved the country's truck market. The Indonesian truck market also contracted significantly. In this market environment, Daimler Trucks increased its EBIT very significantly to the new record of €2.6 billion (2014: €1.9 billion). The division's return on sales rose to 6.9% (2014: 5.8%).

More than 500,000 trucks sold in 2015

The number of 502,500 trucks sold in 2015 shows that our strategy based on the three pillars of technology leadership, global market presence and intelligent platforms is paying off. We have assumed a leading role for autonomously driving trucks. We continue to be well positioned as the market leaders in the NAFTA region and Western Europe, and we have further strengthened our position in the emerging markets. In October, we opened our first regional center. Located in Dubai, it is the first of six such centers that will be set up all over the world to focus on sales and aftersales activities for Daimler Trucks. The center in Dubai manages activities in 19 countries in the Middle East and North Africa. In February 2016, two more regional centers will be opened: in Kenya for Central Africa and

Freightliner Inspiration Truck: the first autonomously driving truck with US road approval.

in Pretoria (South Africa) for Southern Africa. The regional center for Southeast Asia will follow in Singapore in March. These new regional centers will put us in even closer proximity to our markets and customers, allowing us to respond more quickly to their needs. We have also achieved another milestone in the implementation of our platform strategy. In November, our facility in Detroit began producing the automated Detroit Transmission 12 (DT12) for the North American market.

In **Western Europe**, we increased our sales by 13% to 64,800 units. Unit sales became more dynamic as the year progressed. Our Mercedes-Benz brand maintained its market lead in the medium-duty and heavy-duty segments with a share of 22.5% (2014: 24.4%). As a result of advance purchases before the tougher EURO VI emissions standard comes into effect in 2016, sales amounted to 24,900 units in **Turkey**, thus surpassing the previous year's high level (2014: 22,200 units) despite the country's weakening economic development and the uncertain political situation in the region. The market nevertheless lost significant momentum in the second half of the year. Demand decreased substantially in **Russia** due to the country's ongoing difficult economic situation.

Daimler Trucks saw sales drop sharply in **Latin America**, due primarily to the severe market contraction in Brazil. The Brazilian market was also weakened by the continued worsening of the financing possibilities offered by the government's FINAME program. The weakness of Brazil, our main market in the region, caused sales to fall to 16,400 units (2014: 32,200). In this challenging environment, we were able to slightly increase our market share of Brazil's medium-duty and heavy-duty segments to 26.7% (2014: 25.8%). In order to permanently strengthen Daimler Trucks' competitiveness in Brazil, between 2014 and 2018, we will invest approximately €500 million in products, technology and services that are tailored to the needs of the Brazilian market. To this end, we further optimized the comfort, fuel economy and total cost of ownership of the locally produced truck models Accelo, Atego, Axor and Actros.

In the **NAFTA region**, Daimler Trucks saw sales rise by 19% to the record level of 191,900 units. We further extended our market leadership in the Classes 6-8 last year, increasing our market share to 39.4% (2014: 37.2%). The sales growth was due to our outstanding products as well as the good market development last year. In May 2015, we started production of the new Western Star 5700 XE in Cleveland, North Carolina. This semitrailer tractor features sophisticated aerodynamics and is equipped with the new, highly efficient Detroit powertrain. It consumes nearly 15% less fuel than a comparable vehicle.

BharatBenz 3143: by far the most powerful local truck for the Indian market with 430 horsepower.

The **Asian** sales markets developed in widely diverse ways last year. In **Japan**, we increased our unit sales by 4% to 45,600 vehicles. We expanded our market share, which now amounts to 20.8% of Japan's overall truck market (2014: 20.1%). In **India**, we increased deliveries by 36%, selling a total of 14,000 trucks. Our new BharatBenz vehicles allowed us to increase our market share of the upper medium- and heavy-duty segments to 7.3% (2014: 6.2%). The BharatBenz product range was expanded further last year by the launch of the all-new BharatBenz 3143 heavy-duty truck, which is designed for use in mining and on construction sites and is by far the most powerful locally built truck for the Indian market with 430 horsepower. With a gross vehicle weight of 48 tons and four-axle configuration, the truck is perfectly tailored to the requirements of customers in India, with its plentiful reserves of raw materials. Thanks to the intelligent platform strategy, Daimler Trucks' engineers developed the model in less than three years. Our sales in the strongly contracting **Indonesian** market fell to 32,100 units (2014: 58,300). However, our share of the total Indonesian truck market increased to 48.0% (2014: 47.4%). In 2015, we continued to work on our strategy of increasing Daimler Trucks' global market presence. The Asian subsidiaries Mitsubishi Fuso Truck and Bus Corp. (MFTBC), which is based in Kawasaki, and Daimler India Commercial Vehicles (DICV), which is headquartered in Chennai, are making an important contribution to this strategy. Last year, Chennaiproduced FUSO trucks enabled us to enter more than a dozen selected export markets, such as South Africa. Further market entries are planned for 2016.

Presence in the world's largest truck market China through our joint venture BFDA

Daimler AG owns 50% of Beijing Foton Daimler Automotive Co., Ltd. (BFDA), a joint venture between Daimler and Beiqi Foton Motor Co, Ltd. BFDA has been producing medium-duty and heavy-duty Auman brand trucks since mid-2012. In 2015, sales of medium- and heavy-duty trucks decreased by around 30% in China, the world's biggest truck market by volume, due to the country's weakening economy. BFDA with its Auman brand was unable to avoid this development; its unit sales in 2015 thus decreased for market-related reasons to 69,200 vehicles (2014: 99,200). In order to profit from the Chinese volume market in the medium term, we systematically pushed forward with our cooperation with Foton/BFDA in 2015. Following the successful establishment of the OM 457 engine factory in our joint venture, production of the heavy-duty Euro IV/V engine starts in 2016. More than 300,000 Auman vehicles have been sold since the joint venture was launched.

Successful further development of our engine and transmission strategy

We continued to pursue our integrated powertrain strategy in 2015. We nearly doubled the rate of application of the DT12 automated transmission in the Freightliner Cascadia and Western Star 5700 XE, so that approximately 40% of those models were sold with the automated transmission in the United States and Canada. In November, local production of the DT 12 transmission for the North American market started in Detroit. As of 2018, medium-duty engines for the NAFTA market will also be produced in Detroit. We maintained the rate of application of our heavy-duty engines in the United States and Canada at the high rate of the previous year in a growing market. Just four years after the launch of the Mercedes-Benz OM 471 heavy-duty engine, Daimler Trucks presented the engine's next stage of development in 2015 page 35. The latest generation of the EURO VI engine is a part of the successful platform for heavy-duty truck engines from Daimler Trucks. Compared to its predecessor, the new engine reduces fuel consumption by up to 3%. As a result, average fuel consumption has decreased by up to 13% since 2011. The Euro VI engine family has also been supplemented by the new, environmentally friendly M 936 G natural-gas engine. This engine emits up to 20% less CO_2 than a diesel engine and can reduce emissions even further if biogas is used instead of natural gas.

Daimler Trucks is a pioneer for autonomous driving

As a globally positioned manufacturer, Daimler Trucks impressively demonstrated in 2015 how intelligent technologies can be rolled out for several brands and multiple markets in a very short period of time. The autonomously driving vehicles from Daimler Trucks are based on the series-production trucks used in the respective markets. These trucks are equipped with the Highway Pilot system, which is adapted to the specific market conditions. The Highway Pilot encompasses a complex combination of cameras and radar systems along with lane-keeping and collision-prevention functions that enable it to brake and steer the vehicle and regulate its speed. We presented the Highway Pilot to the public for the first time in 2014, when the system enabled the Future Truck 2025 to complete a partially autonomous drive on a cordoned-off section of an autobahn near Magdeburg. Last year, Daimler Trucks then reached several milestones on the road to achieving fully autonomous driving page 10. In May 2015, the state of Nevada approved the Freightliner Inspiration Truck for road use, making it the world's first autonomously driving truck to receive this kind of certification. The Inspiration Truck is based on the series-production model Freightliner Cascadia. The vehicle is equipped with a Highway Pilot that has been specially configured to operate in American highway traffic. The first time we tested an autonomously driving series-production truck on public roads in Germany was in October of last year. This premiere truck was a series-production Mercedes-Benz Actros that was equipped with the Highway Pilot in order to test autonomous driving on public roads.

Mercedes-Benz Actros with Highway Pilot: premiere in 2015 for the first autonomously driving series-produced truck in Germany.

Leading position in the field of safety
We are consolidating our leading position in the field of safety by introducing new assistance systems and further developing the emergency-braking and lane-keeping assistants. One of the systems we will launch in the near future is the turning assistant. By detecting pedestrians, cyclists and stationary obstacles, this system can prevent accidents and save lives, especially in city traffic.

Strategic focus on connectivity and digitization
In addition to safety and efficiency, truck connectivity plays a crucial role as the third pillar of Daimler Trucks' technology strategy. A truck generates a large amount of data, which can be usefully applied in many ways. For example, modern telematics systems can already record and analyze how efficiently a vehicle is operated and can communicate that to the driver or owner. Many more possibilities will exist in the future. With the help of data transmitted by trucks in real time, trucking companies will be able to organize their overall logistics more efficiently. It will enable them to shorten trucks' standing times, optimize maintenance intervals and reduce fuel consumption. In order to strengthen its technological expertise in this area, Daimler Trucks has purchased a stake in Zonar Systems Inc., a leading developer and supplier of logistics, telematics and connectivity solutions. Daimler Trucks North America and Zonar will jointly launch applications that are tailored to the needs of North American customers. The two companies have already been partners for the past five years, cooperating, among other things, on the development of the telematics solution Detroit Connect page 22. This solution includes an onboard diagnostic and fleet monitoring system and can determine the cause of a fault message while the vehicle is still in motion. This can reduce servicing-related downtimes and thus cut maintenance costs. Repair costs can sink by as much as 20% while operating time can increase by 6%.

Integrated approach for maximum efficiency
In the Efficiency Run practical test that was presented in October 2015, Daimler Trucks and three freight-forwarding companies demonstrated that optimally coordinated truck combinations can reduce fuel consumption and thus CO_2 emissions by a double-digit percentage, using systems that are already available on the market. The vehicles were equipped with the Predictive Powertrain Control (PPC) cruise control system, which optimally coordinates gear shifting with the route's topography. Weight-optimized semitrailers and low-resistance tires were also used in the field test. This integrated approach aims to optimize not only the engine but also the entire truck transport system. The two standard Mercedes-Benz Actros tractors that were optimized for the Efficiency Run consumed about 12 to 14% less fuel than a standard semitrailer tractor in the fleet of the freight-forwarding company. The long truck that was also tested during the Efficiency Run had an approximately 17% better fuel efficiency in volume-based transportation than the test's standard tractor and semitrailer. The test confirmed that two long trucks can perform the transport tasks of three conventional semitrailer trucks. DEKRA, a technical test organization, accompanied the Efficiency Run and certified its results.

Customer tests of the FUSO Canter E-Cell successfully completed
Eight preproduction-series FUSO Canter E-Cells were tested by selected customers in a one-year field test in Portugal. A data analysis of the customer test showed that the operating costs were reduced by 64% compared to those of a conventional diesel truck. With ranges of over 100 kilometers, the Canter E-Cells surpassed the average distance that many trucks cover in light-duty distribution transport each day. The electrically powered light trucks are locally emission-free and nearly silent, making them well-suited for short-distance distribution transport in inner cities.

Daimler Trucks studies and series vehicles win awards
Daimler Trucks North America received the US Department of Energy's renowned Distinguished Achievement Award for the results of its SuperTruck concept vehicle. The award-winning truck shows how freight transportation on roads can be made as environmentally compatible and fuel-efficient as possible in the future. Meanwhile, the Mercedes-Benz Future Truck 2025 won the internationally renowned iF Design Award 2015. Last year, the Mercedes-Benz Actros won the Green Truck Award, which is presented by the editors of the magazines *Trucker* and *VerkehrsRundschau.* The winners of this award are primarily chosen on the basis of their fuel consumption, and thus also of their CO_2 emissions.

Mercedes-Benz Vans

Mercedes-Benz Vans continued on its successful course of success from the previous year in 2015, setting a new record for unit sales. Earnings also reached an all-time high at the division. Growth was primarily driven by the Vito and Sprinter vans. Sales of the Sprinter were higher than ever before in the model's 20-year production history. The market launch of the very successful mid-size Vito van in North and South America marked yet another milestone in the implementation of our "Mercedes-Benz Vans goes global" growth strategy. We consistently moved ahead with our internationalization strategy also in the private customer segment, and were active in new sales markets with our V-Class multipurpose vehicle and the camper van version of the Marco Polo. This contributed to a significant increase in earnings at Mercedes-Benz Vans.

New records for unit sales, revenue and EBIT
Mercedes-Benz Vans set a new sales record in 2015, with an increase of 9% to 321,000 units. At €11.5 billion, revenue was also significantly higher than in the previous year (2014: €10.0 billion). EBIT rose by 29% to the new record level of €880 million. ↗ C.05

Continued growth
Mercedes-Benz Vans' products remained successful also in 2015. Our Sprinter, Vito and Citan vans are targeted mainly at commercial customers while the V-Class is designed primarily for private use.

Unit sales in Western Europe, our most important market, rose by 10% to 208,500 vans in the year under review. Particularly significant increases were recorded in Sweden (+27%), Belgium (+25%) and Switzerland (+17%), and Mercedes-Benz Vans also posted strong growth in the key volume markets of Western Europe. For example, we set a new sales record in Germany with 88,400 units (2014: 79,900). Despite a difficult market environment in Eastern Europe, Mercedes-Benz Vans was able to increase its sales in the region to 32,200 units, an increase of 5% over the prior year.

Mercedes-Benz Vans remained on course for growth also in the NAFTA region, where sales rose sharply to 40,500 units. The success story of our Sprinter continues in the United States, where we launched the Metris in the fourth quarter of 2015 page 173. Sales of 32,400 units in the United States (+25%) marked a new record for the division. Sales in Canada increased by 24% to 5,100 units.

Despite the difficult economic conditions in Latin America, we were still able to sell 15,800 units in that region, which was slightly lower than the number sold in the previous year (2014: 16,100). At 7,200 units, sales in China were significantly lower than in the prior year (2014: 12,800), largely due to the upcoming model changeover in the mid-size van segment. We sold a total of 194,200 Sprinter vehicles worldwide during the year under review (+4%), which marks a new record for sales of large vans. Sales of mid-size vans were also significantly higher than in the previous year, totaling 105,100 units (2014: 86,000).

C.05
Mercedes-Benz Vans

	2015	2014	15/14
€ amounts in millions			% change
EBIT	880	682	+29
Revenue	11,473	9,968	+15
Return on sales (in %)	7.7	6.8	.
Investment in property, plant and equipment	202	304	-34
Research and development expenditure	384	293	+31
thereof capitalized	153	68	+125
Production	328,129	299,008	+10
Unit sales	321,017	294,594	+9
Employees (December 31)	22.639	21.598	+5

C.06
Unit sales by Mercedes-Benz Vans

	2015	2014	15/14
			% change
Total	321,017	294,594	+9
Western Europe	208,459	190,019	+10
thereof Germany	88,380	79,898	+11
Eastern Europe	32,163	30,758	+5
NAFTA	40,519	31,466	+29
Latin America (excluding Mexico)	15,750	16,063	-2
China	7,178	12,837	-44
Other markets	16,948	13,451	+26

Sales of Vito models for the commercial segment rose by 23% to 74,400 vehicles. Sales of the Mercedes-Benz Citan totaled 21,700 units (2014: 22,100). The V-Class multipurpose vehicle remains very appealing to our customers; sales of the model rose by 20% to 30,700 units.

An icon turns 20: the Sprinter remains a bestseller and a guarantee of success

In September, we celebrated the Sprinter's 20th year of production at the van plant in Düsseldorf. In 1995, the Mercedes-Benz Sprinter established the large-van segment that still bears its name – a segment it has continued to shape ever since. The Sprinter is now on the road in more than 130 countries and has been sold more than 2.9 million times. The model is thus one of the most successful commercial vehicles of all time and one of the bestsellers in the Daimler product portfolio. The high level of versatility within the model series is very popular with our customers around the world: The large premium van comes in three different wheelbase lengths and cargo space heights, and four different body lengths. The model is also available as an all-wheel drive van as an option. Trailblazing technical innovations have repeatedly made their debut in the Sprinter throughout the model's history. For example, we were the first van manufacturer to introduce the ABS anti-lock braking system in 1995, and we followed that up with the inclusion of the Electronic Stability Program (ESP) in 2002. Mercedes-Benz Vans achieved a further pioneering milestone in 2006 with the introduction of Adaptive ESP as standard equipment. The innovative system takes into account the current weight and center of gravity of the vehicle. Both generations of ESP led to a dramatic decline in accidents. The latest Sprinter also comes with Crosswind Assist as a further innovation. Along with our efforts to enhance safety, we are also committed to optimizing fuel consumption and reducing emissions in the large van segment. Thanks to our current efficiency package, the Sprinter boasts official standard consumption of 6.1 liters per 100 km.

In order to improve our long-term cost position and meet the demand for the Sprinter in North America, which has been rising for several years now, we will build a new Mercedes-Benz Vans production plant in Charleston, in the US federal state of South Carolina. The facility will enable us to supply customers in North America with the next-generation Sprinter more rapidly and in a more individualized manner. Mercedes-Benz Vans will invest roughly half a billion dollars in the new van plant in the next several years. Construction is scheduled to begin in 2016. The facility in Charleston will boast a completely new body shop, a paint shop and a final assembly area. With this new plant, we are continuing the development of our global production network and achieving a new milestone for our "Mercedes-Benz Vans goes global" growth strategy.

Mercedes-Benz Sprinter: In the year of its 20th anniversary, it set a new record for unit sales and is one of the most successful commercial vehicles of all time.

The specialist for professional passenger transport: The compact Vito Tourer convinces with maximum versatility, comfort and quality.

Mercedes-Benz Vans goes global: Vito successfully launched in new markets

The Vito is the second global van from Mercedes-Benz Vans, following the Sprinter. After its market launch in Europe in 2014, the mid-size van was introduced in North America in October 2015 under the name Metris. With its attractive design and wide range of variants, the model sets new standards in its segment. The Metris also stands out with its high payload and efficient engines. The new van expands the Mercedes-Benz Vans product program below the Sprinter and is thus able to meet various customer requirements in the North American market. An important area of application involves parcel deliveries in connection with the growing online retail sector. Vito models for the Latin American market are built at the Mercedes-Benz Centro Industrial Juan Manuel Fangio plant near the capital of Argentina, Buenos Aires. We also offer the Vito Tourer – a Vito variant designed especially for passenger transport that optimally meets the demand for shuttle buses and taxis, and can also be used by limousine companies.

A new chapter in the V-Class success story

The Mercedes-Benz V-Class was presented to the Japanese public at the Tokyo Motor Show in 2015 and has been available in Japan since January 2016. The multipurpose vehicle’s launch in Japan marks its entry into a second major right-hand drive market after the UK. The MPV was also featured at the Dubai International Motor Show in November 2015 and will be launched in the United Arab Emirates and other markets in the Middle East in the spring of 2016. The V-Class is now sold at Mercedes-Benz passenger car and commercial vehicle dealerships in more than 90 countries. Beginning in the spring of 2016, additional sales momentum should be generated by the introduction of new equipment features such as the AMG Line and the segment’s largest panoramic roof.

Mercedes-Benz Vans on course for success in the camper van market

Mercedes-Benz Vans is expanding its presence in the camper van market as well. The Marco Polo and Marco Polo ACTIVITY models have become quite successful just one year after their market launch, as evidenced by the great demand for the two vehicles. The popularity of the Marco Polo has also led to awards from two trade journals. Readers of *promobil* named the Marco Polo “Compact Camper Van of the Year” for the second consecutive time in 2015, while readers of *AUTO BILD REISEMOBIL* put the compact camper van in first place, leading to an award as “Das Goldene AUTO BILD Reisemobil 2015” at the end of August. The V-Class and the Vito are also conquering the market for customized extensions and body types for compact camper vans by serving as attractive base vehicles. More and more camper van manufacturers are relying on the two premium models, both of which feature an all-new pop-up roof.

Portfolio expansion with a new pickup

We will expand our product range into a very promising segment before the end of the decade by becoming the first premium manufacturer to build a pickup truck. Within the framework of our “Mercedes-Benz Vans goes global” strategy, a pickup is the ideal vehicle for achieving a targeted expansion of our attractive range of products on an international scale. In the pickup segment as well, we will stand out through an unmistakable design and all of our typical brand attributes with regard to safety, comfort, powertrain quality and high value. Versatile pickups that boast a high degree of all-round quality and a payload capacity of around one ton are very popular around the world and thus offer solid sales potential. The initial target markets for the new model will be Latin America, South Africa, Australia and Europe.

Awards for the Mercedes-Benz Sprinter and Vito

Mercedes-Benz Vans gained a double victory in the competition “CEP Van of the Year 2015.” The vehicles were assessed by a panel of experts from the courier, express and postal sectors (CEP). The Vito 111 CDI and the Sprinter 316 CDI succeeded against strong competition. The new Mercedes-Benz Vito took first place in the category “Vans up to 3.0 tons” and the Mercedes-Benz Sprinter defended its top position of recent years in the category “Vans up to 3.5 tons.”

Daimler Buses

As the leading bus manufacturer in its core markets of Western Europe and Latin America, Daimler Buses focuses on supplying innovative and environmentally responsible products that meet its customers' business requirements. During the year under review, we enhanced our wide-ranging product portfolio. Business development in 2015 was once again negatively affected by the difficult economic situation in Latin America, which led to a decrease in unit sales and revenue. Nevertheless, we were able to increase our earnings slightly compared with the previous year.

C.07

Daimler Buses

	2015	2014	15/14
€ amounts in millions			% change
EBIT	214	197	+9
Revenue	4,113	4,218	-2
Return on sales (in %)	5.2	4.7	.
Investment in property, plant and equipment	104	105	-1
Research and development expenditure	184	182	+1
thereof capitalized	13	11	+18
Production	29,092	31,485	-8
Unit sales	28,081	33,162	-15
Employees (December 31)	18,147	17,473	+4

C.08

Unit sales by Daimler Buses

	2015	2014	15/14
			% change
Total	28,081	33,162	-15
Western Europe	7,757	7,557	+3
thereof Germany	2,787	2,865	-3
Mexico	3,964	3,633	+9
Latin America (excluding Mexico)	11,909	17,614	-32
Asia	1,030	1,117	-8
Other markets	3,421	3,241	+6

Earnings slightly above prior-year level

Daimler Buses sold 28,100 buses and bus chassis worldwide in 2015 (2014: 33,200). This significant decrease in unit sales was largely due to the ongoing poor economic situation in Brazil. Nevertheless, the division was able to maintain its clear leading position in its core markets for buses with a gross vehicle weight of over 8 metric tons. ↗ C.07 Business with complete buses in Western Europe developed favorably during the year under review, with sales increasing from the prior-year level. At €4.1 billion, revenue was slightly lower than in 2014 (€4.2 billion). Success with sales of complete buses and a favorable product mix in Western Europe more than offset the lower unit sales in Latin America, resulting in a slight increase in EBIT to €214 million (2014: €197 million).

Varied business development in core regions

In Western Europe, the Daimler Buses brands Mercedes-Benz and Setra offer not only a complete range of city buses, intercity buses and coaches, but also bus chassis. Thanks to an improvement in our complete bus business, sales in the region increased by 3% to 7,800 units. As a result, Daimler Buses maintained its leading position in Western Europe with a market share of 30.9% (2014: 34.4%), although this share was lower than the record figure achieved in 2014. Strong demand for our Mercedes-Benz and Setra buses – particularly in the coach segment – had a positive effect on our sales in Germany, where the coach segment also benefited from the continued expansion of long-distance bus services. However, the decrease in demand for city buses compared with the extraordinarily high level of demand in the prior year led to a decrease in bus sales in Germany to 2,800 units (2014: 2,900). Sales in Turkey rose by 32% to 1,000 units; this positive development was mainly due to a substantial increase in coach sales in the country.

The Mercedes-Benz Citaro NGT (Natural Gas Technology) city bus convinces with its quiet operation and reduced CO_2 emissions.

The TopClass 500 from the Setra brand offers a new travel feeling combining the highest levels of luxury and functionality.

The ongoing economic difficulties in Latin America (excluding Mexico) led to a significant further deterioration in the region, with the Brazilian bus market reaching its lowest point for many years in 2015. Sales of Mercedes-Benz bus chassis in Brazil fell by 47% to 7,200 units. Nonetheless, we were able to significantly expand our leading position in Brazil to a market share of 52.5% (2014: 49.7%). At 4,000 units (2014: 3,600), sales in Mexico were significantly higher than in the previous year.

Busworld Kortrijk 2015: New sales record and international awards
For the second time in succession, Daimler Buses was extremely successful at the oldest and most famous international bus show, which takes place in Kortrijk, Belgium, every other year. The number of buses sold increased once again following the 2013 event – by approximately 70%, which made the total volume significantly higher than the former record level. Sales actually tripled compared with 2011. At Busworld, we presented the unique complete range of products from Daimler Buses with its leading Mercedes-Benz and Setra brands. The presentation included everything from minibuses to double-deckers, as well as a wide range of services. Coaches from the Setra TopClass 500 series received several awards from European Coach & Bus Week. The S 516 HDH high-decker bus was presented with the "Grand Award Coach" and the judges also awarded the Setra coach generation an "Ecology Label" and a "Styling & Design Label" in recognition of the vehicles' high degree of environmental compatibility and their appealing design. Both series also received a "Special Mention 2015" prize from the "German Design Award" organization at the beginning of the year. The mid-decker coaches from the ComfortClass 500 series were honored with the "Green Coach Award 2015" in Kortrijk. This award has been presented by renowned trade journals to coaches and city buses in alternating years since 2011. The S 515 MD made a major impression here with its outstanding economy and also by recording the lowest fuel consumption on a test route.

New technologies set standards for efficiency and environmental compatibility
Daimler Buses is working to further improve the fuel efficiency and environmental compatibility of its products through the use of innovative technologies. The natural gas-powered Mercedes-Benz Citaro NGT (Natural Gas Technology) city bus presented in 2015 is equipped with the M 936 G Euro VI natural gas engine, which makes it up to 20% more fuel-efficient than the predecessor model. The natural gas engine also boasts CO_2 emissions that are as much as 10% lower than the emissions of diesel engines. When powered by renewable natural gas, the Citaro NGT is also completely CO_2-neutral. In addition, the engine in the Citaro NGT makes less noise than the quiet OM 936 diesel engine across the entire range of engine speeds – and the difference is noticeable. A new heavy-duty engine is also now setting standards for coach operating costs. Thanks to the new, highly efficient Mercedes-Benz OM 471 engine, which is used in three-axle premium buses from Mercedes-Benz and Setra, fuel costs are down by as much as 4%, even as handling has been made more dynamic.

Roadmap for alternative drive systems
Daimler Buses presented its roadmap for alternative drive system technologies at the UITP (International Association of Public Transport) World Congress and Exhibition. Along with the further optimization of diesel powertrains, the division is also focusing on developing the Citaro E-Cell and Citaro F-Cell electric variants by 2020. Both models will be based on a modular electric vehicle platform. Additional measures here include the development of a hybrid solution. With its Compact Hybrid, Daimler Buses is pursuing a more simplified technical hybrid approach. The result will not be a zero-emission vehicle but rather one that achieves a substantial reduction in fuel consumption compared with the already economical Euro VI diesel engines – with low additional costs for customers.

New bus plants facilitate entry into growth markets
In autumn 2015, series production operations were launched at the Chennai bus plant in India, which opened in mid-2015. The new facility gives Daimler Buses the opportunity to profit from the tremendous growth potential offered by the Indian market. The plant builds BharatBenz-brand front-engine buses for the volume market in India, with bodies produced by the British bus manufacturer Wrightbus. Mercedes-Benz rear-engine buses are available for the premium segment. The new plant in India has an initial production capacity of 1,500 units each year. However, this annual capacity can be expanded to as many as 4,000 units. The first buses and bus chassis have already been delivered to Indian customers as well as for export. A total of €50 million has been invested in the facility in India to date. We also opened a new bus chassis assembly plant in Funza, near Bogotá, in Colombia. Daimler Buses is thus preparing for the growing demand for buses and efficient mobility solutions in that region.

Number 1 for safety technology in Europe
Daimler Buses is implementing a comprehensive integrated safety concept for Mercedes-Benz and Setra buses. This concept meets the highest possible demands in terms of safety and also involves continual further developments in all areas. The integrated safety concept comprises several components. Its central component consists of a large number of innovative safety features that are employed in line with the vehicle in question and the way it is to be used, whereby the general objective is to continually improve active and passive safety. Features range from driver assistance systems to fire alarm devices in all buses as standard. Since November 2015, the EU has required that all newly registered coaches be equipped with emergency braking and lane-changing assistance systems. Daimler Buses has been equipping coaches with its Lane Keeping Assist system for nine years now, while Active Brake Assist has been available for six years. The latest version of the latter system – Active Break Assist 3 (ABA 3) – can initiate automatic emergency braking and bring the coach to a standstill when it encounters stationary obstacles ahead. Our vehicles also already come with other assistance systems such as proximity cruise control and Attention Assist. In addition, the Articulation Turntable Controller (ATC) developed by Mercedes-Benz for the Citaro G and CapaCity L articulated buses sets a new standard for articulated bus handling and safety. Our safety technology portfolio at Daimler Buses is rounded out by various safety training courses and programs.

Daimler Financial Services

The number of cars and commercial vehicles financed or leased by Daimler Financial Services reached a new all-time high of more than 3.7 million at the end of 2015. New business and contract volume also rose sharply, and the combination of sales financing and brokered automotive insurance policies gained in importance as well. During the year under review, we also further expanded our range of innovative mobility solutions.

Nearly half of all delivered vehicles are financed or leased by Daimler Financial Services
During the year under review, Daimler Financial Services concluded 1.5 million new financing and leasing contracts worth a total of €57.9 billion. The total value of all new contracts rose by 21% compared with the prior year. As a result, the sales and leasing activities at Daimler Financial Services supported approximately half of all new-vehicle sales by our automotive divisions in 2015. More than 3.7 million financed or leased vehicles were on the books at the end of 2015; this corresponds to an 18% increase in contract volume to €116.7 billion. Adjusted for exchange-rate effects, the increase amounted to 14%. EBIT rose to a new high of €1,619 million (2014: €1,387 million). ↗ C.09

New business in Europe increases
During the year under review, Daimler Financial Services concluded 766,399 new financing and leasing contracts worth €24.6 billion (+14%) in the Europe region. Particularly high rates of growth were recorded in Spain (+43%) and Italy (+30%). In Germany, Mercedes-Benz Bank's new business increased by 8% to €10.7 billion; the volume of deposits in the direct banking business totaled €10.4 billion (-3%). In order to further expand its market presence, Daimler Financial Services acquired Welcome Bank GmbH in Austria, which was previously part of Wiesenthal Autohandels AG. Welcome Bank GmbH has been operating in Austria as Mercedes-Benz Bank GmbH since the end of October 2015. During the year under review, Daimler Financial Services' contract volume in Europe rose by 13% to €45.6 billion.

C.09
Daimler Financial Services

	2015	2014	15/14
Amounts in millions of euros			% change
EBIT	**1,619**	1,387	+17
Revenue	**18,962**	15,991	+19
New business	**57,891**	47,912	+21
Contract volume	**116,727**	98,967	+18
Investment in property, plant and equipment	**30**	23	+30
Employees (December 31)	**9,975**	8,878	+12

Daimler Financial Services satisfies its customers' requirements with excellent service and tailored financing, leasing and insurance offers.

Continued expansion in North America
Daimler Financial Services was able to record an increase over the high level of new business of the previous year also in the Americas region, where the company brokered 456,365 new financing and leasing contracts worth €22.0 billion in 2015 (+21%). The decrease in new business in Brazil that resulted from the difficult economic situation in the country was offset by significant gains in the United States (+28%) and Mexico (+31%), leading to an overall increase in contract volume in the Americas of 18% to €50.8 billion.

Increase in new business in Africa & Asia-Pacific region
New business in the Africa & Asia-Pacific region increased over the previous year by 39% to €11.3 billion. Business development was especially strong in India (+91%), China (+66%) and South Korea (+53%). With a contract volume of €6.9 billion, China became the fourth-largest market for Daimler Financial Services in the year under review. At the end of 2015, contract volume in the Africa & Asia-Pacific region totaled €20.2 billion, which corresponds to a 32% increase over the previous year.

Growth in the insurance business
During the year under review, Daimler Financial Services brokered 1.8 million insurance policies – an increase of 25% compared with the prior year. Our insurance business continued to be particularly successful in China, where an average of 75% of Daimler vehicles were delivered with an insurance policy brokered by us.

Mobility services expanded further
Daimler Financial Services offers a broad range of innovative mobility solutions. During the year under review, the division also further expanded its services in this area. The number of customers using the car2go car-sharing system increased to 1.2 million in 2015, thereby enabling car2go to maintain its position as the world's leading car-sharing company. car2go was also launched in Turin and Madrid in 2015; at the end of the year, the Group-owned company was operating at 31 locations. We also further developed our moovel app in 2015, which allows customers in Germany to compare various mobility and transport-mode options and then choose the best way to get from point A to point B. The app can also be used to book and directly pay for services provided by companies such as car2go, Flinkster, mytaxi and the Deutsche Bahn railway company. In the fourth quarter of 2015, moovel in Stuttgart became the first provider to allow users to book and pay for online tickets for journeys by a public transport operator. RideScout in North America, which is also a Daimler company, acquired the US startup GlobeSherpa at the end of the second quarter of 2015. GlobeSherpa is an upcoming US provider in the field of mobile ticketing and is currently present in San Francisco, Portland, Chicago and several other cities. The mytaxi app allows customers to locate, book and pay for a taxi using their smartphones. The app's great popularity led to its launch in Milan, Seville, Valencia, Krakow and Lisbon during the year under review. mytaxi was thus in use in 40 cities at the end of 2015. Daimler also has an equity interest in MeinFernbus FlixBus GmbH and in the Blacklane professional driver service.

Fleet business expanded
In 2015, Daimler Financial Services once again supported its fleet customers with the financing and management of their vehicles and fleets. Daimler Fleet Management concluded a total of 152,000 new contracts with commercial clients in 2015, representing an increase of 9% over the previous year. A total of 310,000 contracts were on the books in Europe at the end of December 2015 – an increase of 1.5% over the previous year. The demand for comprehensive mobility concepts for use with company fleets increased during the year under review, and fleet services for smaller companies with less than 50 vehicles were also expanded.

Focus on customer and employee satisfaction
Customer and employee satisfaction is a top priority at Daimler Financial Services. In 2015, independent surveys once again showed that we are a leader in numerous countries with regard to customers' and dealers' assessments of our service quality. In the United States, for example, Mercedes-Benz Financial Services finished top in three categories of a J. D. Power study of dealer satisfaction, whereby more than two thirds of the dealers surveyed reported that they planned to further increase the share of business they conduct with Mercedes-Benz Financial Services USA due to the exceptional customer focus of the company's sales staff. During the year under review, Mercedes-Benz Financial Services was once again named the most popular partner for auto dealerships also in the UK.

The foundation of these and other successes is formed by our highly motivated employees, nine out of ten of whom stated in the independent Great Place to Work Institute global survey that Daimler Financial Services is a great employer.

Toll Collect system successfully expanded
The automatic system for truck-toll collection on German autobahns and selected federal highways continued to operate smoothly and reliably in 2015. The system recorded a total of 29.7 billion kilometers driven. Daimler Financial Services holds a 45% equity interest in the Toll Collect consortium. On July 1, 2015, the Toll Collect system was expanded to cover additional federal highways in Germany, and on October 1 it was extended to include trucks with a gross vehicle weight of 7.5 metric tons and above. The Federal Republic of Germany has collected a total of €44 billion in tolls since Toll Collect went into operation at the beginning of 2005.

A new approach to mobility: With car2go, moovel and mytaxi, we are making personal transport more connected, flexible and intelligent.

We act responsibly and sustainably

The Board of Management and the Supervisory Board of Daimler are committed to the principles of good corporate governance. All of our actions take place within the framework of responsible, transparent and sustainable corporate governance.

D | Corporate Governance

Report of the Audit Committee

Dear Shareholders,

As Chairman of the Audit Committee, I am pleased to report to you on the tasks and activities performed by that body in financial year 2015.

Responsibility
On the basis of applicable law, the German Corporate Governance Code and the Rules of Procedure of the Supervisory Board and its committees, the Audit Committee deals primarily with questions of accounting and financial reporting. In addition, it deals with the annual audit and reviews the qualifications and independence of the external auditors. Furthermore, it discusses the effectiveness and functional capabilities of the risk management system, the internal control system, the internal auditing system and compliance management. After the external auditors are elected by the Annual Shareholders' Meeting, the Audit Committee engages the external auditors to conduct the annual audit and the auditors' review of interim financial statements, determines the important audit issues and negotiates the audit fees with the external auditors.

Equal representation
Following several personnel changes that occurred in the prior year, the makeup of the four-member Audit Committee remained unchanged in 2015. Audit Committee Chairman Dr. Clemens Börsig and Joe Kaeser served as the shareholder representatives. Both are independent and have expertise in the field of financial reporting, as well as special knowledge and experience in the application of methods of internal control. During financial year 2015, the employees were represented on the Audit Committee by Michael Brecht as the Deputy Chairman of the Committee and by Dr. Sabine Maaßen.

Meetings and participants
The Audit Committee met six times in financial year 2015. All of those meetings were also attended by the Chairman of the Supervisory Board, Dr. Manfred Bischoff, as a permanent guest. The meetings were also attended by the Chairman of the Board of Management, the members of the Board of Management responsible for Finance and Controlling and for Integrity and Legal Affairs, and the external auditors. The heads of specialist departments such as those for accounting, auditing, compliance and law, as well as other experts, were also present for the appropriate items of the agenda. In addition, the Chairman of the Audit Committee held regular individual discussions, for example with the external auditors, the members of the Board of Management responsible for Finance and Controlling and for Integrity and Legal Affairs, and, if required, the heads of the specialist departments. Such individual discussions were mainly held to prepare for the next committee meetings.

Reporting to the Supervisory Board
The Chairman of the Audit Committee informed the Supervisory Board about the activities of the Committee and about the contents of its meetings and discussions in the following Supervisory Board meetings.

Topics in 2015
In a meeting on February 4, 2015, the Audit Committee dealt with the preliminary figures of the annual company financial statements and the annual consolidated financial statements for the year 2014, as well as with the proposal on the appropriation of profits made by the Board of Management. Following an in-depth review, the Audit Committee took positive note of the presented figures and determined that no objections could be made to their proposed publication. The Committee further recommended that the Supervisory Board adopt the same view. The preliminary key figures for financial year 2014 and the proposal on the appropriation of profits were published at the Annual Press Conference on the next day (February 5, 2015).

In another meeting held on February 13, 2015, the Audit Committee dealt with the annual company financial statements, the annual consolidated financial statements and the combined management report for Daimler AG and the Daimler Group for the year 2014, which had been issued with an unqualified auditor's opinion by the external auditors, as well as with the proposal on the appropriation of profits. At the meeting, the external auditors reported on the results of their audit and were available to answer supplementary questions and to provide additional information. The audit reports on the company and consolidated financial statements and on the internal control system (ICS), the report on the risk management system for the year 2014, the Annual Report 2014 and important

Dr. Clemens Börsig, Chairman of the Audit Committee

issues related to financial reporting were discussed with the external auditors. Following an intensive review and discussion, the Audit Committee recommended that the Supervisory Board approve the annual financial statements and the combined management report, and on this basis adopt the recommendation of the Board of Management to pay a dividend of €2.45 per share entitled to a dividend. Furthermore, the Audit Committee approved the Report of the Audit Committee for the year 2014.

Also in this meeting, the Audit Committee discussed the report on the fees paid to the external auditors in the year 2014 for auditing and non-auditing services. Taking into consideration the results of the independence review, the Audit Committee decided to recommend to the Supervisory Board, and subsequently to the Annual Shareholders' Meeting, that KPMG be engaged to conduct the annual external audit and the external auditors' review of interim financial reports for financial year 2015. Among other things, the Audit Committee based this recommendation on the very good results of the analysis of the quality of the external audit of financial year 2013 carried out by the Audit Committee in May 2014. Subject to the election of the proposed external auditors by the Annual Shareholders' Meeting, the Committee discussed the proposal for the fees to be agreed upon with the external auditors for financial year 2015. Finally, within the framework of its responsibility, the Audit Committee dealt with the draft agenda for the 2015 Annual Shareholders' Meeting and the annual audit plan for 2015 of the Corporate Auditing department.

In the meetings during 2015 relating to the quarterly results, the Audit Committee discussed the interim financial reports before their publication with the Board of Management and with the external auditors engaged to carry out the auditors' review of interim financial statements. In addition, the Committee received reports from the Compliance, Legal and Corporate Audit departments. In this connection, the Audit Committee dealt, for example, with the current status of pending legal proceedings and with measures taken by the Company to prevent money laundering and to ensure a review of sanction lists. In addition, the Audit Committee dealt with notifications concerning possible violations of rules submitted by employees and third parties to the Company's own whistleblower system, the BPO (Business Practices Office).

In its meeting on June 18, 2015, the Audit Committee discussed the Group's risk management system, and dealt in particular with its changes and further development. It also discussed the methods and processes of, and possible changes to, the internal control system, which along with accounting also encompasses the internal auditing and compliance management functions. Furthermore, the Committee received a report on the non-auditing services provided by the external auditors. In this meeting, the important audit issues for the external audit of the reporting period and the framework of approval for engaging the external auditors to provide non-audit services were also determined. In addition, this meeting was used to discuss the results of the internal quality analysis of the external audit for the year 2014.

Also in the meeting on June 18, 2015, the Audit Committee dealt with new developments in accounting and financial reporting and other audit-relevant areas. Furthermore, the Committee was informed in detail about the Group Legal System and Group Legal Risk Reporting. Finally, the Committee was informed in detail about the leasing business model and also discussed with the Board of Management and the representatives of the specialist departments issues related to residual-value management and associated accounting processes.

In the meeting held on July 22, 2015, the Audit Committee received the annual report from the Group's Data Protection Officer and was informed about the main topics and current developments in the field of data protection. Here, the members of the Committee addressed, for example, the data protection principles for connected vehicles and data protection at the Mercedes me online platform, which is designed to reconcile the needs of data security and customer-friendly operation.

In the meeting held on October 21, 2015, the Committee dealt with, among other things, current activities in the Compliance department and was informed in particular about measures designed to ensure the permanent establishment of the elements of the Compliance Management System and the improvement of specific processes.

Topics in 2016

In a meeting held on February 3, 2016, the Audit Committee dealt with the preliminary figures of the annual company financial statements and the annual consolidated financial statements for the year 2015, as well as with the proposal on the appropriation of profits made by the Board of Management. Following an in-depth review, the Audit Committee took positive note of the presented figures and determined that no objections could be made to their proposed publication. The Committee further recommended that the Supervisory Board adopt the same view. The preliminary key figures and the proposal on the appropriation of profits were published at the Annual Press Conference on February 4, 2016.

In another meeting on February 16, 2016, the Audit Committee reviewed and discussed in detail the annual company financial statements, the annual consolidated financial statements and the combined management report for Daimler AG and the Daimler Group for the year 2015, each of which had been issued with an unqualified auditor's opinion by the external auditors, as well as the proposal on the appropriation of profits. At the meeting, the external auditors reported on the results of their audit and were available to answer supplementary questions and to provide additional information. The audit reports on the company and consolidated financial statements and on the internal control system (ICS), the report on the risk management system for the year 2015, the Annual Report 2015 and important issues related to financial reporting were discussed with the external auditors. Following an intensive review and discussion, the Audit Committee recommended that the Supervisory Board approve the annual financial statements and the combined management report, and on this basis adopt the recommendation of the Board of Management to pay a dividend of €3.25 per share entitled to a dividend. Furthermore, the Audit Committee approved the Report of the Audit Committee for the year 2015.

Also in this meeting, the Audit Committee discussed the report on the total fees paid to the external auditors in the year 2015. The Audit Committee also decided to recommend to the Supervisory Board, and subsequently to the Annual Shareholders' Meeting, that KPMG be engaged to conduct the annual external audit and the external auditors' review of interim financial reports for financial year 2016; the results of the independence review and the discussion of the quality of the external audit were taken into consideration. Subject to the outcome of voting by the Annual Shareholders' Meeting, the Committee also discussed the proposal for the fees to be agreed upon with the external auditors for financial year 2016. Finally, within the framework of its responsibility, the Audit Committee dealt with the draft agenda for the 2016 Annual Shareholders' Meeting and the annual audit plan for 2016 of the Internal Auditing department.

Efficiency review

As in previous years, the Audit Committee once again conducted a self-evaluation of its own activities in 2015. The very positive results of this efficiency review were presented and discussed in the meeting in mid-February 2016. This did not result in any need for action with regard to the Committee's tasks, or with regard to the content, frequency or procedure of its meetings.

Stuttgart, February 2016

The Audit Committee

Dr. Clemens Börsig
Chairman

Integrity and Compliance

A culture of integrity

Integrity is one of our four corporate values, which form the foundation of our business activities. We are convinced that doing business ethically brings us sustained success and is also good for society as a whole. As a group of companies with global operations, we accept responsibility and want to be a pioneer in terms of ethical business conduct. The further development and permanent establishment of such ethical conduct is an important task and therefore a component of the target agreements for Board of Management remuneration. Our business activities are also strongly guided by the ten principles of the UN Global Compact, of which Daimler is a founding member. We are also a member of the Global Compact LEAD Group.

In order to further develop a culture of integrity at the company, we also began conducting a continual dialogue with our employees in 2011. Integrity cannot be dictated from above; this is why the regular sharing of opinions on questions of integrity is an integral component of our everyday working life. We regularly address integrity issues in our internal media and make extensive integrity-related materials available on the intranet for use by all our business units.

Integrity Code
The Integrity Code is a result of our dialogue with employees. The Code, which is based on a shared understanding of values agreed upon with our employees, lays out the principles for our everyday business conduct. Such principles include fairness, responsibility, mutual respect, transparency, openness, legal compliance and the honoring of rights. The Code is valid throughout the Group and is available in 23 languages. A guide has been prepared to support the application of the Code in everyday situations, providing answers to the most frequently asked questions.

