DAIMLER

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Annual Meeting

Hive-down Report

2019

Non-binding Convenience Translation

DAIMLER

Joint Report

**of the Board of Management
of Daimler AG,**

**of the Board of Management
of Mercedes-Benz AG**

and

**of the Board of Management
of Daimler Truck AG**

on the Hive-down of Assets and Liabilities

**of the Mercedes-Benz Cars and Mercedes-Benz Vans Divisions
to Mercedes-Benz AG**

as well as

**of the Daimler Trucks and Daimler Buses Divisions to Daimler
Truck AG**

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List of Abbreviations

a.m.	*ante meridiem* – before noon
AktG	*Aktiengesetz* – German Stock Corporation Act
AO	*Abgabenordnung* – German Tax Code
BetrAVG	*Betriebsrentengesetz* – Company Pensions Act
BetrVG	*Betriebsverfassungsgesetz* – Works Constitution Act
BGB	*Bürgerliches Gesetzbuch* – German Civil Code
cf.	*conferatur* – compare
CFBIT	Cash flow before interest and taxes
DCR	Daimler Contract Repository
DPT	Daimler Pension Trust e.V.
DVB	Daimler Vermögens- und Beteiligungsgesellschaft mbH
e.g.	*exampli gratia* – for example
EBIT	Earnings before interest and taxes
EEG	*Erneuerbare-Energien-Gesetz* – German Renewable Energies Act
EStG	*Einkommensteuergesetz* – Income Tax Act
et seqq	*et sequentia* – of sequential things, such as pages and lists and those which follow
etc.	et cetera
EU	European Union
EUR	Euro
HGB	*Handelsgesetzbuch* – German Commercial Code
HRB	Section B of the Commercial Register
i.e.	*id est* – that is to say
IAA	*Internationale Automobil-Ausstellung* – International Motor Show
IDW	*Institut der Wirtschaftsprüfer in Deutschland* – Institute of Public Auditors in Germany
IFRS	International Financial Reporting Standards
ISIN	International Securities Identification Number
MitbestG	*Mitbestimmungsgesetz* - Co-Determination Act

MVP	Multi-purpose vehicle
NAFTA	North American Free Trade Agreement
no.	number
p.m.	*post meridiem* – after noon
para.	paragraph
UmwG	*Umwandlungsgesetz* – German Transformation Act
UmwStG	*Umwandlungssteuergesetz* – German Transformation Tax Act
VAG	*Versicherungsaufsichtsgesetz* – Insurance Supervision Act
VAT	Value added tax
WKN	*Wertpapierkennnummer* – securities identification number

A. Introduction

1 The Board of Management of Daimler AG with its registered office in Stuttgart has resolved, with the approval of the Supervisory Board, to optimize the corporate structures of Daimler Group by forming legally independent entities and to make the Group more effective: In addition to the existing, legally independent division Daimler Financial Services, the divisions Mercedes-Benz Cars and Mercedes-Benz Vans (hereinafter jointly referred to – in accordance with the definition in the Hive-down Agreement and in contrast to the current segment reporting – as the "**Cars & Vans Division**") as well as the divisions Daimler Trucks and Daimler Buses (hereinafter jointly referred to – in accordance with the definition in the Hive-down Agreement and in contrast to the current segment reporting – as the "**Trucks & Buses Division**") are to be given greater corporate responsibility as legally independent entities.

2 In order to implement the new business structures, the Board of Management of Daimler AG proposes to the General Meeting that the assets and liabilities of the Cars & Vans Division and the Trucks & Buses Division described in the Hive-down Agreement be hived down to Mercedes-Benz AG and Daimler Truck AG, respectively, by means of a hive-down by way of acquisition pursuant to § 123 para. 3 no. 1 UmwG (*Umwandlungsgesetz* – German Transformation Act) (hereinafter referred to as the "**Hive-down**"). This applies, in particular, to the operating activities of Daimler AG in Germany as well as the equity interests in corporations and partnerships specified in the Hive-down Agreement. The Hive-down does not include the entire assets and liabilities of Daimler AG which are neither allocatable to the Cars & Vans Division nor to the Trucks & Buses Division, as well as the assets and liabilities expressly defined as exceptions in the Hive-down Agreement. Following the resolution of the General Meeting of Daimler AG on the Hive-down in Germany, further Group companies are to be transferred to Mercedes-Benz AG and Daimler Truck AG, respectively. The background to these separate, subsequent transfers is, in particular, the necessary separation of the business activities and business units of the Cars & Vans, Trucks & Buses, and Daimler Financial Services Divisions abroad, which could not feasible to be fully implemented in the preparatory period.

3 The basis for the Hive-down is a Hive-down and Acquisition Agreement concluded between Daimler AG, Mercedes-Benz AG and Daimler Truck AG on 25 March 2019 before the Notary Public Hagen Krzywon with registered office in Stuttgart (hereinafter referred to as the "**Hive-down Agreement**"). The Hive-down Agreement determines the object of the Hive-down and specifies the assets and liabilities to be transferred to Mercedes-Benz AG and Daimler Truck AG, respectively, in the course of the Hive-down. The Hive-down Agreement provides that Mercedes-Benz AG and Daimler Truck AG will grant Daimler AG shares in Mercedes-Benz AG and Daimler Truck AG, respectively, as consideration for the transfer of the Hive-down Assets. In the relationship between Daimler AG and Mercedes-Benz AG or Daimler Truck AG, respectively, the Hive-down is to take place with effect from 1 January 2019, 0:00 a.m.