Contact and advice center
In March 2015, we launched the “Infopoint Integrity” for the employees at our locations in Germany. The team offers advice on integrity-related issues in the daily work environment and puts employees in touch with the right contact partner if necessary.

Communicating with employees
By means of innovative dialog formats, our employees are encouraged to discuss the issue of integrity. For example, executives can use a toolbox to initiate discussions about integrity in their departments. Furthermore, more than 55,000 employees worldwide have participated in our online game “Monster Mission” since September 2014. The game increases employee awareness of the principles contained in the Integrity Code by simulating specific everyday work situations in which ethical behavior is required.

Extensive training program
The Integrity Code also forms the foundation of the range of training courses we offer. Our integrated training program is defined on the basis of an annual planning cycle that starts with a needs analysis, extends through the implementation of the program and ends with a feedback and monitoring process. Among other things, the program addresses the topics of integrity, compliance, data protection and antitrust law. Depending on the risk and the target group, we use classroom training or web-based training sessions. Our training measures help ensure that ethical and compliant behavior remain firmly and sustainably anchored within the Group. They also help employees deal with specific questions in their day-to-day business. Basic web-based training in integrity, compliance and legal issues is offered to our employees via the intranet. Every newly hired Daimler employee must complete this training session as part of a “Welcome Package” when they join the company. About 50,000 employees from various levels of the hierarchy participated in this training program in 2015.

Requirements for managers
Our Integrity Code also defines requirements for managers, who serve as role models and have a special responsibility for the culture of integrity. All training seminars for new managers therefore also include modules that address the topic of integrity. In addition, integrity and compliance are important criteria in the annual target agreements and in assessing the target achievement of our managers.

Advisory Board for Integrity and Corporate Responsibility
The Advisory Board consists of independent external experts from the fields of science, business, politics and journalism, and from non-governmental organizations. The Advisory Board regularly collects information on the company’s activities, conducts discussions with company representatives and monitors the integrity process at Daimler in a constructively critical banner.

We also promote discussions of issues of current importance to the company through our meetings with stakeholders.
To this end, we organized a conference in 2015 under the heading of “Autonomous Driving, Law and Ethics.”

Compliance

Daimler acts in conformance with ethical principles and adheres to all relevant legislation, internal rules and voluntary commitments. We place the utmost priority on complying with all applicable anti-corruption regulations and on maintaining and promoting fair competition, as is set out in our Integrity Code.

Compliance management system (CMS)
Our CMS is based on national and international standards and supports us in ensuring compliant behavior in our daily business. We continually review the effectiveness of the system, and we adjust it to worldwide developments, changed risks and new legal requirements. In this way, we improve its efficiency and effectiveness.

"Anti-Money Laundering Policy"
This policy is designed to prevent money laundering and the financing of terrorism in the trade with goods. It forms the basis for ensuring that legislation in various countries is complied with throughout the Group. The Chief Compliance Officer serves as the anti-money laundering officer of Daimler AG. A center of competence supports the Chief Compliance Officer with the management and coordination of money-laundering prevention measures in the goods trade.

Consistent compliance with sanction lists
Daimler takes appropriate measures to ensure that the legal sanctions specified by legislation are observed. Effective and efficient implementation has been ensured here by the introduction of a global system-based standard process.

Systematic minimization of compliance risks
We systematically analyze and assess the compliance risks of all our business units every year. The results of this analysis form the basis of our risk management. One focus of our risk minimization activities is on sales companies in high-risk countries. The responsibility for implementing and monitoring the associated measures lies with the management of each company, which cooperates closely with the Group Compliance department.

Effective compliance structures
Our Compliance Organization is structured along the lines of our divisions. This structure enables us to offer effective support and advice to the individual divisions. For this purpose, the organization consists of divisional and regional compliance officers. In addition, local compliance managers throughout the world make sure that our standards are observed. The divisional and regional compliance officers report directly to the Chief Compliance Officer. This ensures the divisional and regional compliance officers' independence from the divisions. The Chief Compliance Officer reports directly to the Member of the Board of Management for Integrity and Legal Affairs and to the Chairman of the Supervisory Board.

We offer target group-specific training courses within our integrated training program in order to ensure compliance staff members remain up to date on the continual changes made to laws and regulations.

Whistleblower system BPO (Business Practices Office)
The BPO is the organization where Daimler employees and external whistleblowers can report misconduct anywhere in the world. The office is available to receive information around the clock and – if allowed by local law – also anonymously. This system enables us to learn about potential risks and specific violations at an early stage and thus prevent damage to the company and its reputation. Our globally valid corporate policy in this area ensures a fair and sensitive approach that takes into consideration the principle of proportionality and also gives protection to both whistleblowers and affected parties. In Germany, reports to the BPO can also be submitted via a "neutral intermediary" – an independent attorney who, due to her oath of professional secrecy, is obliged to maintain confidentiality.

Compliance at our business partners
We regard our business partners' integrity and behavior in conformity with regulations as an indispensable precondition for trusting cooperation. In the selection of our direct business partners, we make sure that they comply with the law and observe ethical principles. Within the framework of our integrated training program, we also offer our business partners special training courses on integrity and compliance in line with the specific risks they face. We reserve the right to terminate our cooperation with business partners who fail to conform to our standards. For the expectations we place on our business partners, see also daimler.com/sus/obr.

Sharing experience of compliance in practice
We have designed the Daimler Compliance Academy as an annual practical seminar that creates a platform for sharing experience of compliance trends and challenges. The seminar, which took place for the second time in 2015, is directed at compliance professionals from all industries.

Antitrust law

Our Group-wide antitrust-compliance program, which is oriented toward national and international standards, helps us to ensure adherence to antitrust laws in our business operations. By assessing qualitative and quantitative factors, we systematically analyze the antitrust risks of all our business units. The results of this analysis form the basis of our risk management and of the definition of the measures to be taken to counteract any risks related to antitrust law.

We help our employees to recognize situations that might be critical from an antitrust perspective and to act in compliance with regulations in their daily work by means of training courses, as well as with written advice and practical examples. Our employees also have access to an advisory hotline established by the Legal department for questions on antitrust and cartel matters. Our antitrust-compliance program defines a binding Daimler standard on how matters of competition law are to be assessed internally. In this context, we focus in particular on the strict standards of the European antitrust authorities and courts. Our standard is the basis for effective implementation of the program and allows us, guided and supported by our Legal department, to ensure a uniform level of compliance and advice throughout the Group. We regularly review our antitrust-compliance program in order to continually adapt it to worldwide developments, new legal requirements and changing risks, and to constantly improve its effectiveness.

Declaration by the Board of Management and Supervisory Board of Daimler AG pursuant to Section 161 of the German Stock Corporation Act (AktG) regarding the German Corporate Governance Code

Daimler AG satisfies the recommendations of the German Corporate Governance Code published in the official section of the German Federal Gazette on June 12, 2015 in the Code version dated May 5, 2015, with the exception of Clause 3.8 Paragraph 3 (D&O insurance deductible for the Supervisory Board) and one deviation from Clause 5.4.1 Paragraph 2 (Specific objectives for the composition of the Supervisory Board), which was declared as a precautionary measure, and will continue to observe the recommendations with the aforesaid deviations. Since the issuance of the last compliance declaration in December 2014, Daimler AG has observed the recommendations of the German Corporate Governance Code in the version dated June 24, 2014, published on September 30, 2014, with the aforementioned exceptions.

D&O insurance deductible for the Supervisory Board (Clause 3.8, Paragraph 3)
As in previous years, the Directors' & Officers' liability insurance (D&O insurance) also contains a provision for a deductible for the members of the Supervisory Board, which is appropriate in the view of Daimler AG. However, this deductible does not correspond to the legally required deductible for members of the Board of Management in the amount of at least 10% of the damage up to at least one and a half of the fixed annual remuneration. Since the remuneration structure of the Supervisory Board is limited to fixed remuneration without performance bonus components, setting a deductible for Supervisory Board members in the amount of 1.5 times the fixed annual remuneration would have a disproportionate economic impact when compared with the members of the Board of Management, whose compensation consists of fixed and performance bonus components.

Specific objectives for the composition of the Supervisory Board (Clause 5.4.1 Paragraph 2)
The Supervisory Board has limited its target objective for its composition regarding the number of independent members of the Supervisory Board and in consideration of potential conflicts of interest to the appointments for the shareholders' side in the light of the German Co-Determination Act and due to the lack of influence on the appointments for the employee side.

Daimler AG is in conformity with the new recommendation for a limit on the duration of membership in the Supervisory Board contained in Clause 5.4.1 Paragraph 2 of the new version of the German Corporate Governance Code, dated May 5, 2015, since the determination of such a limit with a Supervisory Board resolution dated December 9, 2015.

Stuttgart, December 2015

For the Supervisory Board	For the Board of Management
Dr. Manfred Bischoff	Dr. Dieter Zetsche
Chairman	Chairman

Corporate Governance Report

Good corporate governance is a precondition for and a reflection of the responsible management of a company. The Board of Management and the Supervisory Board aim to align the Group's management and supervision with nationally and internationally recognized standards in order to secure sustainable value creation and success at the Daimler Group with its strong traditions.

The main principles applied in our corporate governance

German Corporate Governance Code
The legal framework for the corporate governance of Daimler AG is provided by German law, in particular the Stock Corporation Act (AktG), the Codetermination Act (MitbestG) and legislation concerning capital markets, as well as by the Company's Articles of Incorporation. The German Corporate Governance Code gives recommendations and makes suggestions for the details of this framework. These recommendations and suggestions are regularly reviewed by the Government Commission for the German Corporate Governance Code. In the reporting year, this review caused the Code to be revised as of May 5, 2015. This revised description of the Code was published in the German Federal Gazette on June 12, 2015.

There is no statutory duty to follow the standards contained in the recommendations and suggestions of the Code. However, according to the principle of comply or explain, the Board of Management and the Supervisory Board of Daimler AG are obliged by Section 161 of the German Stock Corporation Act (AktG) to make a declaration of compliance with regard to the recommendations of the German Corporate Governance Code and to disclose and justify any deviations from the Code's recommendations. With the exceptions disclosed and justified in the declaration of compliance of December 2015, Daimler AG has followed and continues to follow the recommendations of the German Corporate Governance Code. The declaration of compliance is printed on page 187 of this Annual Report and can also be accessed on our website at daimler.com/dai/gcgc. Previous, no longer applicable declarations of compliance from the past five years, and the current German Corporate Governance Code are also available there.

Daimler AG has followed and continues to follow the suggestions of the Code with just one exception: Deviating from the suggestion in Clause 2.3.3, which stipulates that companies should enable shareholders to view the Annual Shareholders' Meeting with modern communications media such as the Internet, the Annual Shareholders' Meeting is not transmitted in its entirety on the Internet, but only until the end of the report by the Board of Management, in order to protect the character of the Annual Shareholders' Meeting as a meeting attended by our shareholders in person. An additional factor is that continuing the broadcast after that point, in particular broadcasting comments made by individual shareholders, could impair the discussion between shareholders and management, and might also be construed as an unjustified infringement of shareholders' privacy rights. When considering this matter, the interests of transmission do not automatically take precedence over shareholders' privacy rights. This is reflected by the statutory requirement for the entire transmission to have a legal basis in the Company's Articles of Incorporation or in the rules of procedure for the Annual Shareholders' Meeting.

The principles guiding our conduct
Additional relevant principles of corporate governance that go beyond the legal requirements but are applied throughout the Group are our Standards of Business Conduct. They are composed of several documents and policies and are based on the company values of passion, respect, integrity and discipline. These standards serve as a frame of reference at Daimler that helps ensure behavior in conformity with applicable regulations and the principles of integrity.

Integrity Code
The Integrity Code defines the principles of behavior and guidelines for everyday conduct at Daimler. This applies to interpersonal conduct within the company as well as conduct toward customers and business partners. Fairness, responsibility and compliance with legislation are key principles in this context. The Integrity Code is based on a shared understanding of values, which was developed together with the Daimler employees. In addition to general principles of behavior, it includes requirements and regulations concerning the protection of human rights, dealing with conflicts of interest and preventing all forms of corruption.

The “Principles of Social Responsibility” also form part of the Integrity Code. They are binding for the entire Group. In the Principles of Social Responsibility, Daimler commits itself to the principles of the UN Global Compact and thus to internationally recognized human and workers’ rights, such as the prohibition of child labor and forced labor, as well as freedom of association and sustainable protection of the environment. Daimler also commits itself to guaranteeing equal opportunities and adhering to the principle of “equal pay for equal work.” The Integrity Code is available on the Internet at daimler.com/dai/caag.

Expectations on our business partners
For Daimler, acting with integrity is a basic prerequisite for trusting cooperation. When selecting our direct business partners, we ensure that they comply with the law and follow ethical principles. For the expectations we place on our business partners, see also daimler.com/sus/obr.

Composition and mode of operation of the Board of Management and the Supervisory Board ↗ D.01

Daimler AG is obliged by the German Stock Corporation Act (AktG) to apply a dual management system featuring strict personal and functional separation between the Board of Management and the Supervisory Board (two-tier board). Accordingly, the Board of Management manages the company while the Supervisory Board monitors and advises the Board of Management. No person may be a member of the two boards at the same time.

Board of Management
In accordance with the Articles of Incorporation of Daimler AG, the Board of Management has at least two members. The precise number of Board of Management members is determined by the Supervisory Board. The Board of Management had eight members on December 31, 2015. In accordance with the German law requiring women and men to be equally represented in executive positions, the Supervisory Board has defined a target for the proportion of women on the Board of Management as well as a deadline when this target must be met. The details are described in a separate section: pages 193 f

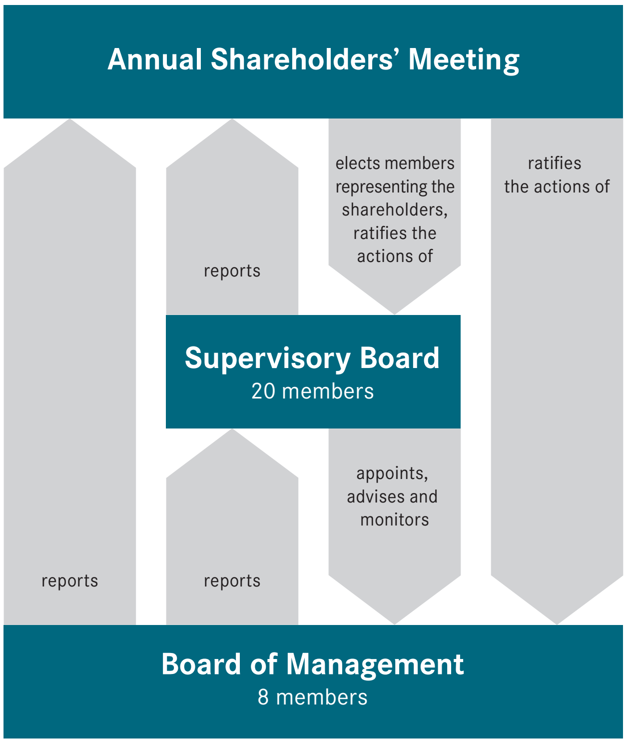
Information on the areas of responsibility and curricula vitae of the Board of Management members are posted on our website at daimler.com/dai/bom. The members of the Board of Management and their areas of responsibility are also listed on page 46 of this Annual Report. No member of the Board of Management is a member of more than three supervisory boards of listed companies outside the Daimler Group or of similar boards or committees with comparable requirements of companies outside the Daimler Group. The Board of Management manages Daimler AG and the Daimler Group. With the consent of the Supervisory Board, the Board of Management determines the Group’s strategic focus, defines the corporate goals and makes decisions concerning operational planning issues.

The members of the Board of Management must represent the interests of the Company and share responsibility for managing the Group’s entire business. Irrespective of this overall responsibility, the individual members of the Board of Management manage their allocated areas on their own responsibility and within the framework of the instructions approved by the entire Board of Management. Affairs of fundamental or great importance that affect the areas of responsibility of several Board of Management members are dealt with by the Board as a whole, which must approve all related decisions. The Chairman of the Board of Management coordinates the work of the Board of Management.

The Board of Management prepares the Group’s interim reports, the annual company financial statements of Daimler AG, the annual consolidated financial statements, and the combined management report of the Company and the Group. It ensures that the provisions of applicable law, official regulations and the Group’s internal guidelines are adhered to, and works to make sure that the companies of the Group comply with those rules and regulations. The tasks of the Board of Management also include establishing and monitoring an appropriate and efficient risk management system.

For certain types of transaction of fundamental importance as defined by the Supervisory Board, the Board of Management requires the consent of the Supervisory Board. At regular intervals, the Board of Management reports to the Supervisory Board on corporate strategy, corporate planning, profitability, business development and the situation of the Group, as well as on the internal control system, the risk management system and compliance. The Supervisory Board has specified the information and reporting duties of the Board of Management.

D.01
Governance structure



The Board of Management has also given itself a set of rules of procedure, which can be viewed on our website at daimler.com/dai/rop. Those rules describe, for example, the procedure to be observed when passing resolutions and ways to avoid conflicts of interest.

The Board of Management has not formed any committees.

The Board of Management has committed to diversity management as a strategic factor of success that safeguards the future of the company, with the signed statement: “Promote diversity. Create links. Shape the future.”

The targeted advancement of women had been a key area of action of Daimler’s diversity management even before Germany’s law on the equal participation of women and men in executive positions came into force. Among other things, the Company promotes this goal with flexible working-time arrangements, company-owned daycare centers and special mentoring programs. To meet the new legal requirements, the Board of Management has defined targets and deadlines for the proportion of women at the two management levels below the Board of Management. The details are described in a separate section. Independently of the legal requirements, Daimler continues to affirm the goal it already set itself in 2006 of increasing the proportion of women in executive positions at the Group to 20% by 2020. At the end of 2015, this proportion amounted to about 15% (2014: 14.1%).

When making appointments to executive positions at the Group, the Board of Management also gives due consideration to age and internationality. The management of teams with a varied makeup requires a conscious approach to the teams’ inherent diversity. A key element of our approach here is therefore to make executives more aware of the importance of diversity. For this purpose, we also use mentoring programs, communication activities, conferences, workshops and e-learning tools. By continually addressing diversity management issues, we help to further develop our corporate culture.

Supervisory Board

In accordance with the German Codetermination Act (MitbestG), the Supervisory Board of Daimler AG comprises 20 members. Half of them are elected by the shareholders at the Annual Shareholders’ Meeting. The other half comprises members who are elected by the Company’s employees who work in Germany. The members representing the shareholders and the members representing the employees are equally obliged by law to act in the Company’s best interests.

Information on the individual members of the Supervisory Board is available on the Internet at daimler.com/dai/supervisoryboard and on pages 54 f of this Annual Report.

The Supervisory Board is to be composed so that its members together dispose of the knowledge, skills and specialist experience that are required for the proper execution of their tasks. Proposals by the Supervisory Board of candidates for election by the Annual Shareholders’ Meeting as members representing the shareholders of Daimler AG, for which the Nomination Committee makes recommendations, take into consideration not only the requirements of applicable law, the Articles of Incorporation and the German Corporate Governance Code, but also a list of criteria of qualifications and experience. They include, for example, market knowledge in the regions particularly important to Daimler, expertise in the management of technologies and experience in certain management functions. Other important conditions for productive work in the Supervisory Board and for being able to properly supervise and advise the Board of Management are the members’ personality and integrity, as well as individual diversity with regard to age, internationality, gender and other personal characteristics.

In addition to Germany’s new legal requirements for equal participation by women and men in executive positions, the Supervisory Board has also taken the recommendations of the German Corporate Governance Code into account with regard to the Board’s composition and has therefore set itself the following goals:

- In order to ensure sufficient internationality, for example through many years of international experience, the Supervisory Board has set a target of a proportion of at least 30% of international members representing the shareholders, and the resulting proportion of the entire Supervisory Board of at least 15%. Irrespective of the many years of international experience of a great majority of the members representing the shareholders, this target is currently significantly overachieved due to the international origins of Dr. Paul Achleitner, Sari Baldauf, Petraea Heynike and Andrea Jung on the shareholders’ side (40%) and Valter Sanches on the employees’ entire Supervisory Board.
- At least half of the members of the Supervisory Board representing the shareholders should have
  - · neither an advisory nor a board function for a customer, supplier, creditor, or other third party nor
  - · a business or personal relationship to the Company or its boards

  whose specific details could cause a conflict of interests. During the reporting period, there were no instances of an actual or a potential conflict of interest that might have affected a shareholder representative on the Supervisory Board.

- In order to ensure the independent advice and supervision of the Board of Management by the Supervisory Board, the rules of procedure of the Supervisory Board already stipulate that more than half of the members of the Supervisory Board representing the shareholders are to be independent as defined by the German Corporate Governance Code and that no person may be a member of the Supervisory Board who is a member of a board of, or advises, a significant competitor of the Daimler Group. At present, there are no indications for any of the members of the Supervisory Board representing the shareholders that relevant relationships or circumstances exist that would compromise their independence. In particular, this is not the case with their relationships or circumstances vis-a-vis the Company, the Board of Management or other Supervisory Board members. No member of the Supervisory Board is a member of a board of, or advises, a significant competitor.
- The rules of procedure of the Supervisory Board stipulate that candidates for election as members of the Supervisory Board who are to hold the position for a full period of office should generally not be over the age of 72 at the time of their election. In specifying this age limit, the Supervisory Board has intentionally refrained from stipulating a strict upper age limit and instead decided in favor of a flexible general limit that ensures each individual case is appropriately assessed, the range of potential Supervisory Board candidates is sufficiently broad and members can be reelected. After careful consideration, the Supervisory Board took advantage of its decision-making freedom to nominate Dr. Manfred Bischoff to be elected for another full term to the Supervisory Board at the Annual Shareholders' Meeting in 2016. This decision was based on a number of factors, including the very positive assessment of Dr. Bischoff's dedicated service by the other members of the Supervisory Board as well as his successful and constructively critical cooperation with the Board of Management and the fact that his nomination would signalize stability and continuity at Daimler. In addition, the nomination aims to maintain the different areas of expertise of the Supervisory Board's members and ensure that the body has a balanced age structure. None of the other members of the Supervisory Board exceeded the applicable general age limit at the time of his or her election. This applies to Petraea Heynike as well, who is also nominated for reelection to the Supervisory Board for a full term at the Annual Shareholders' Meeting in 2016.
- In accordance with the new recommendation of the German Corporate Governance Code as revised on May 5, 2015, the Supervisory Board decided on December 9, 2015, to impose a general limit on the length of time a person can be a member of the Board. As a result, only candidates who have not yet been members of the Supervisory Board for three full terms of office at the time of their election should generally be nominated for membership of the Supervisory Board for a full term of office. This general length of service on the Supervisory Board has not been exceeded by Dr. Manfred Bischoff and Petraea Heynike, are nominated for reelection at the Annual Shareholders' Meeting in 2016.

In accordance with another new recommendation of the Code as revised on May 5, 2015, the Supervisory Board made sure when it nominated Dr. Manfred Bischoff and Petraea Heynike for reelection that they will be able to continue to devote the time required as known to them from their previous mandate in the Supervisory Board.

The Chairman of the Supervisory Board, Dr. Manfred Bischoff, is a former member of the Board of Management. After stepping down from the Board of Management in December 2003, he was first elected to the Supervisory Board after a cooling-off period of more than two years in April 2006, and was first elected as the Chairman of the Supervisory Board after a cooling-off period of more than three years in April 2007. One member of the Supervisory Board is a member of the board of management of a listed company. Excluding his membership of that company's board of management, he is a member of no more than three supervisory boards of listed companies or similar company boards or committees with comparable requirements, including his membership of the Supervisory Board of Daimler AG. No member of the Supervisory Board is a member of a board of, or advises, a significant competitor. The members of the Supervisory Board attend on their own responsibility such courses of training and further training as might be necessary for the performance of their tasks and are supported by the Company in doing so. Daimler AG offers courses of further training to the members of its Supervisory Board as required. Possible contents of such courses include the subjects technological and economic developments, accounting and financial reporting, internal control and risk management systems, compliance, corporate governance, new legislation and board of management remuneration.

The Supervisory Board monitors and advises the Board of Management with regard to its management of the Company. At regular intervals, the Board of Management reports to the Supervisory Board on corporate strategy, corporate planning, profitability, business development and the situation of the Group, as well as on the internal control system, the risk management system and compliance. The Supervisory Board has retained the right of approval for transactions of fundamental importance. Furthermore, the Supervisory Board has specified the information and reporting duties of the Board of Management to the Supervisory Board, to the Audit Committee and – between the meetings of the Supervisory Board – to the Chairman of the Supervisory Board.

The Supervisory Board's duties include appointing and recalling the members of the Board of Management. Initial appointments are usually made for a period of three years. In connection with the composition of the Board of Management, the Supervisory Board pays attention not only to the members' appropriate specialist qualifications, with due consideration of the Group's international operations, but also to diversity. This applies in particular to age, nationality and other personal characteristics.

In accordance with German law requiring women and men to be equally represented in executive positions, the Supervisory Board has defined a target for the proportion of women in the Board of Management as well as a deadline when this target must be met. The details are described in a separate section.

The Supervisory Board also decides on the system of remuneration for the Board of Management, reviews it regularly and determines the individual remuneration of each member of the Board of Management with consideration of the ratio of Board of Management remuneration to the remuneration of the senior executives and the workforce as a whole, also with regard to development over time. For this comparison, the Supervisory Board has defined the senior executives by applying Daimler's internal terminology for the hierarchical levels and has defined the workforce of Daimler AG in Germany as the relevant workforce. For the individual Board of Management remuneration in total and with regard to its variable components, the Supervisory Board has set upper limits taking effect as of January 1, 2014. Further information on Board of Management remuneration can be found in the Remuneration Report of this Annual Report pages 122 ff

The Supervisory Board reviews the annual company financial statements, the annual consolidated financial statements and the combined management report of the Company and the Group, as well as the proposal for the appropriation of distributable profits. Following discussions with the external auditors and taking into consideration the audit reports of the external auditors and the results of the review by the Audit Committee, the Supervisory Board states whether, after the final results of its own review, any objections are to be raised. If that is not the case, the Supervisory Board approves the financial statements and the combined management report. Upon being approved, the annual company financial statements are adopted. The Supervisory Board reports to the Annual Shareholders' Meeting on the results of its own review and on the manner and scope of its supervision of the Board of Management during the previous financial year. The Report of the Supervisory Board for the year 2015 is available on pages 48 ff of this Annual Report and on the Internet at daimler.com/dai/supervisoryboard.

The Supervisory Board has given itself a set of rules of procedure, which regulate not only its duties and responsibilities and the personal requirements placed upon its members, but above all the convening and preparation of its meetings and the procedure of passing resolutions. The rules of procedure of the Supervisory Board can be viewed on our website at daimler.com/dai/rop.

Meetings of the Supervisory Board are regularly prepared in separate discussions of the members representing the employees and of the members representing the shareholders with the members of the Board of Management. Each Supervisory Board meeting includes an executive session for discussions of the Supervisory Board in the absence of the members of the Board of Management. The Supervisory Board members can also take part in the meetings by means of conference calls or video conferences. However, this is generally not the case.

Composition and mode of operation of the committees of the Supervisory Board

The Supervisory Board has formed four committees, which perform to the extent legally permissible the tasks assigned to them in the name of and on behalf of the entire Supervisory Board: the Presidential Committee, the Nomination Committee, the Audit Committee and the Mediation Committee. The committee chairpersons report to the entire Supervisory Board on the committees' work at the latest in the meeting of the Supervisory Board following each committee meeting. The Supervisory Board has issued rules of procedure for each of its committees. These rules of procedure can be viewed on our website at daimler.com/dai/rop. Information on the current composition of these committees can be viewed at daimler.com/dai/sbc and is also available on page 55 of this Annual Report.

Presidential Committee

The Presidential Committee is composed of the Chairman of the Supervisory Board, his Deputy and two other members, who are elected by a majority of the votes cast on the relevant resolution of the Supervisory Board.

The Presidential Committee makes recommendations to the Supervisory Board on the appointment of members of the Board of Management, whereby it especially takes into account the requirements of the position to be filled as well as the Supervisory Board's target for the proportion of women in the Board of Management. It submits proposals to the Supervisory Board on the design of the remuneration system for the Board of Management and on the appropriate total individual remuneration of its members. In this context, it follows the relevant recommendations of the German Corporate Governance Code. The Presidential Committee is also responsible for the Board of Management members' contractual affairs. In addition, it decides on the granting of approval for sideline activities of the members of the Board of Management, reports to the Supervisory Board regularly and without delay on consents it has issued and once a year submits to the Supervisory Board for its approval a complete list of the sideline activities of each member of the Board of Management.

In addition, the Presidential Committee decides on questions of corporate governance, on which it also makes recommendations to the Supervisory Board. It supports and advises the Chairman of the Supervisory Board and his Deputy, and prepares the meetings of the Supervisory Board within the limits of its responsibilities.

Nomination Committee
The Nomination Committee is composed of at least three members, who are elected by a majority of the votes cast by the members of the Supervisory Board representing the shareholders. It is the only Supervisory Board Committee that consists solely of members representing the shareholders, and makes recommendations to the Supervisory Board concerning persons to be proposed for election as members of the Supervisory Board representing the shareholders at the Annual Shareholders' Meeting. In doing so, the Nomination Committee takes into consideration the requirements of the new German law regulating equal participation of women and men in executive positions, the German Corporate Governance Code and the rules of procedure of the Supervisory Board, as well as the specific goals that the Supervisory Board has set for its own composition. Furthermore, it defines the requirements for each specific position to be occupied.

Audit Committee
The Audit Committee is composed of four members, who are elected by a majority of the votes cast on the relevant resolution of the Supervisory Board. The Chairman of the Supervisory Board is not simultaneously the Chairman of the Audit Committee.

Both the Chairman of the Audit Committee, Dr. Clemens Börsig, and the other shareholder representative on the Audit Committee, Joe Kaeser, fulfill the criteria for independence and have expertise in the field of financial reporting, as well as special knowledge and experience in the application of accounting principles and methods of internal control.

The Audit Committee deals with the supervision of the accounting process and the annual external audit. At least once a year, it discusses with the Board of Management the effectiveness and functionality of the risk management system, the internal control and auditing system and the compliance management system. It regularly receives reports on the work of the Internal Auditing department and the Compliance Organization. At least four times a year, the Audit Committee receives a report from the Business Practices Office on complaints and information about any breaches of regulations or guidelines by high-level executives. It regularly receives information about the handling of these complaints and notifications.

The Audit Committee discusses with the Board of Management the interim reports on the first quarter, first half and first nine months of the year before they are published. On the basis of the report of the external auditors, the Audit Committee reviews the annual company financial statements and the annual consolidated financial statements, as well as the combined management report of the Company and the Group, and discusses them with the external auditors. Since 2014, the responsible auditor at KPMG AG Wirtschaftsprüfungsgesellschaft, the company of auditors commissioned to carry out the external audit 2015, has been Dr. Axel Thümler. The Audit Committee makes a proposal to the Supervisory Board on the adoption of the annual company financial statements of Daimler AG, on the approval of the annual consolidated financial statements and on the appropriation of profits.

The Committee also makes recommendations for the proposal on the election of external auditors, assesses those auditors' suitability and independence, and, after the external auditors are elected by the Annual Shareholders' Meeting, it engages them to conduct the annual audit of the company and consolidated financial statements and to review the interim reports, negotiates an audit fee and determines the focus of the annual audit. The external auditors report to the Audit Committee on all accounting matters that might be regarded as critical and on any material weaknesses of the internal control and risk management system with regard to accounting that might be discovered during the audit.

Finally, the Audit Committee approves services that are not directly related to the annual audit and which are provided by the firm of external auditors or its affiliates to Daimler AG or to companies of the Daimler Group.

Mediation Committee
The Mediation Committee is composed of the Chairman of the Supervisory Board and his Deputy, as well as one member of the Supervisory Board representing the employees and one member of the Supervisory Board representing the shareholders, each elected with a majority of the votes cast. It is formed solely to perform the functions laid down in Section 31 Subsection 3 of the German Codetermination Act (MitbestG). Accordingly, the Mediation Committee has the task of making proposals on the appointment of members of the Board of Management if in the first vote the majority required for the appointment of a Board of Management member of two thirds of the members of the Supervisory Board is not achieved. As in previous years, the Mediation Committee did not have to take any action in financial year 2015.

Germany's law on the equal participation of women and men in executive positions

Germany's law on the equal participation of women and men in executive positions went into effect on May 1, 2015. According to this law, the supervisory boards of listed companies or companies subject to Germany's system of codetermination have to set a target for the proportion of women in the board of management. The board of management of such a company has to set a target for the proportion of women at the two management levels below that of the board of management. If the proportions of women at the time when these targets are set by the board of management and the supervisory board are below 30%, the targets may not be lower than the proportions already reached. At the same time that the targets are set, the boards have to set periods for their achievement, which may not be longer than five years. In the first step, targets had to be set by no later than September 30, 2015, and deadlines fixed for no later than June 30, 2017.

To meet these legal requirements, the Supervisory Board of Daimler AG passed a resolution on April 28, 2015 that the target figure for the proportion of women in the Board of Management of Daimler AG would be 12.5% (the same as the status quo at the time when the resolution was passed), while the deadline would be December 31, 2016. Dr. Christine Hohmann-Dennhardt stepped down from the Board of Management at the end of December 31, 2015. She was succeeded on January 1, 2016, by Renata Jungo Brüngger. As a result, women continue to account for 12.5% of the Board of Management members.

On June 23, 2015, the Board of Management passed a resolution stipulating a target of 6.5% women for the first management level below the Board of Management of Daimler AG (the actual proportion was 5.3% at the time of the resolution) and of 10.0% for the second management level below the Board of Management (the actual proportion was 9.9% at the time of the resolution). The Board of Management also set December 31, 2016 as the deadline for both of these targets.

For companies such as Daimler AG that have supervisory boards in which shareholders and employees are equally represented, the new law on the equal participation of women and men in executive positions stipulates a proportion of women of at least 30% when vacant supervisory board positions are filled, beginning in 2016. This requirement has to be fulfilled by the Supervisory Board as a whole. If the side of the Supervisory Board representing the shareholders or the side representing the employees objects to the Chairman of the Supervisory Board about the application of the ratio to the entire Supervisory Board, the minimum ratio is to apply separately to the shareholders' side and to the employees' side for that election.

On December 31, 2015, 30% of the shareholder representatives in the Supervisory Board of Daimler AG were women (Sari Baldauf, Andrea Jung and Petraea Heynike). On that date, 20% of the employee representatives on the Supervisory Board were women (Dr. Sabine Maaßen and Elke Tönjes-Werner). In its meeting on October 1, 2015, the Supervisory Board considered its nominations for the election at the Annual Shareholders' Meeting 2016 and came to the conclusion that the shareholders and employees should achieve the legally required share of women board members separately. This step became necessary because the shareholder representatives declared that they object to the Supervisory Board's combined compliance with the legally required gender ratio. Thereafter, the Supervisory Board decided to nominate Dr. Manfred Bischoff and Petraea Heynike for reelection to the Supervisory Board during the Annual Shareholders' Meeting 2016. If they are reelected, the shareholder side will continue to fulfill the legally required gender ratio. The next election of employee representatives to the Supervisory Board will take place in 2018.

Shareholders and the Annual Shareholders' Meeting

The shareholders exercise their membership rights, in particular their information and voting rights, at the Annual Shareholders' Meeting. Each share in Daimler AG entitles its owner to one vote. There are no multiple voting rights, preferred stock or maximum voting rights at Daimler AG. Documents and information relating to the Annual Shareholders' Meeting can be found on our website at daimler.com/ir/am. The Annual Shareholders' Meeting is generally held within four months of the end of a financial year. The Company facilitates the personal exercise of the shareholders' rights and proxy voting in a variety of ways, such as by appointing proxies who are strictly bound by the shareholders' voting instructions and who can be contacted also during the Annual Shareholders' Meeting. Absentee voting is also possible. It is possible to authorize the Daimler-appointed proxies and give them voting instructions or to cast absentee votes by using the so-called e-service for shareholders.

Among other matters, the Annual Shareholders' Meeting decides on the appropriation of distributable profits, the ratification of the actions of the members of the Board of Management and of the Supervisory Board, the election of the external auditors, the election of the members of the Supervisory Board representing the shareholders and the remuneration of the Supervisory Board. The Annual Shareholders' Meeting also makes other decisions, especially on amendments to the Articles of Incorporation, capital measures and the approval of certain intercompany agreements. Shareholders can submit countermotions on resolutions proposed by the Board of Management and the Supervisory Board and, within the provisions of applicable law, can challenge resolutions passed by the Annual Shareholders' Meeting in a court of law.

The influence of the Annual Shareholders' Meeting on the management of the Company is limited by law, however. The Annual Shareholders' Meeting can only make management decisions if it is requested to do so by the Board of Management.

We maintain close contacts with our shareholders in the context of our comprehensive investor relations and public relations activities. We regularly and comprehensively inform our shareholders, financial analysts, shareholder associations, the media and the interested public about the situation of the Group, and inform them without delay about any significant changes in its business.

In addition to other methods of communication, we also make extensive use of the Company's website. All of the important information disclosed in 2015, including annual and interim reports, press releases, voting rights notifications from major shareholders, presentations, and audio recordings of analyst and investor events and conference calls, as well as the financial calendar, can be found at daimler.com/investors. All the dates of important disclosures such as annual reports and interim reports and the dates of the Annual Shareholders' Meeting, the annual press conference and the analyst conferences are announced in advance in the financial calendar. The financial calendar is also included in this Annual Report as a bookmark. Disclosures are made in English as well as in German.

Shares and share transactions by Board of Management and Supervisory Board members

As of December 31, 2015, the members of the Board of Management held a total of 0.25 million shares or options on shares of Daimler AG (0.024% of the shares issued). On the same date, the members of the Supervisory Board held a total of 0.02 million shares or options on shares of Daimler AG (0.002% of the shares issued).

Risk management and financial reporting

Risk management at the Group

Daimler has a risk management system pages 138 ff commensurate with its size and position as a company with global operations. The risk management system is one component of the overall planning, controlling and reporting process. Its goal is to enable the company's management to recognize significant risks at an early stage and to initiate appropriate countermeasures in a timely manner. The Supervisory Board deals with the risk management system in particular with regard to the approval of the operational planning. The Audit Committee discusses at least once a year the effectiveness and functionality of the risk management system with the Board of Management and the external auditors. In addition, the Audit Committee regularly deals with the risk report. The Chairman of the Supervisory Board has regular contacts with the Board of Management to discuss not only the Group's strategy and business development, but also the issue of risk management. The Internal Auditing department monitors adherence to the legal framework and Group standards by means of targeted audits and initiates appropriate actions as required.

Accounting policies

The consolidated financial statements of the Daimler Group are prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union, and with the supplementary standards to be applied according to Section 315a Subsection 1 of the German Commercial Code (HGB). Details of the IFRS are provided in this Annual Report in the Notes to the Consolidated Financial Statements.

Note 1 of the Notes to the Consolidated Financial Statements. The annual financial statements of Daimler AG, which is the parent company, are prepared in accordance with the accounting standards of the German Commercial Code (HGB). Both sets of financial statements are audited by a firm of accountants elected by the Annual Shareholders' Meeting to conduct the external audit.

Interim reports for the Daimler Group are prepared in accordance with IFRS for interim reporting, as adopted by the European Union, as well as with regard to the interim management reports prepared in accordance with the applicable provisions of the German Securities Trading Act (WpHG). Interim financial reports are reviewed by the external auditors elected by the Annual Shareholders' Meeting.

Corporate governance statement

The corporate governance statement to be issued pursuant to Section 289a of the German Commercial Code (HGB) is published simultaneously with the Annual Report including the Corporate Governance Report at daimler.com/dai/dsr and can be accessed there.

We have a sound financial basis

The Consolidated Financial Statements presented as follows have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union (EU). They also comply with additional requirements set forth in Section 315a (1) of the German Commercial Code (HGB).

E | Consolidated Financial Statements

Consolidated Statement of Income

E.01

		Consolidated		Industrial Business (unaudited additional information)		Daimler Financial Services (unaudited additional information)	
	Note	2015	2014	2015	2014	2015	2014
In millions of euros							
Revenue	4	149,467	129,872	130,505	113,881	18,962	15,991
Cost of sales	5	-117,670	-101,688	-101,522	-88,091	-16,148	-13,597
Gross profit		31,797	28,184	28,983	25,790	2,814	2,394
Selling expenses	5	-12,147	-11,534	-11,577	-11,103	-570	-431
General administrative expenses	5	-3,710	-3,329	-2,993	-2,693	-717	-636
Research and non-capitalized development costs	5	-4,760	-4,532	-4,760	-4,532	–	–
Other operating income	6	2,114	1,759	1,982	1,676	132	83
Other operating expense	6	-555	-1,160	-530	-1,139	-25	-21
Profit/loss on equity method investments, net	13	464	897	474	912	-10	-15
Other financial income/expense, net	7	-27	458	-22	445	-5	13
Interest income	8	170	145	169	145	1	–
Interest expense	8	-602	-715	-595	-707	-7	-8
Profit before income taxes[1]		12,744	10,173	11,131	8,794	1,613	1,379
Income taxes	9	-4,033	-2,883	-3,488	-2,387	-545	-496
Net profit		8,711	7,290	7,643	6,407	1,068	883
thereof profit attributable to non-controlling interests		287	328				
thereof profit attributable to shareholders of Daimler AG		8,424	6,962				
Earnings per share (in euros) for profit attributable to shareholders of Daimler AG	35						
Basic		7.87	6.51				
Diluted		7.87	6.51				

1 The reconciliation of Group EBIT to profit before income taxes is presented in Note 33.

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income/Loss[1]

E.02

	Daimler Group 2015	Shareholders of Daimler AG 2015	Non-controlling interests 2015	Daimler Group 2014	Shareholders of Daimler AG 2014	Non-controlling interests 2014
In millions of euros						
Net profit	8,711	8,424	287	7,290	6,962	328
Unrealized gains/losses from currency translation adjustments	1,437	1,370	67	1,800	1,744	56
Unrealized gains/losses from financial assets available-for-sale						
Unrealized gains/losses (pre-tax)	670	669	1	205	205	–
Taxes on unrealized gains/losses and on reclassifications	-8	-8	–	-6	-6	–
Unrealized gains/losses from financial assets available-for-sale (after tax)	662	661	1	199	199	–
Unrealized gains/losses from derivative financial instruments						
Unrealized gains/losses (pre-tax)	-3,770	-3,775	5	-2,433	-2,432	-1
Reclassifications to profit and loss (pre-tax)	2,849	2,849	–	-253	-253	–
Taxes on unrealized gains/losses and on reclassifications	278	279	-1	800	800	–
Unrealized gains/losses from derivative financial instruments (after tax)	-643	-647	4	-1,886	-1,885	-1
Unrealized gains/losses from equity-method investments						
Unrealized gains/losses (pre-tax)	-3	-3	–	11	11	–
Unrealized gains/losses from equity-method investments (after tax)	-3	-3	–	11	11	–
Items that may be reclassified to profit/loss	1,453	1,381	72	124	69	55
Actuarial gains/losses from pensions and similar obligations (pre-tax)	3,280	3,280	–	-5,378	-5,378	–
Taxes on actuarial gains/losses from pensions and similar obligations	-579	-579	–	1,682	1,682	–
Actuarial gains/losses from pensions and similar obligations (after tax)	2,701	2,701	–	-3,696	-3,696	–
Items that will not be reclassified to profit/loss	2,701	2,701	–	-3,696	-3,696	–
Other comprehensive income/loss, net of taxes	4,154	4,082	72	-3,572	-3,627	55
Total comprehensive income	12,865	12,506	359	3,718	3,335	383

1 See Note 20 for other information on comprehensive income/loss.

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

E.03

		Consolidated		Industrial Business (unaudited additional information)		Daimler Financial Services (unaudited additional information)	
		At December 31,		At December 31,		At December 31,	
	Note	2015	2014	2015	2014	2015	2014
In millions of euros							
Assets							
Intangible assets	10	10,069	9,367	9,847	9,202	222	165
Property, plant and equipment	11	24,322	23,182	24,262	23,125	60	57
Equipment on operating leases	12	38,942	33,050	15,864	14,374	23,078	18,676
Equity-method investments	13	3,633	2,294	3,610	2,264	23	30
Receivables from financial services	14	38,359	34,910	-58	-49	38,417	34,959
Marketable debt securities	15	1,148	1,374	1	6	1,147	1,368
Other financial assets	16	4,908	3,634	-536	-1,140	5,444	4,774
Deferred tax assets	9	3,284	4,124	2,747	3,610	537	514
Other assets	17	654	555	-2,371	-2,178	3,025	2,733
Total non-current assets		125,319	112,490	53,366	49,214	71,953	63,276
Inventories	18	23,760	20,864	22,862	20,004	898	860
Trade receivables	19	9,054	8,634	8,215	7,824	839	810
Receivables from financial services	14	35,155	26,769	-24	-25	35,179	26,794
Cash and cash equivalents		9,936	9,667	8,369	8,341	1,567	1,326
Marketable debt securities	15	7,125	5,260	6,998	5,150	127	110
Other financial assets	16	2,546	2,353	-7,435	-7,099	9,981	9,452
Other assets	17	4,271	3,598	952	772	3,319	2,826
Total current assets		91,847	77,145	39,937	34,967	51,910	42,178
Total assets		217,166	189,635	93,303	84,181	123,863	105,454
Equity and liabilities							
Share capital		3,070	3,070				
Capital reserve		11,917	11,906				
Retained earnings		36,991	28,487				
Other reserves		1,583	202				
Treasury shares		–	–				
Equity attributable to shareholders of Daimler AG		53,561	43,665				
Non-controlling interests		1,063	919				
Total equity	20	54,624	44,584	44,752	36,967	9,872	7,617
Provisions for pensions and similar obligations	22	8,663	12,806	8,546	12,630	117	176
Provisions for income taxes		875	851	874	850	1	1
Provisions for other risks	23	6,120	6,712	5,994	6,590	126	122
Financing liabilities	24	59,831	50,399	18,805	10,325	41,026	40,074
Other financial liabilities	25	2,876	2,644	2,301	2,231	575	413
Deferred tax liabilities	9	2,215	1,070	-1,363	-1,618	3,578	2,688
Deferred income	26	4,851	3,581	4,144	3,101	707	480
Other liabilities	27	30	14	30	14	–	–
Total non-current liabilities		85,461	78,077	39,331	34,123	46,130	43,954
Trade payables		10,548	10,178	10,182	9,852	366	326
Provisions for income taxes		777	757	709	679	68	78
Provisions for other risks	23	9,710	7,267	9,204	6,830	506	437
Financing liabilities	24	41,311	36,290	-21,417	-13,518	62,728	49,808
Other financial liabilities	25	9,484	8,062	7,133	6,198	2,351	1,864
Deferred income	26	2,888	2,413	1,886	1,674	1,002	739
Other liabilities	27	2,363	2,007	1,523	1,376	840	631
Total current liabilities		77,081	66,974	9,220	13,091	67,861	53,883
Total equity and liabilities		217,166	189,635	93,303	84,181	123,863	105,454

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows[1]

E.04

	Consolidated		Industrial Business (unaudited additional information)		Daimler Financial Services (unaudited additional information)	
	2015	2014	2015	2014	2015	2014
In millions of euros						
Profit before income taxes	12,744	10,173	11,131	8,794	1,613	1,379
Depreciation and amortization/impairments	5,384	4,999	5,316	4,964	68	35
Other non-cash expense and income	-450	-850	-522	-898	72	48
Gains (-)/losses (+) on disposals of assets	-229	-1,053	-228	-1,053	-1	–
Change in operating assets and liabilities						
Inventories	-2,613	-2,768	-2,597	-2,734	-16	-34
Trade receivables	-205	-606	-193	-430	-12	-176
Trade payables	142	853	111	845	31	8
Receivables from financial services	-10,251	-8,065	33	-914	-10,284	-7,151
Vehicles on operating leases	-3,924	-2,819	-135	-24	-3,789	-2,795
Other operating assets and liabilities	2,197	1,032	1,534	819	663	213
Income taxes paid/refunded	-2,573	-2,170	-2,715	-1,830	142	-340
Cash provided by/used for operating activities	222	-1,274	11,735	7,539	-11,513	-8,813
Additions to property, plant and equipment	-5,075	-4,844	-5,045	-4,821	-30	-23
Additions to intangible assets	-2,261	-1,463	-2,186	-1,443	-75	-20
Proceeds from disposals of property, plant and equipment and intangible assets	495	209	480	194	15	15
Investments in shareholdings	-1,223	-172	-1,179	-91	-44	-81
Proceeds from disposals of shareholdings	39	3,098	-89	3,098	128	–
Acquisition of marketable debt securities	-4,101	-3,341	-4,090	-3,281	-11	-60
Proceeds from sales of marketable debt securities	2,443	3,834	2,193	3,476	250	358
Other	-39	-30	-20	-19	-19	-11
Cash provided by/used for investing activities	-9,722	-2,709	-9,936	-2,887	214	178
Change in short-term financing liabilities	36	2,129	-157	722	193	1,407
Additions to long-term financing liabilities	54,332	37,354	21,647	13,711	32,685	23,643
Repayment of long-term financing liabilities	-41,904	-34,650	-13,375	-11,858	-28,529	-22,792
Dividend paid to shareholders of Daimler AG	-2,621	-2,407	-2,621	-2,407	–	–
Dividends paid to non-controlling interests	-274	-158	-264	-156	-10	-2
Proceeds from the issue of share capital	89	42	27	29	62	13
Acquisition of treasury shares	-27	-26	-27	-26	–	–
Acquisition of non-controlling interests in subsidiaries	–	-10	–	-10	–	–
Internal equity and financing transactions	–	–	-7,152	-6,491	7,152	6,491
Cash provided by/used for financing activities	9,631	2,274	-1,922	-6,486	11,553	8,760
Effect of foreign exchange rate changes on cash and cash equivalents	138	323	151	330	-13	-7
Net increase/decrease in cash and cash equivalents	269	-1,386	28	-1,504	241	118
Cash and cash equivalents at beginning of period	9,667	11,053	8,341	9,845	1,326	1,208
Cash and cash equivalents at end of period	9,936	9,667	8,369	8,341	1,567	1,326

1 See Note 28 for other information on consolidated statements of cash flows.

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity[1]

E.05

In millions of euros	Share capital	Capital reserves	Retained earnings[2]	Currency translation	Financial assets available for sale
Balance at January 1, 2014	3,069	11,850	27,628	-969	261
Net profit	–	–	6,962	–	–
Other comprehensive income/loss before taxes	–	–	-5,378	1,744	205
Deferred taxes on other comprehensive income	–	–	1,682	–	-6
Total comprehensive income/loss	–	–	3,266	1,744	199
Dividends	–	–	-2,407	–	–
Capital increase/Issue of new shares	1	2	–	–	–
Acquisition of treasury shares	–	–	–	–	–
Issue and disposal of treasury shares	–	–	–	–	–
Other	–	54	–	–	–
Balance at December 31, 2014	3,070	11,906	28,487	775	460
Balance at January 1, 2015	**3,070**	**11,906**	**28,487**	**775**	**460**
Net profit	**–**	**–**	**8,424**	**–**	**–**
Other comprehensive income/loss before taxes	**–**	**–**	**3,280**	**1,370**	**669**
Deferred taxes on other comprehensive income	**–**	**–**	**-579**	**–**	**-8**
Total comprehensive income/loss	**–**	**–**	**11,125**	**1,370**	**661**
Dividends	**–**	**–**	**-2,621**	**–**	**–**
Capital increase/Issue of new shares	**–**	**–**	**–**	**–**	**–**
Acquisition of treasury shares	**–**	**–**	**–**	**–**	**–**
Issue and disposal of treasury shares	**–**	**–**	**–**	**–**	**–**
Other	**–**	**11**	**–**	**–**	**–**
Balance at December 31, 2015	**3,070**	**11,917**	**36,991**	**2,145**	**1,121**

1 See Note 20 Equity for other information on changes in equity.
2 Retained earnings also include items that will not be reclassified to the consolidated income statement. Actuarial losses from pensions and similar obligations amount to €6,191 million net of tax in 2015 (2014: €8,892 million net of tax).

The accompanying notes are an integral part of these consolidated financial statements.

Other reserves items that may be reclassified in profit/loss						
Derivative financial instruments	Share of investments accounted for using the equity method	Treasury share	**Equity attributable to shareholders of Daimler AG**	Non-controlling interests	**Total equity**	
						In millions of euros
853	-12	–	42,680	683	43,363	**Balance at January 1, 2014**
–	–	–	6,962	328	7,290	Net profit
-2,685	11	–	-6,103	55	-6,048	Other comprehensive income/loss before taxes
800	–	–	2,476	–	2,476	Deferred taxes on other comprehensive income
-1,885	11	–	3,335	383	3,718	Total comprehensive income/loss
–	–	–	-2,407	-158	-2,565	Dividends
–	–	–	3	20	23	Capital increase/Issue of new shares
–	–	-26	-26	–	-26	Acquisition of treasury shares
–	–	26	26	–	26	Issue and disposal of treasury shares
–	–	–	54	-9	45	Other
-1,032	-1	–	43,665	919	44,584	**Balance at December 31, 2014**
-1,032	**-1**	**–**	**43,665**	**919**	**44,584**	**Balance at January 1, 2015**
–	**–**	**–**	**8,424**	**287**	**8,711**	Net profit
-926	**-3**	**–**	**4,390**	**73**	**4,463**	Other comprehensive income/loss before taxes
279	**-**	**–**	**-308**	**-1**	**-309**	Deferred taxes on other comprehensive income
-647	**-3**	**–**	**12,506**	**359**	**12,865**	Total comprehensive income/loss
–	**–**	**–**	**-2,621**	**-274**	**-2,895**	Dividends
–	**–**	**–**	**–**	**68**	**68**	Capital increase/Issue of new shares
–	**–**	**-27**	**-27**	**–**	**-27**	Acquisition of treasury shares
–	**–**	**27**	**27**	**–**	**27**	Issue and disposal of treasury shares
–	**–**	**–**	**11**	**-9**	**2**	Other
-1,679	**-4**	**–**	**53,561**	**1,063**	**54,624**	**Balance at December 31, 2015**

Notes to the Consolidated Financial Statements

1. Significant accounting policies

General information

The consolidated financial statements of Daimler AG and its subsidiaries (“Daimler” or “the Group”) have been prepared in accordance with Section 315a of the German Commercial Code (HGB) and comply with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

Daimler AG is a stock corporation organized under the laws of the Federal Republic of Germany. The Company is entered in the Commercial Register of the Stuttgart District Court under No. HRB 19360 and its registered office is located at Mercedesstraße 137, 70327 Stuttgart, Germany.

The consolidated financial statements of Daimler AG are presented in euros (€). Unless otherwise stated, all amounts are stated in millions of euros. All figures shown are rounded in accordance with standard business rounding principles.

The Board of Management authorized the consolidated financial statements for publication on February 16, 2016.

Basis of preparation

Applied IFRSs
The accounting policies applied in the consolidated financial statements comply with the IFRSs required to be applied in the EU as of December 31, 2015.

IFRSs issued, EU endorsed and initially adopted in the reporting period
IFRSs with mandatory initial application in the EU as of January 1, 2015 had no significant impact on the consolidated financial statements.

IFRSs issued but neither EU endorsed nor yet adopted
In July 2014, the IASB published IFRS 9 Financial Instruments, which shall supersede IAS 39. IFRS 9 deals with the classification, recognition and measurement (including impairment) of financial instruments as well as with regulations for general hedge accounting. With IFRS 9, additional notes will be required, as specified by the revised IFRS 7 Financial Instruments - Disclosures. Subject to being endorsed by the EU, application of IFRS 9 is mandatory for reporting periods beginning on or after January 1, 2018. Early adoption is permitted. Investigation of the effects on the consolidated financial statements of adopting IFRS 9 has not yet been completed.

In May 2014, the IASB published IFRS 15 Revenue from Contracts with Customers. It replaces existing guidance for revenue recognition, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. The new standard defines a comprehensive framework for determining whether, in which amount and at which date revenue is recognized. The new standard specifies a uniform, five-step model for revenue recognition, which is generally to be applied to all contracts with customers. Subject to being endorsed by the EU, application of IFRS 15 is mandatory for reporting periods beginning on or after January 1, 2018. Early adoption is permitted. Investigation of the effects on the consolidated financial statements of adopting IFRS 15 has not yet been completed. Effects on Daimler may occur, in particular with regard to the date of revenue recognition for multiple-element arrangements. Disclosure requirements are also extended. From today’s perspective, the application of IFRS 15 is not expected to have any major impact on the Group’s profitability, liquidity and capital resources or financial position.

The final standard IFRS 16 Leases was published by the IASB on January 13, 2016. The changes resulting from this new standard mainly affect lessee accounting and generally require lessees to recognize assets and liabilities for all leases. The exact effects still have to be analyzed.

Subject to EU endorsement of these standards, which are then to be adopted in future periods, Daimler does not currently plan to apply these standards earlier. Other IFRSs issued but not EU endorsed are not expected to have a significant impact on the Group's profitability, liquidity and capital resources or financial position.

Presentation
Presentation in the consolidated statement of financial position differentiates between current and non-current assets and liabilities. Assets and liabilities are classified as current if they are expected to be realized or settled within one year or within a longer and normal operating cycle. Deferred tax assets and liabilities as well as assets and provisions for pensions and similar obligations are generally presented as non-current items.

The consolidated statement of income is presented using the cost-of-sales method.

The Group's consolidated financial statements are significantly influenced by the activities of its financial services business. To enhance readers' understanding of the Group's profitability, liquidity and capital resources and financial position, unaudited information with respect to the Group's industrial and financial services business activities (Daimler Financial Services) is provided in addition to the audited consolidated financial statements. Such information is not required by IFRS and is not intended to, and does not represent the separate IFRS profitability, liquidity and capital resources and financial position of the Group's industrial or financial services business activities. Eliminations of the effects of transactions between the industrial and financial services businesses have generally been allocated to the industrial business columns.

Measurement
The consolidated financial statements have been prepared on the historical cost basis with the exception of certain items such as available-for-sale financial assets, derivative financial instruments, hedged items, and pensions and similar obligations. The measurement models applied to those exceptions are described below.

Principles of consolidation
The consolidated financial statements include the financial statements of Daimler AG and the financial statements of all subsidiaries, including structured entities which are directly or indirectly controlled by Daimler AG. Control exists if the parent company has the power of decision over a subsidiary based on voting rights or other rights, if it participates in positive and negative variable returns from a subsidiary, and if it can affect these returns by its power of decision.

Structured entities which are controlled also have to be consolidated. Accordingly, the assets and liabilities remain in the consolidated statement of financial position. Structured entities are entities which have been designed so that voting or similar rights are not relevant in deciding who controls the entity. This is the case for example if voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

The financial statements of consolidated subsidiaries which are included in the consolidated financial statements are generally prepared as of the reporting date of the consolidated financial statements. The financial statements of Daimler AG and its subsidiaries included in the consolidated financial statements are prepared using uniform recognition and measurement principles. All intercompany assets and liabilities, equity, income and expenses as well as cash flows from transactions between consolidated entities are entirely eliminated in the course of the consolidation process.

Business combinations are accounted for using the purchase method.

Changes in equity interests in Group subsidiaries that reduce or increase Daimler's percentage ownership without loss of control are accounted for as an equity transaction between owners.

Investments in associated companies, joint ventures or joint operations
An associated company is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee. Associated companies are generally accounted for using the equity method.

For entities over which Daimler has joint control together with a partner (joint arrangements), it has to be decided if a joint operation or a joint venture exists. In a joint venture, the parties that have joint control of the arrangement have rights to the net assets of the arrangement. For joint ventures, the equity method has to be applied. A joint operation exists when the jointly controlling parties have direct rights to the assets and obligations for the liabilities. In this case, the prorated assets and liabilities and the prorated income and expenses are generally to be recognized. As the joint operations recognized at the end of the reporting period have no significant impact on the consolidated financial statements, they are accounted for using the equity method.

In the special event that the financial statements of associated companies, joint ventures or joint operations should not be available in good time, the Group's proportionate share of the results of operations is included in Daimler's consolidated financial statements with a one to three-month time lag. Adjustments are made for all significant events or transactions that occur during the time lag (see also Note 13).

Subsidiaries measured at amortized cost
Subsidiaries, associated companies, joint ventures and joint operations whose business is non-active or of low volume and that are not material for the Group and the fair presentation of financial position, liquidity and capital resources, and profitability are generally measured at amortized cost in the consolidated financial statements.

Foreign currency translation
Transactions in foreign currency are translated at the relevant foreign exchange rates prevailing at the transaction date. In subsequent periods, assets and liabilities denominated in foreign currency are translated into euros using period-end exchange rates; gains and losses from this measurement are recognized in profit and loss (except for gains and losses resulting from the translation of available-for-sale equity instruments, which are recognized in other comprehensive income/loss).

Assets and liabilities of foreign companies for which the functional currency is not the euro are translated into euros using period-end exchange rates. The translation adjustments are presented in other comprehensive income/loss. The components of equity are translated using historical rates. The statements of income and cash flows are translated into euros using average exchange rates during the respective periods.

The exchange rates of the US dollar, the British pound, the Japanese yen, the Chinese renminbi and the Russian ruble – the most significant foreign currencies for Daimler – were as shown in table ↗ **E.06**.

Accounting policies

Revenue recognition
Revenue from sales of vehicles, service parts and other related products is recognized when the risks and rewards of ownership of the goods are transferred to the customer, the amount of revenue can be estimated reliably and collectability is reasonably assured. Revenue is recognized net of sales reductions such as cash discounts and sales incentives granted.

Daimler uses a variety of sales promotion programs dependent on various market conditions in individual countries as well as the respective product life cycles and product-related factors (such as amounts of discounts offered by competitors, excess industry production capacity, the intensity of market competition and consumer demand for the products). These programs comprise cash offers to dealers and customers as well as lease subsidies or loans at reduced interest rates.

Revenue also includes revenue from the rental and leasing business as well as interest from the financial services business at Daimler Financial Services. The revenue from the rental and leasing business results from operating leases and is recognized on a straight-line basis over the periods of the contracts. In addition, sales revenue is generated at the end of lease contracts from the subsequent sale of the vehicles. Revenue from receivables from financial services is recognized using the effective interest method. When loans are issued below market rates, related receivables are recognized at present value and revenue is reduced for the interest incentive granted. If subsidized leasing fees are agreed upon in connection with finance leases, revenue from the sale of a vehicle is reduced by the amount of the interest incentive granted.

E.06
Exchange rates

					2015					2014
	USD	**GBP**	**JPY**	**CNY**	**RUB**	USD	GBP	JPY	CNY	RUB
	1 € =	1 € =	1 € =	1 € =	1 € =	1 € =	1 € =	1 € =	1 € =	1 € =
Average exchange rate on December 31	**1.0887**	**0.7340**	**131.0700**	**7.0608**	**80.6736**	1.2141	0.7789	145.2300	7.5358	72.3370
Average exchange rates during the respective period										
First quarter	**1.1261**	**0.7434**	**134.1200**	**7.0231**	**70.9608**	1.3696	0.8279	140.8000	8.3576	48.0425
Second quarter	**1.1053**	**0.7211**	**134.2900**	**6.8572**	**58.2187**	1.3711	0.8147	140.0000	8.5438	47.9415
Third quarter	**1.1116**	**0.7173**	**135.8600**	**7.0083**	**70.3033**	1.3256	0.7938	137.7500	8.1734	48.0583
Fourth quarter	**1.0953**	**0.7220**	**132.9500**	**7.0003**	**72.4051**	1.2498	0.7891	142.7500	7.6824	59.7160

The Group offers extended, separately priced warranties for certain products. Revenue from these contracts is deferred and recognized over the contract period in proportion to the costs expected to be incurred based on historical information. In circumstances in which there is insufficient historical information, income from extended warranty contracts is recognized on a straight-line basis. A loss on these contracts is recognized in the current period if the sum of the expected costs for services under the contract exceeds unearned revenue.

For multiple-element arrangements, such as when vehicles are sold with free or reduced-in-price maintenance programs or with free online services, the Group allocates revenue to the various elements based on their estimated fair values.

Research and non-capitalized development costs
Expenditure for research and development that does not meet the conditions for capitalization according to IAS 38 Intangible Assets is expensed as incurred.

Borrowing costs
Borrowing costs are expensed as incurred unless they are directly attributable to the acquisition, construction or production of a qualifying asset and are therefore part of the cost of that asset. Depreciation of the capitalized borrowing costs is presented within cost of sales.

Government grants
Government grants related to assets are deducted from the carrying amount of the asset and are recognized in earnings over the life of a depreciable asset as a reduced depreciation expense. Government grants which compensate the Group for expenses are recognized as other operating income in the same period as the expenses themselves.

Profit/loss from equity-method investments
This item includes all income and expenses in connection with investments accounted for using the equity method. In addition to the prorated profits and losses from financial investments, it also includes profits and losses resulting from the sale of equity interests or the remeasurement of equity interests following a loss of significant influence. Daimler's share of dilution gains and losses occurring if the Group or other owners do not participate in capital increases of companies in which shares are held and accounted for using the equity method are also included in profit/loss from equity-method investments. This item also includes losses on the impairment of an investment's carrying amounts and/or gains on the reversal of such impairments.

Other financial income/expense, net
Other financial income/expense, net includes all income and expense from financial transactions which are not included in interest income and/or interest expense, and for Daimler Financial Services are not included in revenue and/or cost of sales. For example, expense from the compounding of interest on provisions for other risks is recorded in this line item.

Furthermore, income and expenses from equity interests are included in other financial income/expense, net, if such income or expenses are not presented under equity-method investments.

Interest income and interest expense
Interest income and interest expense include interest income from investments in securities, cash and cash equivalents as well as interest expense from liabilities. Furthermore, interest and changes in fair values related to interest rate hedging activities as well as income and expense resulting from the allocation of premiums and discounts are included. The interest components of defined benefit pension obligations and other similar obligations as well as of the plan assets available to cover these obligations are also presented in this line item.

An exception to the aforementioned principles is made for Daimler Financial Services. In this case, interest income and expense and gains or losses from derivative financial instruments are disclosed under revenue and cost of sales respectively.

Income taxes
Income taxes are comprised of current income taxes and deferred taxes.

Current income taxes are calculated based on the respective local taxable income and local tax rules for the period. In addition, current income taxes presented for the period include adjustments for uncertain tax payments or tax refunds for periods not yet finally assessed including interest expense and penalties on the underpayment of taxes. For the case that amounts included in the tax return might not be realized (uncertain tax positions), a provision for income taxes is recognized. The amount is based on the best possible assessment of the expected tax payment. Tax refund claims from uncertain tax positions are recognized when it is predominantly likely and thus reasonably expected that they can be realized. Only in the case of tax loss carryforwards or unused tax credits, no provision for taxes or tax claim is recognized for these uncertain tax positions. Instead, the deferred tax assets for the unused tax loss carryforwards or tax credits are to be adjusted.

Changes in deferred tax assets and liabilities are generally recognized through profit and loss in deferred taxes in the consolidated statement of income, except for changes recognized in other comprehensive income/loss or directly in equity.

Deferred tax assets or liabilities are calculated on the basis of temporary differences between the tax basis and the financial reporting of assets and liabilities including differences from consolidation, on unused tax loss carryforwards and unused tax credits. Measurement is based on the tax rates expected to be effective in the period in which an asset is recognized or a liability is settled. For this purpose, the tax rates and tax rules are used which have been enacted at the reporting date or are soon to be enacted. Daimler recognizes a valuation allowance for deferred tax assets when it is unlikely that a corresponding amount of future taxable profit will be available against which the deductible temporary differences, tax loss carryforwards and tax credits can be utilized. Deferred tax liabilities for taxable temporary differences in connection with investments in subsidiaries, branches, associates and interests in joint arrangements are not recognized if the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Earnings per share
Basic earnings per share are calculated by dividing profit attributable to shareholders of Daimler AG by the weighted average number of shares outstanding. As nothing occurred in the years 2015 and 2014 that resulted in any dilution, diluted earnings per share were the same as basic earnings per share in those years.

Intangible assets
Intangible assets acquired are measured at acquisition or manufacturing cost less accumulated amortization. If necessary, accumulated impairment losses are recognized.

Intangible assets with indefinite lives are reviewed annually to determine whether indefinite-life assessment continues to be appropriate. If not, the change in the useful-life assessment from indefinite to finite is made on a prospective basis.

Intangible assets other than development costs with finite useful lives are generally amortized on a straight-line basis over their useful lives (three to ten years) and are tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period for intangible assets with finite useful lives is reviewed at least at each year-end. Changes in expected useful lives are treated as changes in accounting estimates. The amortization expense on intangible assets with finite useful lives is recorded in functional costs.

Development costs for vehicles and components are recognized if the conditions for capitalization according to IAS 38 are met. Subsequent to initial recognition, the asset is carried at cost less accumulated amortization and accumulated impairment losses. Capitalized development costs include all direct costs and allocable overheads and are amortized on a straight-line basis over the expected product life cycle (a maximum of ten years). Amortization of capitalized development costs is an element of manufacturing costs and is allocated to those vehicles and components by which they were generated and is included in cost of sales when the inventory (vehicles) is sold.

Goodwill
For acquisitions, goodwill represents the excess of the consideration transferred over the fair values assigned to the identifiable assets proportionally acquired and liabilities assumed. Goodwill is accounted for at the subsidiaries in the functional currency of those subsidiaries.

In connection with obtaining control, non-controlling interest in the acquiree is principally recognized at the proportionate share of the acquiree's identifiable assets, which are measured at fair value.

Property, plant and equipment
Property, plant and equipment are measured at acquisition or manufacturing costs less accumulated depreciation. If necessary, accumulated impairment losses are recognized.

The costs of internally produced equipment and facilities include all direct costs and allocable overheads. Acquisition or manufacturing costs include the estimated costs, if any, of dismantling and removing the item and restoring the site.

Property, plant and equipment are depreciated over the useful lives as shown in table ↗ E.07.

E.07
Useful lives of property, plant and equipment

Buildings and site improvements	10 to 50 years
Technical equipment and machinery	6 to 25 years
Other equipment, factory and office equipment	3 to 30 years

Leasing
Leasing includes all arrangements that transfer the right to use a specified asset for a stated period of time in return for a payment, even if the right to use such asset is not explicitly described in an arrangement. The Group is a lessee of property, plant and equipment and a lessor of its products. It is evaluated on the basis of the risks and rewards of a leased asset whether the ownership of the leased asset is attributed to the lessee (finance lease) or to the lessor (operating lease).

Daimler as lessee
In the case of an operating lease, the lease payments or rental payments are immediately expensed.

Assets carried as finance leases are measured at the beginning of the (lease) contract at the lower of the present value of the minimum lease payments and the fair value of the leased object, and in the following periods less accumulated depreciation and other accumulated impairment losses. Depreciation is on a straight-line basis; residual values of the assets are given due consideration. Payment obligations resulting from future lease payments are discounted and disclosed under financing liabilities.

Sale and lease back
The same accounting principles apply to assets if Daimler sells such assets and leases them back from the buyer.

Daimler as lessor
Operating leases relate to vehicles that the Group produces itself and leases to third parties or vehicles that the Group sells and guarantees to buy back or guarantees a residual value. These vehicles are capitalized at (depreciated) cost of production under leased equipment in the industrial business and are depreciated over the contract term on a straight-line basis with consideration of the expected residual values. Changes in the expected residual values lead either to prospective adjustments of the scheduled depreciation or to an impairment loss if necessary.

Operating leases also relate to Group products that Daimler Financial Services acquires from non-Group dealers or other third parties and leases to end customers. These vehicles are presented at (depreciated) cost of acquisition under leased equipment in the Daimler Financial Services segment. If these vehicles are subsidized, the subsidies are deducted from the cost of acquisition. After revenue is received from the sale to independent dealers, these vehicles generate revenue from lease payments and subsequent resale on the basis of the separate leasing contracts. The revenue received from the sale of these vehicles to the dealers is estimated by the Group as being of the magnitude of the addition to leased equipment at Daimler Financial Services. In 2015, additions to leased equipment at Daimler Financial Services amounted to approximately €12 billion (2014: approximately €9 billion).

In the case of finance leases, the Group presents the receivables in amount of the net investment of the lease agreements under receivables from financial services. The net investment of a lease agreement is the gross investment (future minimum lease payments and non-guaranteed residual value) discounted at the rate upon which the lease agreement is based.

Equity-method investments
On the date of acquisition, a positive difference between cost of acquisition and Daimler's share of the fair values of the identifiable assets and liabilities of the associated company or joint venture are determined and recognized as investor level goodwill. The goodwill is included in the carrying amount of the equity-method investment. With step acquisition of an equity interest by which significant influence or joint control is achieved for the first time, the investment is generally accounted for on the basis of IFRS 3 Business Combinations. This means that the previously held equity interest is remeasured on the date of acquisition; any resulting gain or loss is recognized through profit and loss. If an equity interest in an existing associated company is increased without any resulting change in significant influence, goodwill is determined only for the additionally acquired interest; the previous investment is not remeasured at fair value.

Daimler reviews on each balance-sheet date whether there is any objective indication of impairments of equity-method investments. If such indications exist, the Group determines the impairment loss to be recognized. If the carrying amount exceeds the recoverable amount of an investment, the carrying amount is written down to the recoverable amount. The recoverable amount is the greater of fair value less costs to sell and value in use. An impairment or impairment reversal is recognized in the consolidated statement of income under income/loss on equity-method investments; this also includes any gains and/or losses on the sale of equity-method investments.

Interim gains or losses (to be eliminated) from transactions with companies accounted for at-equity are recognized through profit and loss with corresponding adjustments of the investments' carrying amounts.

Impairment of non-current non-financial assets
Daimler assesses at each reporting date whether there is an indication that an asset may be impaired. If such indication exists, Daimler estimates the recoverable amount of the asset. The recoverable amount is determined for each individual asset unless the asset generates cash inflows that are not largely independent of those from other assets or groups of assets (cash-generating units). In addition, goodwill and other intangible assets with indefinite useful lives are tested annually for impairment; this takes place at the level of the cash-generating units. If the carrying amount of an asset or of a cash-generating unit exceeds the recoverable amount, an impairment loss is recognized for the difference.

The recoverable amount is the higher of fair value less costs of disposal and value in use. For cash-generating units, which at Daimler correspond to the reportable segments, Daimler in a first step determines the respective recoverable amount as value in use and compares it with the respective carrying amount (including goodwill). Value in use is measured by discounting expected future cash flows from the continuing use of the cash-generating units using a risk-adjusted interest rate. Future cash flows are determined on the basis of the long-term planning, which is approved by the Board of Management and which is valid at the date when the impairment test is conducted. This planning is based on expectations regarding future market share, the growth of the respective markets as well as the products' profitability. The multi-year planning comprises a planning horizon until 2022 and therefore mainly covers the product life cycles of our automotive business. The rounded risk-adjusted interest rates used to discount cash flows, which are calculated for each segment, are currently unchanged from the previous year at 8% after taxes for the cash-generating units of the industrial business and 9% after taxes for Daimler Financial Services. Whereas the discount rate for Daimler Financial Services represents the cost of equity, the risk-adjusted interest rate for the cash-generating units of the industrial business is based on the weighted average cost of capital (WACC). These are calculated based on the capital asset pricing model (CAPM) taking into account current market expectations. In calculating the risk-adjusted interest rate for impairment test purposes, specific peer group information for beta factors, capital structure data and cost of debt are used. Periods not covered by the forecast are taken into account by recognizing a residual value (terminal value), which generally does not consider any growth rates. In addition, several sensitivity analyses are conducted. These show that even in case of more unfavorable premises for main influencing factors with respect to the original planning, no need for impairment exists. If value in use is lower than the carrying amount, fair value less costs of disposal is additionally calculated to determine the recoverable amount.

An assessment for assets other than goodwill is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If this is the case, Daimler records a partial or entire reversal of the impairment; the carrying amount is thereby increased to its recoverable amount. However, the increased carrying amount may not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized in prior years.

Non-current assets held for sale and disposal groups
The Group classifies non-current assets or disposal groups as held for sale if the conditions of IFRS 5 Non-current assets held for sale and discontinued operations are fulfilled. In this case, the assets or disposal groups are no longer depreciated but measured at the lower of carrying amount and fair value less costs to sell. If fair value less costs to sell subsequently increases, any impairment loss previously recognized is reversed, this reversal is restricted to the impairment loss previously recognized for the assets or disposal group concerned. The Group generally discloses these assets or disposal groups separately in the consolidated statement of financial position.

Inventories
Inventories are measured at the lower of acquisition or manufacturing cost and net realizable value. The net realizable value is the estimated selling price less any remaining costs to sell. The acquisition or manufacturing costs of inventories are generally based on the specific identification method and include costs incurred in acquiring the inventories and bringing them to their existing location and condition. Costs for large numbers of inventories that are interchangeable are allocated under the average cost formula. In the case of manufactured inventories and work in progress, acquisition or manufacturing cost also includes production overheads based on normal capacity.

Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments in the form of financial assets and financial liabilities are generally presented separately. Financial instruments are recognized as soon as Daimler becomes a party to the contractual provisions of the financial instrument. In the case of purchases or sales of financial assets through the regular market, Daimler uses the transaction date as the date of initial recognition or derecognition.

Upon initial recognition, financial instruments are measured at fair value. For the purpose of subsequent measurement, financial instruments are allocated to one of the categories mentioned in IAS 39 Financial Instruments: Recognition and Measurement. Transaction costs directly attributable to acquisition or issuance are considered by determining the carrying amount if the financial instruments are not measured at fair value through profit or loss.

Financial assets
Financial assets primarily comprise receivables from financial services, trade receivables, receivables from banks, cash on hand, derivative financial assets and marketable securities and financial investments.

Financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss include those financial assets designated as held for trading.

Derivatives, including embedded derivatives separated from the host contract, which are not classified as hedging instruments in hedge accounting, as well as shares and marketable debt securities acquired for the purpose of selling in the near term are classified as held for trading. Gains or losses on these financial assets are recognized in profit or loss.

Loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, such as receivables from financial services or trade receivables. After initial recognition, loans and receivables are subsequently carried at amortized cost using the effective interest method less any impairment losses. Gains and losses are recognized in the statement of income when the loans and receivables are impaired or derecognized. Interest effects on the application of the effective interest method are also recognized in profit or loss.

Available-for-sale financial assets. Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or that are not classified in any of the preceding categories. This category includes equity instruments and debt instruments such as government bonds, corporate bonds and commercial papers.

After initial measurement, available-for-sale financial assets are measured at fair value, with unrealized gains or losses being recognized in other comprehensive income/loss. If objective evidence of impairment exists or if changes occur in the fair value of a debt instrument resulting from currency fluctuations, these changes are recognized in profit or loss. Upon disposal of financial assets, the accumulated gains and losses recognized in other comprehensive income/loss resulting from measurement at fair value are recognized in profit or loss. If a reliable estimate cannot be made of the fair value of an unquoted equity instrument, such as an investment in a German limited liability company, this instrument is measured at cost (less any impairment losses). Interest earned on available-for-sale financial assets is generally reported as interest income using the effective interest method. Dividends are recognized in profit or loss when the right of payment has been established.

Cash and cash equivalents. Cash and cash equivalents consist primarily of cash on hand, checks and demand deposits at banks, as well as debt instruments and certificates of deposits with a remaining term when acquired of up to three months, which are not subject to any material value fluctuations. Cash and cash equivalents correspond with the classification in the consolidated statement of cash flows.

Impairment of financial assets
At each reporting date, the carrying amounts of financial assets other than those to be measured at fair value through profit or loss are assessed to determine whether there is objective evidence of impairment. Objective evidence may exist for example if a debtor is facing serious financial difficulties or there is a substantial change in the debtor's technological, economic, legal or market environment. For quoted equity instruments, a significant or prolonged decline in fair value is additional objective evidence of possible impairment. Daimler has defined criteria for the significance and duration of a decline in fair value. A decline in fair value is deemed significant if it exceeds 20% of the carrying amount of the investment; a decline is deemed prolonged if the carrying amount exceeds the fair value for a period longer than nine months.

Loans and receivables. If there are objective indications that the value of a loan or receivable has to be impaired, the amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of expected future cash flows (excluding expected future credit losses that have not yet been incurred), discounted at the original effective interest rate of the financial asset. The amount of the impairment loss is recognized in profit or loss.

If, in a subsequent reporting period, the amount of the impairment loss decreases and the decrease can be attributed objectively to an event occurring after the impairment was recognized, the impairment loss recorded in prior periods is reversed and recognized in profit or loss.

In most cases, an impairment loss on loans and receivables (e.g. receivables from financial services including finance lease receivables and trade receivables) is recorded using allowance accounts. The decision to account for credit risks using an allowance account or by directly reducing the receivable depends on the estimated probability of the loss of receivables.

Available-for-sale financial assets. If an available-for-sale financial asset is impaired, the difference between its cost (net of any principal payment and amortization) and its current fair value (less any impairment loss previously recognized in the statement of income) is reclassified from other comprehensive income/loss to the statement of income. Reversals with respect to equity instruments classified as available for sale are recognized in other comprehensive income/loss. Reversals of impairment losses on debt instruments are recognized through the statement of income if the increase in fair value of the instrument can be objectively attributed to an event occurring after the impairment losses were recognized in the consolidated statement of income.

Offsetting financial instruments
Financial assets and financial liabilities are offset and the net amount is presented in the consolidated statement of financial position provided that an enforceable right currently exists to offset the amounts involved, and there is an intention either to carry out the offsetting on a net basis or to settle a liability when the related asset is sold.

Financial liabilities
Financial liabilities primarily include trade payables, liabilities to banks, bonds, derivative financial liabilities and other liabilities.

Financial liabilities measured at amortized cost. After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest method.

Financial liabilities at fair value through profit or loss. Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Derivatives, (including embedded derivatives separated from the host contract) which are not used as hedging instruments in hedge accounting, are classified as held for trading. Gains or losses on liabilities held for trading are recognized in profit or loss.

Derivative financial instruments and hedge accounting
The Group uses derivative financial instruments exclusively for hedging financial risks that arise from its commercial business or refinancing activities. These are mainly interest rate risks, currency risks and commodity price risks.

Embedded derivatives are separated from the host contract, which is not measured at fair value through profit or loss, if an analysis shows that the economic characteristics and risks of embedded derivatives are not closely related to those of the host contract.

Derivative financial instruments are measured at fair value upon initial recognition and at each subsequent reporting date. The fair value of listed derivatives is equal to their positive or negative market value. If a market value is not available, fair value is calculated using standard financial valuation models such as discounted cash flow or option pricing models. Derivatives are presented as assets if their fair value is positive and as liabilities if the fair value is negative.

If the requirements for hedge accounting set out in IAS 39 are met, Daimler designates and documents the hedge relationship from the date a derivative contract is entered into as a fair value hedge, a cash flow hedge or a hedge of a net investment in a foreign business operation. In a fair value hedge, the fair value of a recognized asset or liability or an unrecognized firm commitment is hedged. In a cash flow hedge, the variability of cash flows to be received or paid from expected transactions related to a recognized asset or liability or a highly probable forecast transaction are hedged. The documentation of the hedging relationship includes the objectives and strategy of risk management, the type of hedging relationship, the nature of the risk being hedged, the identification of the hedging instrument and the hedged item, as well as a description of the method used to assess hedge effectiveness. Hedging transactions are expected to be highly effective in achieving offsetting risks from changes in fair value or cash flows and are regularly assessed to determine that they have actually been highly effective throughout the financial reporting periods for which they are designated.

Changes in the fair value of derivative financial instruments are recognized periodically in either profit or loss or other comprehensive income/loss, depending on whether the derivative is designated as a hedge of changes in fair value or cash flows. For fair value hedges, changes in the fair value of the hedged item and the derivative are recognized in profit or loss. For cash flow hedges, fair value changes in the effective portion of the hedging instrument after taxes are recognized in other comprehensive income/loss. Amounts recognized in other comprehensive income/loss are reclassified to the statement of income when the hedged underlying transaction affects the statement of income. The ineffective portions of fair value changes are recognized in profit or loss.

If derivative financial instruments do not or no longer qualify for hedge accounting because the qualifying criteria for hedge accounting are not or are no longer met, the derivative financial instruments are classified as held for trading and are measured at fair value through profit or loss.

Pensions and similar obligations
The measurement of defined benefit plans for pensions and other post-employment benefit obligations (medical care) in accordance with IAS 19 Employee Benefits is based on the projected unit credit method. Plan assets invested to cover defined benefit pension obligations and other post-employment benefit obligations (medical care) are measured at fair value and offset against the corresponding obligations. For the valuation of defined benefit plans, differences between actuarial assumptions used and actual developments as well as changes in actuarial assumptions result in actuarial gains and losses, which have a direct impact on the consolidated statement of financial position or on the consolidated statement of comprehensive income/loss.

The balance of defined benefit plans for pensions and other post-employment benefits obligations and plan assets (net pension obligation or net pension assets) accrues interest at the discount rate used as a basis for the measurement of the gross pension obligation. The resulting net interest expense or income is recognized in profit and loss under interest expense or interest income in the consolidated statement of income. The other expenses resulting from pension obligations and other post-employment benefit obligations (medical care), which mainly result from entitlements acquired during the year under review, are taken into consideration in the functional costs in the consolidated statement of income.

The discount factors used to calculate the present values of defined benefit pension obligations are to be determined by reference to market yields at the end of the reporting period on high-quality corporate bonds in the respective markets. For very long maturities, there are no high-quality corporate bonds available as a benchmark. The respective discount factors are estimated by extrapolating current market rates along the yield curve.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognized in profit or loss when the curtailment or settlement occurs.

Provisions for other risks
A provision is recognized when a liability to third parties has been incurred, an outflow of resources is probable and the amount of the obligation can be reasonably estimated. The amount recognized as a provision represents the best estimate of the obligation at the balance sheet date. Provisions with an original maturity of more than one year are discounted to the present value of the expenditures expected to settle the obligation at the end of the reporting period. Provisions are regularly reviewed and adjusted as further information becomes available or circumstances change.

A provision for expected warranty costs is recognized when a product is sold or when a new warranty program is initiated. Estimates for accrued warranty costs are primarily based on historical experience.

Restructuring provisions are set up in connection with programs that materially change the scope of business performed by a segment or business unit or the manner in which business is conducted. In most cases, restructuring expenses include termination benefits and compensation payments due to the termination of agreements with suppliers and dealers. Restructuring provisions are recognized when the Group has a detailed formal plan that has either commenced implementation or been announced.

Share-based payment
Share-based payment comprises cash-settled liability awards.

Liability awards are measured at fair value at each balance sheet date until settlement and are classified as provisions. The profit or loss of the period equals the addition to and/or the reversal of the provision during the reporting period and the dividend equivalent paid during the period, and is included in the functional costs.

Presentation in the consolidated statement of cash flow
Interest paid as well as interest and dividends received are classified as cash provided by/used for operating activities. The cash flows from short-term marketable debt securities with high turnover rates and significant amounts are offset and presented within cash used for investing activities.

2. Accounting estimates and assessments

In the consolidated financial statements, to a certain degree, estimates, assessments and assumptions have to be made which can affect the amounts and reporting of assets and liabilities, the reporting of contingent assets and liabilities on the balance sheet date and the amounts of income and expense reported for the period. The major items affected by such estimates, assessments and assumptions are described as follows. Actual amounts may differ from the estimates. Changes in the estimates, assessments and assumptions can have a material impact on the consolidated financial statements.

Recoverable amounts of cash-generating units and equity-method investments
In the context of impairment tests for non-financial assets, estimates have to be made to determine the recoverable amounts of cash-generating units. Assumptions have to be made in particular with regard to future cash inflows and outflows for the planning period and the following periods. The estimates include assumptions regarding future market share and the growth of the respective markets as well as regarding the products' profitability. On the basis of the impairment tests carried out in 2015, the recoverable amounts are substantially larger than the net assets of the Group's cash-generating units.

When objective evidence of impairment is present, estimates and assessments also have to be made to determine the recoverable amount of an equity method financial investment. The determination of the recoverable amount is based on assumptions regarding future business developments for the determination of the expected future cash flows of that financial investment. See Note 13 for the presentation of carrying amounts and fair values of equity-method financial investments in listed companies.

Recoverable amount of equipment on operating leases
Daimler regularly reviews the factors determining the values of its leased vehicles. In particular, it is necessary to estimate the residual values of vehicles at the end of their leases, which constitute a substantial part of the expected future cash flows from leased assets. In this context, assumptions have to be made regarding the future supply of and demand for vehicles, as well as the development of vehicle prices. Those assumptions are determined either by qualified estimates or by publications provided by expert third parties; qualified estimates are based, as far as they are publicly available, on external data with consideration of internally available additional information such as historical experience of price developments and recent sale prices. The residual values thus determined serve as a basis for depreciation; changes in residual values lead either to prospective adjustments of the depreciation or, in the case of a significant decline in expected residual values, to impairment. If depreciation is prospectively adjusted, changes in estimates of residual values do not have a direct effect but are equally distributed over the remaining periods of the lease contracts.

Collectability of receivables from financial services
The Group regularly estimates the risk of default on receivables from financial services. Many factors are taken into consideration in this context, including historical loss experience, the size and composition of certain portfolios, current economic events and conditions and the estimated fair values and adequacy of collaterals. Changes in economic conditions can lead to changes in our customers' creditworthiness and to changes in used vehicle prices, which would have a direct effect on the market values of the vehicles assigned as collateral. Changes to the estimation and assessment of these factors influence the allowance for credit losses with a resulting impact on the Group's net profit. See also Notes 14 and 32 for further information.

Product warranties
The recognition and measurement of provisions for product warranties is generally connected with estimates.

The Group provides various types of product warranties depending on the type of product and market conditions. Provisions for product warranties are generally recognized when vehicles are sold or when new warranty programs are initiated. Based on historical warranty claim experience, assumptions have to be made on the type and extent of future warranty claims and customer goodwill, as well as on possible recall or buyback campaigns for each model series. In addition, the estimates also include assumptions on the amounts of potential repair costs per vehicle and the effects of possible time or mileage limits. The provisions are regularly adjusted to reflect new information.

Further information on provisions for other risks is provided in Note 23.

Legal proceedings
Various legal proceedings, claims and governmental investigations are pending against Daimler AG and its subsidiaries on a wide range of topics. If the outcome of such legal proceedings is detrimental to Daimler, the Group may be required to pay substantial compensatory and punitive damages or to undertake service actions, recall campaigns or other costly actions. Litigation and governmental investigations often involve complex legal issues and are connected with a high degree of uncertainty. Accordingly, the assessment of whether an obligation exists on the balance sheet date as a result of an event in the past, and whether a future cash outflow is likely and the obligation can be reliably estimated, largely depends on estimations by the management. Daimler regularly evaluates the current stage of legal proceedings, also with the involvement of external legal counsel. It is therefore possible that the amounts of provisions for pending or potential litigation will have to be adjusted due to future developments. Changes in estimates and premises can have a material effect on the Group's future profitability. It is also possible that provisions accrued for some legal proceedings may turn out to be insufficient once such proceedings have ended. Daimler may also become liable for payments in legal proceedings no provisions were established for. Although the final resolution of any such proceedings could have a material effect on Daimler's operating results and cash flows for a particular reporting period, Daimler believes that it should not materially affect the Group's financial position.

Pensions and similar obligations
The calculation of provisions for pensions and similar obligations and the related pension cost are based on various actuarial valuations. The calculations are subject to various assumptions on matters such as current actuarially developed probabilities (e.g. discount factors and cost-of-living increases), future fluctuations with regard to age and period of service, and experience with the probability of occurrence of pension payments, annuities or lump sums. As a result of changed market or economic conditions, the probabilities on which the influencing factors are based, may differ from current developments. The financial effects of deviations of the main factors are calculated with the use of sensitivity analyses. See Note 22 for further information.

Income taxes
The calculation of income taxes of Daimler AG and its subsidiaries is based on the legislation and regulations applicable in the various countries. Due to their complexity, the tax items presented in the financial statements are possibly subject to different interpretation by taxpayers on the one hand and local tax authorities on the other hand. For the calculation of deferred tax assets, assumptions have to be made regarding future taxable income and the time of realization of the deferred tax assets. In this context, Daimler takes into consideration, among other things, the projected earnings from business operations, the effects on earnings of the reversal of taxable temporary differences, and realizable tax strategies. As future business developments are uncertain and are sometimes beyond Daimler's control, the assumptions to be made in connection with accounting for deferred tax assets are connected with a substantial degree of uncertainty. On each balance sheet date, Daimler carries out impairment tests on deferred tax assets on the basis of the planned taxable income in future financial years; if Daimler assesses that the probability of future tax advantages being partially or fully unrealized is more than 50%, the deferred tax assets are impaired. Further information is provided in Note 9.