4 In order to take effect, the Hive-down Agreement requires the approval of the general meetings of shareholders of Daimler AG, Mercedes-Benz AG and of Daimler Truck AG.

In view of this, the Board of Management of Daimler AG submits the Hive-down Agreement to the General Meeting of Daimler AG on 22 May 2019 for the adoption of a resolution and approval. The resolution requires a majority of three quarters of the share capital of Daimler AG represented at the General Meeting. In its capacity as sole shareholder of Mercedes-Benz AG and Daimler Truck AG, Daimler AG intends to approve the Hive-down Agreement at the General Meetings of Mercedes-Benz AG and Daimler Truck AG. The Hive-down will become effective upon its registration in the Commercial Register of Daimler AG. Upon registration in the commercial register of Daimler AG, the assets covered by the Hive-down are legally transferred in their entirety to Mercedes-Benz AG and Daimler Truck AG, respectively.

5 The Board of Management of Daimler AG and the Boards of Management of Mercedes-Benz AG and Daimler Truck AG jointly submit this report pursuant to § 127 UmwG to inform the shareholders of Daimler AG about the planned Hive-down and the intended internal restructuring of Daimler Group as a whole (hereinafter referred to as the "**Hive-down Report**"). In this Hive-down Report, the legal and economic details of the Hive-down and the Hive-down Agreement are explained and substantiated. In addition, the Hive-down Report contains selected information on further transaction steps to be implemented following the Hive-down.

6 The Hive-down constitutes the key step in the internal restructuring of the Daimler Group. The approval of the Hive-down by the General Meeting of Daimler AG is therefore a prerequisite for the implementation of the subsequent transfer of further Group companies to Mercedes-Benz AG and Daimler Truck AG described in this Hive-down Report. However, the transfer of further Group companies to Mercedes-Benz AG and/or Daimler Truck AG is not a prerequisite for the implementation of the Hive-down.

B. Overview of the internal restructuring of Daimler Group

I. Initial Situation – The Current Structure of Daimler Group

1. Overview of Daimler Group

a) History and development

7 Daimler can look back on a tradition covering more than 130 years – a tradition that goes back to Gottlieb Daimler and Carl Benz, the inventors of the automobile, and features pioneering achievements in automotive engineering. They set up the predecessor companies which merged to form Daimler-Benz AG in 1926 – Gottfried Daimler with his Daimler Motorengesellschaft (DMG) and Carl Benz with his Benz & Cie. Rheinische Gasmotorenfabrik, Mannheim. Daimler-Motoren-Gesellschaft had already had the brand name "Mercedes" patented in 1902 and introduced the Mercedes star as its company logo in 1909.

8 After initially entering into a joint venture with the aim of rationalising production, the two companies Daimler Motorengesellschaft and Benz & Cie. merged in June 1926 to form Daimler-Benz AG with its registered office in Berlin and administrative headquarters in Stuttgart-Untertürkheim.

9 Under the leadership of Wilhelm Kissel the company was stabilized by strictly limiting the number of models and introducing a flexible production system, first and foremost at the large factories in Untertürkheim, Sindelfingen and Mannheim; this also made it possible to successfully overcome the world economic crisis that broke out in 1929. In 1928, Daimler-Benz AG had only four basic models in the medium-size and luxury car segments. In addition, during the world economic crisis the Stuttgart automaker managed to add the 170 Mercedes to its model range. In the commercial-vehicle sector, Daimler-Benz introduced the first compressorless six-cylinder diesel truck in 1927. The Lo 2000 developed by Daimler-Benz at the beginning of the 1930s brought the company the major breakthrough in the truck business.

10 From 1937, Daimler-Benz AG increasingly produced armament items such as the LG 3000 truck and aircraft engines such as the DB 600 and DB 601. To create additional capacity for aircraft engine production in addition to the Marienfelde plant the Genshagen plant was built in 1936. The most important line of business was truck production, whilst passenger-car manufacture – already limited to military requirements since the beginning of the war – was in decline and virtually came to a standstill by the end of 1942.

11 After the end of the Second World War, Daimler-Benz lost all foreign subsidiaries, affiliates and branches as well as all assets in the Soviet-occupied areas. The international network which had previously been in place was destroyed as a result and the company had to start its internationalization anew. In addition, Daimler-Benz had to relinquish unsettled claims against the German state. In 1945 the company was reduced to its four original southern German plants Untertürkheim, Sindelfingen, Mannheim and

Gaggenau as well as Berlin-Marienfelde and the West German outlets. Daimler-Benz thus found itself back in the position it had been in before the National Socialists came to power. At the beginning the Untertürkheim plant operated mainly as a repair facility for US military vehicles. The denazification of the top management led to fundamental changes in the make-up of the Board of Management. After extensive efforts, the company received a new production permit from the American occupation authorities on 3 January 1946. Of seminal importance was the decision to transfer final assembly of the vehicles to Sindelfingen. Despite the chaotic financial situation existing up until the currency reform on 20 June 1948, the company balance sheet for the year 1948/1949 already showed a profit.

12 During the period from 1949 to 1960, in the fast-expanding German automotive industry Daimler-Benz AG succeeded in regaining the position it had enjoyed before the Second World War. Already in 1954 the company cracked the billion mark in terms of turnover and with that broke the existing sales record. As for commercial vehicles, the spectrum was broadened and the range extended to everything from light vans to heavy-duty trucks. At the same time, the company pressed ahead with the internationalization of production. In passenger-car production, technically sophisticated, up-market vehicles continued to be the focus of the Mercedes-Benz brand. Apart from a few completely-knocked-down (CKD) assembly operations, production of the vehicles took place solely in Germany. In the mid-1950s the demand for Mercedes-Benz cars exceeded the company's production possibilities. To ensure the necessary expansion of capacity, in 1958 Daimler-Benz AG took over Auto-Union. The plan to additionally acquire Bayerische Motoren Werke AG in Munich was thwarted by the resistance of the small shareholders at the BMW annual shareholders' meeting at the end of 1959. The most attractive export market was America, where Daimler-Benz of North America Inc. was set up in 1955.

13 Daimler-Benz, an all-rounder of the automotive industry, retained its outstanding position in the international motor-vehicle markets in the 1960s and 1970s while the industry overall was subject to sharp fluctuations in sales. In Europe, Daimler-Benz was leader both in the production of cars for a discerning clientele, as well as trucks and buses. In the mid-1970s a fundamental change took place in the shareholder structure of Daimler-Benz AG. The Quandt Family sold its 14% share to the Government of Kuwait; the 29% block of shares indirectly held by Friedrich Flick was sold to Deutsche Bank and finally contributed to Mercedes-Automobil-Holding, which then distributed it broadly through the stock exchange.

14 The second oil crisis at the end of the 1970s, growing environmental awareness, and the advance of new East Asian competitors changed the basic conditions for further development of the company. With operating results declining on the whole, the commercial-vehicle sector went into the red. The sales opportunities for top-quality cars in the markets relevant to Mercedes-Benz also attracted a cautious assessment. On the initiative of the then Chief Financial Officer and later Chairman of the Board of Management, Edzard Reuter, the company was to be made more independent of cyclical fluctuations in the motor-vehicle sector by enlarging the corporate portfolio. Access to key technologies and growth sectors like electronics, aviation and services was seen as

a precondition for safeguarding the Group's earning power in the long term. Through the many-sided use of various technologies, future-proof, expandable core competencies were to be acquired and synergy effects achieved. MAN's 50 % share in Motoren- und Turbinen Union München GmbH and majority shares in Dornier GmbH (1985), AEG AG (1985) and Messerschmitt-Bölkow-Blohm GmbH (1989) were taken over against this backdrop.

15 These acquisitions called for restructuring the considerably larger and more complex Group. Within the framework of Daimler Benz AG's new corporate structure, Mercedes-Benz AG was established on 29 June 1989. Prof. Werner Niefer became Chairman of the Board of Management. As of July 1989 Daimler-Benz AG thus operated as a managing holding company under whose roof the corporate units AEG AG, Mercedes-Benz AG and Deutsche Aerospace AG (DASA) were gathered. In 1990 they were joined by a fourth corporate unit, Daimler-Benz InterServices (debis) AG. In 1993 Daimler-Benz AG was listed on the New York Stock Exchange (NYSE). In April 1993 the commercial-vehicles division entered into a cooperation with US-American Detroit Diesel Corporation, a large engine manufacturer in the USA. The goal was to develop, produce and market a diesel engine for heavy-duty trucks and buses. In 2000 this cooperation led to the takeover of Detroit Diesel Corporation.

16 Although it was in keeping with economic and scientific trends at the time, the diversification did not, however, produce the hoped-for results. As a result, the group was restructured again, starting in 1995. The new Chairman of the Board of Management, Jürgen E. Schrempp, initiated a strategic realignment of the group, since many of the existing divisions did not enjoy a favorable competitive position. The portfolio was focused by parting with Fokker, selling Dornier Luftfahrt GmbH and dissolving AEG; this move, together with measures designed to boost competitiveness, was intended to strengthen the earning power of the group, which now concentrated on automotive mobility, transportation and services. Taking advancing globalization into account, among other things car production was taken up in Tuscaloosa in 1995, and in 1998 the merger with Chrysler Corporation to form DaimlerChrysler AG was announced. The intention of the merger was to safeguard the long-term competitiveness of the companies involved. Simultaneously, Mercedes-Benz launched a strategic model initiative in the car sector. New model series like the A, B and M-Class, niche models like the SLK and CLK, and the cooperation with Schweizerische Gesellschaft für Mikroelektronik und Uhrenindustrie (SMH) to develop the small city car smart made Mercedes-Benz a full-line supplier.