3. Consolidated Group

Composition of the Group
Table ↗ E.08 shows the composition of the Group.

The aggregate balance sheet totals of the subsidiaries, associated companies, joint ventures and joint operations accounted for at amortized cost whose business is non-active or of low volume and which are not material for the Group and the fair presentation of its profitability, liquidity and capital resources and financial position would amount to approximately 1% of the Group's balance sheet total; the aggregate revenues and the aggregate net profit would amount to approximately 1% of the Group's revenue and net profit.

A detailed list of the companies included in the consolidated financial statements and of the equity investments of Daimler AG pursuant to Sections 285 und 313 of the German Commercial Code (HGB) is provided in the statement of investments. Further information is provided in Note 39.

E.08
Composition of the Group

	At December 31, 2015	2014
Consolidated subsidiaries	**329**	327
Germany	**59**	60
International	**270**	267
Unconsolidated subsidiaries	**82**	80
Germany	**29**	33
International	**53**	47
Subsidiaries accounted for using the equity method	**–**	5
Germany	**–**	–
International	**–**	5
Joint operations accounted for using the equity method	**3**	3
Germany	**1**	1
International	**2**	2
Joint ventures accounted for using the equity method	**13**	13
Germany	**4**	3
International	**9**	10
Associated companies accounted for using the equity method	**14**	12
Germany	**3**	3
International	**11**	9
Joint operations, joint ventures and associated companies accounted for at (amortized) cost	**29**	30
Germany	**15**	15
International	**14**	15
	470	470

Structured entities

The structured entities of the Group are rental companies and asset-backed-securities (ABS) companies. The purpose of the rental companies primarily is the acquisition, renting and management of assets. The ABS companies are primarily used for the Group's refinancing. The assets transferred to structured entities usually result from the Group's leasing and sales financing business. Those entities refinance the purchase price by issuing securities.

At the reporting date, the Group has business relationships with 11 (2014: 18) controlled structured entities, of which 9 (2014: 16) are fully consolidated. In addition, the Group has relationships with 5 (2014: 5) non-controlled structured entities. The unconsolidated structured entities are not material for the Group's profitability, liquidity and capital resources and financial position.

E.09

Revenue

	2015	2014
In millions of euros		
Revenue from sales of goods	**130,705**	114,013
Revenue from the rental and leasing business	**14,462**	12,245
Interest from the financial services business at Daimler Financial Services	**3,853**	3,180
Revenue frome sales of other services	**447**	434
	149,467	129,872

E.10

Cost of sales

	2015	2014
In millions of euros		
Expense of goods sold	**-105,643**	-91,574
Depreciation of equipment on operating leases	**-5,946**	-5,049
Refinancing costs at Daimler Financial Services	**-1,666**	-1,443
Impairment losses on receivables from financial services	**-502**	-433
Other cost of sales	**-3,913**	-3,189
	-117,670	-101,688

Disposals of consolidated subsidiaries

Disposals in 2015

In 2015, Daimler decided to sell its equity interest in **Atlantis Foundries (Pty.) Ltd.**, which had been allocated to the Daimler Trucks segment, to Neue Halberg-Guss GmbH. The disposal led to an expense of €61 million.

Acquisitions and disposals of equity-method investments

Acquisitions in 2015

There Holding B.V. (THBV) was founded in 2015; Daimler, Audi and BMW each hold 33.3% of the shares of the company. Each of the shareholders provided a capital contribution of €668 million.

Effective as of December 4, 2015, There Acquisition B.V., a 100% subsidiary of THBV, acquired the mapping provider HERE from Nokia Corporation for a purchase price of €2,602 million subject to any further purchase price adjustments. The acquisition was financed by capital contributions of €2,000 million and by bank loans taken out by There Acquisition B.V. of €602 million. As of January 29, 2016, There Acquisition B.V. was renamed into HERE International B.V.

THBV is accounted for in the consolidated financial statements of Daimler AG as an associated company using the equity method, and is allocated to the Mercedes-Benz Cars segment.

Disposals in 2014

In March 2014, the Board of Management and the Supervisory Board of Daimler AG decided to sell the 50% equity interest in **Rolls-Royce Power Systems Holding GmbH (RRPSH)** to the partner Rolls-Royce Holdings plc (Rolls-Royce). For that purpose, Daimler exercised a put option on its stake in RRPSH. The measurement of the put option resulted in an expense of €118 million. The agreed purchase price of €2,433 million was received in August 2014. The gain on the sale amounted to €1,006 million.

In 2014, the Group sold its 4% equity interest in **Tesla Motors, Inc. (Tesla)** and prematurely terminated the related hedging instrument. The remeasurement of the Tesla shares after the end of Daimler's significant influence on Tesla led to a non-cash gain of €718 million. An expense of approximately €124 million and a cash inflow of €625 million resulted from the hedging instrument and the sale of the equity interest. A gain of €594 million resulted in total.

See Note 13 for further information on the companies accounted for using the equity method

4. Revenue

Table ↗ **E.09** shows the composition of revenue at Group level.

Revenue by segment ↗ **E.84** and region ↗ **E.86** is presented in Note 33.

5. Functional costs

Cost of sales
Items included in cost of sales are shown in table ↗ **E.10**.

Amortization expense of capitalized development costs in the amount of €1,245 million (2014: €1,212 million) is presented in expense of goods sold.

Selling expenses
In 2015, selling expenses amounted to €12,147 million (2014: €11,534 million). Selling expenses include direct selling costs as well as selling overhead expenses and consist of personnel expenses, material costs and other selling costs.

General administrative expenses
General administrative expenses amounted to €3,710 million in 2015 (2014: €3,329 million) and comprise expenses which were not attributable to production, sales or research and development functions, including personnel expenses, depreciation and amortization on fixed and intangible assets, and other administrative costs.

Research and non-capitalized development costs
Research and non-capitalized development costs were €4,760 million in 2015 (2014: €4,532 million) and primarily comprise personnel expenses and material costs.

Optimization programs
Measures and programs with implementation costs that materially impacted EBIT of the segments are briefly described below.

In the course of the organizational focus on the divisions, Daimler started a restructuring program for its sales organization in Germany in 2014. Selected sales-and-service centers and outlets are being combined into car and commercial-vehicle outlets in order to steadily increase the profitability of Daimler's own dealer activities in the highly competitive German market. In addition, in 2015, the Group initiated programs to restructure its sales organization abroad. These restructuring programs also include the sale of selected operations of the Group's current sales network in Germany and abroad. The programs affect all automotive segments, but mainly the Mercedes-Benz Cars segment. In the reporting period 2015, these measures had resulted in a net expense of €144 million.

At December 31, 2015, the disposal group's assets for the German locations amounted to €248 million (December 31, 2014: €300 million) and its liabilities amounted to €12 million (December 31, 2014: €27 million). Due to their minor impact on the Group's profitability, liquidity and capital resources, and financial position, the assets and liabilities held for sale are not presented separately in the consolidated statement of financial position. Measurement at fair value less cost to sell led to an impairment of property, plant and equipment in 2014 in an amount of €93 million. Daimler already sold parts of the disposal group in 2015. In 2016, the Group anticipates further negative effects on earnings of up to €0.1 billion in Germany.

In January 2013, Daimler Trucks announced workforce adjustments as part of its goal of increasing its profitability by stronger utilization of efficiencies. In Brazil, a redundancy program was launched in the first quarter of 2013. This program has led to a reduction of approximately 3,200 jobs in the administrative and productive areas as of December 31, 2015, mostly through voluntary severance agreements. These workforce adjustments also affected Daimler Buses to a small extent.

In addition, in non-productive areas of Daimler Trucks in Germany, a program based on socially acceptable voluntary measures that ran between May 2013 and December 2014 was continued in the third quarter of 2015 and led in total to a reduction of approximately 700 jobs as of December 31, 2015.

Table ↗ **E.11** shows the effects of the optimization programs on the key figures of the segments.

E.11
Optimization programs

	2015	2014
In millions of euros		
Mercedes-Benz Cars		
EBIT	**-64**	-81
Cash flow	**180**	-5
Provisions for optimization programs[1]	**82**	–
Daimler Trucks		
EBIT	**-105**	-165
Cash flow	**-64**	-170
Provisions for optimization programs[1]	**21**	6
Mercedes-Benz Vans		
EBIT	**-29**	-17
Cash flow	**5**	-1
Provisions for optimization programs[1]	**19**	–
Daimler Buses		
EBIT	**-4**	-14
Cash flow	**-1**	-25
Provisions for optimization programs[1]	**2**	13

1 Amounts of provisions for optimization programs as of December 31.

E.12
Income and expenses associated with optimization programs

	2015	2014
In millions of euros		
Cost of sales	-46	-95
Selling expenses	-119	-33
General administrative expenses	-7	-43
Research and non-capitalized development costs	-3	-13
Other operating expenses	-137	-93
Other operating income	110	–
	-202	-277

E.13
Average number of employees

	2015	2014
Mercedes-Benz Cars	137,431	135,345
Daimler Trucks	87,707	88,228
Mercedes-Benz Vans	22,430	21,996
Daimler Buses	17,755	17,257
Daimler Financial Services	9,665	8,594
Other	9,574	8,437
	284,562	279,857

E.14
Other operating income

	2015	2014
In millions of euros		
Income from costs recharged to third parties	1,131	1,039
Government grants and subsidies	107	92
Gains on sales of property, plant and equipment	242	63
Rental income not relating to sales financing	81	59
Other miscellaneous income	553	506
	2,114	1,759

E.15
Other operating expense

	2015	2014
In millions of euros		
Losses on sales of property, plant and equipment	-127	-120
Expenses associated with optimization programs	-137	-93
Other miscellaneous expenses	-291	-947
	-555	-1,160

Beside gains and/or losses from the sale of selected operations of the Group's current sales network, the EBIT effects listed in table ↗ E.11 primarily relate to personnel measures and are included in the line items within the consolidated statement of income as shown in table ↗ E.12.

Cash effects resulting from the optimization programs are mainly expected until the end of 2017.

Personnel expenses and average number of employees
Personnel expenses included in the consolidated statement of income amounted to €20,949 million in 2015 (2014: €19,607 million). The average numbers of people employed are shown in table ↗ E.13.

Due to the organizational focus of the divisions on their customers and markets, the numbers of employees previously reported under sales and marketing are included in the respective divisions since 2014. Since the end of 2015, this also applies to the Group's own sales and service centers in Germany and the global logistics center in Germersheim, whose employees are now grouped under Mercedes-Benz Cars, Daimler Trucks, Mercedes-Benz Vans and Daimler Buses. The figures for comparison for 2014 have been adjusted to reflect these changes.

Information on the total remuneration of the current and former members of the Board of Management and the current members of the Supervisory Board is provided in Note 37.

6. Other operating income and expense

The composition of other operating income is shown in table ↗ E.14.

Income from costs recharged to third parties includes income from licenses and patents, shipping costs and other costs charged to third parties, with related expenses primarily within the functional costs.

Government grants and subsidies mainly comprise reimbursements relating to current part-time early retirement contracts and subsidies for alternative drive systems.

Gains on sales of property, plant and equipment include gains of €87 million from the sale of real-estate properties in the United States.

The composition of other operating expense is shown in table ↗ E.15.

Further information on expenses associated with optimization programs is provided in Note 5.

Other miscellaneous expense includes losses from disposals of current assets, changes in other provisions (partially in connection with legal proceedings) and additional miscellaneous items. In the previous year, the line item included an addition of €600 million to the provision for EU Commission antitrust proceedings concerning European commercial vehicle manufacturers.

7. Other financial income/expense, net

Table ↗ E.16 shows the components of other financial income/expense, net.

In 2014, miscellaneous other financial income/expense, net included income from the disposal of the 50% equity interest in RRPSH of €1,006 million as well as income from the disposal of the Tesla shares of €88 million. It also included in 2014 expenses of €118 million from the measurement of the RRPSH put option and expenses of €212 million from hedging the Tesla share price.

8. Interest income and interest expense

Table ↗ E.17 shows the components of interest income and interest expense.

9. Income Taxes

Profit before income taxes is comprised as shown in table ↗ E.18.

Profit before income taxes in Germany includes profit/loss from equity-method investments if the equity interests in those companies are held by German companies.

Table ↗ E.19 shows the components of income taxes.

The current tax expense includes tax benefits at German and foreign companies of €731 million (2014: €53 million) recognized for prior periods.

The deferred tax expense is comprised of the components shown in table ↗ E.20.

For German companies, in 2015 and 2014, deferred taxes were calculated using a federal corporate income tax rate of 15%, a solidarity tax surcharge of 5.5% on each year's federal corporate income taxes, and a trade tax rate of 14%. In total, the tax rate applied for the calculation of German deferred taxes in both years amounted to 29.825%. For non-German companies, the deferred taxes at period-end were calculated using the tax rates of the respective countries.

E.16
Other financial income/expense, net

	2015	2014
In millions of euros		
Income and expense from compounding of provisions and effects of changes in discount rates[1]	-20	-353
Miscellaneous other financial income/expense, net	-7	811
	-27	458

1 Excluding the expense from compounding provisions for pensions and similar obligations.

E.17
Interest income and interest expense

	2015	2014
In millions of euros		
Interest income		
Net interest income on the net assets of defined benefit pension plans	3	3
Interest and similar income	167	142
	170	145
Interest expense		
Net interest expense on the net obligation from defined benefit pension plans	-293	-350
Interest and similar expense	-309	-365
	-602	-715

E.18
Profit before income taxes

	2015	2014
In millions of euros		
German companies	4,980	2,960
Non-German companies	7,764	7,213
	12,744	10,173

E.19
Components of income taxes

	2015	2014
In millions of euros		
Current taxes		
German companies	-918	-1,125
Non-German companies	-1,558	-1,395
Deferred taxes		
German companies	-444	242
Non-German companies	-1,113	-605
	-4,033	-2,883

E.20
Components of deferred tax expense

	2015	2014
In millions of euros		
Deferred taxes	-1,557	-363
due to temporary differences	-595	-44
due to tax loss carryforwards and tax credits	-962	-319

E.21

Reconciliation of expected income tax expense to actual income tax expense

	2015	2014
In millions of euros		
Expected income tax expense	-3,801	-3,034
Foreign tax rate differential	-126	-91
Trade tax rate differential	44	21
Tax law changes	-49	-21
Change of valuation allowance on deferred tax assets	-147	276
Tax-free income and non-deductible expenses	41	-44
Other	5	10
Actual income tax expense	-4,033	-2,883

E.22

Deferred tax assets and liabilities

	At December 31, 2015	2014
In millions of euros		
Deferred tax assets	3,284	4,124
Deferred tax liabilities	-2,215	-1,070
Deferred tax assets, net	1,069	3,054

E.23

Split of tax assets and liabilities before offset

	At December 31, 2015	2014
In millions of euros		
Intangible assets	52	52
Property, plant and equipment	409	327
Equipment on operating leases	1,178	1,273
Inventories	992	752
Receivables from financial services	303	275
Other financial assets	4,984	4,349
Tax loss carryforwards and unused tax credits	2,693	3,323
Provisions for pensions and similar obligations	869	958
Other provisions	2,304	2,313
Liabilities	1,645	1,384
Deferred income	1,611	1,186
Other	331	315
	17,371	16,507
Valuation allowances	-988	-918
Deferred tax assets, gross	16,383	15,589
Development costs	-2,317	-2,162
Other intangible assets	-125	-73
Property, plant and equipment	-1,742	-1,639
Equipment on operating leases	-7,188	-6,053
Inventories	-63	-50
Receivables from financial services	-575	-736
Other financial assets	-363	-352
Other assets	-169	-189
Provisions for pensions and similar obligations	-2,390	-872
Other provisions	-183	-177
Other	-199	-232
Deferred tax liabilities, gross	-15,314	-12,535
Deferred tax assets, net	1,069	3,054

Table ↗ **E.21** shows a reconciliation of expected income tax expense to actual income tax expense determined using the unchanged applicable German combined statutory tax rate of 29.825%.

In 2015, the Group impaired deferred tax assets of foreign subsidiaries while in 2014, the Group released valuation allowances on deferred tax assets of foreign subsidiaries. The resulting tax expenses and benefits are included in the line item change of valuation allowance on deferred tax assets.

Tax-free income and non-deductible expenses include all other effects at foreign and German companies relating to tax-free income and non-deductible expenses, for instance tax-free gains included in net periodic pension costs at the German companies and tax-free results of our equity-method investments. Furthermore, in 2015, the line item also includes tax benefits relating to tax assessments of prior years. The tax benefits relating to tax assessments of prior years consist of the current tax benefits recognized for prior periods as well as partly offsetting deferred tax expenses recognized for prior periods. Moreover, in 2014, the line item includes tax-free gains realized on the sale of RRPSH as well as non-deductible expenses in connection with the EU commission's ongoing antitrust proceedings concerning European commercial vehicle manufacturers.

Deferred tax assets and deferred tax liabilities are offset if the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority and if there is the right to set off current tax assets against current tax liabilities. In the presentation of deferred tax assets and liabilities in the consolidated statement of financial position, no difference is made between current and non-current. In the consolidated statement of financial position, deferred tax assets and liabilities are presented as shown in table ↗ **E.22**.

In respect of each type of temporary difference and in respect of each type of unutilized tax loss carryforwards and unutilized tax credits, the deferred tax assets and liabilities before offset are summarized in table ↗ **E.23**.

The development of deferred tax assets, net, is shown in table ↗ **E.24**.

Including the items recognized in other comprehensive income/loss (including items from equity-method investments), the expense for income taxes is comprised as shown in table ↗ **E.25**.

In the consolidated statement of financial position, the valuation allowances on deferred tax assets, which are mainly attributable to foreign companies, increased by €70 million compared to December 31, 2014. On the one hand, this is a result of the additional valuation allowances of €147 million recorded in net profit. On the other hand, a decrease of the valuation allowance was recognized in equity, mainly due to currency translation.

At December 31, 2015, the valuation allowance on deferred tax assets relates, among other things, to corporate income tax loss carryforwards (€590 million), tax loss carryforwards in connection with capital losses (€19 million) and tax credits (€27 million). €21 million of the deferred tax assets for corporate income tax loss carryforwards adjusted by a valuation allowance relates to tax loss carryforwards which expire at various dates from 2018 through 2020, €189 million relates to tax loss carryforwards which expire at various dates from 2021 through 2025, €4 million relates to tax loss carryforwards which expire at various dates from 2031 through 2035 and €376 million relates to tax loss carryforwards which can be carried forward indefinitely. The deferred tax assets on loss carryforwards connected with capital losses were reduced by valuation allowances because the carryforward periods of those losses are partly limited and can only be utilized with future capital gains. Of the total amount of deferred tax assets adjusted by valuation allowances, deferred tax assets in connection with capital losses amounting to €4 million expire in 2016; €15 million can be carried forward indefinitely. Of the tax credit carryforwards adjusted by a valuation allowance, €4 million expire at various dates from 2016 through 2020 and €21 million expire at various dates from 2021 through 2025; €2 million relates to tax credits which can be carried forward indefinitely. Furthermore, the valuation allowance primarily relates to temporary differences as well as net operating losses for state and local taxes at the US companies. Daimler believes that it is more likely than not that those deferred tax assets cannot be utilized. In 2015 and prior years, the Group had tax losses at several subsidiaries in several countries. After offsetting the deferred tax assets with deferred tax liabilities, the deferred tax assets not subject to valuation allowances amounted to €191 million for those subsidiaries. Daimler believes it is more likely than not that future taxable income will be sufficient to allow utilization of the deferred tax assets. Daimler's current estimate of the amount of deferred tax assets that is considered realizable may change in the future, necessitating higher or lower valuation allowances.

The retained earnings of non-German subsidiaries are largely intended to be reinvested in those operations. The Group did not recognize deferred tax liabilities on retained earnings of non-German subsidiaries of €27,005 million (2014: €21,242 million). If earnings are paid out as dividends, an amount of 5% would be taxed under German taxation rules and, if applicable, with non-German withholding tax. Additionally, income tax consequences may arise if the dividends first have to be distributed by a non-German subsidiary to a non-German holding company. Normally, the distribution would lead to an additional income tax expense. It is not practicable to estimate the amount of taxable temporary differences for these undistributed foreign earnings.

The Group has various unresolved issues concerning open income tax years with the tax authorities in a number of jurisdictions. Daimler believes that it has recognized adequate provisions for any future income taxes that may be owed for all open tax years. As a result of future adjudications or changes in the opinions of the fiscal authorities, it cannot be ruled out that Daimler might receive tax refunds for previous years.

E.24

Change of deferred tax assets, net

	2015	2014
In millions of euros		
Deferred tax assets, net as of January 1	3,054	937
Deferred tax expense in the financial statement of income	-1,557	-363
Change in deferred tax expense/benefit on financial assets available-for-sale included in other comprehensive income/loss	-8	-6
Change in deferred tax expense/benefit on derivative financial instruments included in other comprehensive income/loss	278	800
Change in deferred tax expense/benefit on actuarial gains/losses from defined benefit pension plans	-579	1,682
Other changes[1]	-119	4
Deferred tax assets, net as of December 31	1,069	3,054

1 Primarily effects from currency translation.

E.25

Tax expense in equity

	2015	2014
In millions of euros		
Income tax expense in the consolidated financial statement of income	-4,033	-2,883
Income tax expense/benefit recorded in other reserves	-309	2,476
	-4,342	-407

10. Intangible assets

Intangible assets developed as shown in table ↗ **E.26**.

At December 31, 2015, goodwill of €425 million (2014: €421 million) relates to the Daimler Trucks segment and of €194 million (2014: €192 million) relates to the Mercedes-Benz Cars segment.

Non-amortizable intangible assets primarily relate to goodwill and development costs for projects which have not yet been completed (carrying amount at December 31, 2015: €2,137 million; 2014: €1,935 million). In addition, other intangible assets with a carrying amount at December 31, 2015 of €258 million (2014: €264 million) are not amortizable. Other non-amortizable intangible assets are trademarks with indefinite useful lives, which relate to the Daimler Trucks segment, as well as distribution rights of Mercedes-Benz Cars with indefinite useful lives. The Group plans to continue to use these assets unchanged.

Table ↗ **E.27** shows the line items of the consolidated statement of income in which total amortization expense for intangible assets is included.

At December 31, 2015, intangible assets include capitalized borrowing costs on qualified assets according to IAS 23 in the amount of €59 million (2014: €58 million) which related only to capitalized development costs. In 2015, borrowing costs in the amount of €11 million (2014: €7 million) were capitalized; amortization amounted to €10 million (2014: €9 million). The basis for the calculation of borrowing costs was an average cost of debt of 0.7% (2014: 0.7%).

E.26
Intangible assets

	Goodwill (acquired)	Development costs (internally generated)[2]	Other intangible assets (acquired)	Total
In millions of euros				
Acquisition or manufacturing costs				
Balance at January 1, 2014	941	11,900	3,029	15,870
Additions due to business combinations	21	–	45	66
Other additions	–	1,155	315	1,470
Reclassifications	–	–	–	–
Disposals	–	-912	-231	-1,143
Other changes[1]	55	10	93	158
Balance at December 31, 2014	1,017	12,153	3,251	16,421
Additions due to business combinations	**–**	**–**	**25**	**25**
Other additions	**–**	**1,815**	**458**	**2,273**
Reclassifications	**–**	**–**	**–**	**–**
Disposals	**-4**	**-1,018**	**-298**	**-1,320**
Other changes[1]	**2**	**12**	**146**	**160**
Balance at December 31, 2015	**1,015**	**12,962**	**3,582**	**17,559**
Amortization/impairment				
Balance at January 1, 2014	260	4,590	1,632	6,482
Additions	–	1,221	286	1,507
Reclassifications	–	–	–	–
Disposals	–	-911	-139	-1,050
Other changes[1]	17	8	90	115
Balance at December 31, 2014	277	4,908	1,869	7,054
Additions	**4**	**1,255**	**331**	**1,590**
Reclassifications	**–**	**–**	**–**	**–**
Disposals	**-4**	**-999**	**-261**	**-1,264**
Other changes[1]	**11**	**9**	**90**	**110**
Balance at December 31, 2015	**288**	**5,173**	**2,029**	**7,490**
Carrying amount at December 31, 2014	740	7,245	1,382	9,367
Carrying amount at December 31, 2015	**727**	**7,789**	**1,553**	**10,069**

1 Primarily changes from currency translation.
2 Including capitalized borrowing costs on development costs.

11. Property, plant and equipment

Property, plant and equipment developed as shown in table ↗ E.28.

In 2015, government grants of €192 million (2014: €47 million) were deducted from property, plant and equipment.

Property, plant and equipment also include buildings, technical equipment and other equipment under finance lease arrangements and thus deemed to be owned by the Group with a carrying amount of €221 million (2014: €238 million). In 2015, additions to and depreciation expense on assets under finance lease arrangements amounted to €16 million (2014: €19 million) and €39 million (2014: €40 million), respectively.

E.27

Amortization expense for intangible assets in the consolidated statement of income

	2015	2014
In millions of euros		
Cost of sales	1,434	1,344
Selling expenses	73	92
General administrative expenses	44	41
Research and non-capitalized development costs	35	30
Other operating expense	4	–
	1,590	1,507

E.28

Property, plant and equipment

	Land, leasehold improvements and buildings including buildings on land owned by others	Technical equipment and machinery	Other equipment, factory and office equipment	Advance payments relating to plant and equipment and construction in progress	Total
In millions of euros					
Acquisition or manufacturing costs					
Balance at January 1, 2014	14,835	21,575	21,508	2,273	60,191
Additions due to business acquisitions	–	–	–	–	–
Other additions	228	833	1,415	2,267	4,743
Reclassifications	238	1,239	568	-2,036	9
Disposals	-158	-930	-1,066	-32	-2,186
Other changes[1]	253	362	461	49	1,125
Balance at December 31, 2014	15,396	23,079	22,886	2,521	63,882
Additions due to business acquisitions	–	–	–	–	–
Other additions	255	854	1,521	2,279	4,909
Reclassifications	302	817	793	-1,913	-1
Disposals	-334	-738	-686	-56	-1,814
Other changes[1]	144	-34	259	15	384
Balance at December 31, 2015	15,763	23,978	24,773	2,846	67,360
Depreciation/impairment					
Balance at January 1, 2014	8,044	14,225	16,142	1	38,412
Additions[2]	420	1,210	1,861	10	3,501
Reclassifications	–	108	-108	–	–
Disposals	-118	-825	-970	–	-1,913
Other changes[1]	108	241	352	-1	700
Balance at December 31, 2014	8,454	14,959	17,277	10	40,700
Additions	335	1,358	2,102	9	3,804
Reclassifications	1	-1	–	–	–
Disposals	-275	-730	-612	-19	-1,636
Other changes[1]	-9	-38	216	1	170
Balance at December 31, 2015	8,506	15,548	18,983	1	43,038
Carrying amount at December 31, 2014	6,942	8,120	5,609	2,511	23,182
Carrying amount at December 31, 2015	7,257	8,430	5,790	2,845	24,322

1 Primarily changes from currency translation.
2 Includes impairments of €93 million in connection with the disposal of selected sites of the Group's own sales network.

12. Equipment on operating leases

The development of equipment on operating leases is shown in table ↗ **E.29**.

At December 31, 2015, equipment on operating leases with a carrying amount of €5,404 million is pledged as security for liabilities from ABS transactions related to a securitization transaction of future lease payments on operating leases and related vehicles (2014: €4,392 million) (see also Note 24).

Minimum lease payments
Non-cancelable future lease payments to Daimler for equipment on operating leases are due as presented in table ↗ **E.30**.

E.29
Equipment on operating leases

In millions of euros	
Acquisition or manufacturing costs	
Balance at January 1, 2014	34,878
Additions due to business acquisitions	–
Other additions	18,052
Reclassifications	-9
Disposals	-14,479
Other changes[1]	2,486
Balance at December 31, 2014	40,928
Additions due to business acquisitions	**–**
Other additions	**21,636**
Reclassifications	**1**
Disposals	**-16,637**
Other changes[1]	**2,163**
Balance at December 31, 2015	**48,091**
Depreciation/impairment	
Balance at January 1, 2014	6,718
Additions	5,049
Reclassifications	–
Disposals	-4,341
Other changes[1]	452
Balance at December 31, 2014	7,878
Additions	**5,946**
Reclassifications	**–**
Disposals	**-5,073**
Other changes[1]	**398**
Balance at December 31, 2015	**9,149**
Carrying amount at December 31, 2014	33,050
Carrying amount at December 31, 2015	**38,942**

1 Primarily changes from currency translation.

E.30
Maturity of minimum lease payments for equipment on operating leases

In millions of euros	At December 31, **2015**	2014
Maturity		
within one year	**6,805**	5,742
between one and five years	**7,437**	5,990
later than 5 years	**64**	48
	14,306	11,780

13. Equity-method investments

Table ↗ **E.31** shows the carrying amounts and profits/losses from equity-method investments.

Table ↗ **E.32** presents key figures on interests in associated companies accounted for using the equity method in the Group's consolidated financial statements.

E.31

Summarized carrying amounts and profits/losses from equity-method investments

	Associated companies	Joint ventures	Joint operations	Subsidiaries	Total
In millions of euros					
At December 31, 2015					
Equity investment[1]	**3,124**	**462**	**47**	**–**	**3,633**
Equity result[1]	**490**	**-34**	**8**	**–**	**464**
At December 31, 2014					
Equity investment[1]	1,795	448	44	7	2,294
Equity result[1]	864	26	5	2	897

1 Including investor-level adjustments.

E.32

Key figures on interests in associated companies accounted for using the equity method

	BBAC	BAIC Motor[3]	THBV[4] (HERE)	Kamaz	RRPSH	Others	Total
In millions of euros							
At December 31, 2015							
Equity interest (in %)	**49.0**	**10.1**	**33.3**	**15.0**	**–**		
Stock market price[1]	**–**	**705**	**–**	**47**	**–**		
Equity investment[2]	**1,418**	**772**	**668**	**58**	**–**	**208**	**3,124**
Equity result[2]	**441**	**74**	**–**	**-6**	**–**	**-19**	**490**
Dividend payment to Daimler[5]	**208**	**34**	**–**	**-**	**–**		
At December 31, 2014							
Equity interest (in %)	49.0	10.1	–	15.0	–		
Stock market price[1]	–	730	–	38	–		
Equity investment[2]	852	686	–	71	–	186	1,795
Equity result[2]	133	34	–	–32	13	716	864
Dividend payment to Daimler	–	10	–	1	92		

1 Proportionate stock market prices.
2 Including investor-level adjustments.
3 The proportionate share of unaudited earnings of BAIC Motor Corporation Ltd. (BAIC Motor) is included in Daimler's consolidated financial statements with a three-month time lag. As the investment was acquired in November 2013, Daimler's proportionate share of earnings for 2014 relates to the months of December 2013 through September 2014. For 2015, earnings relate to the months of October 2014 through September 2015.
4 The proportionate share of earnings of There Holding B.V. (THBV) is included in Daimler's consolidated financial statements with a one-month time lag.
5 The dividend from BBAC (€208 million) was not paid out in the year 2015.

BBAC
Beijing Benz Automotive Co., Ltd. (BBAC) produces and distributes Mercedes-Benz passenger cars and spare parts in China. The investment and the proportionate share in the results of BBAC are allocated to the Mercedes-Benz Cars segment.

In 2015, capital increases of €287 million took place at BBAC. Daimler plans to contribute additional equity of €0.2 billion, in accordance with its shareholding ratio, to BBAC in the next years. In December 2015, the shareholders of BBAC declared a dividend. The amount of €208 million attributable to Daimler has decreased the investment's carrying amount accordingly.

BAIC Motor
BAIC Motor Corporation Ltd. (BAIC Motor) is the passenger car division of BAIC Group, one of the leading automotive companies in China. Directly or via subsidiaries, BAIC Motor is engaged in the business of researching, developing, manufacturing, selling, marketing and servicing of automotive vehicles and related parts and components and all related services. Due to Daimler's representation on the board of directors of BAIC Motor and other contractual arrangements, the Group classifies this investment as an investment in an associate, to be accounted for using the equity-method; in the segment reporting, the investment's carrying amount and its proportionate share of profit or loss are presented in the reconciliation of total segment's assets to Group assets and total segments' EBIT to Group EBIT, respectively. On December 19, 2014, BAIC Motor successfully placed its equity securities for trading on the Hong Kong Stock Exchange, also with the issue of new shares. As a result, Daimler's interest in BAIC Motor was diluted from 12.0% to 10.1%. Daimler continues to classify this investment as an investment in an associate, to be accounted for using the equity-method. The effect of dilution was not material. In the second quarter of 2015, the shareholders of BAIC Motor decided to pay a dividend. The amount of €34 million attributable to Daimler decreased the investment's carrying amount accordingly.

THBV (HERE)
There Holding B.V. (THBV), based in Rijswijk, Netherlands, was founded in 2015. Daimler, Audi and BMW each hold an interest in the company of 33.3%. Each of the shareholders has made a cash contribution to the company of €668 million.

Effective December 4, 2015, There Acquisition B.V., based in Rijswijk, Netherlands, a 100% subsidiary of There Holding B.V., acquired the roadmap service HERE from Nokia Corporation for a purchase price of €2,602 million, subject to possible further price adjustments. HERE is one of the biggest manufacturers of digital roadmaps for navigation systems worldwide. Future expected high resolution maps will be one of the fundamentals for future autonomous driving. The acquisition price was funded by using cash contributions of €2,000 million and by bank loans to There Acquisition B.V. of €602 million.

There Holding B.V. is accounted for in the consolidated financial statements of Daimler AG as an associated company using the equity method, and is allocated to the Mercedes-Benz Cars segment. Daimler's proportionate share of its profits and losses is included with a one-month delay. No proportionate share of profit or loss was included in Daimler's consolidated financial statements for 2015 as the amount was not material. Due to closeness in time to the balance sheet date, not all hidden reserves and obligations could be finally identified. Purchase price allocation is expected to be finalized in the first quarter 2016.

Kamaz
Daimler and the Russian truck manufacturer Kamaz PAO (Kamaz) have signed a license agreement to produce and use Axor, Atego and Actros driver's cabs as well as delivery contracts for cabs, engines and axles for trucks and buses of the Russian company within the framework of their strategic partnership. Resulting from its agreed representation on the board of directors of Kamaz and its significant contractual rights as a minority shareholder, the Group can exercise significant influence on Kamaz. Therefore, the Group accounts for its equity interest in Kamaz using the equity method; the investment and the proportionate share in the profit and loss of Kamaz are allocated to the Daimler Trucks segment.

In 2010, the Group and the European Bank for Reconstruction and Development (EBRD) agreed to increase their strategic investment in Kamaz. Daimler increased its equity interest in Kamaz to 15%. Of that interest, 4% was legally held by EBRD, but Daimler was deemed to be the economic owner of those shares due to the equity-method measurement. In October 2014, Daimler agreed with EBRD to take over the remaining 4% interest. With this step, Daimler has raised its investment in Kamaz to 15% also in legal terms.

In 2014, the Group recognized an impairment loss of €30 million with respect to its investment in Kamaz. The loss was included in the line item profit/loss on equity-method investments, net.

RRPSH
In March 2014, Daimler decided to sell its 50% equity interest in the joint venture Rolls-Royce Power Systems Holding GmbH (RRPSH) to its partner Rolls-Royce. To do so, Daimler exercised a put option on its stake in RRPSH that was agreed upon with Rolls-Royce in 2011; measurement using the equity method was ended. Until then, the proportionate share of earnings had been allocated to the Daimler Trucks segment. In mid-April 2014, a sale price of €2,433 million was agreed upon. The transaction was consummated on August 26, 2014, when antitrust-law and foreign-trade-law approvals had been obtained; the board members and management representatives from Daimler in RRPSH-companies stepped down from their positions. The proceeds of the sale of €1,006 million were classified as "Other financial result" and, in the segment reporting, were presented in the reconciliation of total segments' EBIT to Group EBIT.

Table ↗ **E.33** shows summarized IFRS financial information after purchase price allocation for the significant associated companies which were the basis for equity-method accounting in the Group's consolidated financial statements.

E.33

Summarized IFRS financial information on significant associated companies accounted for using the equity method

	BBAC[1]		BAIC Motor[2]		THBV[3] (HERE)		Kamaz[4]	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
In millions of euros								
Information on the statement of income								
Revenue	**9,575**	5,767	**11,336**	5,211	**–**	**–**	**1,435**	2,124
Profit/loss from continuing operations after taxes	**862**	310	**1,005**	384	**–**	**–**	**-30**	9
Profit/loss from discontinued operations after taxes	**–**	–	**–**	–	**–**	**–**	**–**	–
Other comprehensive income/loss	**–**	–	**–**	–	**–**	**–**	**–**	-5
Total comprehensive income	**862**	310	**1,005**	384	**–**	**–**	**-30**	4
Information on the statement of financial position and reconciliation to equity-method carrying amounts								
Non-current assets	**4,139**	3,314	**12,072**	10,127	**3,115**	–	**443**	595
Current assets	**4,232**	2,648	**7,028**	4,314	**365**	–	**747**	685
Non-current liabilities	**445**	584	**2,434**	1,784	**1,093**	–	**322**	210
Current liabilities	**4,903**	3,484	**8,095**	6,586	**384**	–	**503**	476
Equity (including non-controlling interest)	**3,023**	1,894	**8,571**	6,071	**2,003**	–	**365**	594
Equity (excluding non-controlling interests) attributable to the Group	**1,481**	928	**691**	594	**668**	–	**55**	89
Unrealized profit (-)/loss (+) on sales to/ purchases from	**-63**	-76	**–**	–	**–**	–	**–**	–
Goodwill	**–**	–	**77**	86	**–**	–	**3**	4
Other	**–**	–	**4**	6	**–**	–	**–**	-22
Carrying amount of equity-method investment	**1,418**	852	**772**	686	**668**	–	**58**	71

1 BBAC:
Figures for the statement of income relate to the period of January 1 to December 31.
Figures for the statement of financial position and the reconciliation to equity-method carrying amounts relate to the balance sheet date December 31.
2 BAIC Motor:
Daimler recognizes its proportionate share of the unaudited profits or losses of BAIC Motor Corporation Ltd. (BAIC Motor) with a three-month time lag. As the equity interest in BAIC Motor was acquired in November 2013, the proportionate share of the profit/loss of BAIC Motor for the year 2014 relates to the months of December 2013 and January through September 2014.
Figures for the statement of income for the year 2015 relate to the period of October 1, 2014 to September 30, 2015.
For 2014 figures for the statement of income relate to the period of January 1 to September 30.
Figures for the statement of financial position and the reconciliation to equity-method carrying amounts relate to the balance sheet date of September 30.
Figures for BAIC Motor are based on local GAAP.
3 THBV:
Daimler recognizes its proportionate share of the profits or losses of There Holding B.V. (THBV) with a one-month time lag. Figures for the statement of financial position relate to the date of acquisition of HERE of December 4, 2015.
4 Kamaz:
Figures for the statement of income relate to the period from October 1 to September 30.
Figures for the statement of financial position and the reconciliation to equity-method carrying amounts relate to the balance sheet date September 30.
In order to consolidate the company without a time lag, adjustments are made as of December 31, which are included in line item Other.

Other minor equity-method investments

The Group's investment in Tesla Motors, Inc. (Tesla) was included in other minor equity-method investments in associated companies. Since the Annual Shareholders' Meeting of Tesla on June 3, 2014, no representative of Daimler has been a member of Tesla's board of directors. Therefore, Daimler's significant influence on Tesla ended on the day of the Annual Shareholders' Meeting and until the date of sale, the equity interest was recognized as a "financial asset available for sale" at fair value based on the stock-market price. The difference between the first-time fair value measurement on June 3, 2014 using the stock-market price and the carrying amount measured by applying the equity method resulted in a non-cash gain of €718 million affecting Group EBIT in 2014. The carrying amount, which was previously assigned to the Mercedes-Benz Cars segment, and the remeasurement gain have been reallocated as corporate items in the reconciliation of total segments' figures to Group figures in the segment reporting.

In 2015, an impairment of €17 million was recognized on an investment allocated to the Mercedes-Benz Cars segment.

In addition, the equity-method results of the other minor companies in 2014 included startup losses in the area of alternative drive systems of €34 million, which were allocated to the Mercedes-Benz Cars segment. Impairments of investments of €30 million were included in this amount.

Furthermore, the Group's equity-method investments include its interest in the joint venture Fujian Benz Automotive Co., Ltd. (FBAC), which is allocated to the Mercedes-Benz Vans segment. In 2012, an impairment loss was recognized on the investment in FBAC; in the second quarter of 2014, the impairment was reversed based on improved profit expectations, leading to a gain of €61 million. FBAC received a capital increase of €18 million in the second quarter of 2015.

In April 2014, Daimler provided a joint and separate liability guarantee to external banks which provided a syndicate loan to the joint venture Shenzen BYD Daimler New Technology Co. Ltd. (SBDNT). The agreement was signed in April 2014. The guarantee provided by Daimler amounts to RMB 750 million (approximately €106 million as of December 31, 2015) and equates to the Group's share in the loan granted to SBDNT based on its 50% equity interest in SBDNT. €94 million of this loan had been utilized as of December 31, 2015. In December 2015, Daimler decided to provide a shareholder loan to the joint venture SBDNT of RMB 250 million (approximately €35 million). €24 million of this loan had been utilized as of December 31, 2015. The carrying amount of the investment in SBDNT is allocated to the Mercedes-Benz Cars segment.

In March 2014, Daimler acquired 50.1% of the shares in Li-Tec Battery GmbH (Li-Tec), which had previously been held by Evonik Degussa GmbH (Evonik), and therefore became the sole owner of the company. The effects on the consolidated financial statements were not material.

In 2015, Daimler disregarded losses in connection with equity-method investments of €47 million (2014: €60 million) as Daimler is not obliged to compensate these losses. The total of disregarded losses adds up to €107 million (2014: €60 million).

Table ↗ E.34 shows summarized aggregated financial information for the other minor equity-method investments after purchase price allocation and on a pro rata basis.

Further information on equity-method investments is provided in Notes 3 and 36.

E.34

Summarized aggregated financial information on minor equity-method investments

	Associated companies		Joint ventures	
	2015	2014	**2015**	2014
In millions of euros				
Summarized aggregated financial information (pro rata)				
Profit/loss from continuing operations after taxes	**6**	–	**-84**	-85
Profit/loss from discontinued operations after taxes	**–**	–	**–**	–
Other comprehensive income/loss	**-7**	7	**–**	1
Total comprehensive income/loss	**-1**	7	**-84**	-84

14. Receivables from financial services

Table ↗ **E.35** shows the components of receivables from financial services.

Types of receivables
Receivables from sales financing with customers include receivables from credit financing for customers who purchased their vehicle either from a dealer or directly from Daimler.

Receivables from sales financing with dealers represent loans for floor financing programs for vehicles sold by the Group's automotive businesses to dealers or loans for assets purchased by dealers from third parties, primarily used vehicles traded in by dealers' customer or real estate such as dealers' showrooms.

Receivables from finance-lease contracts consist of receivables from leasing contracts for which all substantial risks and rewards incidental to the leasing objects are transferred to the lessee.

At December 31, 2015, finance-lease contracts included non-automotive assets from contracts of the financial services business with third parties (leveraged leases) in the amount of €238 million (December 31, 2014: €365 million).

Maturities of the finance lease contracts are shown in table ↗ **E.36**.

All cash flow effects attributable to receivables from financial services are presented within cash provided by/used for operating activities in the consolidated statement of cash flows.

E.35
Receivables from financial services

	At December 31, 2015			At December 31, 2014		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Sales financing with customers	13,561	23,900	37,461	10,307	22,852	33,159
Sales financing with dealers	15,944	2,588	18,532	11,786	2,203	13,989
Finance-lease contracts	6,166	12,371	18,537	5,084	10,368	15,452
Gross carrying amount	35,671	38,859	74,530	27,177	35,423	62,600
Allowances for doubtful accounts	-516	-500	-1,016	-408	-513	-921
Net carrying amount	35,155	38,359	73,514	26,769	34,910	61,679

E.36
Maturities of the finance lease contracts

	At December 31, 2015				At December 31, 2014			
	< 1 year	1 year up to 5 years	> 5 years	Total	< 1 year	1 year up to 5 years	> 5 years	Total
In millions of euros								
Contractual future lease payments	6,315	11,308	407	18,030	5,145	9,104	571	14,820
Unguaranteed residual values	501	1,954	12	2,467	483	1,744	46	2,273
Gross investment	6,816	13,262	419	20,497	5,628	10,848	617	17,093
Unearned finance income	-650	-1,216	-94	-1,960	-544	-995	-102	-1,641
Gross carrying amount	6,166	12,046	325	18,537	5,084	9,853	515	15,452
Allowances for doubtful accounts	-176	-201	-2	-379	-159	-208	-5	-372
Net carrying amount	5,990	11,845	323	18,158	4,925	9,645	510	15,080

Allowances
Changes in the allowance account for receivables from financial services are shown in table ↗ E.37.

The total expense from the impairment of receivables from financial services amounted to €502 million in 2015 (2014: €433 million).

Credit risks
Table ↗ E.38 provides an overview of credit risks included in receivables from financial services.

Receivables not subject to an individual impairment assessment are grouped and subject to collective impairment allowances to cover credit losses.

Further information on financial risks and nature of risks is provided in Note 32.

At December 31, 2015, receivables from financial services with a carrying amount of €4,048 million (2014: €3,068 million) were pledged as collateral for liabilities from ABS transactions (see also Note 24).