17 On 1 January 2006, Dr. Dieter Zetsche became the new Chairman of the Board of Management. The corporate headquarters were transferred back to the parent plant in Untertürkheim. The merger with Chrysler Corporation and the taking of stakes in the Asian automakers Mitsubishi Motors and Hyundai Motor Company pursued the aim of making the company a world-leading automotive group. In 2007 the majority stake in Chrysler Group and the associated North American financial services business was sold. The cooperative links both with Mitsubishi Motors and Hyundai Motor Company were also gradually severed. In October 2007, an extraordinary general meeting approved the change of name from DaimlerChrysler AG to Daimler AG. Approximately

99% of the 5,000 assembled shareholders voted in favor of this change. The renaming of the company involved renaming also of production facilities and sales organizations both in Germany and overseas. The guiding principle behind this name change was to make a clear distinction between the company brand Daimler and the Group's various product brands. Some two years later, on 27 April 2009, Daimler AG relinquished the 19.9% stake which it had initially retained in Chrysler.

18 The global banking crisis that occurred in September 2008 quickly caused a significant deterioration in the global automotive economy, which also impacted Daimler AG and led to losses. 2009 was dominated by the global financial and economic crisis: For the first time since the Second World War, global economic output had shrunk. Many passenger car markets had slumped by 20 to 40% at times; in the commercial vehicle markets the decline was even more dramatic. After the controlled defensive of the crisis year 2009, the company returned to growth in 2010.

19 While the financial and economic crisis of 2008/2009 led to massive market slumps, Daimler made a successful comeback in 2010 – with double-digit growth rates in all divisions. Also in 2010, Daimler-Benz AG discontinued its listing on the New York Stock Exchange (NYSE) after 17 years. Another strategic decision was taken at the beginning of the new decade: As a car sharing provider, car2go has since been introduced in numerous cities worldwide.

20 Together with Rolls-Royce Holdings plc, Daimler AG acquired the engine system manufacturer Tognum in 2011, strengthening its position as one of the leading suppliers of industrial engines. In the same year, Daimler AG generated sales of over 100 billion euros for the first time and set itself the goal of becoming the number one premium car manufacturer again by 2020 – which was already achieved in 2016. The conclusion of a strategic partnership with the Renault-Nissan Alliance and the establishment of several joint ventures, such as with BAIC Motor and BYD in China, created the opportunity to better serve new markets and segments. A streamlining of the portfolio of equity interests held in the years 2012 to 2014 with the sale of the shares in EADS, Rolls-Royce Power Systems Holding GmbH and Tesla Motors, Inc. resulted in substantial capital gains and liquidity inflows that further strengthened the core business.

21 The year 2012 marked a milestone in the product strategy: The launch of the new A-Class, which heralded a rejuvenation of the Mercedes-Benz product range and a number of innovations. For the production of the new compact car family, a state-of-the-art production site was built in Kecskemét, Hungary. Major steps towards modernization and digitization were taken in the following years with the digital platform "Mercedes me" and the Fleetboard App Store for the logistics industry. In 2016, sales reached more than 150 billion euros; in the same year, Daimler Financial Services expanded its portfolio by acquiring Athlon Car Lease International B.V. for manufacturer-independent fleet management.

22 Today, the company is a globally leading vehicle manufacturer with an unparalleled range of premium automobiles, trucks, vans (reported as a separate segment since 2009) and buses. Its product portfolio is rounded out by a range of customised finan-

cial services and mobility services. Daimler's goal is to continue playing a leading role in the development of products and services for the future of mobility. The automotive industry is in the process of a fundamental transformation, and Daimler intends to play a major role in promoting and shaping that change. With its strong core business, Daimler is creating the financial foundation for investments in the future-oriented fields of Connected, Autonomous, Shared & Services (flexible use) and Electric – "CASE" for short. Innovations from the future-oriented CASE fields enable Daimler to safeguard the attractiveness and profitability of its core business.

b) Key figures of Daimler Group

23 With its strong brands, Daimler is active in nearly all the countries of the world. The company has production facilities in Europe, North and South America, Asia and Africa. The global networking of its research and development activities as well as its production and sales locations gives Daimler considerable advantages in the international competitive field, and also offers additional growth opportunities.

24 In 2018, Daimler increased its revenue by 2% to EUR 167.4 billion. The Group's five divisions contributed to this total as follows: Mercedes-Benz Cars 53%, Daimler Trucks 22%, Mercedes-Benz Vans 8%, Daimler Buses 3% und Daimler Financial Services 14%. At the end of 2018, Daimler employed a total workforce of more than 298,000 people worldwide.

25 The following overview summarizes key figures of Daimler Group for the past two financial years (2017 and 2018):

	2018	2017	2018/2017
EUR values in millions			% Change
Revenue	**167,362**	164,154[2]	+2[1]
Investment in property, plant and equipment	**7,534**	6,744	+12
Research and development expenditure	**9,107**	8,711	+5
Free cash flow of the industrial business	**2,898**	2,005	+45
EBIT	**11,132**	14,348[2]	-22
Net profit	**7,582**	10,617[2]	-29
Earnings per share (in EUR)	**6.78**	9.61[2]	-29
Dividend per share (in EUR)	**3.25**	3.65	-11
Employees (31 December)	**298,683**	289,321	+3

[1] Adjusted for the effects of currency translation, revenue increased by 4%.

[2] The amounts have been adjusted due to first-time adoption of IFRS 15 and IFRS 9.
Further information is provided in Note 1 of the Notes to the Consolidated Financial Statements.

2. Daimler AG as parent company of the Group

26 Daimler AG is the parent company of Daimler Group (hereinafter also referred to as "**Daimler**"). The business activities of Daimler AG essentially comprise the development, manufacturing and sale of passenger cars, trucks and vans as well as the management of Daimler Group.

a) General corporate information

27 Daimler AG is a stock corporation *(Aktiengesellschaft*) under German law with its registered office in Stuttgart. Its business address is Mercedesstraße 137, 70327 Stuttgart. Daimler AG is registered in the Commercial Register of the Local Court of Stuttgart under HRB 19360. The financial year of Daimler AG corresponds to the calendar year.

28 The purpose of Daimler AG as currently defined in § 2 para. 1 of its Articles of Incorporation is to engage, directly or indirectly, in the business of developing, producing and selling products and providing services, especially in the following lines of business:

- land vehicles,
- watercraft, aircraft, spacecraft and other products in the fields of road transport, aerospace and marine technology,
- engines and other propulsion systems,
- electronic equipment, devices and systems,
- communication and information technology,
- financial services, insurance brokerage, and
- management and development of real property.

29 Pursuant to § 2 para. 3 of the Articles of Incorporation, the company is authorized to set up domestic and foreign branches, to acquire interests in other companies, to acquire and dispose of other companies, to place them under joint management and conclude intercompany agreements with them, or to limit itself to the management of its interests in such companies and to place all or part of its business operations into subsidiaries. § 2 para. 4 of the Articles of Incorporation stipulates that the company may not itself directly perform financial services, banking and real estate transactions subject to permits.

30 The Board of Management and the Supervisory Board of Daimler AG have decided to propose to this year's General Meeting that the object of the company as set forth in § 2 para. 1 of the Articles of Incorporation be revised and account be taken of the in-

creasing importance of mobility and transport services and concepts by including them in the catalogue of business divisions. The complete wording of the proposed amendment to § 2 of the Articles of Incorporation of Daimler AG can be found in the invitation to the General Meeting (cf. Agenda Item 8).

b) Share capital and shares

31 As of the date of the signing of this Hive-down Report, the share capital of Daimler AG amounts to EUR 3,069,671,971.76. It is divided into 1,069,837,447 registered no-par value shares (*Stückaktien*) with a proportionate amount of the share capital of approximately EUR 2.87 per share. Pursuant to § 67 para. 2 AktG (*Aktiengesetz* – German Stock Corporation Act), only those persons who are entered as such in the share register are deemed to be shareholders in relation to the Company. With the exception of treasury shares, from which the Company has no rights, all shares confer the same rights. Each share conveys one vote and, with the possible exception of any new shares not entitled to dividends, the same share of the profit in accordance with the dividend distribution resolved by the General Meeting.

32 § 3 para. 2 of the Articles of Incorporation of Daimler AG provides for an authorized capital in the amount of EUR 1,000,000,000.00, which may be utilized in full or in partial amounts until 4 April 2023 with the consent of the Supervisory Board by issuing new no-par value registered shares on one or more occasions against cash contributions and/or contributions in kind. Such existing authorisation has not been used, so far.

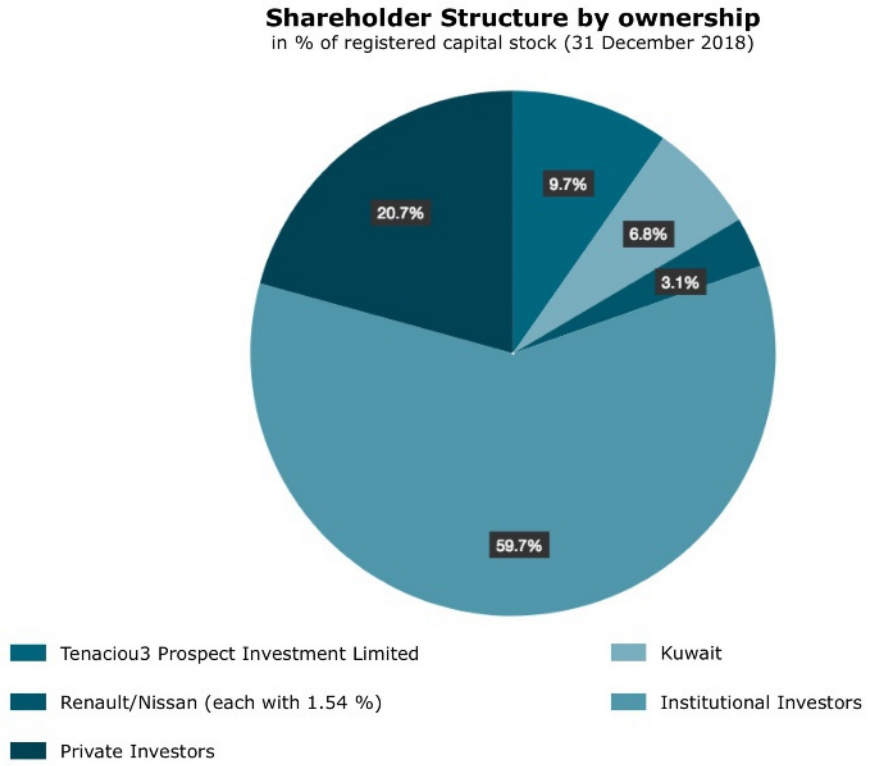
33 The General Meeting of Daimler AG on 1 April 2015 authorized the Board of Management to issue, with the approval of the Supervisory Board, bearer and/or registered convertible bonds and/or option bonds or a combination of these instruments with a total nominal amount of up to EUR 10,000,000,000 and a maximum term of ten years until 31 March 2020 and to grant the holders or creditors of these bonds conversion or option rights to new no-par value registered shares of Daimler AG with a proportionate amount of the share capital of up to a total of EUR 500,000,000 in total, in accordance with the more detailed terms of the convertible or option bonds. In connection with this authorization, a conditional capital exists under § 3 para. 3 of the Articles of Incorporation of Daimler AG. Such existing authorisation has not been used, so far.