E.37
Changes in the allowance account for receivables from financial services

	2015	2014
In millions of euros		
Balance at January 1	921	871
Charged to costs and expenses	500	421
Amounts written off	-212	-208
Reversals	-152	-166
Currency translation and other changes	-41	3
Balance at December 31	1,016	921

E.38
Credit risks included in receivables from financial services

	At December 31, 2015	2014
In millions of euros		
Receivables, neither past due nor impaired individually	69,746	58,142
Receivables past due, not impaired individually		
less than 30 days	1,534	1,517
30 to 59 days	287	330
60 to 89 days	71	75
90 to 119 days	41	42
120 days or more	95	116
Total	2,028	2,080
Receivables impaired individually	1,740	1,457
Net carrying amount	73,514	61,679

Within the context of the ongoing concentration on the automotive business, Daimler Financial Services sold non-automotive assets that were subject to finance lease contracts in 2015. This resulted in a cash inflow of €73 million (2014: €69 million). In 2015, the sale of these assets had no significant impact on the consolidated statement of income and the EBIT of the Daimler Financial Services segment (2014: €45 million).

15. Marketable debt securities

The marketable debt securities with a carrying amount of €8,273 million (2014: €6,634 million) are part of the Group's liquidity management and comprise debt instruments classified as available-for-sale. When a short-term liquidity requirement is covered with quoted securities, those securities are presented as current assets.

At December 31, 2015, a pool of marketable debt securities with a carrying amount of €4 million (2014: €204 million) was pledged as collateral, exclusively for liabilities to financial institutions.

Further information on marketable debt securities is provided in Note 31.

16. Other financial assets

The line item other financial assets presented in the consolidated statement of financial position is comprised as shown in table ↗ E.39.

In 2015, equity instruments measured at cost with a carrying amount of €3 million were sold (2014: €1 million). The gains realized on the sales were €17 million in 2015 (2014: €5 million). As of December 31, 2015, the Group did not generally intend to dispose of any of the reported equity instruments.

Financial assets recognized at fair value through profit or loss relate exclusively to derivative financial instruments which are not used in hedge accounting.

At December 31, 2015, receivables with a carrying amount of €633 million (2014: €302 million) were pledged as collateral for liabilities (see also Note 24).

Further information on other financial assets is provided in Note 31.

17. Other assets

Non-financial other assets are comprised as shown in table ↗ E.40.

Other expected reimbursements predominantly relate to recovery claims from our suppliers in connection with issued product warranties.

18. Inventories

Inventories are comprised as shown in table ↗ **E.41**.

The amount of write-down of inventories to net realizable value recognized as expense in cost of sales was €501 million in 2015 (2014: €391 million). Inventories that are expected to be recovered or settled after more than twelve months amounted to €930 million at December 31, 2015 (2014: €977 million) and are primarily spare parts.

Based on the requirement to provide collateral for certain vested employee benefits in Germany, the value of company cars included in inventories at Daimler AG in an amount of €718 million at December 31, 2015 (2014: €609 million) was pledged as collateral to the Daimler Pension Trust e.V.

In addition, inventories with a carrying amount of €235 million at December 31, 2015 (2014: €262 million) were pledged as collateral for liabilities from ABS transactions (see also Note 24).

The carrying amount of inventories recognized during the period by taking possession of collateral held as security amounted to €103 million at December 31, 2015 (2014: €91 million). Those assets are utilized in the context of the normal business cycle.

E.39
Other financial assets

	At December 31, 2015			At December 31, 2014		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Available-for-sale financial assets	**–**	**3,049**	**3,049**	–	2,269	2,269
thereof equity instruments recognized at fair value through profit or loss	**–**	**2,303**	**2,303**	–	1,647	1,647
thereof equity instruments carried at cost	**–**	**746**	**746**	–	622	622
Derivative financial instruments used in hedge accounting	**397**	**966**	**1,363**	574	722	1,296
Financial assets recognized at fair value through profit or loss	**164**	**39**	**203**	42	55	97
Other receivables and financial assets	**1,985**	**854**	**2,839**	1,737	588	2,325
	2,546	**4,908**	**7,454**	2,353	3,634	5,987

E.40
Other assets

	At December 31, 2015			At December 31, 2014		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Reimbursements due to income tax refunds	**670**	**26**	**696**	517	40	557
Reimbursements due to other tax refunds	**2,421**	**52**	**2,473**	2,190	22	2,212
Reimbursements due to the Medicare Act (USA)	**–**	**68**	**68**	–	81	81
Other expected reimbursements	**192**	**157**	**349**	175	146	321
Prepaid expenses	**442**	**87**	**529**	294	130	424
Others	**546**	**264**	**810**	422	136	558
	4,271	**654**	**4,925**	3,598	555	4,153

E.41
Inventories

	At December 31,	
	2015	2014
In millions of euros		
Raw materials and manufacturing supplies	**2,643**	2,409
Work in progress	**3,371**	2,936
Finished goods, parts and products held for resale	**17,609**	15,412
Advance payments to suppliers	**137**	107
	23,760	20,864

19. Trade receivables

Trade receivables are comprised as shown in table ↗ **E.42**.

At December 31, 2015, €67 million of the trade receivables mature after more than one year (2014: €78 million).

Allowances

Table ↗ **E.43** shows changes in the allowance account for trade receivables.

The total expense from the impairment of trade receivables amounted to €109 million in 2015 (2014: €130 million).

E.42
Trade receivables

	At December 31, 2015	2014
In millions of euros		
Gross carrying amount	**9,446**	9,046
Allowances for doubtful accounts	**-392**	-412
Net carrying amount	**9,054**	8,634

E.43
Changes in the allowance account for trade receivables

	2015	2014
In millions of euros		
Balance at January 1	**412**	397
Charged to costs and expenses	**66**	73
Amounts written off	**-80**	-66
Currency translation and other changes	**-6**	8
Balance at December 31	**392**	412

E.44
Credit risks included in trade receivables

	At December 31, 2015	2014
In millions of euros		
Receivables, neither past due nor impaired individually	**5,554**	5,270
Receivables past due, not impaired individually		
less than 30 days	**1,096**	969
30 to 59 days	**113**	151
60 to 89 days	**53**	42
90 to 119 days	**25**	18
120 days or more	**80**	78
Total	**1,367**	1,258
Receivables impaired individually	**2,133**	2,106
Net carrying amount	**9,054**	8,634

Credit risks

Table ↗ **E.44** provides an overview of credit risks included in trade receivables.

Receivables not subject to an individual impairment assessment are grouped and subject to collective impairment allowances to cover credit losses.

Further information on financial risk and types of risk is provided in Note 32.

20. Equity

See also the consolidated statement of changes in equity ↗ **E.05**.

Share capital

The share capital (authorized capital) is divided into no-par-value shares. All shares are fully paid up. Each share confers the right to one vote at the Annual Shareholders' Meeting of Daimler AG and, if applicable, with the exception of any new shares potentially not entitled to dividends, to an equal portion of the profits as defined by the dividend distribution decided upon at the Annual Shareholders' Meeting. Each share represents a proportionate amount of approximately €2.87 of the share capital.

Since January 1, 2014, there was no material change in the number of shares outstanding/issued. The number at December 31, 2015 is 1,070 million, unchanged from December 31, 2014.

Approved capital

The Annual Shareholders' Meeting held on April 9, 2014, authorized the Board of Management, with the consent of the Supervisory Board, to increase the share capital of Daimler AG in the period until April 8, 2019 by a total of €1.0 billion in one lump sum or by separate partial amounts at different times by issuing new, registered no-par-value shares in exchange for cash and/or non-cash contributions (Approved Capital 2014). The new shares are generally to be offered to the shareholders for subscription (also by way of indirect subscription pursuant to Section 186 Subsection 5 Sentence 1 of the German Stock Corporation Act (AktG)). Among other things, the Board of Management was authorized with the consent of the Supervisory Board to exclude shareholders' subscription rights under certain conditions and within defined limits.

Approved Capital 2009, which was limited until April 7, 2014 and had not been utilized is replaced by Approved Capital 2014, which has also not yet been utilized.

Conditional capital

The resolution of the Annual Shareholders' Meeting on April 14, 2010 authorizing the Company until April 13, 2015 to issue convertible and/or warrant bonds, which had not been utilized, was replaced by a new authorization of the Annual Shareholders' Meeting on April 1, 2015. From this the Board of Management is authorized, with the consent of the Supervisory Board, until March 31, 2020 to issue convertible and/or warrant bonds or a combination of these instruments ("bonds") with a total face value of up to €10.0 billion and a maturity of no more than ten years. The Board of Management is allowed to grant the holders of these bonds conversion or warrant rights for new registered no-par-value shares in Daimler AG with an allocable portion of the share capital of up to €500 million in accordance with the details defined in the terms and conditions of the bonds. The bonds can be offered in exchange for cash and/or non-cash contributions, in particular for shares in other companies. The terms and conditions of the bonds can include warranty obligations or conversion obligations. The bonds can be issued once or several times, wholly or in installments, or simultaneously in various tranches as well by affiliates of the Company within the meaning of Sections 15 et seq. of the German Stock Corporation Act (AktG). Among other things, the Board of Management was authorized to exclude shareholders' subscription rights for the bonds under certain conditions and within defined constraints with the consent of the Supervisory Board.

This new authorization to issue convertible and/or warrant bonds has not yet been utilized.

In order to fulfill the conditions of the above-mentioned authorization, the Annual Shareholders' Meeting on April 1, 2015 also resolved to increase the share capital conditionally by an amount of up to €500 million (Conditional Capital 2015). Conditional Capital 2010 has been canceled.

Stock option plan

The stock option plan initiated in 2004 expired on March 31, 2014. Of the 0.2 million options granting subscription rights to new shares representing €0.6 million of the share capital remaining from this plan on January 1, 2014, 0.1 million options granting subscription rights to new shares representing €0.2 million of the share capital were exercised in 2014. The remaining options that had not been exercised by March 31, 2014 expired on that date.

Treasury shares

The authorization resolved by the Annual Meeting on April 14, 2010 to acquire treasury shares including the authorization to use derivative financial instruments in this context until April 13, 2015 has been canceled by resolution of the Annual Shareholders' Meeting held on April 1, 2015 and has been replaced by a new authorization. This authorizes the Company until March 31, 2020 to acquire treasury shares in a volume up to 10% of the share capital issued as of the day of the resolution to be used for all legal purposes. The shares can be used, amongst other things excluding shareholders' subscription rights, for business combinations or to acquire companies or to be sold to third parties for cash at a price that is not significantly lower than the stock-exchange price of the Company's shares. The acquired shares can also be used to fulfill obligations from issued convertible bonds and/or bonds with warrants and to be issued to employees of the Company and employees and board members of the Company's affiliates pursuant to Sections 15 et seq. of the German Stock Corporation Act (AktG). The treasury shares can also be canceled.

The Board of Management is further authorized, with the consent of the Supervisory Board, to exclude shareholders' subscription rights in other defined cases. In a volume up to 5% of the share capital issued as of the day of the resolution, the Company was authorized to acquire treasury shares also by using derivatives (put options, call options, forward purchases or a combination of these instruments), whereas the term of a derivative must not exceed 18 months and must not end later than March 31, 2020.

The authorization to acquire treasury shares was not exercised in the reporting period.

As was the case at December 31, 2014, no treasury shares are held by Daimler AG at December 31, 2015.

Employee share purchase plan

In 2015, 0.3 million Daimler shares representing €0.9 million or 0.03% of the share capital were purchased for a price of €27 million and reissued to employees (2014: 0.4 million Daimler shares representing €1.1 million or 0.04% of the share capital were purchased for a price of €26 million).

Capital reserves

Capital reserves primarily comprise premiums arising on the issue of shares as well as expenses relating to the exercise of stock option plans and the issue of employee shares, effects from changes in ownership interests in consolidated entities and directly attributable related transaction costs.

Retained earnings

Retained earnings comprise the accumulated net profits and losses of all companies included in Daimler's consolidated financial statements, less any profits distributed. In addition, the effects of remeasuring defined benefit plans as well as the related deferred taxes are presented within retained earnings.

Dividend

Under the German Stock Corporation Act (AktG), the dividend is paid out of the distributable profit reported in the annual financial statements of Daimler AG (parent company only) in accordance with the German Commercial Code (HGB). For the year ended December 31, 2015 , the Daimler management will propose to the shareholders at the Annual Shareholders' Meeting to pay out €3,477 million of the distributable profit of Daimler AG as a dividend to the shareholders, equivalent to €3.25 per no-par-value share entitled to a dividend (2014: €2,621 million and €2.45 per no-par-value share entitled to a dividend respectively).

Other reserves

Other reserves comprise accumulated unrealized gains/losses from currency translation of the financial statements of the consolidated foreign companies and accumulated unrealized gains/losses on the measurement of financial assets available-for-sale, derivative financial instruments and equity-method investments.

Table ↗ **E.02** shows the details of changes in other reserves in other comprehensive income/loss.

In the line item unrealized gains/losses from equity-method investments, the amounts for 2015 include unrealized losses from currency translation of €3 million before taxes and after taxes (amounts attributable to shareholders of Daimler AG only). In 2014, the line item includes unrealized gains from currency translation of €11 million before taxes and after taxes (amounts attributable to shareholders of Daimler AG only).

E.45

Effects of share-based payment

	Expense 2015	Expense 2014	Provision At December 31, 2015	Provision At December 31, 2014
In millions of euros				
PPSP	**-177**	-173	**409**	363
Medium-term component of annual bonus of the members of the Board of Management	**-9**	-6	**15**	12
	-186	-179	**424**	375

21. Share-based payment

As of December 31, 2015, the Group has the 2012–2015 Performance Phantom Share Plans (PPSP) outstanding. The PPSP are cash-settled share-based payment instruments and are measured at their respective fair values at the balance sheet date. The PPSP are paid out at the end of the stipulated holding period; earlier, pro-rated payoff is possible in the case of benefits leaving the Group only if certain defined conditions are met. PPSP 2011 was paid out as planned in the first quarter of 2015.

Moreover, 50% of the annual bonus of the members of the Board of Management is paid out after a waiting period of one year. The actual payout is determined by the development of Daimler shares compared to an automobile related index (Auto-STOXX). The fair value of this medium-term annual bonus, which depends on this development, is measured by using the intrinsic value at the reporting date.

In 2014, rights from Stock Option Plan (SOP) 2004 also existed. The exercisable stock options granted in 2004 were equity-settled share-based payment instruments and were measured at fair value at the date of grant. The unexercised rights from Stock Option Plan 2004 expired on March 31, 2014. Options granted to the Board of Management in 2004 for which – according to the recommendations of the German Corporate Governance Code – the Presidential Committee can impose a limit or reserve the right to impose a limit in the event of exceptional and unpredictable developments were measured at their intrinsic values as of balance sheet date. The options were exercised completely in 2013.

The pre-tax effects of share-based payment arrangements for the executive managers of the Group and the members of the Board of Management of Daimler AG on the consolidated statement of income and consolidated statement of financial position are shown in table ↗ **E.45**.

Table ↗ **E.46** shows expenses in the consolidated statement of income resulting from the rights of current members of the Board of Management.

The details shown in table ↗ **E.46** do not represent any paid or committed remuneration, but refer to expenses calculated according to IFRS. Details of the remuneration of the members of the Board of Management in 2015 can be found in the Remuneration Report. Management Report from page 122

Performance Phantom Share Plans

In 2015, the Group adopted a Performance Phantom Share Plan (PPSP), similar to those used from 2005 to 2014, under which eligible employees are granted phantom shares entitling them to receive cash payments after four years. During the four-year period between the allocation of the preliminary phantom shares and the payout of the plan at the end of the term, the phantom shares earn a dividend equivalent in the amount of the actual dividend paid on ordinary Daimler shares. The amount of cash paid to eligible employees at the end of the holding period is based on the number of vested phantom shares (determined over a three-year performance period) multiplied by the quoted price of Daimler's ordinary shares (calculated as an average price over a specified period at the end of the four–year plan period). The vesting period is therefore four years. For the plans granted as of 2009, the quoted price of Daimler's ordinary shares to be used for the payout is limited to 2.5 times the Daimler share price at the date of grant. For the plans granted as of the beginning of 2012, the payout for the members of the Board of Management is also limited to 2.5 times the allotment value used to determine the preliminary number of phantom shares. The limitation of the payout for the members of the Board of Management also includes the dividend equivalents paid out after January 1, 2014.

Determination of the number of phantom shares that vest of the existing PPSP 2012 to 2013 is based on return on net assets derived from internal targets and return on sales compared with benchmarks oriented towards competitors.

The number of phantom shares that vest of the PPSPs granted in 2014 and 2015 will be based on the relative share performance, which measures the development of the price of a share price index based on a competitor group including Daimler, and the return on sales (RoS) compared with benchmarks oriented towards competitors. Special rules apply for the members of the Board of Management: Daimler's RoS must be not equal to but higher than that of the competitors in order to achieve the same target achievement as the other plan participants. For the PPSP granted in 2015, an additional limit on target achievement was agreed upon for the reference parameter RoS for the members of the Board of Management. In the case of target achievement between 195% and 200%, an additional comparison is made on the basis of the RoS achieved in absolute terms. If the actual RoS for the automotive business is below the strategic target (currently 9%) in the third year of the performance period, target achievement is limited to 195%.

The Group recognizes a provision for awarding the PPSP in the consolidated statement of financial position. Since payment per vested phantom share depends on the quoted price of Daimler's ordinary shares, that quoted price essentially represents the fair value of each phantom share. The proportionate remuneration expenses from the PPSP recognized in the individual years are determined on the price of Daimler ordinary shares and the estimated target achievement.

E.46

Expenses in the consolidated statement of income resulting from share-based payments of current members of the Board of Management

	Dr. Dieter Zetsche		Dr. Wolfgang Bernhard		Dr. Christine Hohmann-Dennhardt[1]	
	2015	2014	**2015**	2014	**2015**	2014
In millions of euros						
PPSP	**-6.0**	-6.1	**-2.4**	-2.5	**-2.4**	-2.3
Medium-term component of the annual bonus	**-2.3**	-1.8	**-0.9**	-0.7	**-0.9**	-0.7

	Ola Källenius[2]		Wilfried Porth		Andreas Renschler[3]	
	2015	2014	**2015**	2014	**2015**	2014
In millions of euros						
PPSP	**-0.6**	–	**-2.4**	-2.5	**–**	-0.2
Medium-term component of the annual bonus	**-0.9**	–	**-0.9**	-0.7	**–**	-0.1

	Hubertus Troska		Bodo Uebber		Prof. Dr. Thomas Weber	
	2015	2014	**2015**	2014	**2015**	2014
In millions of euros						
PPSP	**-1.9**	-1.6	**-2.9**	-2.9	**-2.5**	-2.6
Medium-term component of the annual bonus	**-0.9**	-0.7	**-1.1**	-0.8	**-0.9**	-0.7

1 Appointment to the Board of Management ends on December 31, 2015.
2 Appointed to the Board of Management as of January 1, 2015.
3 Stepped down from the Board of Management as of January 28, 2014. Amounts are included pro rata for 2014.

Stock option plans

In April 2000, the Annual Shareholders' Meeting approved the Daimler Stock Option Plans (SOP), which granted stock options for the purchase of Daimler ordinary shares to eligible employees. Options granted under the SOP were exercisable at a reference price per Daimler ordinary share, which was determined in advance, plus a 20% premium. The options became exercisable in equal installments at the earliest on the second and third anniversaries of the date of grant. All unexercised options expired ten years after the date of grant. If the market price per Daimler ordinary share on the date of exercise was at least 20% higher than the reference price, the holder was entitled to receive a cash payment equal to the original exercise premium of 20%. No new stock options were granted after 2004. The last SOP plan 2004 forfeited on March 31, 2014. All unexercised rights expired.

Table ↗ **E.47** shows the development of the stock options issued.

In 2014, the weighted average share price of Daimler ordinary shares during the exercise period was €66.40.

22. Pensions and similar obligations

Table ↗ **E.48** shows the composition of provisions for pension benefit plans and similar obligations.

At the Daimler Group, defined benefit pension obligations exist as well as, to a smaller extent, defined contribution pension obligations, specific to the various countries. In addition, health-care benefit obligations are recognized outside Germany.

Defined benefit pension plans

Provisions for pension obligations are made for defined commitments to active and former employees of the Daimler Group and their survivors. The defined benefit pension plans provided by Daimler generally vary according to the economic, tax and legal circumstances of the country concerned. Most of the defined benefit pension plans also provide benefits in the case of invalidity and death.

The Group's main German and non-German pension plans are described below.

E.47

Development of the stock options issued

	2015		2014	
	Number of stock options in millions	Average exercise price in euros per share	Number of stock options in millions	Average exercise price in euros per share
Balance at beginning of year	–	–	0.2	43.57
Exercised	–	–	-0.1	43.57
Disposals/Forfeited	–	–	-0.1	43.57
Outstanding at end of year	–	–	–	–
Exercisable at end of year	–	–	–	–

German plans
Most employees in Germany have defined benefit pension plans; most of the pension plans for the active workforce are based on individual retirement benefit accounts, to which the Company makes annual contributions. The amount of the contributions for employees paid according to wage-tariff agreements depends on the tariff classification in the respective year, and for executives it depends on their respective income. For the commitments to retirement benefits made until 2011, the contributions continue to be converted into capital components and credited to the individual pension account with the application of fixed factors related to each employee's age. The conversion factors include a fixed value increase. The pension plans were newly structured for new entrants in 2011 to reduce the risks associated with defined benefit plans. New entrants now benefit from value increases of the contributions through an investment fund with a special lifecycle model. The Company guarantees at a minimum the value of the contributions paid in. Pension payments are made either as a life annuity, twelve annual installments, or a single lump sum.

In addition, previously concluded defined benefit plans exist which primarily depend on employees' wage-tariff classification upon transition into the benefit phase and which foresee a life annuity.

As well as the employer-financed pension plans granted by German companies, the employees of some companies are also offered various earnings-conversion models.

Most of the pension obligations in Germany relating to defined benefit pension plans are funded by assets invested in long-term outsourced funds. Contractual trust arrangements (CTA) exist between Daimler AG as well as some subsidiaries in Germany and the Daimler Pension Trust e.V. The Daimler Pension Trust e. V. acts as a collateral trust fund.

In Germany, there are no statutory or regulatory minimum funding requirements.

Non-German plans
Significant plans exist primarily in the United States and Japan. They comprise plans relating to final salaries as well as plans relating to salary based components. Most of the obligations outside Germany from defined benefit pension plans are funded by assets outplaced into long-term investment funds.

Risks from defined benefit pension plans
The general requirements with regard to retirement benefit models are laid down in the Pension Policy, which has Group-wide validity. Accordingly, the committed benefits are intended to contribute to additional financial security during retirement, and in the case of death or invalidity to be capable of being planned and fulfilled by the respective company of the Group and to have a low-risk structure. In addition, a committee exists that approves new pension plans and amendments to existing pension plans as well as guidelines relating to company retirement benefits.

The obligations from defined benefit pension plans and the pension plan assets can be subject to fluctuations over time. This can cause the funded status to be negatively or positively impacted. Fluctuations in the defined benefit pension obligations result at the Daimler Group in particular from changes in financial assumptions such as discount rates and increases in the cost of living, but also from changes in demographic assumptions such as adjusted life expectancies. With most of the German plans, expected long-term wage and salary increases do not have an impact on the amount of the obligation.

The fair value of plan assets is predominantly determined by the situation on the capital markets. Unfavorable developments, especially of equity prices and fixed-interest securities, could reduce that fair value. The diversification of fund assets, the engagement of asset managers using quantitative and qualitative analyses, and the continual monitoring of performance and risk help to reduce associated investment risk. The Group regularly makes additional contributions to the plan assets in order to cover future obligations from defined benefit pension plans. In addition, the Group made extraordinary contributions of €1.0 billion in 2015 and €2.5 billion in 2014 to sustainably strengthen the German plan assets. In 2015, an extraordinary contribution of €0.2 billion was paid into the US pension plan assets.

As a general principle, it is the Group's objective to design new pension plans as defined benefit plans based on capital components or on annual contributions, or as defined contribution plans.

E.48
Composition of provisions for pensions and similar obligations

	December 31, 2015	2014
In millions of euros		
Provision for pension benefits	**7,534**	11,619
Provision for other post-employment benefits	**1,129**	1,187
	8,663	12,806

Reconciliation of the net obligation from defined benefit pension plans
The development of the relevant factors is shown in table ↗ E.49.

Composition of plan assets
Plan assets and income from plan assets are used solely to pay pension benefits and to administer the plans. The composition of the Group's pension plan assets is shown in table ↗ E.50.

E.49
Present value of defined benefit pension obligations and fair value of plan assets

			2015			2014
	Total	German Plans	Non-German Plans	Total	German Plans	Non-German Plans
In millions of euros						
Present value of the defined benefit obligation at January 1	30,127	26,496	3,631	23,230	20,310	2,920
Current service cost	716	602	114	527	437	90
Interest cost	661	509	152	822	679	143
Contributions by plan participants	69	65	4	57	55	2
Actuarial gains (-)/losses from changes in demographic assumptions	-464	-435	-29	168	99	69
Actuarial gains (-)/losses from changes in financial assumptions	-2,762	-2,614	-148	5,867	5,629	238
Actuarial gains (-)/losses from experience adjustments	-94	-99	5	-32	-41	9
Actuarial gains (-)/losses	-3,320	-3,148	-172	6,003	5,687	316
Past service cost, curtailments and settlements	-15	21	-36	22	19	3
Pension benefits paid	-894	-733	-161	-841	-697	-144
Currency exchange-rate changes and other changes	296	-9	305	307	6	301
Present value of the defined benefit obligation at December 31	27,640	23,803	3,837	30,127	26,496	3,631
Fair value of plan assets at January 1	18,581	15,973	2,608	14,668	12,588	2,080
Interest income from plan assets	419	308	111	533	429	104
Actuarial gains/losses (-)	-101	–	-101	761	571	190
Actual return on plan assets	318	308	10	1,294	1,000	294
Contributions by the employer	1,900	1,640	260	3,111	2,975	136
Contributions by plan participants	70	65	5	57	53	4
Settlements	-12	–	-12	–	–	–
Pension benefits paid	-829	-688	-141	-773	-650	-123
Currency exchange-rate changes and other changes	198	8	190	224	7	217
Fair value of plan assets at December 31	20,226	17,306	2,920	18,581	15,973	2,608
Funded status	-7,414	-6,497	-917	-11,546	-10,523	-1,023
thereof recognized in other assets	120	–	120	73	–	73
thereof recognized in provisions for pensions and similar obligations	-7,534	-6,497	-1,037	-11,619	-10,523	-1,096

Market prices are available for equities and bonds due to their listing in active markets. Most of the bonds have investment grade ratings. They include government bonds of very good creditworthiness.

The investment strategy is reviewed regularly and adjusted if deemed necessary. The investment strategy is determined by Investment Committees, which are generally composed of representatives of the Finance and Human Resources departments. Several pension plans use dedicated liability driven investment approaches to take the structure of pension obligations into account in the investment process.

E.50

Composition of plan assets

	At December 31, 2015			At December 31, 2014		
	Total	German Plans	Non-German Plans	Total	German Plans	Non-German Plans
In millions of euros						
Energy, commodities and utilities	896	799	97	832	718	114
Financials	1,466	1,269	197	1,097	925	172
Healthcare	641	544	97	461	367	94
Industrials	658	578	80	503	416	87
Consumer goods	1,440	1,220	220	955	788	167
Information technology and telecommunication services	1,229	1,071	158	778	650	128
Others	50	–	50	64	–	64
Equities	6,380	5,481	899	4,690	3,864	826
Government bonds in EUR	2,353	2,340	13	3,854	3,853	1
Government bonds in USD	1,951	1,479	472	969	555	414
Government bonds in other currencies	458	–	458	443	–	443
Government bonds	4,762	3,819	943	5,266	4,408	858
Corporate bonds in EUR	2,603	2,594	9	2,247	2,241	6
Corporate bonds in USD	3,161	2,637	524	1,925	1,521	404
Corporate bonds in other currencies	205	21	184	200	44	156
Corporate bonds	5,969	5,252	717	4,372	3,806	566
Securitized bonds	64	4	60	54	5	49
Bonds	10,795	9,075	1,720	9,692	8,219	1,473
Other exchange-traded instruments[1]	2	1	1	-4	-5	1
Total exchange-traded instruments	17,177	14,557	2,620	14,378	12,078	2,300
Alternative investments[2]	616	507	109	675	567	108
Real estate	493	395	98	514	410	104
Other non-exchange-traded instruments[1]	255	219	36	-124	-154	30
Cash and cash equivalents	1,685	1,628	57	3,138	3,072	66
Total non-exchange-traded instruments	3,049	2,749	300	4,203	3,895	308
Fair value of plan assets	20,226	17,306	2,920	18,581	15,973	2,608
thereof fair value of own transferable financial instruments	–	–	–	7	7	–
thereof fair value of self-used plan assets	73	73	–	88	88	–

1 Includes derivative financial instruments which could have a negative fair value at the balance sheet date.
2 Alternative investments mainly comprise private equity.

Pension cost

The components of pension cost included in the consolidated statement of income are shown in table ↗ E.51.

Table ↗ E.52 shows the line items within the consolidated statement of income in which the net periodic pension cost is included.

Measurement assumptions

The measurement date for the Group's defined benefit pension obligations and plan assets is generally December 31. The measurement date for the Group's net periodic pension cost is generally January 1. The assumptions used to calculate the defined benefit obligations vary according to the economic conditions of the countries in which the pension plans are situated.

Calculation of the defined benefit obligation uses life expectancy for the German plans based on the 2005 G mortality tables of K. Heubeck. For Non-German plans, comparable country-specific calculation methods are used.

Table ↗ E.53 shows the significant weighted average measurement factors used to calculate pension benefit obligations.

Discount rates for German and non-German pension plans are determined annually as of December 31 on the basis of high-quality corporate bonds with maturities and currencies matching those of the pension payments.

Sensitivity analysis

An increase or decrease in the main actuarial assumptions would affect the present value of the defined benefit pension obligations as shown in table ↗ E.54.

The calculations carried out by actuaries were done in isolation for the evaluation parameters regarded as important. This means that if there is a simultaneous change in several parameters, the individual results cannot be summed due to correlation effects. With a change in the parameters, the sensitivities shown cannot be used to derive a linear development of the defined benefit obligation.

For the calculation of the sensitivity of life expectancy, by means of fixed (non-age-dependent) factors for a reference person, a life expectancy one year higher or one year lower was achieved.

Effect on future cash flows

Daimler currently plans to make contributions of €0.6 billion to its pension plans for the year 2016; the final amount is usually set in the fourth quarter of a financial year. In addition, the Group expects to make pension benefit payments of €0.9 billion in 2016.

The weighted average duration of the defined benefit obligations is shown in table ↗ E.55.

E.51
Pension cost

			2015			2014
	Total	German Plans	Non-German Plans	Total	German Plans	Non-German Plans
In millions of euros						
Current service cost	-716	-602	-114	-527	-437	-90
Past service cost, curtailments and settlements	3	-21	24	-22	-19	-3
Net interest expense	-245	-201	-44	-292	-250	-42
Net interest income	3	–	3	3	–	3
	-955	-824	-131	-838	-706	-132

E.52

Net periodic pension cost within the consolidated statement of income

	2015	2014
In millions of euros		
Cost of sales	-402	-318
Selling expenses	-121	-106
General administrative expenses	-68	-51
Research and non-capitalized development costs	-101	-74
Other operating expense	-21	–
Interest income	3	3
Interest expense	-245	-292
	-955	-838

E.53

Significant factors for the calculation of pension benefit obligations

	German Plans At December 31,		Non-German Plans At December 31,	
	2015	2014	2015	2014
In percent				
Discount rates	2.6	1.9	4.1	3.9
Expected increase in cost of living[1]	1.7	1.8	–	–

1 For German Plans, expected increases in cost of living may affect – depending on the design of the pension plan – the obligation to the Group's active employees as well as retirees and their survivors. For most non-German Plans, expected increases in cost of living do not have a material impact on the amount of the obligation.

E.54

Sensitivity analysis for the present value of defined benefit pension obligation

		December 31, 2015			December 31, 2014		
		Total	German Plans	Non-German Plans	Total	German Plans	Non-German Plans
In millions of euros							
Sensitivity for discount rates	+ 0.25%	-1,032	-889	-143	-1,210	-1,080	-130
Sensitivity for discount rates	- 0.25%	1,025	903	122	1,270	1,140	130
Sensitivity for expected increase in cost of living	+ 0.10%	77	65	12	120	110	10
Sensitivity for expected increase in cost of living	- 0.10%	-115	-104	-11	-130	-120	-10
Sensitivity for life expectancy	+ 1 year	375	354	21	520	480	40
Sensitivity for life expectancy	- 1 year	-412	-359	-53	-540	-500	-40

E.55

Weighted average duration of the defined benefit obligations

	2015	2014
In years		
German Plans	16	17
Non-German Plans	16	16

Defined contribution pension plans

Under defined contribution pension plans, Daimler makes defined contributions to external insurance policies or investment funds. There are fundamentally no further contractual obligations or risks for Daimler in excess of the defined contributions. The Group also pays contributions to governmental pension schemes. In 2015, the total cost from defined contribution plans amounted to €1.5 billion (2014: €1.4 billion). Of those payments €1.4 billion (2014: €1.3 billion) was related to governmental pension plans.

E.56

Key data for other post-employment benefits

	2015	2014
In millions of euros		
Present value of defined benefit obligations	1,129	1,193
Fair value of plan assets and reimbursement rights	68	87
Funded status	-1,061	-1,106
Net periodic cost for other post-employment benefits	-21	-51

Multi-employer plans

Daimler participates in some collectively bargained defined benefit pension plans maintained by more than one employer. The Group presents several of these plans in its consolidated financial statements as defined contribution plans because the information required to use defined benefit accounting is not available in a timely manner or in sufficient detail. The Group cannot exercise direct control over such plans and the plan trustees have no legal obligation to share information directly with participating employers. Higher contributions by the Group to such a pension plan could be required in particular when an underfunded status exceeds a specific level. Exit from such a plan can lead to the companies involved having to offset the potential future shortfall relating to their share of the plan. Furthermore, the possibility exists that Daimler can be liable for other participants' obligations. Compared with the prior-year assessment, the extent of the risk has increased, but at December 31, 2015, the risk to the Group continues to be classified as very low. No exit from any of these plans is intended.

Other post-employment benefits

Certain foreign subsidiaries of Daimler, mainly in the United States, provide their employees with post-employment health care benefits with defined entitlements, which have to be accounted for as defined benefit plans. These obligations are funded to a small extent through reimbursement rights and plan assets. Table ↗ E.56 shows key data for other post-employment benefits.

Significant risks in connection with commitments for other post-employment benefits (medical care) relate to rising healthcare costs and lower contributions to those costs from the public sector. In addition, these plans are subject to the usual risks for defined benefit plans, in particular the risk of changes in discount rates.

In May 2014, Daimler Trucks North America LLC and the United Auto Workers union (UAW) entered into an agreement to settle a healthcare plan as part of a collective bargaining agreement. As a result of this agreement, the obligation to the active eligible employees was settled in the fourth quarter of 2014. The resulting cash outflow from this transaction was approximately €0.3 billion. The transfer of the obligation to the retirees was subject to US court approval. The approval was received in December 2014 and became legally binding with expiration of the deadline for notices of appeal at the end of January 2015. The cash outflow from this transaction (approximately €0.1 billion) occurred in the first quarter of 2015. The settlement has no material impact on the Group's consolidated statement of income or on the EBIT of Daimler Trucks.

23. Provisions for other risks

The development of provisions for other risks is summarized in table ↗ E.57.

Product warranties
Daimler issues various types of product warranties, under which it generally guarantees the performance of products delivered and services rendered for a certain period. The provision for these product warranties covers expected costs for legal and contractual warranty claims as well as expected costs for policy coverage, recall campaigns and buyback commitments. The provision for buyback commitments represents the expected costs related to the Group's obligation under certain conditions to repurchase vehicles from customers. Buybacks may occur for a number of reasons including litigation, compliance with laws and regulations in a particular region and customer satisfaction issues. The utilization date of product warranties depends on the incidence of the warranty claims and can span the entire term of the product warranties. The cash outflow for non-current product warranties is principally expected within a period until 2018.

Personnel and social costs
Provisions for personnel and social costs primarily comprise expected expenses of the Group for employee anniversary bonuses, profit sharing arrangements and management bonuses as well as early retirement and partial retirement plans. The additions recorded to the provisions for profit sharing and management bonuses in the reporting year usually result in cash outflows in the following year. The cash outflow for non-current provisions for personnel and social costs is primarily expected within a period until 2026.

Other
Provisions for other risks include obligations for expected reductions in revenue already recognized such as bonuses, discounts and other price reduction commitments. They also include expected costs in connection with liability and litigation risks, provisions for optimization programs, provisions for environmental protection risks, as well as provisions for other taxes and various other risks which cannot be allocated to other categories.

Further information on other provisions for other risks is provided in Notes 5 and 29.

E.57
Provisions for other risks

	Product warranties	Personnel and social costs	Other	Total
In millions of euros				
Balance at December 31, 2014	4,988	3,941	5,050	13,979
thereof current	2,423	1,806	3,038	7,267
thereof non-current	2,565	2,135	2,012	6,712
Additions	**3,267**	**2,334**	**3,193**	**8,794**
Utilizations	**-2,448**	**-1,769**	**-1,975**	**-6,192**
Reversals	**-261**	**-71**	**-518**	**-850**
Addition of accrued interest and effects of changes in discount rates	**23**	**-22**	**19**	**20**
Currency translation and other changes	**92**	**-49**	**36**	**79**
Balance at December 31, 2015	**5,661**	**4,364**	**5,805**	**15,830**
thereof current	**2,589**	**2,189**	**4,932**	**9,710**
thereof non-current	**3,072**	**2,175**	**873**	**6,120**

24. Financing liabilities

The composition of financing liabilities is shown in table ↗ E.58.

Liabilities from finance leases relate primarily to leases of property, plant and equipment which transfer substantially all risks and rewards to the Group as lessee. Future minimum lease payments under finance leases amounted to €411 million at December 31, 2015 (2014: €436 million). The reconciliation of future minimum lease payments from finance lease arrangements to the corresponding liabilities is shown in table ↗ E.59.

E.58
Financing liabilities

	At December 31, 2015			At December 31, 2014		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Notes/bonds	10,238	41,173	51,411	9,914	33,262	43,176
Commercial paper	2,961	–	2,961	2,269	8	2,277
Liabilities to financial institutions	15,226	12,085	27,311	11,101	11,792	22,893
Deposits in the direct banking business	8,012	2,520	10,532	8,350	2,503	10,853
Liabilities from ABS transactions	3,990	3,388	7,378	4,114	1,875	5,989
Liabilities from finance leases	43	220	263	40	245	285
Loans, other financing liabilities	841	445	1,286	502	714	1,216
	41,311	59,831	101,142	36,290	50,399	86,689

E.59
Reconciliation of minimum lease payments to liabilities from finance lease arrangements

	Future minimum lease payments at December 31,		Interest included in future minimum lease payments at December 31,		Liabilities from finance lease arrangements at December 31,	
	2015	2014	2015	2014	2015	2014
In millions of euros						
Maturity						
within one year	56	56	13	16	43	40
between one and five years	155	149	70	56	85	93
later than five years	200	231	65	79	135	152
	411	436	148	151	263	285

25. Other financial liabilities

The composition of other financial liabilities is shown in table ↗ E.60.

Financial liabilities recognized at fair value through profit or loss relate exclusively to derivative financial instruments which are not used in hedge accounting.

Further information on other financial liabilities is provided in Note 31.

26. Deferred income

The composition of deferred income is shown in table ↗ E.61.

27. Other liabilities

Table ↗ E.62 shows the composition of other liabilities.

E.60
Other financial liabilities

		At December 31, 2015			At December 31, 2014	
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Derivative financial instruments used in hedge accounting	**2,203**	**917**	**3,120**	1,409	908	2,317
Financial liabilities recognized at fair value through profit or loss	**150**	**113**	**263**	228	131	359
Liabilities from residual value guarantees	**960**	**1,144**	**2,104**	888	1,024	1,912
Liabilities from wages and salaries	**971**	**28**	**999**	885	27	912
Accrued interest expenses	**795**	**–**	**795**	800	–	800
Deposits received	**422**	**555**	**977**	400	392	792
Other	**3,983**	**119**	**4,102**	3,452	162	3,614
Miscellaneous other financial liabilities	**7,131**	**1,846**	**8,977**	6,425	1,605	8,030
	9,484	**2,876**	**12,360**	8,062	2,644	10,706

E.61
Deferred income and prepaid expenses

		At December 31, 2015			At December 31, 2014	
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Deferral of revenue from multi-year service and maintenance agreements	**1,336**	**2,983**	**4,319**	1,216	1,935	3,151
Deferral of sales revenue received from sales with residual-value guarantees	**446**	**928**	**1,374**	370	866	1,236
Deferral of advance rental payments received from operating lease arrangements	**799**	**662**	**1,461**	581	466	1,047
Other deferred income	**307**	**278**	**585**	246	314	560
	2,888	**4,851**	**7,739**	2,413	3,581	5,994

E.62
Other liabilities

		At December 31, 2015			At December 31, 2014	
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Income tax liabilities	**202**	**8**	**210**	151	11	162
Other tax liabilities	**1,800**	**21**	**1,821**	1,552	1	1,553
Miscellaneous other liabilities	**361**	**1**	**362**	304	2	306
	2,363	**30**	**2,393**	2,007	14	2,021

28. Consolidated statement of cash flows

Calculation of funds
At December 31, 2015, cash and cash equivalents included restricted funds of €183 million (2014: €112 million). The restricted funds primarily relate to subsidiaries where exchange controls apply so that the Group has restricted access to the funds.

Cash provided by/used for operating activities
Changes in other operating assets and liabilities are shown in table ↗ E.63.

E.63
Changes in other operating assets and liabilities

	2015	2014
In millions of euros		
Provisions	564	-838
Financial instruments	-82	289
Miscellaneous other assets and liabilities	1,715	1,581
	2,197	1,032

E.64
Cash flows included in cash provided by/used for operating activities

	2015	2014
In millions of euros		
Interest paid	-311	-445
Interest received	152	136
Dividends received	135	171

The increase in provisions in the reporting period resulted from the provisions for warranties which were especially affected by the recall in connection with Takata airbags. Furthermore, there was a rise of the provisions for dealer incentives and for personnel costs. Opposing effects resulted from the decrease in the provisions for pensions and similar obligations caused by extraordinary contributions to the German pension assets in particular. The decrease in provisions in the prior year was primarily influenced by an extraordinary contribution to the German pension fund assets and was related to the provisions for pensions and similar obligations. Furthermore, there were opposing effects from the addition to the provision for the EU Commission's antitrust proceedings concerning European commercial vehicle manufacturers and the increase in the provision for personnel costs.

The change in financial instruments in comparison to the prior year was mainly caused by measurement effects in fiscal year 2014. The effects were primarily related to the hedging instrument in connection with the disposal of the equity interest in Tesla Motors, Inc. and the put option in connection with the disposal of Rolls-Royce Power Systems Holding GmbH.

Table ↗ E.64 shows cash flows included in cash provided by/used for operating activities.

The line item other non-cash expense and income within the reconciliation of profit before income taxes to cash provided by/used for operating activities in the reporting year primarily comprises the Group's share in the profit/loss of companies accounted for using the equity method. In the prior year, the reconciling item mainly comprised the effect from the remeasurement of the Tesla shares (see Note 13).

Cash provided by financing activities
Cash provided by financing activities includes cash flows from hedging the currency risks of financial liabilities. In 2015, cash provided by financing activities included payments for the reduction of the outstanding finance lease liabilities of €48 million (2014: €46 million).

29. Legal proceedings

Various legal proceedings, claims and governmental investigations (legal proceedings) are pending against Daimler AG and its subsidiaries on a wide range of topics, including vehicle safety, emissions, fuel economy, financial services, dealer, supplier and other contractual relationships, intellectual property rights, product warranties, environmental matters, antitrust matters and shareholder matters. Legal proceedings relating to products deal with claims on account of alleged vehicle defects. Some of these claims are asserted by way of class action suits. If the outcome of such legal proceedings is detrimental to Daimler, the Group may be required to pay substantial compensatory and punitive damages or to undertake service actions, recall campaigns or other costly actions.

In mid-January 2011, the European Commission carried out anti-trust investigations of European commercial vehicle manufacturers, including Daimler AG. If antitrust infringements are discovered, the European Commission can impose considerable fines depending on the gravity of the infringement. In November 2014, the European Commission served Daimler with its statement of objections which, from the European Commission's perspective, further explains and legally evaluates the relevant facts. Resulting from knowledge gained from access to essential documents of the European Commission's file, Daimler AG, in December 2014, decided to increase provisions by €600 million. Daimler is taking the Commission's investigation very seriously. The Company is cooperating with the authorities but will at the same time – while stating the Company's legal view – safeguard its rights in the further proceedings and is also reviewing all of its procedural options. In accordance with IAS 37.92, the Group does not provide further information on this antitrust investigation and the associated risk for the Group, especially with regard to the measures taken in this context, in order not to impair the outcome of the proceedings.

The Federal Republic of Germany initiated arbitration proceedings against Daimler Financial Services AG, Deutsche Telekom AG and Toll Collect GbR and submitted its statement of claims in August 2005. It seeks damages, contractual penalties and the transfer of intellectual property rights to Toll Collect GmbH. In particular, the Federal Republic of Germany is claiming

- lost revenue of €3.33 billion for the period September 1, 2003 through December 31, 2004 plus interest at 5% per annum above the respective base rate since submission of claims (an amount of €2 billion as at the date of September 29, 2014),
- and contractual penalties of approximately €1.65 billion through July 31, 2005 plus interest at 5% per annum above the respective base rate since submission of claims (an amount of €225 million as at the date of September 29, 2014),
- plus refinancing costs of €196 million.

Since, among other things, some of the contractual penalties are dependent on time and further claims for contractual penalties have been asserted by the Federal Republic of Germany, the amount claimed as contractual penalties may increase. The defendants submitted their response to the statement of claims on June 30, 2006. The Federal Republic of Germany delivered its reply to the arbitrators on February 15, 2007, and the defendants delivered their rebuttal on October 1, 2007 (see also Note 30). The arbitrators held the first hearing on June 16 and 17, 2008. Additional briefs from the claimant and the defendants have been filed since then. A hearing of witnesses and experts took place between December 6 and 14, 2010. The parties submitted further written statements on July 15 and November 15, 2011. After the Tribunal's President resigned for personal reasons as of March 30, 2012, the new President was determined by the Administrative Court in Berlin as of October 29, 2012. The arbitrators held further hearings in May and October 2014 as well as in June 2015. In accordance with IAS 37.92, no further information is disclosed regarding the arbitration proceedings and the related risks to the Company, in particular regarding the measures taken by the Company, in order to prevent negative effects on the proceedings. Daimler believes the claims of the Federal Republic of Germany are without merit and will continue to defend itself vigorously.