34 The General Meeting of Daimler AG of 1 April 2015 has authorized Daimler AG pursuant to § 71 para. 1 no. 8 AktG, to acquire treasury shares until 31 March 2020 in an extent of up to 10% of the share capital existing at the point in time of the adoption of a resolution by the General Meeting or – if this value is lower – of the share capital existing at the point in time of the exercise of this authorization. The shares acquired on the basis of this authorization, together with other treasury shares which are in the possession of the Company or are attributable to it pursuant to §§ 71a et seqq. AktG, may at no time exceed 10% of the Company's share capital. Daimler AG currently holds no treasury shares.

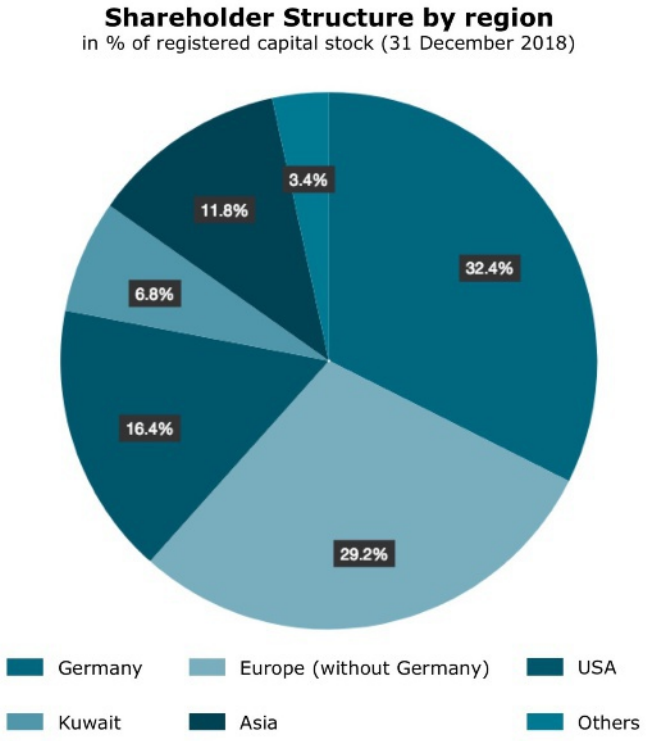
c) Stock exchange trading and shareholder structure

35 The Daimler shares are admitted for trading on the Regulated Market of the Frankfurt Stock Exchange (Prime Standard) as well as on the Stuttgart Stock Exchange (stock exchange symbol: DAI; German Security Code (WKN): 710 000; ISIN: DE 000 7100000). The shares are included, inter alia, in the DAX, the CDAX and the EURO STOXX 50.

36 As per 31 December 2018, the largest individual shareholders of Daimler AG were Tenaciou3 Prospect Investment, Ltd. with 9.7%, the Kuwait Investment Authority (KIA) with 6.8% and the Renault-Nissan-Alliance with 3.1% of the share capital.



37 As per 31 December 2018, institutional investors held 79.3% of the share capital in total, while 20.7% of the share capital was owned by private investors; European investors owned around 61.6% of the share capital, 16.4% was held by US investors.



d) Board of Management

38 Pursuant to § 5 sent. 1 of the Articles of Incorporation of Daimler AG, the Board of Management of Daimler AG comprises at least two members. Pursuant to § 5 sent. 2 of the Articles of Incorporation of Daimler AG, the Supervisory Board appoints the members of the Board of Management in accordance with the provisions of the German Stock Corporation Act and the German Co-Determination Act (*Mitbestimmungsgesetz*) and determines their number.

39 Currently, the Board of Management of Daimler AG comprises eight members:

- Dr. Dieter Zetsche, Chairman of the Board of Management, Head of Mercedes-Benz Cars (appointed until December 2019),
- Martin Daum, Daimler Trucks and Buses (appointed until February 2022),
- Renata Jungo Brüngger, Integrity and Law (appointed until December 2023),
- Ola Källenius, Group Research and Mercedes-Benz Cars Development (appointed until December 2022),

- Wilfried Porth, Human Resources and Labor Director, Mercedes-Benz Vans (appointed until April 2022),
- Britta Seeger, Mercedes-Benz Cars Sales (appointed until December 2024),
- Hubertus Troska, Greater China (appointed until December 2020),
- Bodo Uebber, Finance & Controlling, Daimler Financial Services (appointed until December 2019).

40 Curricula vitae and further information on the members of the Board of Management of Daimler AG can be found at https://www.daimler.com/konzern/corporate-governance/vorstand/.

41 Daimler AG announced on 26 September 2018, that the Supervisory Board intends to propose the election of Dr. Dieter Zetsche to the Supervisory Board at the General Meeting in 2021. In order to observe the two-year cooling-off period, Dr. Dieter Zetsche will therefore resign from his position on the Board of Management of Daimler AG and as Head of Mercedes-Benz Cars at the end of the General Meeting in 2019. As a consequence, the Supervisory Board of Daimler AG has decided to appoint Ola Källenius as Chairman of the Board of Management of Daimler AG and Head of Mercedes-Benz Cars for a new term of office of five years. As successor to Ola Källenius, Markus Schäfer will assume responsibility for Group Research and Mercedes-Benz Cars Development in the Board of Management of Daimler AG at this time.

42 On 13 February 2019, Daimler AG announced that the Supervisory Board appointed Harald Wilhelm to the Board of Management with effect from 1 April 2019 as a Board member without portfolio. Harald Wilhelm will be responsible for the areas of Finance & Controlling and Daimler Financial Services from the close of the General Meeting on 22 May 2019. The appointment was made for a term of three years. Bodo Uebber, who has been responsible for Finance & Controlling and Daimler Financial Services since December 2004, will leave the Board of Management of Daimler AG by mutual agreement at the close of the General Meeting on 22 May 2019.

e) Supervisory Board

43 Pursuant to § 8 para. 1 of the Articles of Incorporation of Daimler AG, the Supervisory Board of Daimler AG is comprised in accordance with the applicable statutory provisions. The Supervisory Board has 20 members and is comprised in accordance with the provisions of the German Co-Determination Act of ten Supervisory Board members each of the shareholders' and of the employees' side. In compliance with § 96 para. 2 AktG, it comprises at least 30% women and at least 30% men.

44 Daimler AG's Supervisory Board comprises the following shareholder representatives:

- Dr. Manfred Bischoff, Chairman of the Supervisory Board (elected until 2021),

- Dr. Paul Achleitner (elected until 2020),
- Bader M. Al Saad (elected until 2022),
- Sari Baldauf (elected until 2023),
- Dr. Clemens Börsig (elected until 2022),
- Dr. Jürgen Hambrecht (elected until 2023),
- Petraea Heynike (elected until 2021),
- Joe Kaeser (elected until 2019),
- Dr. Bernd Pischetsrieder (elected until 2019),
- Marie Wieck (elected until 2023).

45 On 12 December 2018, the Supervisory Board of Daimler AG resolved to propose the re-election of Mr. Joe Kaeser and Dr. Bernd Pischetsrieder, whose Supervisory Board memberships expire at the close of the 2019 General Meeting, to the Supervisory Board (cf. the invitation to the this year's General Meeting, Agenda Item 7).

46 Daimler AG's Supervisory Board comprises the following employee representatives:

- Michael Brecht, Deputy Chairman of the Supervisory Board (elected until 2023),
- Michael Bettag (elected until 2023),
- Raymond Curry (elected until 2023),
- Michael Häberle (elected until 2023),
- Ergun Lümali (elected until 2023),
- Elke Tönjes-Werner (elected until 2023),
- Sibylle Wankel (elected until 2023),
- Dr. Frank Weber (elected until 2023),
- Dr. Sabine Zimmer (elected until 2023),
- Roman Zitzelsberger (elected until 2023).

47 Curricula vitae and further information on the members of the Supervisory Board of Daimler AG can be found at https://www.daimler.com/konzern/corporate-governance/aufsichtsrat/.

3. The divisions of Daimler Group

48 Daimler Group's divisions are presented below as they are currently presented in the segment reporting of Daimler Group (see Section F.II below for a possible future reorganization of the divisions). The focus of the presentation is on the most recent business development in the 2018 financial year.

a) Overview of key figures for the divisions and brands

49 The following overview summarizes the key figures for the individual divisions of Daimler Group for the past three financial years (2016, 2017 and 2018):

	2018	2017	2016
EUR values in millions			
Mercedes-Benz Cars			
Revenue	**93,103**	94,351[1]	89,284
EBIT	**7,216**	8,843[1]	8,112
Return on sales (in %)	**7.8**	9.4[1]	9.1
Investment in property, plant and equipment	**5,684**	4,843	4,147
Research and development expenditure	**6,962**	6,642	5,671
thereof capitalized	**2,269**	2,388	2,008
Unit sales	**2,382,791**	2,373,527	2,197,956
Employees (31 December)	**145,436**	142,666	139,947
Mercedes-Benz Vans			
Revenue	**13,626**	13,161[1]	12,835
EBIT	**312**	1,147[1]	1,170
Return on sales (in %)	**2.3**	8.7[1]	9.1
Investment in property, plant and equipment	**468**	710	373