The Group recognizes provisions in connection with pending or threatened proceedings to the extent a loss is probable and can be reasonably estimated. Such provisions are reflected in the Group's consolidated financial statements and are based on estimates. Risks resulting from legal proceedings, however, sometimes cannot be assessed reliably or only to a limited extent. Consequently, provisions accrued for some legal proceedings may turn out to be insufficient once such proceedings have ended. Daimler may also become liable for payments in legal proceedings no provisions were established for. Although the final resolution of any such proceedings could materially affect Daimler's operating results and cash flows for a particular reporting period, Daimler believes that it should not exert a sustained influence on the Group's financial position.

30. Financial guarantees, contingent liabilities and other financial obligations

Financial guarantees
Financial guarantees principally represent contractual arrangements. These guarantees generally provide that in the event of default or non-payment by the primary debtor, the Group will be required to settle such financial obligations. The maximum potential obligation resulting from these guarantees amounted to €1,033 million at December 31, 2015 (2014: €786 million) and includes liabilities recognized in the amount of €117 million (2014: €84 million). These amounts include financial guarantees which the Group issued for the benefit of Chrysler in connection with the Chrysler transactions entered into in 2007 and 2009. At December 31, 2015, these guarantees amounted to €0.3 billion. For a portion of these financial guarantees, Chrysler provided collateral of €0.2 billion to an escrow account.

Contingent liabilities
Table ↗ **E.65** shows estimates of the financial effects of contingent liabilities at December 31.

Guarantees under buyback commitments represent arrangements whereby the Group guarantees specified trade-in or resale values for sold vehicles. Such guarantees provide the holder with the right to return purchased vehicles to the Group, the right being primarily contingent on the future purchase of vehicles or services. The provisions recognized in connection with these buyback commitments, amounted to €85 million at December 31, 2015 (2014: €58 million). On the other hand, residual value guarantees related to arrangements for which revenue recognition is precluded due to the Group's obligation to repurchase assets are included in other financial liabilities.

E.65
Composition of contingent liabilities

	At December 31, 2015	2014
In millions of euros		
Guarantees under buyback commitments	**1,560**	1,208
Other contingent liabilities	**360**	383
	1,920	1,591

Other contingent liabilities comprise contingent liabilities which constitute other guarantees as well as potential obligations from other tax and customs duty risks. At December 31, 2015, the best estimate for potential obligations from other contingent liabilities for which no provisions had yet been recognized was €360 million (2014: €383 million).

In 2002, our subsidiary Daimler Financial Services AG, Deutsche Telekom AG and Compagnie Financière et Industrielle des Autoroutes S.A. (Cofiroute) entered into a consortium agreement in order to jointly develop, install and operate under a contract with the Federal Republic of Germany (operating agreement) a system for the electronic collection of tolls for all commercial vehicles over 12 tons gross vehicle weight using German highways. Daimler Financial Services AG and Deutsche Telekom AG each hold a 45% equity interest and Cofiroute holds the remaining 10% equity interest in both the consortium (Toll Collect GbR) and the joint venture company (Toll Collect GmbH) (together Toll Collect).

According to the operating agreement, the toll collection system had to be operational no later than August 31, 2003. After a delay of the launch date of the toll collection system, which resulted in a loss of revenue for Toll Collect and in payments of contractual penalties for delays, the toll collection system was introduced on January 1, 2005 with on-board units that allowed for slightly less than full technical performance in accordance with the technical specification (phase 1). On January 1, 2006, the toll collection system was installed and started to operate with full effectiveness as specified in the operating agreement (phase 2). On December 20, 2005, Toll Collect GmbH received a preliminary operating permit as specified in the operating agreement. Toll Collect GmbH expects to receive the final operating permit, and continues to operate the toll collection system under the preliminary operating permit in the interim.

Failure to perform various obligations under the operating agreement may result in penalties, additional revenue reductions and damage claims that could become significant over time.

However, penalties and revenue reductions are capped at €150 million per year until the final operating permit has been issued and at €100 million per year following the issuance of the final operating permit. These cap amounts are subject to a 3% increase for every year of operation.

Beginning in June 2006, the Federal Republic of Germany began reducing monthly payments to Toll Collect GmbH by €8 million in partial set-off against amounts claimed in the arbitration proceedings referred to below. This offsetting may require the consortium members to provide additional operating funds to Toll Collect GmbH.

The operating agreement calls for the submission of all disputes related to the toll collection system to arbitration. The Federal Republic of Germany has initiated arbitration proceedings against Daimler Financial Services AG, Deutsche Telekom AG and the consortium. According to the statement of claims received in August 2005, the Federal Republic of Germany is seeking damages including contractual penalties and reimbursement of lost revenue that allegedly arose from delays in the operability of the toll collection system. See Note 29 for additional information.

Each of the consortium members (including Daimler Financial Services AG) has provided guarantees supporting the obligations of Toll Collect GmbH towards the Federal Republic of Germany relating to the completion and operation of the toll collection system, which are subject to specific triggering events. In addition, Daimler AG has guaranteed bank loans obtained by Toll Collect GmbH. The guarantees are described in detail below:

- *Guarantee of bank loans.* Daimler AG issued a guarantee to third parties up to a maximum amount of €100 million for bank loans which could be obtained by Toll Collect GmbH. This amount represents the Group's 50% share of Toll Collect GmbH's external financing guaranteed by its shareholders.
- *Equity maintenance undertaking.* The consortium members have the obligation to contribute, on a joint and several basis, additional funds to Toll Collect GmbH as may be necessary for Toll Collect GmbH to maintain a minimum equity (based on German Commercial Code accounting principles) of 15% of total assets (a so-called "equity maintenance undertaking"). This obligation will terminate on August 31, 2018, when the extended operating agreement expires, or earlier if the agreement is terminated. Such obligation may arise if Toll Collect GmbH is subject to revenue reductions caused by underperformance, if the Federal Republic of Germany is successful in claiming lost revenue against Toll Collect GmbH for any period the system was not fully operational, or if Toll Collect GmbH incurs penalties that may become payable under the above mentioned agreements. If such penalties, revenue reductions or other events reduce Toll Collect GmbH's equity to a level below the minimum equity percentage agreed upon, the consortium members are obligated to fund Toll Collect GmbH's operations to the extent necessary to reach the required minimum equity.

Cofiroute's risks and obligations are limited to €70 million. Daimler Financial Services AG and Deutsche Telekom AG are jointly obliged to indemnify Cofiroute for amounts exceeding this limitation.

While Daimler's maximum future obligation resulting from the guarantee of the bank loan can be determined (2015: €100 million), the Group is unable to reasonably estimate the amount or range of amounts of possible loss resulting from the financial guarantee in form of the equity maintenance undertaking due to the various uncertainties described above, although it could be material. Only the guarantee for the bank loan is included in the above disclosures for financial guarantees.

Obligations from product warranties and extended product warranties are not included in the above disclosures. See Note 23 for provisions relating to such obligations.

Other financial obligations

The composition of other financial obligations is shown in table ↗ **E.66**.

In connection with its production programs and the ongoing expansion of its business activities, Daimler has signed additional agreements with suppliers in 2015 to purchase various volumes of parts and components over extended periods. The Group also has entered into further arrangements for the provision of future services. In addition, the Group has committed to purchase or invest in the construction and maintenance of production facilities. At December 31, 2015, contractual commitments for the acquisition of property, plant and equipment amount to €2.2 billion.

E.66

Composition of other financial obligations (nominal amounts)

	At December 31, 2015	2014
In millions of euros		
Commitments from purchasing contracts	**13,371**	9,769
Long-term rental and leasing agreements	**2,156**	2,157
Irrevocable credit commitments	**1,931**	1,320
Other miscellaneous financial commitments	**1,518**	2,318
	18,976	15,564

The Group has additional other financial obligations resulting from non-cancelable long-term rental agreements and operating leases for property, plant and equipment; the contracts partially include renewal or repurchase options and escalation clauses. In 2015, Daimler recognized as expense rental payments of €491 million (2014: €517 million). Table ↗ E.67 provides an overview of when future minimum lease payments under non-cancelable long-term rental and lease agreements fall due (nominal amounts).

In addition, the Group had issued irrevocable loan commitments as of December 31, 2015. These loan commitments had not been utilized as of that date. An overview of the maturities of irrevocable credit commitments is shown in Table ↗ E.82 in Note 32.

Miscellaneous other financial commitments primarily comprise financial obligations to make payments in connection with capital contributions to be made into the share capital of unconsolidated subsidiaries or associated companies as well as obligations in connection with cooperation agreements. In prior year, commitments from purchasing contracts of €1.2 billion were disclosed under other miscellaneous financial commitments.

E.67

Future minimum lease payments under long-term rental and lease agreements (nominal amounts)

	At December 31, 2015	2014
In millions of euros		
Maturity		
within one year	**505**	416
between one and five years	**1,111**	1,112
later than five years	**540**	629
	2,156	2,157

31. Financial instruments

Carrying amounts and fair values of financial instruments

Table ↗ E.68 shows the carrying amounts and fair values of the respective classes of the Group's financial instruments. The fair value of a financial instrument is the price at which a party would accept the rights and/or obligations of that financial instrument from another independent party. Given the varying influencing factors, the reported fair values can only be viewed as indicators of the prices that may actually be achieved on the market.

The fair values of financial instruments were calculated on the basis of market information available on the balance sheet date. The following methods and premises were used:

Receivables from financial services
The fair values of receivables from financial services with variable interest rates are estimated to be equal to the respective carrying amounts because the interest rates agreed and those available in the market do not significantly differ. The fair values of receivables from financial services with fixed interest rates are determined on the basis of discounted expected future cash flows.

The discounting is based on the current interest rates at which similar loans with identical terms could have been obtained as of December 31, 2015 and December 31, 2014.

Trade receivables and cash and cash equivalents
Due to the short terms of these financial instruments and the fundamentally lower credit risk, it is assumed that their fair values are equal to the carrying amounts.

Marketable debt securities and other financial assets
Financial assets available-for-sale include:
- debt and equity instruments measured at fair value; these instruments were measured using quoted market prices at December 31. Otherwise, the fair value measurement of these debt and equity instruments is based on inputs that are either directly or indirectly observable on active markets. Equity instruments measured at fair value predominantly comprise the investments in Nissan Motor Co., Ltd. (Nissan) and Renault SA (Renault).
- equity interests measured at cost; fair values could not be determined for these financial instruments because no stock exchange or market prices are available. These equity interests comprise investments in non-listed companies for which no objective evidence existed at the balance sheet date that these assets were impaired and whose fair values cannot be determined with sufficient reliability. It is assumed that the fair values approximate the carrying amounts.

Financial assets recognized at fair value through profit or loss include derivative financial instruments not used in hedge accounting. These financial instruments as well as *derivative financial instruments used in hedge accounting* comprise:

- derivative currency hedging contracts; the fair values of cross currency interest rate swaps are determined on the basis of the discounted estimated future cash flows using market interest rates appropriate to the remaining terms of the financial instruments. The valuation of currency forwards is based on market quotes of forward curves; currency options were measured using price quotations or option pricing models using market data.
- derivative interest rate hedging contracts; the fair values of interest rate hedging instruments (e.g. interest rate swaps) are calculated on the basis of the discounted estimated future cash flows using the market interest rates appropriate to the remaining terms of the financial instruments.
- derivative commodity hedging contracts; the fair values of commodity hedging contracts (e.g. commodity forwards) are determined on the basis of current reference prices with consideration of forward premiums and discounts.

Other receivables and assets are carried at amortized cost. Because of the predominantly short maturities of these financial instruments, it is assumed that the fair values approximate the carrying amounts.

Financing liabilities
The fair values of bonds, loans, commercial paper, deposits in the direct banking business and liabilities from ABS transactions are calculated as present values of the estimated future cash flows. Market interest rates for the appropriate terms are used for discounting.

Trade payables
Due to the short maturities of these financial instruments, it is assumed that their fair values are equal to the carrying amounts.

E.68

Carrying amounts and fair values of financial instruments

	At December 31, 2015		At December 31, 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
In millions of euros				
Financial assets				
Receivables from financial services	73,514	73,837	61,679	62,057
Trade receivables	9,054	9,054	8,634	8,634
Cash and cash equivalents	9,936	9,936	9,667	9,667
Marketable debt securities				
Available-for-sale financial assets	8,273	8,273	6,634	6,634
Other financial assets				
Available-for-sale financial assets	3,049	3,049	2,269	2,269
thereof equity instruments measured at fair value	2,303	2,303	1,647	1,647
thereof equity instruments measured at cost	746	746	622	622
Financial assets recognized at fair value through profit or loss	203	203	97	97
Derivative financial instruments used in hedge accounting	1,363	1,363	1,296	1,296
Other receivables and financial assets	2,839	2,839	2,325	2,325
	108,231	108,554	92,601	92,979
Financial liabilities				
Financing liabilities	101,142	101,759	86,689	88,043
Trade payables	10,548	10,548	10,178	10,178
Other financial liabilities				
Financial liabilities recognized at fair value through profit or loss	263	263	359	359
Derivative financial instruments used in hedge accounting	3,120	3,120	2,317	2,317
Miscellaneous other financial liabilities	8,977	8,977	8,030	8,030
	124,050	124,667	107,573	108,927

Other financial liabilities

Financial liabilities recognized at fair value through profit or loss comprise derivative financial instruments not used in hedge accounting. For information regarding these financial instruments as well as *derivative financial instruments used in hedge accounting*, see the notes above under marketable debt securities and other financial assets.

Miscellaneous other financial liabilities are carried at amortized cost. Because of the predominantly short maturities of these financial instruments, it is assumed that the fair values approximate the carrying amounts.

Offsetting of financial instruments

The Group concludes derivative transactions in accordance with the master netting arrangements (framework agreement) of the International Swaps and Derivatives Association (ISDA) and other appropriate national framework agreements. However, these arrangements do not meet the criteria for netting in the consolidated statement of financial position, as they allow netting only in the case of future events such as default or insolvency on the part of the Group or the counterparty.

Table ↗ **E.69** shows the carrying amounts of the derivative financial instruments subject to the described arrangements as well as the possible financial effects of netting in accordance with the master netting arrangements.

Table ↗ **E.70** provides an overview of the classification into measurement hierarchies of financial assets and liabilities measured at fair value (according to IFRS 13).

At the end of each reporting period, Daimler reviews the necessity of reclassification between the measurement hierarchies.

E.69

Disclosure for recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement

	At December 31, 2015			At December 31, 2014		
	Gross and net amounts of financial instruments in the balance sheet	Amounts subject to a master netting arrangement	Net amounts	Gross and net amounts of financial instruments in the balance sheet	Amounts subject to a master netting arrangement	Net amounts
In millions of euros						
Other financial assets[1]	**1,566**	**-1,045**	**521**	1,393	-670	723
Other financial liabilities[2]	**3,383**	**-1,045**	**2,338**	2,676	-670	2,006

1 The other financial assets which are subject to a master netting arrangement comprise derivative financial instruments that are included in hedge accounting and financial assets measured at fair value through profit or loss (see Note 16).
2 The other financial liabilities which are subject to a master netting arrangement comprise derivative financial instruments that are included in hedge accounting and financial liabilities measured at fair value through profit or loss (see Note 25).

For the determination of the credit risk from derivative financial instruments which are allocated to the Level 2 measurement hierarchy, portfolios managed on basis of net exposure are applied.

The development of financial assets recognized at fair value through profit or loss and classified as Level 3 is shown in table ↗ E.71.

As of January 1, 2014, the financial assets shown as classified as Level 3 and presented in table ↗ E.71 consisted solely of Daimler's option to sell the shares it held in RRPSH to Rolls-Royce (see also Note 13). Daimler sold its shares in RRPSH to Rolls-Royce in 2014. The option was exercised and derecognized through profit or loss.

E.70

Measurement hierarchy of financial assets and liabilities measured at fair value

	At December 31, 2015				At December 31, 2014			
	Total	Level 1[1]	Level 2[2]	Level 3[3]	Total	Level 1[1]	Level 2[2]	Level 3[3]
In millions of euros								
Financial assets measured at fair value								
Financial assets available for sale	**10,576**	**6,976**	**3,600**	**–**	8,281	6,158	2,123	–
thereof equity instruments measured at fair value	**2,303**	**2,297**	**6**	**–**	1,647	1,642	5	–
thereof marketable debt securities	**8,273**	**4,679**	**3,594**	**–**	6,634	4,516	2,118	–
Financial assets measured at fair value through profit or loss	**203**	**–**	**203**	**–**	97	–	97	–
Derivative financial instruments used in hedge accounting	**1,363**	**–**	**1,363**	**–**	1,296	–	1,296	–
	12,142	**6,976**	**5,166**	**–**	9,674	6,158	3,516	–
Liabilities measured at fair value								
Financial liabilities measured at fair value through profit or loss	**263**	**–**	**263**	**–**	359	–	359	–
Derivative financial instruments used in hedge accounting	**3,120**	**–**	**3,120**	**–**	2,317	–	2,317	–
	3,383	**–**	**3,383**	**–**	2,676	–	2,676	–

1 Fair value measurement of these assets and liabilities is based on quoted prices (unadjusted) in active markets for these or identical assets or liabilities.
2 Fair value measurement of these assets and liabilities is based on inputs that are observable on active markets either directly (i.e. as prices) or indirectly (i.e. derived from prices).
3 Fair value measurement of these assets and liabilities is based on inputs for which no observable market data is available.

E.71

Development of financial assets recognized at fair value through profit or loss classified as Level 3

	2015	2014
In millions of euros		
Balance at January 1	**–**	118
Losses recognized in other financial income/expense, net	**–**	-118
Balance at December 31	**–**	–

Table ↗ **E.72** shows into which measurement hierarchy (according to IFRS 13) the fair values of the financial assets and liabilities are classified which are not measured at fair value in the consolidated statement of financial position.

The carrying amounts of financial instruments presented according to IAS 39 measurement categories are shown in table ↗ **E.73**.

E.72

Measurement hierarchy of financial assets and liabilities not measured at fair value

	At December 31, 2015				At December 31, 2014			
	Total	Level 1[1]	Level 2[2]	Level 3[3]	Total	Level 1[1]	Level 2[2]	Level 3[3]
In millions of euros								
Fair values of financial assets measured at cost								
Receivables from financial services	**73,837**	**–**	**73,837**	**–**	62,057	–	62,057	–
Fair values of financial liabilities measured at cost								
Financing liabilities	**101,759**	**45,535**	**56,224**	**–**	88,043	39,525	48,518	–
thereof bonds	**52,031**	**45,535**	**6,496**	**–**	44,367	39,525	4,842	–
thereof liabilities from ABS transactions	**7,390**	**–**	**7,390**	**–**	5,996	–	5,996	–
thereof other financing liabilities	**42,338**	**–**	**42,338**	**–**	37,680	–	37,680	–

1 Fair value measurement of these assets and liabilities is based on quoted prices (unadjusted) in active markets for these or identical assets or liabilities.
2 Fair value measurement of these assets and liabilities is based on inputs that are observable on active markets either directly (i.e. as prices) or indirectly (i.e. derived from prices).
3 Fair value measurement of these assets and liabilities is based on inputs for which no observable market data is available.

Net gains or losses

Table ↗ E.74 shows the net gains or losses of financial instruments included in the consolidated statement of income (excluding derivative financial instruments used in hedge accounting).

Net gains and in the prior year net losses of financial assets and liabilities recognized at fair value through profit or loss primarily include gains and losses attributable to changes in fair values.

Net gains on available-for-sale financial assets mainly include income from the measurement of equity interests as well as gains realized on their disposal.

Net losses on loans and receivables mainly include impairment losses that are charged to cost of sales, selling expenses and other financial income/expense, net. Foreign currency gains and losses are also included.

Net gains on financial liabilities measured at (amortized) cost mainly include gains and losses from currency translation.

E.73

Carrying amounts of financial instruments presented according to IAS 39 measurement categories

	At December 31, 2015	2014
In millions of euros		
Assets		
Receivables from financial services[1]	**55,356**	46,599
Trade receivables	**9,054**	8,634
Other receivables and financial assets	**2,839**	2,325
Loans and receivables	**67,249**	57,558
Marketable debt securities	**8,273**	6,634
Other financial assets	**3,049**	2,269
Available-for-sale financial assets	**11,322**	8,903
Financial assets measured at fair value through profit or loss[2]	**203**	97
Liabilities		
Trade payables	**10,548**	10,178
Financing liabilities[3]	**100,879**	86,404
Other financial liabilities[4]	**8,860**	7,946
Financial liabilities measured at (amortized) cost	**120,287**	104,528
Financial liabilities measured at fair value through profit or loss	**263**	359

The table above does not include cash and cash equivalents or the carrying amounts of derivative financial instruments used in hedge accounting as these financial instruments are not assigned to an IAS 39 measurement category.

1 This does not include lease receivables of €18,158 million as of December 31, 2015 (2014: €15,080 million) as these are not assigned to an IAS 39 measurement category.
2 Financial instruments classified as held for trading purposes. These figures comprise financial instruments that are not used in hedge accounting.
3 This does not include liabilities from finance leases of €263 million as of December 31, 2015 (2014: €285 million) as these are not assigned to an IAS 39 measurement category.
4 This does not include liabilities from financial guarantees of €117 million as of December 31, 2015 (2014: €84 million) as these are not assigned to an IAS 39 measurement category.

E.74

Net gains/losses

	2015	2014
In millions of euros		
Financial assets and liabilities recognized at fair value through profit or loss[1]	**197**	-578
Available-for-sale financial assets	**130**	235
Loans and receivables	**-313**	-210
Financial liabilities measured at (amortized) cost	**103**	124

1 Financial instruments classified as held for trading; these amounts relate to financial instruments that are not used in hedge accounting.

E.75
Total interest income and total interest expense

	2015	2014
In millions of euros		
Total interest income	3,791	3,089
Total interest expense	-1,799	-1,666

E.76
Fair values of hedging instruments

	At December 31, 2015	2014
In millions of euros		
Fair value hedges	498	535
Cash flow hedges	-2,255	-1,527
Hedges of net investments in foreign operations	–	-29

E.77
Net gains/losses from fair value hedges

	2015	2014
In millions of euros		
Net gains/losses from hedging instruments	-69	553
Net gains/losses from underlying transactions	65	-552

E.78
Unrealized gains/losses from cash flow hedges

	2015	2014
In millions of euros		
Unrealized gains/losses	-3,770	-2,433

E.79
Reclassifications of pre-tax gains/losses from equity to the statement of income

	2015	2014
In millions of euros		
Revenue	-2,755	340
Cost of sales	-99	-90
Interest income	–	–
Interest expense	-3	-2
	-2,857	248

Total interest income and total interest expense

Total interest income and total interest expense for financial assets or financial liabilities that are not measured at fair value through profit or loss are shown in table ↗ E.75.

See Note 1 for qualitative descriptions of accounting for financial instruments (including derivative financial instruments).

Information on derivative financial instruments

Use of derivatives
The Group uses derivative financial instruments exclusively for hedging financial risks that arise from its commercial business or refinancing activities. These are mainly interest rate risks, currency risks and commodity price risks. For these hedging purposes, the Group mainly uses currency forward transactions, cross currency interest rate swaps, interest rate swaps, options and commodity forwards.

Fair values of hedging instruments
Table ↗ E.76 shows the fair values of hedging instruments at the end of the reporting period.

Fair value hedges
The Group uses fair value hedges primarily for hedging interest rate risks.

Net gains and losses from these hedging instruments and the changes in the value of the underlying transactions are shown in table ↗ E.77.

Cash flow hedges
The Group uses cash flow hedges for hedging currency risks, interest rate risks and commodity price risks.

Unrealized pre-tax gains and losses on the measurement of derivatives, which are recognized in other comprehensive income, are shown in table ↗ E.78.

Table ↗ E.79 provides an overview of the reclassifications of pre-tax gains/losses from equity to the statement of income for the period.

Net profit for 2015 includes net losses (before income taxes) of €9 million (2014: €17 million) attributable to the ineffectiveness of derivative financial instruments entered into for hedging purposes (hedge-ineffectiveness).

In 2015, the discontinuation of cash flow hedges as a result of non-realizable hedged items resulted in losses of €21 million (2014: €6 million).

The maturities of the interest rate hedges and cross currency interest rate hedges as well as of the commodity hedges correspond with those of the underlying transactions. The realization of the underlying transactions of the cash flow hedges is expected to correspond with the maturities of the hedging transactions shown in table ↗ E.80. As of December 31, 2015, Daimler utilized derivative instruments with a maximum maturity of 51 months (2014: 36 months) as hedges for currency risks arising from future transactions.

Hedges of net investments in foreign operations
Daimler also partially hedges the foreign currency risk of selected investments with the application of derivative financial instruments.

Nominal values of derivative financial instruments
Table ↗ **E.80** shows the nominal values of derivative financial instruments entered into for the purpose of hedging currency risks, interest rate risks and commodity price risks that arise from the Group's operating and/or financing activities.

Hedging transactions for which the effects from the measurement of the hedging instrument and the underlying transaction to a large extent offset each other in the consolidated statement of income mostly not classify for hedge accounting.

Even if derivative financial instruments do not or no longer qualify for hedge accounting, these instruments are still hedging financial risks from the operating business. A hedging instrument is terminated when the hedged item no longer exists or is no longer expected to occur.

Explanations of the hedging of exchange rate risks, interest rate risks and commodity price risks can be found in Note 32 in the sub-item finance market risk.

E.80
Nominal values of derivative financial instruments

	At December 31, 2015			At December 31, 2014
	Nominal values	Maturity ≤ 1 year	Maturity > 1 year	Nominal values
In millions of euros				
Hedging of currency risks from receivables/liabilities				
Forward exchange contracts	7,073	7,073	–	5,513
Cross currency interest rate swaps	6,191	1,965	4,226	5,803
thereof cash flow hedges	2,560	850	1,710	2,137
thereof fair value hedges	505	377	128	2,926
Hedging of currency risks from forecasted transactions				
Forward exchange contracts and currency options	51,490	28,078	23,412	41,621
thereof cash flow hedges	49,914	26,533	23,381	39,873
Hedging of currency risks of net investments in foreign operations				
Currency swaps	–	–	–	545
thereof hedging of net investments in foreign operations	–	–	–	545
Hedging of interest rate risks from receivables/liabilities				
Interest rate swaps	39,322	5,318	34,004	31,884
thereof cash flow hedges	3,104	799	2,305	1,647
thereof fair value hedges	29,771	3,490	26,281	27,384
Hedging of commodity price risks from forecasted transactions				
Forward commodity contracts	1,388	605	783	1,460
thereof cash flow hedges	1,231	484	747	1,305
Total nominal values of derivative financial instruments	105,464	43,039	62,425	86,826
thereof cash flow hedges	56,809	28,666	28,143	44,962
thereof fair value hedges	30,276	3,867	26,409	30,310

32. Management of financial risks

General information on financial risks

As a result of its businesses and the global nature of its operations, Daimler is exposed in particular to market risks from changes in foreign currency exchange rates and interest rates, while commodity price risks arise from procurement. An equity price risk results from investments in listed companies (including Nissan, Renault, BAIC Motor and Kamaz). In addition, the Group is exposed to credit risks from its leasing and financing activities and from its operating business (trade receivables). With regard to the leasing and financing activities, credit risks arise from operating lease contracts, finance lease contracts and financing contracts. Furthermore, the Group is exposed to liquidity and country risks relating to its credit and market risks or a deterioration of its operating business or financial market disturbances. If these financial risks materialize, they could adversely affect Daimler's profitability, liquidity and capital resources and financial position.

E.81

Maximum risk positions of financial assets and loan commitments

	see also Note	Maximum risk position 2015	Maximum risk position 2014
In millions of euros			
Liquid assets		**18,209**	16,301
Receivables from financial services	14	**73,514**	61,679
Trade receivables	19	**9,054**	8,634
Derivative financial instruments used in hedge accounting (assets only)	16	**1,363**	1,296
Derivative financial instruments not used in hedge accounting (assets only)	16	**203**	97
Loan commitments	30	**1,931**	1,320
Other receivables and financial assets	16	**2,839**	2,325

Daimler has established internal guidelines for risk controlling procedures and for the use of financial instruments, including a clear segregation of duties with regard to financial activities, settlement, accounting and the related controlling. The guidelines upon which the Group's risk management processes for financial risks are based are designed to identify and analyze these risks throughout the Group, to set appropriate risk limits and controls and to monitor the risks by means of reliable and up-to-date administrative and information systems. The guidelines and systems are regularly reviewed and adjusted to changes in markets and products.

The Group manages and monitors these risks primarily through its operating and financing activities and, if required, through the use of derivative financial instruments. Daimler uses derivative financial instruments exclusively for hedging financial risks that arise from its commercial business or refinancing activities. Without these derivative financial instruments, the Group would be exposed to higher financial risks (additional information on financial instruments and especially on the nominal values of the derivative financial instruments used is included in Note 31). Daimler regularly evaluates its financial risks with due consideration of changes in key economic indicators and up-to-date market information.

Any market sensitive instruments including equity and debt securities that the plan assets hold to finance pension and other post-employment healthcare benefits are not included in the following quantitative and qualitative analysis. See Note 22 for additional information on Daimler's pension and other post-employment benefits.

Credit risk

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt in accordance with the contractual terms. Credit risk encompasses both the direct risk of default and the risk of a deterioration of creditworthiness as well as concentration risks.

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts (without consideration of collateral, if available). Table ↗ **E.81** shows the maximum risk positions.

Liquid assets

Liquid assets consist of cash and cash equivalents and marketable debt securities classified as available-for-sale. With the investment of liquid assets, banks and issuers of securities are selected very carefully and diversified in accordance with a limit system. In the past years, the limit methodology was continuously enhanced to counteract the decline of the creditworthiness of the banking sector in the course of the financial crisis. Additionally, liquid assets are increasingly also held at financial institutions outside Europe with high creditworthiness and as bonds issued by German federal states. Furthermore and due to the current business development, the Group also temporarily holds high levels of liquidity in emerging markets. At the same time, the Group has increased the number of financial institutions with which investments are made. In connection with investment decisions, priority is placed on the borrower's very high creditworthiness and on balanced risk diversification. The limits and their utilizations are reassessed continuously. In this assessment, Daimler also considers the credit risk assessment of its counterparties by the capital markets. In line with the Group's risk policy, most liquid assets are held in investments with an external rating of "A" or better.

Receivables from financial services

Daimler's financing and leasing activities are primarily focused on supporting the sales of the Group's automotive products. As a consequence of these activities, the Group is exposed to credit risk, which is monitored and managed based on defined standards, guidelines and procedures. Daimler Financial Services manages its credit risk irrespective of whether it is related to a financing contract or to an operating lease or a finance lease contract. For this reason, statements concerning the credit risk of Daimler Financial Services refer to the entire financing and leasing business, unless specified otherwise.

Exposure to credit risk from financing and lease activities is monitored based on the portfolio subject to credit risk. The portfolio subject to credit risk is an internal control quantity that consists of wholesale and retail receivables from financial services and the portion of the operating lease portfolio that is subject to credit risk. Receivables from financial services comprise claims arising from finance lease contracts and repayment claims from financing loans. The operating lease portfolio is reported under equipment on operating leases in the Group's consolidated financial statements. Overdue lease payments from operating lease contracts are recognized in trade receivables.

In addition, the Daimler Financial Services segment is exposed to credit risk from irrevocable loan commitments to retailers and end customers. At December 31, 2015, irrevocable loan commitments of Daimler Financial Services amounted to €1,913 million (2014: €1,306 million), of which €1,186 million had a maturity of less than one year (2014: €772 million), €378 million had maturities between one and three years (2014: €249 million), €228 million had maturities between three and four years (2014: €172 million), €92 million had maturities between four and five years (2014: €113 million) and €29 million had maturities later than five years (2014: €0 million).

The Daimler Financial Services segment has guidelines setting the framework for effective risk management at a global as well as at a local level. In particular, these rules deal with minimum requirements for all risk-relevant credit processes, the definition of financing products offered, the evaluation of customer quality, requests for collateral as well as the treatment of unsecured loans and non-performing claims. The limitation of concentration risks is implemented primarily by means of global limits, which refer to single customer exposures. As of December 31, 2015, exposure to the biggest 15 customers did not exceed 4.8% (2014: 4.0%) of the total portfolio.

With respect to its financing and lease activities, the Group holds collateral for customer transactions. The value of collateral generally depends on the amount of the financed assets. The financed vehicles usually serve as collateral. Furthermore, Daimler Financial Services mitigates the credit risk from financing and lease activities, for example through advance payments from customers.

Scoring systems are applied for the assessment of the default risk of retail and small business customers. Corporate customers are evaluated using internal rating instruments. Both evaluation processes use external credit bureau data if available. The scoring and rating results as well as the availability of security and other risk mitigation instruments, such as advance payments, guarantees and, to a lower extent, residual debt insurances, are essential elements for credit decisions.

Significant loans and leases to corporate customers are tested individually for impairment. An individual loan or lease is considered impaired when there is objective evidence that the Group will be unable to collect all amounts due as specified by the contractual terms. Examples of objective evidence that loans or lease receivables may be impaired include the following factors: significant financial difficulty of the borrower, a rising probability that the borrower will become bankrupt, delinquency in his installment payments, and restructured or renegotiated contracts to avoid immediate default.

Loans and finance lease receivables related to retail or small business customers are grouped into homogeneous pools and collectively assessed for impairment. Impairments are required for example if there are adverse changes in the payment status of the borrowers included in the pool, adverse changes in expected loss frequency and severity, and adverse changes in economic conditions.

Within the framework of testing for impairment, existing collateral is generally given due consideration. In that context, any excess collateral of individual customers is not netted off with insufficient collateral of other customers. The maximum credit risk is limited by the fair value of collateral (e.g. financed vehicles).

If, in connection with contracts, a worsening of payment behavior or other causes of a need for impairment are recognized, collection procedures are initiated by claims management to obtain the overdue payments of the customer, to take possession of the asset financed or leased or, alternatively, to renegotiate the impaired contract. Restructuring policies and practices are based on the indicators or criteria which, in the judgment of local management, indicate that repayment will probably continue and that the total proceeds expected to be derived from the renegotiated contract exceed the expected proceeds to be derived from repossession and remarketing.

The allowance ratio remained at the low level of the previous year.

Further details on receivables from financial services and the balance of the recorded impairments are provided in Note 14.

Trade receivables

Trade receivables are mostly receivables from worldwide sales activities of vehicles and spare parts. The credit risk from trade receivables encompasses the default risk of customers, e.g. dealers and general distribution companies, as well as other corporate and private customers. Daimler manages its credit risk from trade receivables using appropriate IT applications and databases on the basis of internal guidelines which have to be followed globally.

A significant part of the trade receivables from each country's domestic business is secured by various country-specific types of collateral. This collateral includes conditional sales, guarantees and sureties as well as mortgages and cash deposits. In order to prevent the credit risk Daimler assesses the creditworthiness of the counterparties.

For trade receivables from export business, Daimler also evaluates each general distribution company's creditworthiness by means of an internal rating process and its country risk. In this context, the year-end financial statements and other relevant information on the general distribution companies such as payment history are used and assessed.

Depending on the creditworthiness of the general distribution companies, Daimler usually establishes credit limits and limits credit risks with the following types of collateral:

- credit insurances,
- first-class bank guarantees and
- letters of credit.

These procedures are defined in the export credit guidelines, which have Group-wide validity.

Appropriate provisions are recognized for the risks inherent in trade receivables. For this purpose, all receivables are regularly reviewed and impairments are recognized if there is any objective indication of non-performance or other contractual violations. In general, substantial individual receivables and receivables whose realizability is jeopardized are assessed individually. In addition, taking country-specific risks and any collateral into consideration, the other receivables are grouped by similarity of contract and tested for impairment collectively. One important factor for the definition of the impairment to be recognized is the respective country risk.

Further information on trade receivables and the status of impairments recognized is provided in Note 19.

Derivative financial instruments

The Group uses derivative financial instruments exclusively for hedging financial risks that arise from its commercial business or refinancing activities. Daimler manages its credit risk exposure in connection with derivative financial instruments through a limit system, which is based on the review of each counterparty's financial strength. This system limits and diversifies the credit risk. As a result, Daimler is exposed to credit risk only to a small extent with respect to its derivative financial instruments. In accordance with the Group's risk policy, most derivatives are contracted with counterparties which have an external rating of “A” or better.

Other receivables and financial assets

With respect to other receivables and financial assets in 2015 and 2014, Daimler is exposed to credit risk only to a small extent.

Liquidity risk

Liquidity risk comprises the risk that a company cannot meet its financial obligations in full.

Daimler manages its liquidity by holding adequate volumes of liquid assets and by maintaining syndicated credit facilities in addition to the cash inflows generated by its operating business. Additionally, the possibility to securitize receivables of financial services business (ABS transactions) also reduces the Group's liquidity risk. Liquid assets comprise cash and cash equivalents as well as debt instruments classified as held for sale. The Group can dispose of these liquid assets at short notice.

In general, Daimler makes use of a broad spectrum of financial instruments to cover its funding requirements. Depending on funding requirements and market conditions, Daimler issues commercial paper, bonds and financial instruments secured by receivables in various currencies. In 2015, Daimler had very good access to the money and capital markets. Bank credit lines are also used to cover financing requirements. These credit lines include a syndicated €9.0 billion credit facility of Daimler AG with five year tenor and two extension options of one year each which was signed with a syndicate of international banks in September 2013. In 2014, Daimler had exercised the option to extend the credit line by a further year until 2019. In 2015, Daimler exercised the second extension option to extend the credit line by a further year until 2020. This syndicated facility can be used to finance general corporate purposes and serves as a back-up for commercial paper drawings. At December 31, 2015, this facility had not been utilized. Potential downgrades of Daimler's credit ratings could have a negative impact on the Group's financing.

In addition, customer deposits at Mercedes-Benz Bank are used as a further source of refinancing.

The funds raised are used to finance working capital and capital expenditure as well as the cash needs of the lease and financing business and unexpected liquidity needs. In accordance with internal guidelines, the refunding of the lease and financing business is generally carried out with matching maturities so that financing liabilities have the same maturity profile as the leased assets and the receivables from financial services.

At December 31, 2015, liquidity amounted to €18.2 billion (2014: €16.3 billion). In 2015, significant cash inflows resulted from the positive contributions to earnings by the automotive segments. Cash outflows mainly resulted from the portfolio growth of the leasing and sales financing activities of Daimler Financial Services, as well as from the increased investment offensive. Furthermore, cash outflows resulted from the unscheduled contributions to the German and US pension plan assets (see Note 22), as well as from the purchase of the digital map business HERE, which took place in December 2015.

From an operating point of view, the management of the Group's liquidity exposures is centralized by a daily cash pooling process. This process enables Daimler to manage its liquidity surplus and liquidity requirements according to the actual needs of the Group and each subsidiary. The Group's short-term and mid-term liquidity management takes into account the maturities of financial assets and financial liabilities and estimates of cash flows from the operating business.

Table ↗ E.82 provides an overview of how the future liquidity situation of the Group is affected by the cash flows from liabilities and financial guarantees as of December 31, 2015.

Information on the Group's financing liabilities is also provided in Note 24.

Country risk

Country risk is the risk of economic loss arising from changes of political, economic, legal or social conditions in the respective country, e.g. resulting from sovereign measures such as expropriation or interdiction of foreign currency transfers.

Daimler is exposed to country risk mainly resulting from cross-border funding of Group companies and customers as well as cross-border capital investments at Group companies and joint ventures. Additionally, country risk also arises from cross-border investments of liquid assets with financial institutions.

Daimler manages these risks via country exposure limits (e.g. for export credits or for hard currency portfolios of financial services entities) and via insurance of equity investments in high-risk countries. An internal rating system serves as a basis for Daimler's risk-oriented country exposure management; it assigns all countries to risk classes, with consideration of external ratings and capital market indications of country risks.

E.82

Liquidity runoff for liabilities and financial guarantees[1]

	Total	2016	2017	2018	2019	2020	≥ 2021
In millions of euros							
Financing liabilities[2]	107,527	43,638	24,067	15,551	5,759	8,176	10,336
Derivative financial instruments[3]	4,552	2,742	1,099	329	233	119	30
Trade payables[4]	10,548	10,517	2	29	–	–	–
Miscellaneous other financial liabilities excluding accrued interest	8,182	6,336	604	524	314	102	302
Irrevocable loan commitments of the Daimler Financial Services segment and of Daimler AG[5]	1,931	1,203	–	379	228	92	29
Financial guarantees[6]	1,033	1,033	–	–	–	–	–
	133,773	65,469	25,772	16,812	6,534	8,489	10,697

1 The amounts were calculated as follows:
(a) If the counterparty can request payment at different dates, the liability is included on the basis of the earliest date on which Daimler can be required to pay. The customer deposits of Mercedes-Benz Bank are mostly considered in this analysis to mature within the first year.
(b) The cash flows of floating interest financial instruments are estimated on the basis of forward rates.
2 The stated cash flows of financing liabilities consist of their undiscounted principal and interest payments.
3 The undiscounted sum of the net cash outflows of the derivative financial instruments is shown for the respective year. For individual periods, this may also include negative cash flows from derivatives with an overall positive fair value.
4 The cash outflows of trade payables are undiscounted.
5 The maximum available amounts are stated.
6 The maximum potential obligations under the issued guarantees are stated. It is assumed that the amounts are due within the first year.

Finance market risks

The global nature of its businesses exposes Daimler to significant market risks resulting from fluctuations in foreign currency exchange rates and interest rates. In addition, the Group is exposed to market risks in terms of commodity price risk associated with its business operations, which the Group hedges partially through derivative financial instruments. The Group is also exposed to equity price risk in connection with its investments in listed companies (including Nissan, Renault, BAIC Motor and Kamaz). If these market risks materialize, they will adversely affect the Group's profitability, liquidity and capital resources and financial position.

Daimler manages market risks to minimize the impact of fluctuations in foreign exchange rates, interest rates and commodity prices on the results of the Group and its segments. The Group calculates its overall exposure to these market risks to provide the basis for hedging decisions, which include the selection of hedging instruments and the determination of hedging volumes and the corresponding periods. Decisions regarding the management of market risks resulting from fluctuations in foreign exchange rates, interest rates (asset-/liability management) and commodity prices are regularly made by the relevant Daimler risk management committees.

As part of its risk management system, Daimler employs value at risk. In performing these analyses, Daimler quantifies its market risk exposure to changes in foreign currency exchange rates and interest rates on a regular basis by predicting the potential loss over a target time horizon (holding period) and confidence level.

The value at risk calculations employed:

- express potential losses in fair values, and
- assume a 99% confidence level and a holding period of five days.

Daimler calculates the value at risk for exchange rate and interest rate risk according to the variance-covariance approach. The value at risk calculation method for commodity hedging instruments is based on a Monte Carlo simulation.

When calculating the value at risk by using the variance-covariance approach, Daimler first computes the current market value of the Group's financial instruments portfolio. Then the sensitivity of the portfolio value to changes in the relevant market risk factors, such as particular foreign currency exchange rates or interest rates of specific maturities, is quantified. Based on expected volatilities and correlations of these market risk factors, which are obtained from the RiskMetrics™ dataset, a statistical distribution of potential changes in the portfolio value at the end of the holding period is computed. The loss which is reached or exceeded with a probability of only 1% can be derived from this calculation and represents the value at risk.

The Monte Carlo simulation uses random numbers to generate possible changes in market risk factors consistent with current market volatilities. The changes in market risk factors allow the calculation of a possible change in the portfolio value over the holding period. Running multiple iterations of this simulation leads to a distribution of portfolio value changes. The value at risk can be determined based on this distribution as the portfolio value loss which is reached or exceeded with a probability of 1%.

Oriented towards the risk management standards of the international banking industry, Daimler maintains its financial controlling unit independent of operating Corporate Treasury and with a separate reporting line.

Exchange rate risk

Transaction risk and currency risk management. The global nature of Daimler's businesses exposes cash flows and earnings to risks arising from fluctuations in exchange rates. These risks primarily relate to fluctuations between the euro and the US dollar, the Chinese renminbi, and the British pound.

In the operating vehicle business, the Group's exchange rate risk primarily arises when revenue is generated in a currency that is different from the currency in which the costs of generating the revenue are incurred (transaction risk). When the revenue is converted into the currency in which the costs are incurred, it may be inadequate to cover the costs if the value of the currency in which the revenue is generated declined in the interim relative to the value of the currency in which the costs were incurred. This risk exposure primarily affects the Mercedes-Benz Cars segment, which generates a major portion of its revenue in foreign currencies and incurs manufacturing costs primarily in euros. The Daimler Trucks segment is also subject to transaction risk, but to a lesser extent because of its global production network. The Mercedes-Benz Vans and Daimler Buses segments are also directly exposed to transaction risk, but only to a minor degree compared to the Mercedes-Benz Cars and Daimler Trucks segments. In addition, the Group is indirectly exposed to transaction risk from its equity-method investments.

Cash inflows and outflows of the business segments are offset if they are denominated in the same currency. This means that the exchange rate risk resulting from revenue generated in a particular currency can be offset by costs in the same currency, even if the revenue arises from a transaction independent of that in which the costs are incurred. As a result, only the net exposure is subject to transaction risk. In addition, natural hedging opportunities exist to the extent that currency exposures of the operating businesses of individual segments offset each other partially at Group level, thereby reducing overall currency exposure. These natural hedges eliminate the need for hedging to the extent of the matched exposures.
To provide an additional natural hedge against any remaining transaction risk exposure, Daimler generally strives to increase cash outflows in the same currencies in which the Group has a net excess inflow.

In order to mitigate the impact of currency exchange rate fluctuations for the operating business (future transactions), Daimler continually assesses its exposure to exchange rate risks and hedges a portion of those risks by using derivative financial instruments. Daimler's Foreign Exchange Committee (FXCo) manages the Group's exchange rate risk and its hedging transactions through currency derivatives. The FXCo consists of representatives of the relevant segments and central functions. The Corporate Treasury department aggregates foreign currency exposures from Daimler's subsidiaries and operative units and carries out the FXCo's decisions concerning foreign currency hedging through transactions with international financial institutions. Risk Controlling regularly informs the Board of Management of the actions taken by Corporate Treasury based on the FXCo's decisions.

The Group's targeted hedge ratios for forecasted operating cash flows in foreign currency are indicated by a reference model. On the one hand, the hedging horizon is naturally limited by uncertainty related to cash flows that lie far in the future; on the other hand, it may also be limited by the fact that appropriate currency contracts are not available. This reference model aims to protect the Group from unfavorable movements in exchange rates while preserving some flexibility to participate in favorable developments. Based on this reference model and depending on the market outlook, the FXCo determines the hedging horizon, which usually varies from one to five years, as well as the average hedge ratios. Reflecting the character of the underlying risks, the hedge ratios decrease with increasing maturities. At year-end 2015, foreign exchange management showed an unhedged position in the automotive business for the underlying forecasted cash flows in US dollars in calendar year 2016 of 20%, for the underlying forecasted cash flows in Chinese renminbi in calendar year 2016 of 22%, as well as for the underlying forecasted cash flows in British pounds in calendar year 2016 of 29%.

The hedged position of the operating vehicle businesses is influenced by the amount of derivative currency contracts held. The derivative financial instruments used to cover foreign currency exposure are primarily forward foreign exchange contracts and currency options. Daimler's guidelines call for a mixture of these instruments depending on the assessment of market conditions. Value at risk is used to measure the exchange rate risk inherent in these derivative financial instruments.

Table ↗ **E.83** shows the period-end, high, low and average value at risk figures of the exchange rate risk for the 2015 and 2014 portfolios of derivative financial instruments, which were entered into primarily in connection with the operative vehicle businesses. Average exposure has been computed on an end-of-quarter basis. The offsetting transactions underlying the derivative financial instruments are not included in the following value at risk presentation. See also table ↗ **E.80** for the nominal volumes on the balance sheet date of derivative currency instruments entered into to hedge the currency risk from forecasted transactions.

In 2015, the development of the value at risk from foreign currency hedging was mainly driven by changes in the nominal volume and by the increased foreign currency volatilities.

The Group's investments in liquid assets or refinancing activities generally are not allowed to result in currency risk. Transaction risks arising from liquid assets or payables in foreign currencies that result from the Group's investment or refinancing on money and capital markets are generally hedged against currency risks at the time of investing or refinancing in accordance with Daimler's internal guidelines. The Group uses appropriate derivative financial instruments (e.g. cross currency interest rate swaps) to hedge against currency risk.

Since currency risks arising from the Group's investment or refinancing in foreign currencies and the respective hedging transactions principally offset each other, these financial instruments are not included in the value at risk calculation presented.

Effects of currency translation. For purposes of Daimler's consolidated financial statements, the income and expenses and the assets and liabilities of subsidiaries located outside the euro zone are converted into euros. Therefore, period-to-period changes in average exchange rates may cause translation effects that have a significant impact on, for example, revenue, segment results (EBIT) and assets and liabilities of the Group. Unlike exchange rate transaction risk, exchange rate translation risk does not necessarily affect future cash flows. The Group's equity position reflects changes in book values caused by exchange rates. In general, Daimler does not hedge against exchange rate translation risk.

Interest rate risk
Daimler uses a variety of interest rate sensitive financial instruments to manage the liquidity needs of its day-to-day operations. A substantial volume of interest rate sensitive assets and liabilities results from the leasing and sales financing business operated by the Daimler Financial Services segment. The Daimler Financial Services companies enter into transactions with customers that primarily result in fixed-rate receivables. Daimler's general policy is to match funding in terms of maturities and interest rates wherever economically feasible. However, for a limited portion of the receivables portfolio in selected and developed markets, the Group does not match funding in terms of maturities in order to take advantage of market opportunities. As a result, Daimler is exposed to risks due to changes in interest rates. In this regard, the Group is not exposed to any liquidity risks.

An asset/liability committee consisting of members of the Daimler Financial Services segment and the Corporate Treasury department manages the interest rate risk relating to Daimler's leasing and financing activities by setting targets for the interest rate risk position. The Treasury Risk Management department and the local Daimler Financial Services companies are jointly responsible for achieving these targets. As separate functions, the Daimler Financial Services Risk Management and the Daimler Financial Services Controlling & Reporting department monitors target achievement on a monthly basis. In order to achieve the targeted interest rate risk positions in terms of maturities and interest rate fixing periods, Daimler also uses derivative financial instruments such as interest rate swaps. Daimler assesses its interest rate risk position by comparing assets and liabilities for corresponding maturities, including the impact of the relevant derivative financial instruments.

Derivative financial instruments are also used in conjunction with the refinancing related to the industrial business. Daimler coordinates the funding activities of the industrial and financial services businesses at the Group level.

Table ↗ **E.83** shows the period-end, high, low and average value at risk figures of the interest rate risk for the 2015 and 2014 portfolio of interest rate sensitive financial instruments and derivative financial instruments of the Group, including the financial instruments of the leasing and sales financing business. In this respect, the table shows the interest rate risk regarding the unhedged position of interest rate sensitive financial instruments. The average values have been computed on an end-of-quarter basis.

In the course of 2015, changes of the value at risk for interest rate sensitive financial instruments were primarily determined by the development of interest rate volatilities.

Commodity price risk
Daimler is exposed to the risk of changes in commodity prices in connection with procuring raw materials and manufacturing supplies used in production. A small portion of the raw material price risk, primarily relating to forecasted procurement of certain metals, is mitigated with the use of derivative financial instruments.

For precious metals, central commodity management shows an unhedged position of 23% of the forecasted commodity purchases at year-end 2015 for calendar year 2016. The corresponding figure at year-end 2014 was 32% for calendar year 2015.

Table ↗ **E.83** shows the period-end, high, low and average value at risk figures of the commodity price risk for the 2015 and 2014 portfolio of derivative financial instruments used to hedge raw material price risk. Average exposure has been computed on an end-of-quarter basis. The transactions underlying the derivative financial instruments are not included in the value at risk presentation. See also table ↗ **E.80** for the nominal values of derivative commodity price hedges at the balance sheet date.

Compared to the previous year, the value at risk of commodity derivatives has increased. The main reasons for this development were rising volatilities for platinum and an increase in the nominal hedge volume for palladium and aluminum.

Equity price risk
Daimler predominantly holds investments in shares of companies which are classified as long-term investments, such as Nissan or Renault, or which are accounted for using the equity method, such as BAIC Motor or Kamaz. Therefore, the Group does not include these investments in a market risk assessment.

E.83
Value at risk for exchange rate risk, interest rate risk and commodity price risk

				2015				2014
	Period-end	High	Low	Average	Period-end	High	Low	Average
In millions of euros								
Exchange rate risk (from derivative financial instruments)	**1,209**	**1,680**	**1,209**	**1,543**	731	731	370	494
Interest rate risk	**54**	**69**	**46**	**56**	36	39	30	36
Commodity price risk (from derivative financial instruments)	**54**	**63**	**37**	**49**	38	38	25	32

33. Segment reporting

Reportable segments
The reportable segments of the Group are Mercedes-Benz Cars, Daimler Trucks, Mercedes-Benz Vans, Daimler Buses and Daimler Financial Services. The segments are largely organized and managed separately according to nature of products and services provided, brands, distribution channels and profile of customers.

The vehicle segments develop and manufacture passenger cars, trucks, vans and buses. The Mercedes-Benz Cars segment comprises premium vehicles of the Mercedes-Benz brand and small cars under the smart brand, as well as the service brand Mercedes me. Daimler Trucks distributes its trucks under the brand names Mercedes-Benz, Freightliner, FUSO, Western Star, Thomas Built Buses and BharatBenz. The vans of the Mercedes-Benz Vans segment are primarily sold under the brand name Mercedes-Benz and also under the Freightliner brand. Daimler Buses sells completely built-up buses under the brand names Mercedes-Benz and Setra. In addition, Daimler Buses produces and sells bus chassis. The vehicle segments also sell related spare parts and accessories.

The Daimler Financial Services segment supports the sales of the Group's vehicle segments worldwide. Its product portfolio mainly comprises tailored financing and leasing packages for customers and dealers. The segment also provides services such as fleet management, the brokering of automotive insurance, banking services and various innovative mobility services (under the brands moovel and car2go).

Management and reporting system
The Group's management reporting and controlling systems principally use accounting policies that are the same as those described in Note 1 in the summary of significant accounting policies according to IFRS.

The Group measures the performance of its operating segments through a measure of segment profit or loss which is referred to as "EBIT" in our management and reporting system.

EBIT comprises gross profit, selling and general administrative expenses, research and non-capitalized development costs, other operating income/expense, and our share of profit/loss from equity-method investments, net, as well as other financial income/expense, net. Although amortization of capitalized borrowing costs is included in cost of sales, it is not included in EBIT.

Intersegment revenue is generally recorded at values that approximate third-party selling prices.

Segment assets principally comprise all assets. The industrial business segments' assets exclude income tax assets, assets from defined benefit pension plans and other post-employment benefit plans, and certain financial assets (including liquidity).

Segment liabilities principally comprise all liabilities. The industrial business segments' liabilities exclude income tax liabilities, liabilities from defined benefit pension plans and other post-employment benefit plans, and certain financial liabilities (including financing liabilities).

Daimler Financial Services' performance is measured on the basis of return on equity, which is the usual procedure in the banking business.

The residual value risks associated with the Group's operating leases and finance lease receivables are generally borne by the vehicle segments that manufactured the leased equipment. Risk sharing is based on agreements between the respective vehicle segments and Daimler Financial Services; the terms vary by vehicle segment and geographic region.

Non-current assets consist of intangible assets, property, plant and equipment and equipment on operating leases.

Capital expenditures for intangible assets and property, plant and equipment reflect the cash effective additions to these property, plant and equipment and intangible assets as far as they do not relate to capitalized borrowing costs, goodwill and finance leases.

Depreciation and amortization may also include impairments as far as they do not relate to goodwill impairment as per IAS 36.

Amortization of capitalized borrowing costs is not included in the amortization of intangible assets or depreciation of property, plant and equipment since it is not considered as part of EBIT.

Reconciliation
Reconciliation includes corporate items for which headquarters are responsible. Transactions between the segments are eliminated in the context of consolidation and the eliminated amounts are included in the reconciliation.

The effects of certain legal proceedings are excluded from the operative results and liabilities of the segments if such items are not indicative of the segments' performance, since their related results of operations may be distorted by the amount and the irregular nature of such events. This may also be the case for items that refer to more than one reportable segment.

Reconciliation also includes corporate projects, profits and losses on derivative financial transactions allocated to headquarters and equity interests not allocated to the segments. If the Group hedges investments in associated companies for strategic reasons, the related financial assets and earnings effects are generally not allocated to the segments.

Information related to geographic areas
With respect to information about geographical regions, revenue is allocated to countries based on the location of the customer; non-current assets are presented according to the physical location of these assets.

Table ↗ **E.84** presents segment information as of and for the years ended December 31, 2015 and 2014.

E.84
Segment information

	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Financial Services	Total Segments	Reconciliation	Daimler Group
In millions of euros								
2015								
External revenue	80,956	35,613	11,129	4,046	17,723	149,467	–	149,467
Intersegment revenue	2,853	1,965	344	67	1,239	6,468	-6,468	–
Total revenue	83,809	37,578	11,473	4,113	18,962	155,935	-6,468	149,467
Segment profit (EBIT)	7,926	2,576	880	214	1,619	13,215	-29	13,186
thereof profit/loss from equity-method investments	428	-16	-14	2	-10	390	74	464
thereof expenses from compounding of provisions and changes in discount rates	13	-15	-7	-3	-4	-16	-4	-20
Segment assets	58,965	21,290	6,311	3,562	123,863	213,991	3,175	217,166
thereof carrying amounts of equity method investments	2,142	578	109	9	23	2,861	772	3,633
Segment liabilities	39,173	13,653	5,038	2,833	113,991	174,688	-12,146	162,542
Additions to non-current assets	12,556	2,242	1,194	509	12,312	28,813	5	28,818
thereof investments in intangible assets	1,815	67	288	16	75	2,261	–	2,261
thereof investments in property, plant and equipment	3,629	1,110	202	104	30	5,075	–	5,075
Depreciation and amortization of non-current assets	4,850	1,559	481	251	4,182	11,323	17	11,340
thereof amortization of intangible assets	1,122	285	106	14	53	1,580	–	1,580
thereof depreciation of property, plant and equipment	2,677	847	184	79	16	3,803	1	3,804

Mercedes-Benz Cars
In 2015, in Mercedes-Benz Cars segment, the restructuring of the own dealer network had an effect of €-64 million (2014: €-81 million). In 2015, the optimization programs led to a cash inflow of €180 million (2014: €-5 million) (see also Note 5). The division's earnings also include expenses of €300 million from a recall in connection with Takata airbags as well as expenses of €121 million for public-sector levies of prior periods. Furthermore, Mercedes-Benz Cars segment had an effect of €87 million from the sale of property in USA.

Daimler Trucks
In January 2013, Daimler Trucks decided on workforce adjustments in Germany and Brazil, which were continued in 2015. Expenses recorded in this regard and for the restructuring of the own dealer network amounted to €105 million in 2015 (2014: €165 million). In 2015, the optimization programs led to a cash outflow of €64 million (2014: €170 million) (see also Note 5). Further expenses of €61 million resulted from the sale of the investment in Atlantis Foundries (Pty.) Ltd.

Mercedes-Benz Vans
In 2015, expenses of €40 million from a recall in connection with Takata airbags had a negative effect on earnings. Furthermore, expenses from the restructuring of the own dealer network affected Mercedes-Benz Vans by an amount of €29 million (2014: €17 million).

Daimler Buses
In 2015, expenses from the restructuring of the Group's dealer network impacted Daimler Buses in 2015 with an amount of €4 million (see also Note 5). The prior-year amount of €14 million additionally included expenses for the measures described under Daimler Trucks. Furthermore, income of €16 million resulted from the sale of the investment in New MCI Holdings Inc.

Daimler Financial Services
The interest income and interest expenses of Daimler Financial Services are included in revenue and cost of sales, and are presented in Notes 4 and 5.

In millions of euros	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Financial Services	Total Segments	Reconciliation	Daimler Group
2014								
External revenue	70,899	30,302	9,601	4,155	14,915	129,872	–	129,872
Intersegment revenue	2,685	2,087	367	63	1,076	6,278	-6,278	–
Total revenue	73,584	32,389	9,968	4,218	15,991	136,150	-6,278	129,872
Segment profit (EBIT)	5,853	1,878	682	197	1,387	9,997	755	10,752
thereof profit/loss from equity-method investments	103	-1	63	1	-15	151	746	897
thereof expenses from compounding of provisions and changes in discount rates	-247	-70	-20	-11	-4	-352	-1	-353
Segment assets	51,950	20,181	5,895	3,562	105,454	187,042	2,593	189,635
thereof carrying amounts of equity method investments	936	545	97	8	30	1,616	678	2,294
Segment liabilities	34,811	12,131	4,349	2,622	97,837	151,750	-6,699	145,051
Additions to non-current assets	10,949	1,896	1,004	507	9,899	24,255	10	24,265
thereof investments in intangible assets	1,238	77	115	13	20	1,463	–	1,463
thereof investments in property, plant and equipment	3,621	788	304	105	23	4,841	3	4,844
Depreciation and amortization of non-current assets[1]	4,562	1,435	452	225	3,368	10,042	15	10,057
thereof amortization of intangible assets	1,086	284	93	15	20	1,498	–	1,498
thereof depreciation of property, plant and equipment[1]	2,446	766	197	75	14	3,498	3	3,501

1 Includes impairments of property, plant and equipment of €93 million from the sale of selected sites of the Group's sales network, of which €64 million relates to Mercedes-Benz Cars, €13 million to Daimler Trucks, €14 million to Mercedes-Benz Vans and €2 million to Daimler Buses.

Reconciliations

Reconciliations of the total segment amounts to the respective items included in the consolidated financial statements are shown in table ↗ **E.85**.

In 2014, the line item *other corporate items* comprises expenses of €600 million in connection with the ongoing EU Commission antitrust proceedings concerning European commercial vehicle manufacturers as well as further expenses in connection with legal proceedings. This line item also includes expenses of €212 million from the hedging of the Tesla share price and income of €88 million from the sale of the Tesla shares, as well as expenses of €118 million from the measurement of the RRPSH put option.

Revenue and non-current assets by region

Revenue from external customers and non-current assets by region are shown in table ↗ **E.86**.

E.85
Reconciliation to Group figures

	2015	2014
In millions of euros		
Total of segments' profit (EBIT)	13,215	9,997
Result from the disposal of the investment in RRPSH	–	1,006
Equity-method investments		
Remeasurement of the investment in Tesla	–	718
Other income from equity-method investments[1]	74	28
Other corporate items	-153	-1,039
Eliminations	50	42
Group EBIT	13,186	10,752
Amortization of capitalized borrowing costs[2]	-10	-9
Interest income	170	145
Interest expense	-602	-715
Profit before income taxes	12,744	10,173
Total of segments' assets	213,991	187,042
Carrying amount of equity-method investments[3]	772	678
Income tax assets[4]	3,338	4,028
Unallocated financial assets (including liquidity) and assets from pensions and similar obligations[4]	16,110	13,886
Other corporate items and eliminations	-17,045	-15,999
Group assets	217,166	189,635
Total of segments' liabilities	174,688	151,750
Income tax liabilities[4]	283	47
Unallocated financial liabilities and liabilities from pensions and similar obligations[4]	5,672	9,661
Other corporate items and eliminations	-18,101	-16,407
Group liabilities	162,542	145,051

1 Mainly comprises the Group's proportionate share of profits and losses of BAIC Motor.
2 Amortization of capitalized borrowing costs is not considered in the internal performance measure "EBIT" but is included in cost of sales.
3 Mainly comprises the carrying amount of the investment in BAIC Motor.
4 Industrial business.

E.86
Revenue and non-current assets by region

	Revenue 2015	Revenue 2014	Non-current assets 2015	Non-current assets 2014
In millions of euros				
Western Europe	49,570	43,722	44,025	40,519
thereof Germany	22,001	20,449	34,981	32,882
NAFTA	47,653	38,025	24,105	20,238
thereof United States	41,920	33,310	21,878	18,161
Asia	33,744	29,446	2,161	1,859
thereof China	14,684	13,294	100	79
Other markets	18,500	18,679	3,042	2,983
	149,467	129,872	73,333	65,599

34. Capital management

"Net assets" and "value added" represent the basis for capital management at Daimler. The assets and liabilities of the segments in accordance with IFRS provide the basis for the determination of net assets at Group level. The industrial segments are accountable for the operational net assets; all assets, liabilities and provisions which they are responsible for in day-to-day operations are therefore allocated to them. Performance measurement at Daimler Financial Services is on an equity basis, in line with the usual practice in the banking business. Net assets at Group level additionally include assets and liabilities from income taxes as well as other corporate items and eliminations.

The average annual net assets are calculated from the average quarterly net assets. The average quarterly net assets are calculated as an average of the net assets at the beginning and the end of the quarter and are shown in table ↗ **E.87**.

The cost of capital of the Group's average net assets is reflected in value added. Value added shows the extent to which the Group achieves or exceeds the minimum return requirements of the shareholders and creditors, thus creating additional value. The required rate of return on net assets, and thus the cost of capital, are derived from the minimum rates of return that investors expect on their invested capital. The Group's cost of capital comprises the cost of equity as well as the costs of debt and pension obligations of the industrial business; in addition, the expected returns on liquidity and on the plan assets of the pension funds of the industrial business are considered with the opposite sign. In the reporting period, the cost of capital used for our internal capital management amounted to 8% after taxes.

The objective of capital management is to increase value added among other things by optimizing the cost of capital. This is achieved on the one hand by the management of the net assets, for instance by optimizing working capital, which is within the operational responsibility of the segments. In addition, taking into account legal regulations, Daimler strives to optimize the costs and risks of its capital structure and, consequently, the cost of capital, with due consideration of applicable law. Examples of this include a balanced relationship between equity and financial liabilities as well as an appropriate level of liquidity, oriented towards the operational requirements.

35. Earnings per share

The calculation of basic and diluted earnings per share is based on net profit attributable to shareholders of Daimler AG. Following the expiration of the stock option plan in 2014, dilutive effects no longer exist. The profit attributable to shareholders of Daimler AG (basic and diluted) amounts to €8,424 million (2014: €6,962 million). The weighted average number of shares outstanding (basic and diluted) amounts to 1,069.8 million (2014: 1,069.8 million).

E.87

Average net assets

	2015	2014
In millions of euros		
Mercedes-Benz Cars	**17,045**	17,114
Daimler Trucks	**7,974**	9,313
Mercedes-Benz Vans	**1,479**	1,742
Daimler Buses	**906**	982
Daimler Financial Services[1]	**8,859**	7,154
Net assets of the segments	**36,263**	36,305
Equity method investments[2]	**770**	618
Assets and liabilities from income taxes[3]	**3,772**	2,700
Other corporate items and eliminations[3]	**839**	1,156
Net assets Daimler Group	**41,644**	40,779

1 Equity
2 Unless allocated to the segments
3 Industrial business

36. Related party relationships

Related parties are deemed to be associated companies, joint ventures, joint operations and unconsolidated subsidiaries, as well as persons who exercise a significant influence on the financial and business policy of the Daimler Group. The latter category includes all persons in key positions and their close family members. At the Daimler Group, those persons are the members of the Board of Management and of the Supervisory Board.

Most of the goods and services supplied within the ordinary course of business between the Group and related parties comprise transactions with associated companies, joint ventures and joint operations, and are shown in table ↗ **E.88**.

Associated companies
A large proportion of the Group's sales of goods and services with associated companies as well as receivables results from business relations with Beijing Benz Automotive Co., Ltd. (BBAC). See Note 13 for further information on BBAC.

Until the sale of the company in 2014, significant transactions of goods and services also took place with Rolls-Royce Power Systems AG (RRPS), which is a subsidiary of RRPSH. Further information on RRPSH is also provided in Note 13.

The purchases of goods and services shown in table ↗ **E.88** were primarily from MBtech Group GmbH & Co. KGaA (MBtech Group). MBtech Group develops, integrates and tests components, systems, modules and vehicles worldwide.

In 2015, the associated company BAIC Motor acquired a 35% interest in the fully consolidated Mercedes-Benz Leasing Co., Ltd. (MBLC) in the context of a capital increase. Daimler continues to be the main shareholder with an interest of 65%.

Joint ventures
Significant sales of goods and services took place with Fujian Benz Automotive Co., Ltd. (FBAC), as well as with Mercedes-Benz Trucks Vostok OOO, a joint venture established with Kamaz PAO, another of the Group's associated companies. The Mercedes-Benz Trucks Vostok (MBTV) and Fuso Kamaz Trucks Rus (FKTR) joint ventures, which had previously operated separately, were merged in 2015 as Mercedes-Benz Trucks Vostok (MBTV). MBTV was renamed into DAIMLER KAMAZ RUS OOO (DK RUS) on January 21, 2016.

In connection with its 45% equity interest in Toll Collect GmbH, Daimler has issued guarantees which are not shown in table ↗ **E.88** (€100 million at December 31, 2015 and at December 31, 2014).

Joint operations
Joint operations primarily relate to significant business transactions with Beijing Mercedes-Benz Sales Service Co., Ltd. (BMBS), which provides advisory and other services relating to marketing, sales and distribution in the Chinese market.

Note 13 provides details of the business operations of the significant associated companies and joint ventures, as well as significant transactions in the years 2015 and 2014.

Contributions to plan assets
In 2015 and 2014, the Group made contributions of €1,902 million and €3,121 million to its external funds to cover pension and other post-employment benefits. See also Note 22 for further information.

E.88
Transactions with related parties

	Sales of goods and services and other income		Purchases of goods and services and other expense		Receivables At December 31,		Payables At December 31,	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
In millions of euros								
Associated companies	**3,192**	2,433	**367**	316	**936**	764	**96**	65
thereof BBAC	**2,922**	2,093	**69**	28	**884**	726	**51**	16
Joint ventures	**497**	646	**91**	134	**158**	195	**8**	6
Joint operations	**31**	25	**281**	221	**47**	44	**35**	22

Board members
Throughout the world, the Group has business relationships with numerous entities that are customers and/or suppliers of the Group. Those customers and/or suppliers include companies that have a connection with some of the members of the Board of Management or of the Supervisory Board and close family members of these board members of Daimler AG or its subsidiaries.

Board of Management and Supervisory Board members and close family members of these board members may also purchase goods and services from Daimler AG or its subsidiaries as customers. When such business relationships exist, transactions are concluded on the basis of customary market conditions.

See Note 37 for information on the remuneration of board members.

No advance payments or loans were made to members of the Board of Management or to the members of the Supervisory Board of Daimler AG.

The payments made in 2015 to former members of the Board of Management of Daimler AG and their survivors amounted to €15.5 million (2014: €16.8 million). The pension provisions for former members of the Board of Management and their survivors amounted to €235.2 million as of December 31, 2015 (2014: €263.0 million).

Information regarding the remuneration of the members of the Board of Management and of the Supervisory Board is disclosed on an individual basis in the Remuneration Report, which is part of the Management Report.
Management Report from page 122

37. Remuneration of the members of the Board of Management and the Supervisory Board

Remuneration granted to the members of the Board of Management and the Supervisory Board who were active as of December 31, 2015, affected net profit for the year ended December 31 as shown in table ↗ **E.89**.

Expenses for variable remuneration with long-term incentive effect, as shown in table ↗ **E.89**, result from the ongoing measurement at fair value at each balance sheet date of all rights granted and not yet due under the Performance Phantom Share Plans (PPSP). In 2015, the active members of the Board of Management were granted 147,170 (2014: 153,912) phantom shares in connection with the PPSP; the fair value of these phantom shares at the grant date was €12.3 million (2014: €10.1 million). According to Section 314 Subsection 1 Number 6a of the German Commercial Code (HGB) the overall remuneration granted to the members of the Board of Management, excluding service cost resulting from entitlements to post-employment benefits, amounted to €38.8 million (2014: €29.9 million). See Note 21 for additional information on share-based payment of the members of the Board of Management.

The members of the Supervisory Board are solely granted short-term benefits for their board and committee activities, except for remuneration and other benefits paid to those members representing the employees in accordance with their contracts of employment. No remuneration was paid for services provided personally beyond board and committee activities, in particular for advisory or agency services, in 2015 or 2014.

E.89
Remuneration of the members of the Board of Management and the Supervisory Board

	2015	2014
In millions of euros		
Remuneration of the Board of Management		
Fixed remuneration	9.1	8.2
Short-term variable remuneration	8.7	5.8
Mid-term variable remuneration	8.8	6.2
Variable remuneration with a long-term incentive effect	21.1	20.7
Post-employment benefits (service cost)	3.5	2.8
Termination benefits	–	–
	51.2	43.7
Remuneration of the Supervisory Board	3.5	3.6
	54.7	47.3

38. Principal accountant fees

The shareholders of Daimler AG elected KPMG AG Wirtschaftsprüfungsgesellschaft as the external auditor at the Annual Shareholders' Meeting held on April 1, 2015. Table ↗ E.90 shows the fees paid for services provided by KPMG AG Wirtschaftsprüfungsgesellschaft and the companies of the worldwide KPMG group.

The annual audit fees are for the audit of the consolidated financial statements and the company financial statements of Daimler AG and the subsidiaries included in the Group's consolidated financial statements.

Fees for other attestation services include in particular the review of the interim IFRS financial statements (2015: €5 million; 2014: €5 million), the audit of the internal control system (2015: €3 million; 2014: €3 million), as well as project-related reviews connected with the annual financial statements and performed in the context of the introduction and further development of IT systems (2015: €6 million; 2014: €5 million).

E.90
Accountant fees

	2015	2014
In millions of euros		
Audit of financial statements	**25**	24
thereof KPMG AG Wirtschaftsprüfungsgesellschaft	**10**	10
Other attestation services	**16**	14
thereof KPMG AG Wirtschaftsprüfungsgesellschaft	**12**	10
Tax consulting	**2**	2
thereof KPMG AG Wirtschaftsprüfungsgesellschaft	**1**	1
Other services	**11**	4
thereof KPMG AG Wirtschaftsprüfungsgesellschaft	**10**	4
	54	44

E.91
Third-party companies

Name of the company	Renault SA[2]	Nissan Motor Company Ltd.[3]
Headquarters of the company	Boulogne-Billancourt, France	Tokyo, Japan
Equity interest (in %)[1]	3.1	3.1
Total equity (in millions of euros)[4]	24,476	37,491
Net profit (in millions of euros)[4]	1,890	3,300

1 As of December 31, 2015.
2 Based on IFRS consolidated financial statements for the year ended December 31, 2014.
3 Based on national consolidated financial statements for the year ended March 31, 2015.
4 Excluding non-controlling interests.

39. Additional information

German Corporate Governance Code
The Board of Management and the Supervisory Board of Daimler AG have issued a declaration pursuant to Section 161 of the German Stock Corporation Act (AktG) and have made it permanent available to their shareholders on Daimler's website at http://www.daimler.com/documents/company/corporate-governance/declarations/daimler-declaration-en-12-2015.pdf.

Third-party companies
At December 31, 2015, the Group was a shareholder of the companies included in table ↗ E.91 that meet the criteria of a significant third-party company as defined by the German Corporate Governance Code

Information on investments
The statement of investments of Daimler AG pursuant to Sections 285 and 313 of the German Commercial Code (HGB) is presented in table ↗ E.92. In prior years, for information regarding equity and earnings, values from local financial statements were generally used. As of the financial statements for the year under review, IFRS values are used for fully consolidated companies. The change to IFRS values allows a better comparison of the values. Information on equity and earnings and information on investments pursuant to Section 285 No. 11 fourth part of the Sentence and/or Section 313 Subsection 2 No. 4 Sentence 2 of the HGB is omitted pursuant to Section 286 Subsection 3 Sentence 1 No. 1 and/or Section 313 Subsection 2 No. 4 Sentence 3 of the HGB to the extent that such information is of minor relevance for a fair presentation of the profitability, liquidity and capital resources, and financial position of Daimler AG. In addition, the statement of investments indicates which consolidated companies make use of the exemption pursuant to Section 264 Subsection 3 of the HGB and/or Section 264b of the HGB (footnote 5). The consolidated financial statements of Daimler AG release those subsidiaries from the requirements that would otherwise apply.

E.92
Statement of investments of Daimler AG

Name of the Company	Domicile, Country	Capital share in %[1]	Equity in millions of €	Net income (loss) in millions of €	Footnote
I. Consolidated subsidiaries					
Auto Testing Company, Inc.	Wilmington, USA	100.00	–	–	
AutoGravity Corporation	Wilmington, USA	100.00	–	–	
Banco Mercedes-Benz do Brasil S.A.	São Paulo, Brazil	100.00	337	22	15
Belerofonte Empreendimentos Imobiliários Ltda.	São Paulo, Brazil	100.00	–	–	
Brooklands Estates Management Limited	Milton Keynes, United Kingdom	100.00	–	–	
Campo Largo Comercio de Veículos e Peças Ltda.	São Bernardo do Campo, Brazil	100.00	–	–	
car2go Canada Ltd.	Vancouver, Canada	100.00	4	-13	
car2go China Co., Ltd.	Beijing, China	100.00	–	–	
car2go Danmark A/S	Copenhagen, Denmark	100.00	–	–	
car2go Deutschland GmbH	Leinfelden-Echterdingen, Germany	100.00	6	-17	
car2go Europe GmbH	Leinfelden-Echterdingen, Germany	75.00	–	–	
car2go Group GmbH	Leinfelden-Echterdingen, Germany	100.00	–	–	5, 6
car2go Iberia S.L.	Madrid, Spain	100.00	–	–	
car2go Italia S.R.L.	Milan, Italy	100.00	2	-10	
car2go N.A. LLC	Wilmington, USA	100.00	12	-24	
car2go Nederland B.V.	Utrecht, Netherlands	100.00	–	–	
car2go Österreich GmbH	Vienna, Austria	100.00	–	–	
car2go Sverige AB	Stockholm, Sweden	100.00	–	–	
car2go UK Ltd.	Milton Keynes, United Kingdom	100.00	–	–	
CARS Technik & Logistik GmbH	Wiedemar, Germany	100.00	–	–	5, 6
CLIDET NO 1048 (Proprietary) Limited	Centurion, South Africa	100.00	–	–	
Conemaugh Hydroelectric Projects, Inc.	Farmington Hills, USA	100.00	–	–	
Coventry Lane Holdings, L.L.C.	Farmington Hills, USA	100.00	–	–	
DA Investments Co. LLC	Wilmington, USA	100.00	–	–	
DAF Investments, Ltd.	Farmington Hills, USA	100.00	–	–	
Daimler AC Leasing, d.o.o.	Ljubljana, Slovenia	52.00	–	–	
Daimler Australia/Pacific Pty. Ltd.	Melbourne, Australia	100.00	–	–	
Daimler Automotive de Venezuela C.A.	Valencia, Venezuela	100.00	–	–	
Daimler Buses North America Inc.	Oriskany, USA	100.00	34	16	15
Daimler Buses North America Ltd.	Toronto, Canada	100.00	–	–	
Daimler Canada Finance Inc.	Montreal, Canada	100.00	239	7	
Daimler Canada Investments Company	Halifax, Canada	100.00	–	–	
Daimler Capital Services LLC	Farmington Hills, USA	100.00	–	–	
Daimler Colombia S. A.	Bogota D.C., Colombia	100.00	13	-10	
Daimler Export and Trade Finance GmbH	Berlin, Germany	100.00	–	–	5, 6
Daimler Finance North America LLC	Wilmington, USA	100.00	–	–	
Daimler Financial Services AG	Stuttgart, Germany	100.00	1,894	–	5, 6
Daimler Financial Services India Private Limited	Chennai, India	100.00	–	–	
Daimler Financial Services Japan Co., Ltd.	Kawasaki, Japan	100.00	86	14	15
Daimler Financial Services México, S. de R.L. de C.V.	Mexico City, Mexico	100.00	116	30	15
Daimler Financial Services, S.A. de C.V., S.O.F.O.M., E.N.R.	Mexico City, Mexico	100.00	–	–	
Daimler Fleet Management GmbH	Stuttgart, Germany	100.00	20	–	5, 6
Daimler Fleet Management Singapore Pte. Ltd.	Singapore, Singapore	100.00	–	–	
Daimler Fleet Management South Africa (Pty.) Ltd.	Centurion, South Africa	65.00	–	–	
Daimler Fleet Management UK Limited	Milton Keynes, United Kingdom	100.00	–	–	
Daimler Fleet Services A.S.	Istanbul, Turkey	100.00	–	–	
Daimler FleetBoard GmbH	Stuttgart, Germany	100.00	–	–	5, 6
Daimler Greater China Ltd.	Beijing, China	100.00	1,373	361	
Daimler Grund Services GmbH	Schönefeld, Germany	100.00	–	–	5, 6
Daimler India Commercial Vehicles Private Limited	Chennai, India	100.00	-120	-188	
Daimler Insurance Agency LLC	Farmington Hills, USA	100.00	–	–	
Daimler Insurance Services GmbH	Stuttgart, Germany	100.00	–	–	5, 6
Daimler Insurance Services Japan Co., Ltd.	Tokyo, Japan	100.00	–	–	
Daimler Insurance Services UK Limited	Milton Keynes, United Kingdom	100.00	–	–	
Daimler International Finance B.V.	Utrecht, Netherlands	100.00	–	–	
Daimler Investments US Corporation	Wilmington, USA	100.00	–	–	
Daimler Manufactura, S. de R.L. de C.V.	Mexico City, Mexico	100.00	–	–	
Daimler Mexico, S.A. de C.V.	Mexico City, Mexico	100.00	377	12	
Daimler Motors Investments LLC	Farmington Hills, USA	100.00	–	–	

Name of the Company	Domicile, Country	Capital share in %[1]	Equity in millions of €	Net income (loss) in millions of €	Footnote
Daimler Nederland B.V.	Utrecht, Netherlands	100.00	836	2	
Daimler North America Corporation	Wilmington, USA	100.00	10,963	1,993	15
Daimler North America Finance Corporation	Newark, USA	100.00	–	–	
Daimler Northeast Asia Parts Trading and Services Co., Ltd.	Beijing, China	100.00	93	26	
Daimler Parts Brand GmbH	Stuttgart, Germany	100.00	–	–	5, 6
Daimler Re Brokers GmbH	Bremen, Germany	74.90	–	–	5, 6
Daimler Re Insurance S.A. Luxembourg	Luxembourg, Luxembourg	100.00	46	10	
Daimler Real Estate GmbH	Berlin, Germany	100.00	–	–	5, 6
Daimler Retail Receivables LLC	Farmington Hills, USA	100.00	–	–	
DAIMLER SERVICIOS CORPORATIVOS MEXICO S. DE R.L. DE C.V.	Mexico City, Mexico	100.00	–	–	
Daimler South East Asia Pte. Ltd.	Singapore, Singapore	100.00	214	91	
Daimler Trucks and Buses (China) Ltd.	Beijing, China	100.00	–	–	
Daimler Trucks Canada Ltd.	Mississauga, Canada	100.00	30	65	15
Daimler Trucks Korea Ltd.	Seoul, South Korea	100.00	–	–	
Daimler Trucks North America LLC	Portland, USA	100.00	2,337	1,543	
Daimler Trucks Remarketing Corporation	Portland, USA	100.00	100	-10	
Daimler Trust Holdings LLC	Farmington Hills, USA	100.00	–	–	
Daimler Trust Leasing Conduit LLC	Farmington Hills, USA	100.00	–	–	
Daimler Trust Leasing LLC	Farmington Hills, USA	100.00	–	–	
Daimler UK Limited	Milton Keynes, United Kingdom	100.00	561	48	
Daimler Vans Hong Kong Limited	Hong Kong, China	67.55	–	–	
Daimler Vans Manufacturing, LLC	Ladson, USA	100.00	–	–	
Daimler Vans USA, LLC	Wilmington, USA	100.00	–	–	
Daimler Vehículos Comerciales Mexico S. de R.L. de C.V.	Mexico City, Mexico	100.00	–	–	15
Daimler Vermögens- und Beteiligungsgesellschaft mbH	Stuttgart, Germany	100.00	4,125	–	5, 6, 15
Daimler Verwaltungsgesellschaft für Grundbesitz mbH	Schönefeld, Germany	100.00	3,866	–	5, 6
Daimler Vorsorge und Versicherungsdienst GmbH	Berlin, Germany	100.00	–	–	5, 6
Daimspain S.L.	Madrid, Spain	100.00	2,308	48	
Daiprodco Mexico S. de R.L. de C.V.	Mexico City, Mexico	100.00	–	–	
DCS UTI LLC, Mercedes Series	Farmington Hills, USA	100.00	–	–	
Detroit Diesel Corporation	Detroit, USA	100.00	193	259	15
Detroit Diesel Remanufacturing LLC	Detroit, USA	100.00	64	22	
Detroit Diesel Remanufacturing Mexicana, S. de R.L. de C.V.	Toluca, Mexico	100.00	–	–	
Detroit Diesel-Allison de Mexico, S. de R.L. de C.V.	San Juan Ixtacala, Mexico	100.00	–	–	
Deutsche Accumotive GmbH & Co. KG	Kirchheim unter Teck, Germany	100.00	64	-17	5
EHG Elektroholding GmbH	Stuttgart, Germany	100.00	1,115	–	5, 6
EvoBus (Schweiz) AG	Kloten, Switzerland	100.00	–	–	
EvoBus (U.K.) Ltd.	Coventry, United Kingdom	100.00	–	–	
EvoBus Austria GmbH	Wiener Neudorf, Austria	100.00	–	–	
EvoBus Belgium N.V.	Kobbegem-Asse, Belgium	100.00	–	–	
EvoBus Ceská republika s.r.o.	Prague, Czech Republic	100.00	–	–	
EvoBus Danmark A/S	Koege, Denmark	100.00	–	–	
EvoBus France S.A.S.	Sarcelles, France	100.00	–	–	
EvoBus GmbH	Kirchheim unter Teck, Germany	100.00	251	–	5, 6
EvoBus Ibérica, S.A. (Sociedad Unipersonal)	Sámano, Spain	100.00	–	–	
EvoBus Italia S.p.A.	Bomporto, Italy	100.00	–	–	
EvoBus Nederland B.V.	Nijkerk, Netherlands	100.00	–	–	
EvoBus Polska Sp. z o.o.	Wolica, Poland	100.00	–	–	
EvoBus Portugal, S.A.	Mem Martins, Portugal	100.00	–	–	
EvoBus Sverige AB	Vetlanda, Sweden	100.00	–	–	
Freightliner Custom Chassis Corporation	Gaffney, USA	100.00	24	84	
GlobeSherpa Inc.	Portland, USA	100.00	–	–	
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 1 OHG	Schönefeld, Germany	100.00	2,097	334	5
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 2 OHG	Schönefeld, Germany	100.00	–	–	5
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 3 OHG	Schönefeld, Germany	100.00	–	–	5
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 4 OHG	Schönefeld, Germany	100.00	403	48	5

Name of the Company	Domicile, Country	Capital share in %[1]	Equity in millions of €	Net income (loss) in millions of €	Footnote
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 5 OHG	Schönefeld, Germany	100.00	592	34	5
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 6 OHG	Schönefeld, Germany	100.00	215	13	5
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 7 OHG	Schönefeld, Germany	100.00	–	–	5
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Beta OHG	Schönefeld, Germany	100.00	151	35	5
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Delta OHG	Schönefeld, Germany	100.00	187	23	5
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Epsilon OHG	Schönefeld, Germany	100.00	170	15	5
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Gamma 1 OHG	Schönefeld, Germany	100.00	279	69	5
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Gamma 2 OHG	Schönefeld, Germany	100.00	144	14	5
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Gamma 3 OHG	Schönefeld, Germany	100.00	–	–	5
Grundstücksverwaltungsgesellschaft EvoBus GmbH & Co. OHG	Schönefeld, Germany	100.00	166	14	5, 7
Grundstücksverwaltungsgesellschaft Henne-Unimog GmbH & Co. OHG	Schönefeld, Germany	100.00	–	–	5
Henne-Unimog GmbH	Kirchheim-Heimstetten, Germany	100.00	–	–	5, 6
Intelligent Apps GmbH	Hamburg, Germany	100.00	31	–	5, 6
Intrepid Insurance Company	Farmington Hills, USA	100.00	–	–	
Invema Assessoria Empresarial Ltda	São Paulo, Brazil	100.00	–	–	
Koppieview Property (Pty) Ltd	Zwartkop, South Africa	100.00	–	–	
Li-Tec Battery GmbH	Kamenz, Germany	100.00	–	–	5, 6
MBarc Credit Canada Inc.	Mississauga, Canada	100.00	–	–	
MDC Power GmbH	Kölleda, Germany	100.00	–	–	5, 6
MDC Technology GmbH	Arnstadt, Germany	100.00	–	–	5, 6
Mercedes AMG High Performance Powertrains Ltd	Brixworth, United Kingdom	100.00	108	13	
Mercedes-AMG GmbH	Affalterbach, Germany	100.00	459	–	5, 6
Mercedes-Benz - Aluguer de Veículos, Unipessoal Lda.	Mem Martins, Portugal	100.00	–	–	
Mercedes-Benz (China) Ltd.	Beijing, China	75.00	2,048	627	15
Mercedes-Benz (Thailand) Limited	Bangkok, Thailand	100.00	294	107	15
Mercedes-Benz (Yangzhou) Parts Distribution Co., Ltd.	Yangzhou, China	100.00	–	–	
Mercedes-Benz Accessories GmbH	Stuttgart, Germany	100.00	6	–	5, 6
Mercedes-Benz AG & Co. Grundstücksvermietung Objekte Leipzig und Magdeburg KG	Düsseldorf, Germany	100.00	–	–	3
Mercedes-Benz Antwerpen N.V.	Antwerp, Belgium	100.00	–	–	
Mercedes-Benz Argentina S.A.	Buenos Aires, Argentina	100.00	–	–	
Mercedes-Benz Asia GmbH	Stuttgart, Germany	100.00	–	–	5, 6
Mercedes-Benz Assuradeuren B.V.	Utrecht, Netherlands	100.00	–	–	
Mercedes-Benz Australia/Pacific Pty Ltd	Melbourne, Australia	100.00	538	147	
Mercedes-Benz Auto Finance Ltd.	Beijing, China	100.00	1,190	83	
Mercedes-Benz Auto Lease Trust 2014-A	Wilmington, USA	0.00	–	–	3
Mercedes-Benz Auto Lease Trust 2015-A	Wilmington, USA	0.00	–	–	3
Mercedes-Benz Auto Lease Trust 2015-B	Wilmington, USA	0.00	–	–	3
Mercedes-Benz Auto Receivables Trust 2013-1	Wilmington, USA	0.00	–	–	3
Mercedes-Benz Auto Receivables Trust 2014-1	Wilmington, USA	0.00	–	–	3
Mercedes-Benz Auto Receivables Trust 2015-1	Wilmington, USA	0.00	–	–	3
Mercedes-Benz Bank AG	Stuttgart, Germany	100.00	1,732	–	6
Mercedes-Benz Bank GmbH	Vienna, Austria	100.00	–	–	
Mercedes-Benz Bank Polska S.A.	Warsaw, Poland	100.00	–	–	
Mercedes-Benz Bank Rus OOO	Moscow, Russian Federation	100.00	–	–	
Mercedes-Benz Bank Service Center GmbH	Berlin, Germany	100.00	–	–	
Mercedes-Benz Banking Service GmbH	Saarbrücken, Germany	100.00	–	–	5, 6
Mercedes-Benz Belgium Luxembourg S.A.	Brussels, Belgium	100.00	–	–	15
Mercedes-Benz Bordeaux S.A.S.	Begles, France	100.00	–	–	
Mercedes-Benz Broker Biztositási Alkusz Hungary Kft.	Budapest, Hungary	100.00	–	–	
Mercedes-Benz Brooklands Limited	Milton Keynes, United Kingdom	100.00	–	–	
Mercedes-Benz Canada Inc.	Toronto, Canada	100.00	114	89	

Name of the Company	Domicile, Country	Capital share in %[1]	Equity in millions of €	Net income (loss) in millions of €	Footnote
Mercedes-Benz Capital Rus OOO	Moscow, Russian Federation	100.00	–	–	
Mercedes-Benz Ceská republika s.r.o.	Prague, Czech Republic	100.00	48	12	
Mercedes-Benz CharterWay España, S.A.	Alcobendas, Spain	100.00	–	–	
Mercedes-Benz CharterWay Gesellschaft mit beschränkter Haftung	Berlin, Germany	100.00	13	–	5, 6
Mercedes-Benz CharterWay S.A.S.	Le Chesnay, France	100.00	–	–	
Mercedes-Benz CharterWay S.r.l.	Trent, Italy	100.00	–	–	
Mercedes-Benz Comercial, Unipessoal Lda.	Mem Martins, Portugal	100.00	–	–	
Mercedes-Benz Compania de Financiamiento Colombia S.A.	Bogota D.C., Colombia	100.00	–	–	
Mercedes-Benz Compañía Financiera Argentina S.A.	Buenos Aires, Argentina	100.00	–	–	
Mercedes-Benz Corretora de Seguros Ltda	São Paulo, Brazil	99.98	–	–	
Mercedes-Benz Côte d'Azur SAS	Villeneuve-Loubet, France	100.00	–	–	
Mercedes-Benz CPH A/S	Horsholm, Denmark	100.00	–	–	
Mercedes-Benz Credit Pénzügyi Szolgáltató Hungary Zrt.	Budapest, Hungary	100.00	–	–	
Mercedes-Benz Danmark A/S	Copenhagen, Denmark	100.00	174	23	15
Mercedes-Benz Dealer Bedrijven B.V.	The Hague, Netherlands	100.00	–	–	
Mercedes-Benz Desarrollo de Mercados, S. de R.L. de C.V.	Mexico City, Mexico	100.00	–	–	
Mercedes-Benz do Brasil Assessoria Comercial Ltda.	São Paulo, Brazil	100.00	–	–	
Mercedes-Benz do Brasil Ltda.	São Bernardo do Campo, Brazil	100.00	1,081	-279	
Mercedes-Benz Drogenbos N.V.	Drogenbos, Belgium	100.00	–	–	
Mercedes-Benz Espana, S.A.U.	Alcobendas, Spain	100.00	460	66	15
Mercedes-Benz Finance China Ltd.	Hong Kong, China	100.00	–	–	
Mercedes-Benz Finance Co., Ltd.	Tokyo, Japan	90.00	198	25	
Mercedes-Benz Financial Services Australia Pty. Ltd.	Melbourne, Australia	100.00	159	26	15
Mercedes-Benz Financial Services Austria GmbH	Salzburg, Austria	100.00	–	–	
Mercedes-Benz Financial Services BeLux NV	Brussels, Belgium	100.00	–	–	
Mercedes-Benz Financial Services Canada Corporation	Mississauga, Canada	100.00	233	66	15
Mercedes-Benz Financial Services Ceská republika s.r.o.	Prague, Czech Republic	100.00	103	10	
Mercedes-Benz Financial Services España, E.F.C., S.A.	Alcobendas, Spain	100.00	–	–	
Mercedes-Benz Financial Services France S.A.	Montigny-le-Bretonneux, France	100.00	358	20	
Mercedes-Benz Financial Services Hellas Vehicle Sales and Rental SA	Kifissia, Greece	100.00	–	–	
Mercedes-Benz Financial Services Hong Kong Ltd.	Hong Kong, China	80.00	–	–	15
Mercedes-Benz Financial Services Italia SpA	Rome, Italy	100.00	212	12	
Mercedes-Benz Financial Services Korea Ltd.	Seoul, South Korea	80.00	227	28	
Mercedes-Benz Financial Services Nederland B.V.	Utrecht, Netherlands	100.00	95	23	15
Mercedes-Benz Financial Services New Zealand Ltd	Auckland, New Zealand	100.00	–	–	
Mercedes-Benz Financial Services Portugal – Sociedade Financeira de Crédito S.A.	Mem Martins, Portugal	100.00	–	–	15
Mercedes-Benz Financial Services Rus OOO	Moscow, Russian Federation	100.00	–	–	
Mercedes-Benz Financial Services Schweiz AG	Schlieren, Switzerland	100.00	94	15	
Mercedes-Benz Financial Services Singapore Ltd.	Singapore, Singapore	85.00	–	–	15
Mercedes-Benz Financial Services Slovakia s.r.o.	Bratislava, Slovakia	75.00	–	–	
Mercedes-Benz Financial Services South Africa (Pty) Ltd	Centurion, South Africa	100.00	115	35	15
Mercedes-Benz Financial Services Taiwan Ltd.	Taipei, Taiwan	100.00	–	–	15
Mercedes-Benz Financial Services UK Limited	Milton Keynes, United Kingdom	100.00	692	146	15
Mercedes-Benz Financial Services USA LLC	Farmington Hills, USA	100.00	2,413	419	15
Mercedes-Benz Finans Danmark A/S	Copenhagen, Denmark	100.00	–	–	
Mercedes-Benz Finans Sverige AB	Malmö, Sweden	100.00	–	–	
Mercedes-Benz Finansal Kiralama Türk A.S.	Istanbul, Turkey	100.00	–	–	
Mercedes-Benz Finansman Türk A.S.	Istanbul, Turkey	100.00	182	37	15
Mercedes-Benz Försäljnings AB	Malmö, Sweden	100.00	–	–	
Mercedes-Benz France S.A.S.	Montigny-le-Bretonneux, France	100.00	321	54	15
Mercedes-Benz Gent N.V.	Gent, Belgium	100.00	–	–	
Mercedes-Benz Grand Prix Ltd.	Brackley, United Kingdom	60.00	-151	-44	
Mercedes-Benz Hellas S.A.	Kifissia, Greece	100.00	–	–	
Mercedes-Benz Hong Kong Limited	Hong Kong, China	100.00	77	10	
Mercedes-Benz India Private Limited	Pune, India	100.00	212	47	
Mercedes-Benz Insurance Broker S.R.L.	Voluntari, Romania	100.00	–	–	
Mercedes-Benz Insurance Services Nederland B.V.	Utrecht, Netherlands	100.00	–	–	
Mercedes-Benz Insurance Services Taiwan Ltd.	Taipei, Taiwan	100.00	–	–	

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Mercedes-Benz Italia S.p.A.	Rome, Italy	100.00	350	28	15
Mercedes-Benz Japan Co., Ltd.	Tokyo, Japan	100.00	528	123	
Mercedes-Benz Korea Limited	Seoul, South Korea	51.00	182	72	
Mercedes-Benz Leasing (Thailand) Co., Ltd.	Bangkok, Thailand	100.00	–	–	
Mercedes-Benz Leasing Co., Ltd.	Beijing, China	65.00	–	–	
Mercedes-Benz Leasing do Brasil Arrendamento Mercantil S.A.	Barueri, Brazil	100.00	–	–	
Mercedes-Benz Leasing GmbH	Stuttgart, Germany	100.00	511	–	5, 6
Mercedes-Benz Leasing Hrvatska d.o.o.	Zagreb, Croatia	100.00	–	–	
Mercedes-Benz Leasing IFN S.A.	Bucharest, Romania	100.00	–	–	15
Mercedes-Benz Leasing Kft.	Budapest, Hungary	100.00	–	–	15
Mercedes-Benz Leasing Polska Sp. z o.o.	Warsaw, Poland	100.00	–	–	15
Mercedes-Benz Leasing Taiwan Ltd.	Taipei, Taiwan	100.00	–	–	
Mercedes-Benz Leasing Treuhand GmbH	Stuttgart, Germany	100.00	–	–	5, 6
Mercedes-Benz Ludwigsfelde GmbH	Ludwigsfelde, Germany	100.00	41	–	5, 6
Mercedes-Benz Luxembourg S.A.	Luxembourg, Luxembourg	90.00	–	–	
Mercedes-Benz Lyon S.A.S.	Lyon, France	100.00	–	–	
Mercedes-Benz Malaysia Sdn. Bhd.	Kuala Lumpur, Malaysia	51.00	150	130	
Mercedes-Benz Manhattan, Inc.	Wilmington, USA	100.00	–	–	
Mercedes-Benz Manufacturing (Thailand) Limited	Bangkok, Thailand	100.00	–	–	
Mercedes-Benz Manufacturing Hungary Kft.	Kecskemét, Hungary	100.00	231	65	
Mercedes-Benz Master Owner Trust	Wilmington, USA	0.00	–	–	3
Mercedes-Benz Mexico, S. de R.L. de C.V.	Mexico City, Mexico	100.00	16	11	
Mercedes-Benz Milano S.p.A.	Milan, Italy	100.00	–	–	
Mercedes-Benz Minibus GmbH	Dortmund, Germany	100.00	–	–	5, 6
Mercedes-Benz Mitarbeiter-Fahrzeuge Leasing GmbH	Stuttgart, Germany	100.00	4	–	5, 6
Mercedes-Benz Molsheim S.A.S.	Molsheim, France	100.00	–	–	
Mercedes-Benz Nederland B.V.	Utrecht, Netherlands	100.00	207	31	15
Mercedes-Benz New Zealand Ltd	Auckland, New Zealand	100.00	43	10	
Mercedes-Benz Ninove N.V.	Ninove, Belgium	100.00	–	–	
Mercedes-Benz Österreich GmbH	Salzburg, Austria	100.00	–	–	
Mercedes-Benz Paris SAS	Port-Marly, France	100.00	–	–	
Mercedes-Benz Polska Sp. z o.o.	Warsaw, Poland	100.00	73	28	15
Mercedes-Benz Portugal, S.A.	Mem Martins, Portugal	100.00	93	11	15
Mercedes-Benz Renting, S.A.	Alcobendas, Spain	100.00	–	–	
Mercedes-Benz Research & Development North America, Inc.	Wilmington, USA	100.00	–	–	
Mercedes-Benz Retail Group UK Limited	Milton Keynes, United Kingdom	100.00	–	–	
Mercedes-Benz Retail, S.A.	Madrid, Spain	100.00	–	–	
Mercedes-Benz Risk Solutions South Africa (Pty.) Ltd.	Centurion, South Africa	100.00	–	–	
Mercedes-Benz Roma S.p.A.	Rome, Italy	100.00	–	–	
Mercedes-Benz Romania S.R.L.	Bucharest, Romania	100.00	–	–	
Mercedes-Benz Russia AO	Moscow, Russian Federation	100.00	120	130	
Mercedes-Benz Schweiz AG	Schlieren, Switzerland	100.00	156	47	
Mercedes-Benz Service Leasing S.R.L.	Bucharest, Romania	100.00	–	–	
Mercedes-Benz Services Correduria de Seguros, S.A.	Alcobendas, Spain	100.00	–	–	
Mercedes-Benz Services Malaysia Sdn Bhd	Petaling Jaya, Malaysia	100.00	–	–	
Mercedes-Benz Servizi Assicurativi Italia S.p.A.	Rome, Italy	100.00	–	–	
Mercedes-Benz Sigorta Aracilik Hizmetleri A.S.	Istanbul, Turkey	100.00	–	–	
Mercedes-Benz Sosnowiec Sp. z o.o.	Sosnowiec, Poland	100.00	–	–	
Mercedes-Benz South Africa Ltd	Pretoria, South Africa	100.00	540	109	15
Mercedes-Benz Sverige AB	Malmö, Sweden	100.00	62	27	15
Mercedes-Benz Taiwan Ltd.	Taipei, Taiwan	51.00	116	45	
Mercedes-Benz Technical Center Nederland B.V.	Nijkerk, Netherlands	100.00	–	–	
Mercedes-Benz Türk A.S.	Istanbul, Turkey	66.91	933	155	
Mercedes-Benz U.S. International, Inc.	Vance, USA	100.00	223	89	
Mercedes-Benz Ubezpieczenia Sp. z o.o.	Warsaw, Poland	100.00	–	–	
Mercedes-Benz UK Limited	Milton Keynes, United Kingdom	100.00	236	61	15
Mercedes-Benz USA, LLC	Wilmington, USA	100.00	230	136	15
Mercedes-Benz V.I. Lille SAS	Vendeville, France	100.00	–	–	
Mercedes-Benz V.I. Lyon SAS	Genas, France	100.00	–	–	
Mercedes-Benz V.I. Paris Ile de France SAS	Herblay, France	100.00	–	–	

Name of the Company	Domicile, Country	Capital share in %[1]	Equity in millions of €	Net income (loss) in millions of €	Footnote
Mercedes-Benz V.I. Toulouse SAS	Fenouillet, France	100.00	–	–	
Mercedes-Benz Versicherung AG	Stuttgart, Germany	100.00	–	–	6
Mercedes-Benz Vertrieb NFZ GmbH	Stuttgart, Germany	100.00	–	–	5, 6
Mercedes-Benz Vertrieb PKW GmbH	Stuttgart, Germany	100.00	–	–	5, 6
Mercedes-Benz Vietnam Ltd.	Ho Chi Minh City, Vietnam	70.00	86	21	
Mercedes-Benz Warszawa Sp. z o.o.	Warsaw, Poland	100.00	–	–	
Mercedes-Benz Waterloo S.A.	Braine-L'Alleud, Belgium	100.00	–	–	
Mercedes-Benz Wavre S.A.	Wavre, Belgium	100.00	–	–	
Mercedes-Benz Wemmel N.V.	Wemmel, Belgium	100.00	–	–	
Mercedes-Benz Wholesale Receivables LLC	Farmington Hills, USA	100.00	–	–	
MFTA Canada, Inc.	Toronto, Canada	100.00	–	–	
Mitsubishi Fuso Truck and Bus Corporation	Kawasaki, Japan	89.29	1,869	267	
MITSUBISHI FUSO TRUCK EUROPE – Sociedade Europeia de Automóveis, S.A.	Tramagal, Portugal	100.00	–	–	
Mitsubishi Fuso Truck of America, Inc.	Logan Township, USA	100.00	–	–	15
moovel GmbH	Leinfelden-Echterdingen, Germany	100.00	52	–	5, 6
moovel Group GmbH	Stuttgart, Germany	100.00	–	–	5, 6
Multistate LIHTC Holdings III Limited Partnership	Farmington Hills, USA	100.00	–	–	
MVSA COMPANY, INC.	Jacksonville, USA	100.00	–	–	
myTaxi Iberia SL	Barcelona, Spain	100.00	–	–	
N.V. Mercedes-Benz Aalst	Erembodegem, Belgium	100.00	–	–	
N.V. Mercedes-Benz Mechelen	Mechelen, Belgium	100.00	–	–	
NuCellSys GmbH	Kirchheim unter Teck, Germany	100.00	–	–	
ogotrac S.A.S.	Paris, France	100.00	–	–	
P.T. Mercedes-Benz Distribution Indonesia	Jakarta, Indonesia	100.00	–	–	
P.T. Mercedes-Benz Indonesia	Bogor, Indonesia	100.00	–	–	
P.T. Star Engines Indonesia	Bogor, Indonesia	100.00	–	–	
Renting del Pacífico S.A.C.	Lima, Peru	100.00	–	–	
RideScout LLC	Austin, USA	100.00	21	-14	
Sandown Motor Holdings (Pty) Ltd	Bryanston, South Africa	62.62	–	–	
SelecTrucks of America LLC	Portland, USA	100.00	–	–	
SelecTrucks of Toronto, Inc.	Mississauga, Canada	100.00	–	–	
Setra of North America, Inc.	Oriskany, USA	100.00	–	–	
Silver Arrow S.A.	Luxembourg, Luxembourg	0.00	–	–	3
smart France S.A.S.	Hambach, France	100.00	71	18	
smart Vertriebs gmbh	Berlin, Germany	100.00	–	–	5, 6
Starexport Trading S.A.	São Bernardo do Campo, Brazil	100.00	222	4	
Sterling Truck Corporation	Portland, USA	100.00	-602	-2	
Sumperská správa majetku k.s.	Prague, Czech Republic	100.00	–	–	
Thomas Built Buses of Canada Limited	Calgary, Canada	100.00	–	–	
Thomas Built Buses, Inc.	High Point, USA	100.00	58	19	
Tróia Empreendimentos Imobiliários Ltda	São Paulo, Brazil	100.00	–	–	
Trona Cogeneration Corporation	Farmington Hills, USA	100.00	–	–	
Western Star Trucks Sales, Inc	Portland, USA	100.00	-1	14	
3218095 Nova Scotia Company	Halifax, Canada	100.00	–	–	
6353 Sunset Boulevard, Inc.	Wilmington, USA	100.00	–	–	
II. Unconsolidated subsidiaries[2]					
AEG do Brasil Produtos Eletricos e Eletronicos Ltda.	São Paulo, Brazil	100.00	–	–	
AEG Olympia Office GmbH	Stuttgart, Germany	100.00	–	–	6
Anota Fahrzeug Service- und Vertriebsgesellschaft mbH	Berlin, Germany	100.00	–	–	6
Brefa Bremsen- und Fahrzeugdienst AG (in Liquidation)	Niederzier, Germany	100.00	–	–	4
Circulo Cerrado S.A. de Ahorro para Fines Determinados	Buenos Aires, Argentina	71.30	–	–	
Cúspide GmbH	Stuttgart, Germany	100.00	–	–	
Daimler AG & Co. Anlagenverwaltung OHG	Ludwigsfelde, Germany	100.00	–	–	7
Daimler Commercial Vehicles Africa Ltd.	Nairobi, Kenya	100.00	–	–	
Daimler Commercial Vehicles MENA FZE	Dubai, United Arab Emirates	100.00	–	–	
Daimler Compra y Manufactura Mexico S. de R.L. de C.V.	Mexico City, Mexico	100.00	–	–	
Daimler Culture Development Co., Ltd.	Beijing, China	50.00	–	–	3
Daimler Financial Services UK Trustees Ltd.	Milton Keynes, United Kingdom	100.00	–	–	
Daimler Group Services Berlin GmbH	Berlin, Germany	100.00	–	–	6

Name of the Company	Domicile, Country	Capital share in %[1]	Equity in millions of €	Net income (loss) in millions of €	Footnote
Daimler Group Services Madrid, S.A.U.	San Sebastián de los Reyes, Spain	100.00	–	–	
Daimler International Assignment Services USA, LLC	Wilmington, USA	100.00	–	–	
Daimler IT Retail GmbH	Böblingen, Germany	100.00	–	–	6
Daimler Middle East & Levant FZE	Dubai, United Arab Emirates	100.00	–	–	
Daimler Mitarbeiter Wohnfinanz GmbH	Stuttgart, Germany	100.00	–	–	6
Daimler Protics GmbH	Stuttgart, Germany	100.00	–	–	6
Daimler Purchasing Coordination Corp.	Wilmington, USA	100.00	–	–	
Daimler Starmark A/S	Horsholm, Denmark	100.00	–	–	
Daimler TSS GmbH	Ulm, Germany	100.00	–	–	6
Daimler UK Share Trustee Ltd.	Milton Keynes, United Kingdom	100.00	–	–	
Daimler UK Trustees Limited	Milton Keynes, United Kingdom	100.00	–	–	
Daimler Unterstützungskasse GmbH	Stuttgart, Germany	100.00	1,211	30	11, 13
Deméter Empreendimentos Imobiliários Ltda.	São Paulo, Brazil	100.00	–	–	
Deutsche Accumotive Verwaltungs-GmbH	Kirchheim unter Teck, Germany	100.00	–	–	
Elfte Vermögensverwaltungsgesellschaft DVB mbH	Stuttgart, Germany	100.00	–	–	6
EvoBus Reunion S. A.	Le Port, France	96.00	–	–	
EvoBus Russland OOO	Moscow, Russian Federation	100.00	–	–	
Fünfte Vermögensverwaltungsgesellschaft Zeus mbH	Stuttgart, Germany	100.00	–	–	
Gemini-Tur Excursoes Passagens e Turismo Ltda.	São Paulo, Brazil	100.00	–	–	
Lapland Car Test Aktiebolag	Arvidsjaur, Sweden	100.00	–	–	
Legend Investments Ltd.	Milton Keynes, United Kingdom	100.00	–	–	
MB GTC GmbH Mercedes-Benz Gebrauchtteile Center	Neuhausen auf den Fildern, Germany	100.00	–	–	6
Mercedes-Benz AG & Co. Grundstücksvermietung Objekte Baden-Baden und Dresden OHG	Düsseldorf, Germany	100.00	–	–	3, 7
Mercedes-Benz Adm. Consorcios Ltda.	São Bernardo do Campo, Brazil	100.00	–	–	
Mercedes-Benz Consulting GmbH	Stuttgart, Germany	100.00	–	–	6
Mercedes-Benz Customer Assistance Center Maastricht N.V.	Maastricht, Netherlands	100.00	–	–	
Mercedes-Benz Egypt S.A.E.	Cairo, Egypt	100.00	–	–	
Mercedes-Benz G GmbH	Raaba, Austria	100.00	–	–	
Mercedes-Benz GastroService GmbH	Gaggenau, Germany	100.00	–	–	6
Mercedes-Benz Group Services Philippines, Inc.	Cebu City, Philippines	99.99	–	–	
Mercedes-Benz Hungária Kft.	Budapest, Hungary	100.00	–	–	
Mercedes-Benz Museum GmbH	Stuttgart, Germany	100.00	–	–	6
Mercedes-Benz Parts Manufacturing & Services Ltd.	Shanghai, China	100.00	–	–	
Mercedes-Benz Project Consult GmbH	Stuttgart, Germany	100.00	–	–	6
Mercedes-Benz Research and Development India Private Limited	Bangalore, India	100.00	39	15	12
Mercedes-Benz Slovakia s.r.o.	Bratislava, Slovakia	51.00	–	–	
Mercedes-Benz Solihull Ltd.	Milton Keynes, United Kingdom	100.00	–	–	
Mercedes-Benz Srbija i Crna Gora d.o.o.	Novi Beograd, Serbia	100.00	–	–	
Mercedes-Benz Venezuela S.A.	Valencia, Venezuela	100.00	–	–	
Mercedes-Benz Vertriebsgesellschaft mbH	Berlin, Germany	100.00	–	–	6
MercedesService Card Beteiligungsgesellschaft mbH	Kleinostheim, Germany	51.00	–	–	
Mitsubishi Fuso Bus Manufacturing Co., Ltd.	Toyama, Japan	100.00	–	–	
Monarch Cars (Tamworth) Ltd.	Milton Keynes, United Kingdom	100.00	–	–	
Montajes y Estampaciones Metálicas, S.L.	Esparraguera, Spain	51.00	–	–	
mytapp Portugal Unipessoal LDA	Lisbon, Portugal	100.00	–	–	
mytaxi Austria GmbH	Vienna, Austria	100.00	–	–	
MYTAXI ITALIA S.R.L.	Milan, Italy	100.00	–	–	
MYTAXI POLSKA SPÓLKA Z OGRANICZONA ODPOWIEDZIALNOSCIA	Warsaw, Poland	100.00	–	–	
myTaxi Swiss GmbH	Zurich, Switzerland	100.00	–	–	
myTaxi UG	Hamburg, Germany	100.00	–	–	
myTaxi UK Ltd.	London, United Kingdom	100.00	–	–	
myTaxi USA Inc.	Washington D.C., USA	100.00	–	–	
NAG Nationale Automobil-Gesellschaft Aktiengesellschaft	Stuttgart, Germany	100.00	–	–	
PABCO Co., Ltd.	Ebina, Japan	100.00	–	–	
Porcher & Meffert Grundstücksgesellschaft mbH & Co. Stuttgart OHG	Schönefeld, Germany	100.00	–	–	
PT Fuso Trucks Indonesia	Jakarta, Indonesia	100.00	–	–	
R.T.C. Management Company Limited	Bicester, United Kingdom	88.89	–	–	
Ring Garage AG Chur	Chur, Switzerland	100.00	–	–	

Name of the Company	Domicile, Country	Capital share in %[1]	Equity in millions of €	Net income (loss) in millions of €	Footnote
Ruth Verwaltungsgesellschaft mbH	Stuttgart, Germany	100.00	–	–	
SelecTrucks Comércio de Veículos Ltda	Mauá, Brazil	100.00	–	–	
Siebte Vermögensverwaltungsgesellschaft DVB mbH	Stuttgart, Germany	100.00	–	–	6
Star Assembly SRL	Sebes, Romania	100.00	–	–	
Star Egypt For Import LLC	Cairo, Egypt	99.50	–	–	
STAR TRANSMISSION SRL	Cugir, Romania	100.00	–	–	
STARKOM d.o.o.	Maribor, Slovenia	100.00	–	–	
T.O.C. (Schweiz) AG	Schlieren, Switzerland	51.00	–	–	
Vermögensverwaltungsgesellschaft Daimler Atlanta mbH	Stuttgart, Germany	100.00	–	–	
Woking Motors Limited	Milton Keynes, United Kingdom	100.00	–	–	
Zweite Vermögensverwaltungsgesellschaft Zeus mbH	Stuttgart, Germany	100.00	–	–	6
III. Joint operations accounted for using the equity method					
AFCC Automotive Fuel Cell Cooperation Corp.	Burnaby, Canada	50.10	–	–	
EM-motive GmbH	Hildesheim, Germany	50.00	–	–	
North America Fuel Systems Remanufacturing LLC	Kentwood, USA	50.00	39	13	9
IV. Joint ventures accounted for using the equity method					
Beijing Foton Daimler Automotive Co., Ltd	Beijing, China	50.00	745	14	8
Daimler Kamaz Trucks Holding GmbH	Vienna, Austria	50.00	–	–	
Enbase Power GmbH	Munich, Germany	25.10	–	–	
Fujian Benz Automotive Co., Ltd.	Fuzhou, China	50.00	218	-28	9
Polomex, S.A. de C.V.	Garcia, Mexico	26.00	–	–	
SelecTrucks of Atlanta LLC	McDonough, USA	50.00	–	–	
SelecTrucks of Houston LLC	Houston, USA	50.00	–	–	
SelecTrucks of Houston Wholesale LLC	Houston, USA	50.00	–	–	
SelecTrucks of Omaha LLC	Council Bluffs, USA	50.00	–	–	
Shenzhen BYD Daimler New Technology Co., Ltd.	Shenzhen, China	50.00	253	-26	8
TASIAP GmbH	Stuttgart, Germany	60.00	–	–	
Toll Collect GbR	Berlin, Germany	45.00	–	–	
Toll Collect GmbH	Berlin, Germany	45.00	562	72	10
V. Associated companies accounted for using the equity method					
BAIC Motor Corporation Ltd.	Beijing, China	10.08	–	–	
Beijing Benz Automotive Co., Ltd.	Beijing, China	49.00	3,023	862	9
Blacklane GmbH	Berlin, Germany	17.13	–	–	
Flixbus GmbH	Munich, Germany	5.52	–	–	
FUSO LAND TRANSPORT & Co. Ltd.	Kawasaki, Japan	21.67	–	–	
KAMAZ PAO	Naberezhnye Chelny, Russian Federation	15.00	–	–	
Kanagawa Mitsubishi Fuso Truck & Bus Sales Co., Ltd.	Yokohama, Japan	43.83	–	–	
MBtech Group GmbH & Co. KGaA	Sindelfingen, Germany	35.00	–	–	
MV Agusta Motor S.P.A.	Varese, Italy	25.00	67	-23	8
Okayama Mitsubishi Fuso Truck & Bus Sales Co., Ltd.	Okayamashi, Japan	50.00	–	–	
P.T. Krama Yudha Tiga Berlian Motors	Jakarta, Indonesia	18.00	–	–	
P.T. Mitsubishi Krama Yudha Motors and Manufacturing	Jakarta, Indonesia	32.28	–	–	
There Holding B.V.	Rijswijk, Netherlands	33.33	2,003	–	9, 16
Zonar Systems, Inc.	Seattle, USA	20.94	–	–	
VI. Joint operations, joint ventures and associated companies accounted for at (amortized) cost[2]					
Abgaszentrum der Automobilindustrie GbR	Weissach, Germany	25.00	–	–	7
BDF IP Holdings Ltd.	Burnaby, Canada	33.00	–	–	
Beijing Mercedes-Benz Sales Service Co., Ltd.	Beijing, China	51.00	–	–	
COBUS Industries GmbH	Wiesbaden, Germany	40.82	–	–	
Cooperation Manufacturing Plant Aguascalientes, S.A.P.I de C.V.	Mexico City, Mexico	50.00	–	–	
Esslinger Wohnungsbau GmbH	Esslingen am Neckar, Germany	26.57	–	–	
European Center for Information and Communication Technologies – EICT GmbH	Berlin, Germany	20.00	–	–	
EvoBus Hungária Kereskedelmi Kft.	Budapest, Hungary	33.33	–	–	
Gottapark, Inc.	San Francisco, USA	18.09	–	–	

Name of the Company	Domicile, Country	Capital share in %[1]	Equity in millions of €	Net income (loss) in millions of €	Footnote
Grundstücksgesellschaft Schlossplatz 1 mbH & Co. KG	Berlin, Germany	18.37	–	–	
H2 Mobility Deutschland GmbH & Co. KG	Berlin, Germany	2.90	–	–	
INPRO Innovationsgesellschaft für fortgeschrittene Produktionssysteme in der Fahrzeugindustrie mbH	Berlin, Germany	20.00	–	–	
Institut für angewandte Systemtechnik Bremen GmbH	Bremen, Germany	26.25	–	–	
Juffali Industrial Products Company	Jeddah, Saudi Arabia	0.00	–	–	14
Laureus World Sports Awards Limited	London, United Kingdom	50.00	–	–	
MBtech Verwaltungs-GmbH	Sindelfingen, Germany	35.00	–	–	
Mercedes-Benz Buses Central Asia GmbH	Stuttgart, Germany	50.00	–	–	
Mercedes-Benz Lackzentrum Dresden GmbH	Dresden, Germany	36.00	–	–	
Mercedes-Benz Starmark I/S	Vejle, Denmark	50.00	–	–	
MercedesService Card GmbH & Co. KG	Kleinostheim, Germany	51.00	–	–	
MFTB Taiwan Co., Ltd.	Taipei, Taiwan	33.40	–	–	
National Automobile Industry Company Ltd.	Jeddah, Saudi Arabia	26.00	–	–	
Omuta Unso Co., Ltd.	Ohmuta, Japan	33.51	–	–	
PDB – Partnership for Dummy Technology and Biomechanics GbR	Ingolstadt, Germany	20.00	–	–	7
Reva SAS	Cunac, France	34.00	–	–	
smart-BRABUS GmbH	Bottrop, Germany	50.00	–	–	
STARCAM s.r.o.	Most, Czech Republic	51.00	–	–	
tiramizoo GmbH	Munich, Germany	18.46	–	–	
Toyo Kotsu Co., Ltd.	Sannoseki, Japan	28.20	–	–	

1 Share pursuant to Section 16 of the German Stock Corporation Act (AktG)
2 As the impact of these companies is not material for the consolidated financial statements, they are not consolidated and not accounted for using the equity method.
3 Control due to economic circumstances
4 In liquidation
5 Qualification for Section 264 Subsection 3 and Section 264b of the German Commercial Code (HGB)
6 Profit and loss transfer agreement with Daimler AG (direct or indirect)
7 Daimler AG is unlimited partner
8 Financial statements according to local GAAP 2014
9 Financial statements according to IFRS
10 Financial statements according to local GAAP September 1, 2014 – August 31, 2015
11 Financial statements according to local GAAP November 1, 2013 – October 31, 2014
12 Financial statements according to local GAAP 2015
13 Control of the investment of the assets. No consolidation of the assets due to the contractual situation.
14 Joint control due to economic circumstances
15 Preconsolidating company
16 The equity figure relates to the date of acquisition of HERE of December 4, 2015. Daimler recognizes its proportionate share of the profits or losses of There Holding B.V. (THBV) with a one-month time lag.

We pursue a sustainable and sound dividend policy

At the Annual Shareholders' Meeting on April 6, 2016, the Board of Management and the Supervisory Board will therefore propose an increase in the dividend to €3.25 per share (prior year: €2.45). With the highest dividend payout in Daimler's history we expressing our confidence about the ongoing course of business.

F | Further Information

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report, which has been combined with the management report for DAG, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Stuttgart, February 16, 2016

Dieter Zetsche

Wolfgang Bernhard

Renata Jungo Brüngger

Ola Källenius

Wilfried Porth

Hubertus Troska

Bodo Uebber

Thomas Weber

Independent Auditor's Report

Report on the Consolidated Financial Statements
We have audited the accompanying consolidated financial statements of Daimler AG, Stuttgart, and its subsidiaries, which comprise the consolidated statement of income, the consolidated statement of comprehensive income/loss, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity and notes to the consolidated financial statements for the financial year from January 1 to December 31, 2015.

Board of Management's Responsibility for the Consolidated Financial Statements
The Board of Management of Daimler AG is responsible for the preparation of these consolidated financial statements. This responsibility includes preparing these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the supplementary requirements of German commercial law pursuant to Section 315a (1) of the German Commercial Code (HGB), to give a true and fair view of the net assets, financial position and results of operations of the group in accordance with these requirements. The Board of Management is also responsible for the internal controls that the Board of Management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Section 317 HGB and the German generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (IDW) as well as in supplementary compliance with International Standards on Auditing (ISA). Accordingly, we are required to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The selection of audit procedures depends on the auditor's professional judgment. This includes the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In assessing those risks, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements that give a true and fair view. The aim of this is to plan and perform audit procedures that are appropriate in the given circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion
Pursuant to Section 322 (3) sentence 1 HGB, we state that our audit of the consolidated financial statements has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply in all material respects with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315a (1) HGB and give a true and fair view of the net assets and financial position of the Group as at December 31, 2015 as well as the results of operations for the financial year then ended, in accordance with these requirements.

Report on the Combined Management Report
We have audited the accompanying group management report of Daimler AG, which is combined with the management report of the company for the financial year from January 1 to December 31, 2015. The Board of Management of Daimler AG is responsible for the preparation of this combined management report in compliance with the applicable requirements of German commercial law pursuant to Section 315a (1) HGB. We are required to conduct our audit in accordance with Section 317 (2) HGB and the German generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (IDW). Accordingly, we are required to plan and perform the audit of the combined management report to obtain reasonable assurance about whether the combined management report is consistent with the consolidated financial statements and the audit findings, and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Pursuant to Section 322 (3) sentence 1 HGB, we state that our audit of the combined management report has not led to any reservations.

In our opinion, based on the findings of our audit of the consolidated financial statements and the combined management report, the combined management report is consistent with the consolidated financial statements, and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Stuttgart, February 16, 2016

KPMG AG Wirtschaftsprüfungsgesellschaft

Becker Wirtschaftsprüfer	Dr. Thümler Wirtschaftsprüfer

Ten Year Summary

F.01

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
€ amounts in millions										
From the statements of income										
Revenue	99,222	101,569	98,469	78,924	97,761	106,540	114,297	117,982	129,872	**149,467**
Personnel expenses [1, 2]	23,574	20,256	15,066	13,928	16,454	17,424	18,002	18,753	19,607	**20,949**
Research and development expenditure [3]	3,733	4,148	4,442	4,181	4,849	5,634	5,644	5,489	5,680	**6,564**
thereof capitalized	715	990	1,387	1,285	1,373	1,460	1,465	1,284	1,148	**1,804**
EBIT [2]	4,992	8,710	2,730	-1,513	7,274	8,755	8,820	10,815	10,752	**13,186**
Operating margin (%) [2]	5.0	8.6	2.8	-1.9	7.4	8.2	7.7	9.2	8.3	**8.8**
Profit (loss) before income taxes and extraordinary items [2]	4,902	9,181	2,795	-2,298	6,628	8,449	8,116	10,139	10,173	**12,744**
Net operating profit (loss) [2]	4,032	4,123	1,370	-2,102	5,120	6,240	7,302	9,173	7,678	**9,007**
as % of net assets (RONA) [2]	8.3	10.5	4.4	-6.6	17.5	19.9	19.6	22.6	18.8	**21.6**
Net profit (loss) [2]	3,783	3,985	1,414	-2,644	4,674	6,029	6,830	8,720	7,290	**8,711**
Net profit (loss) per share (€) [2]	3.66	3.83	1.41	-2.63	4.28	5.32	6.02	6.40	6.51	**7.87**
Diluted net profit (loss) per share (€) [2]	3.64	3.80	1.40	-2.63	4.28	5.31	6.02	6.40	6.51	**7.87**
Total dividend	1,542	1,928	556	0	1,971	2,346	2,349	2,407	2,621	**3,477**
Dividend per share (€)	1.50	2.00	0.60	0.00	1.85	2.20	2.20	2.25	2.45	**3.25**
From the statements of financial position										
Property, plant and equipment	32,747	14,650	16,087	15,965	17,593	19,180	20,599	21,779	23,182	**24,322**
Leased equipment	36,949	19,638	18,672	18,532	19,925	22,811	26,058	28,160	33,050	**38,942**
Other non-current assets [2]	67,507	39,686	42,077	40,044	41,309	45,023	48,947	48,138	56,258	**62,055**
Inventories	18,396	14,086	16,805	12,845	14,544	17,081	17,720	17,349	20,864	**23,760**
Liquid assets	8,409	15,631	6,912	9,800	10,903	9,576	10,996	11,053	9,667	**9,936**
Other current assets	53,626	31,403	31,672	31,635	31,556	34,461	38,742	42,039	46,614	**58,151**
Total assets [2]	217,634	135,094	132,225	128,821	135,830	148,132	163,062	168,518	189,635	**217,166**
Shareholders' equity [2]	37,346	38,230	32,730	31,827	37,953	41,337	39,330	43,363	44,584	**54,624**
thereof share capital	2,673	2,766	2,768	3,045	3,058	3,060	3,063	3,069	3,070	**3,070**
Equity ratio Group (%) [2]	16.5	26.9	24.3	24.7	26.5	26.3	22.7	24.3	22.1	**23.6**
Equity ratio industrial business (%) [2]	27.1	43.7	42.7	42.6	45.8	46.4	39.8	43.4	40.8	**44.2**
Non-current liabilities [2]	90,452	47,998	47,313	49,456	44,738	51,940	65,016	66,047	78,077	**85,461**
Current liabilities [2]	89,836	48,866	52,182	47,538	53,139	54,855	58,716	59,108	66,974	**77,081**
Net liquidity industrial business	9,861	12,912	3,106	7,285	11,938	11,981	11,508	13,834	16,953	**18,580**
Net assets (average) [2]	48,584	39,187	31,466	31,778	29,338	31,426	37,521	40,648	40,779	**41,644**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
€ amounts in millions										
From the statements of cash flows [1]										
Investments in property, plant and equipment	5,874	4,247	3,559	2,423	3,653	4,158	4,827	4,975	4,844	**5,075**
Depreciation and amortization	7,169	4,146	3,023	3,264	3,364	3,575	4,067	4,368	4,999	**5,384**
Cash provided by (used for) operating activities	14,337	7,146	-786	10,961	8,544	-696	-1,100	3,285	-1,274	**222**
investing activities	-15,857	26,479	-4,812	-8,950	-313	-6,537	-8,864	-6,829	-2,709	**-9,722**
financing activities	2,396	-25,204	-2,915	1,057	-7,551	5,842	11,506	3,855	2,274	**9,631**
Free cash flow of the industrial business	2,679	7,637	-3,915	2,706	5,432	989	1,452	4,842	5,479	**3,960**
From the stock exchanges										
Share price at year-end (€)	46.80	66.50	26.70	37.23	50.73	33.92	41.32	62.90	68.97	**77.58**
Average shares outstanding (in millions)	1,022.1	1,037.8	957.7	1,003.8	1,050.8	1,066.0	1,066.8	1,068.8	1,069.8	**1,069.8**
Average diluted shares outstanding (in millions)	1,027.3	1,047.3	959.9	1,003.8	1,051.5	1,067.1	1,067.1	1,069.1	1,069.8	**1,069.8**
Ratings										
Credit rating, long-term										
Standard & Poor's	BBB	BBB+	A-	BBB+	BBB+	BBB+	A-	A-	A-	**A-**
Moody's	Baa1	A3	A3	A3	A3	A3	A3	A3	A3	**A3**
Fitch	BBB+	A-	A-	BBB+	BBB+	A-	A-	A-	A-	**A-**
DBRS	A (low)	A (low)	A (low)	A (low)	A (low)	A (low)	A (low)	A (low)	A (low)	**A (low)**
Average annual number of employees	277,771	271,704	274,330	258,628	258,120	267,274	274,605	275,384	279,857	**284,562**

1 Until August 3, 2007, including Chrysler.
2 For the year 2012, the figures have been adjusted, primarily for effects arising from application of the amended version of IAS 19.
3 For the year 2013, the figure has been adjusted due to reclassifications within functional costs.

Glossary

BlueEFFICIENCY
Efficiency packages for saving fuel. They include measures taken inside engines, bodywork weight reductions, tires with low roll resistance, aerodynamic improvements, the ECO start-stop function etc. As a result, fuel consumption can be reduced by more than 20%.

BLUETEC
A combination of inner-engine measures to reduce emissions and treat exhaust gases. It improves diesel engines' efficiency for cars and commercial vehicles by optimizing their combustion, and reduces their emissions with SCR catalysts.

BRIC
This abbreviation stands for the four countries of Brazil, Russia, India and China.

Compliance
By the term compliance, we understand adherence to all laws, rules, regulations and voluntary commitments, as well as the related internal guidelines and policies in connection with all activities of the Daimler Group.

Consolidated Group
The consolidated Group is the total of all those companies that are included in the consolidated financial statements.

Corporate governance
The term corporate governance applies to the proper management and supervision of a company. The structure of corporate governance at Daimler AG is determined by Germany's Stock Corporation Act (AktG), Codetermination Act (MitbestG) and capital-market legislation.

Cost of capital
The cost of capital is the product of the average amount of capital employed and the cost-of-capital rate. The cost-of-capital rate is derived from the investors' required rate of return. page 78

CSR – corporate social responsibility
A collective term for the social responsibility assumed by companies, including economic, environmental and social aspects.

EBIT
Earnings before interest and taxes are the measure of operating profit before taxes. pages 85 ff

Equity method
Accounting and valuation method for shareholdings in associated companies and joint ventures.

Fair value
The amount for which an asset or liability could be exchanged in an arm's length transaction between knowledgeable and willing parties who are independent of each other.

Goodwill
Goodwill represents the excess of the cost of an acquired business over the fair values assigned to the separately identifiable assets acquired and liabilities assumed.

Hybrid drive
Hybrid drive systems combine internal-combustion engines with electric motors, which can be operated separately or together depending on the type of vehicle and driving situation.

IFRS – International Financial Reporting Standards
The IFRS are a set of standards and interpretations for companies' external accounting and financial reporting developed by an independent private-sector committee, the International Accounting Standards Board (IASB).

Integrity Code
The "Integrity Code" has been in effect since November 2012. It defines the principles of behavior and guidelines for everyday conduct that are applicable at Daimler. Fairness, responsibility and compliance with legislation are key principles in this context.

INTELLIGENT DRIVE
With this new technology from Mercedes-Benz, thanks to improved environment sensors, intelligent assistance systems analyze complex situations and recognize potential dangers in road traffic even better.

Lithium-ion batteries
They are at the heart of future electric drive systems. Compared with conventional batteries, lithium-ion batteries are considerably smaller and feature significantly higher power density, short charging times and long lives.

NEDC – New European Driving Cycle
A measuring method used in Europe for the objective assessment of vehicles' fuel consumption.

Net assets
Net assets represent the capital employed by the Group and the industrial divisions. The relevant capital basis for Daimler Financial Services is equity capital. page 90

Net operating profit
Net operating profit is the relevant parameter for measuring the Group's operating performance after taxes.

Rating
An assessment of a company's creditworthiness issued by a rating agency.

ROE – return on equity
The profitability of Daimler Financial Services is measured by return on equity. ROE is defined as the quotient of EBIT and shareholders' equity.

ROS – return on sales
The profitability of the industrial divisions is measured by return on sales. ROS is defined as the quotient of EBIT and revenue.

Value added
Value added indicates the extent to which operating profit exceeds the cost of capital. When value added is positive, return on net assets is higher than the cost of capital.
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Value at risk
This measures the potential future loss (related to market value) for a given portfolio in a certain period and for which there is a certain probability that it will not be exceeded.

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Further Information

Daimler Worldwide

F.02

	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Sales Organization Automotive Businesses	Daimler Financial Services
Europe						
Production locations	11	7	3	7	–	–
Sales outlets	–	–	–	–	4,022	29
Revenue (in millions of euros)	34,214	10,815	8,852	2,824	–	7,326
Employees	121,321	38,164	20,136	16,027	–	5,879
NAFTA						
Production locations	1	14	1	1	–	–
Sales outlets	–	–	–	–	1,525	4
Revenue (in millions of euros)	19,646	17,066	1,377	293	–	9,637
Employees	7,347	22,893	398	472	–	1,825
Latin America (excluding Mexico)						
Production locations	1	2	1	3	–	–
Sales outlets	–	–	–	–	634	3
Revenue (in millions of euros)	867	1,702	538	728	–	308
Employees	361	10,482	1,816	1,362	–	425
Africa						
Production locations	1	–	–	1	–	–
Sales outlets	–	–	–	–	388	1
Revenue (in millions of euros)	1,424	1,181	201	92	–	308
Employees	4,202	603	160	84	–	195
Asia						
Production locations	2	3	–	2	–	–
Sales outlets	–	–	–	–	2,248	9
Revenue (in millions of euros)	25,956	6,227	298	135	–	1,147
Employees	3,216	14,012	38	168	–	1,455
Australia/Oceania						
Production locations	–	–	–	–	–	–
Sales outlets	–	–	–	–	250	2
Revenue (in millions of euros)	1,723	570	208	37	–	234
Employees	494	237	91	34	–	196

Notes: Unconsolidated revenue of each division (segment revenue).

Internet, Information, Addresses

Information on the Internet
Special information on our shares and earnings development can be found in the "Investor Relations" section of our website. daimler.com It includes the Group's annual and interim reports and the company financial statements of Daimler AG. You can also find topical reports, presentations, an overview of various key figures, information on our share price and other services.

daimler.com/investors

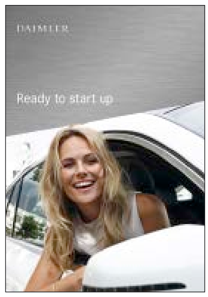
Publications for our shareholders:

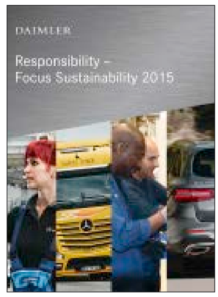
Annual Report
(German, English)

Interim Reports for the 1st, 2nd and 3rd quarters
(German, English)

Responsibility – Focus Sustainability 2015
German, English)

Daimler Corporate Brochure – Ready to start up
(German, English)





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