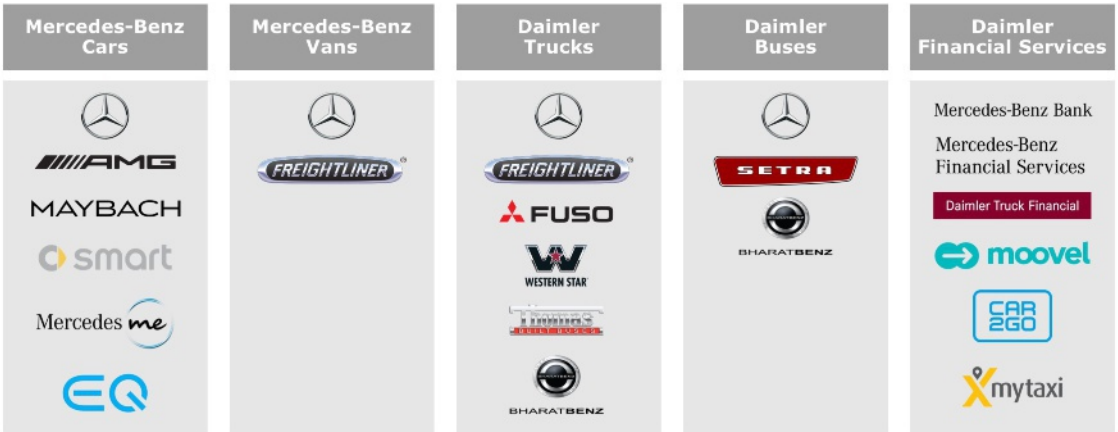
	2018	2017	2016
EUR values in millions			
Research and development expenditure	**666**	565	442
thereof capitalized	**176**	310	238
Unit sales	**421,401**	401,025	359,096
Employees (31 December)	**26,210**	25,255	24,029
Daimler Trucks			
Revenue	**38,273**	35,755[1]	33,187
EBIT	**2,753**	2,383[1]	1,948
Return on sales (in %)	**7.2**	6.7	5.9
Investment in property, plant and equipment	**1,105**	1,028	1,243
Research and development expenditure	**1,295**	1,322	1,265
thereof capitalized	**40**	45	57
Unit sales	**517,335**	470,705	415,108
Employees (31 December)	**82,953**	79,483	78,642
Daimler Buses			
Revenue	**4,529**	4,524[1]	4,176
EBIT	**265**	281[1]	249
Return on sales (in %)	**5.9**	6.2[1]	6.0
Investment in property, plant and equipment	**144**	94	97
Research and development expenditure	**199**	194	202
thereof capitalized	**41**	30	11
Unit sales	**30,888**	28,676	26,226
Employees (31 December)	**18,770**	18,292	17,899

	2018	2017	2016
EUR values in millions			
Daimler Financial Services			
Revenue	**26,269**	24,530[1,2]	20,660
EBIT	**1,384**	1,970	1,739
Return on equity (in %)	**11.1**	17.7	17.4
New business	**71,927**	70,721	61,810
Contract volume	**154,072**	139,907	132,565
Investment in property, plant and equipment	**64**	43	37
Employees (31 December)	**14,070**	13,012	12,062

[1] The amounts have been adjusted due to first-time adoption of IFRS 15 and IFRS 9. Further information is provided in Note 1 of the Notes to the Consolidated Financial Statements.

[2] At the Daimler Financial Services segment, the Group's internal revenue and cost of sales have been adjusted by the same amount. These adjustments have been fully eliminated in the reconciliation.

50 The following overview provides a summary of Daimler Group's key brands:



b) The Mercedes-Benz Cars division

51 The products supplied by the Mercedes-Benz Cars division comprise a broad spectrum of premium vehicles of the Mercedes-Benz brand, the Mercedes-AMG high-performance brand and the Mercedes-Maybach luxury brand. These vehicles range from compact models to a highly varied portfolio of off-road vehicles, roadsters, coupes and convertibles, and to the S-Class luxury sedans. The product range is

rounded out by the Mercedes me brand and the high-quality small cars of the smart brand. In 2016, the new brand EQ ("Electric Intelligence") was introduced, which consolidates all activities related to electric mobility. The most important markets for Mercedes-Benz Cars in 2018 were China with 28% of unit sales, the United States (14%), Germany (14%) the other European markets (28%), Japan (3%) and South Korea (3%).

52 The Mercedes-Benz Cars division is continuously refining its flexible production network consisting of more than 30 locations on four continents. The worldwide production network is prepared to meet the requirements of electric mobility. The electric vehicles of the EQ product and technology brand will be manufactured within the framework of normal series production operations, on the same lines used to produce vehicles with conventional or hybrid drive systems. In the future, the sites for the production of electric vehicles will be the plants in Bremen, Sindelfingen and Rastatt, Germany, Hambach, France; Tuscaloosa, Alabama, United States and Beijing, China. In parallel, the global battery network is expanded to nine plants at seven sites on three continents.

53 After Mercedes-Benz first presented its new product and technology brand for electric mobility at the Paris Motor Show in 2016, in mid-2019 the EQC (electricity consumption combined: 22.2 kWh/100 km; CO2 emissions combined: 0 g/km, provisional figures)[1] will become the first Mercedes-Benz vehicle to be launched under the EQ brand name. The EQC is part of a comprehensive electric offensive: In the passenger car segment alone, Daimler plans to offer more than ten all-electric models. In addition, the EQ brand offers a comprehensive electric mobility ecosystem of products, services, technologies and innovations.

54 Mercedes-Maybach stands for the highest levels of exclusivity and individuality. The luxury brand, which was launched in November 2014, combines the perfection of the Mercedes-Benz S-Class with the exclusivity of a Maybach. The Mercedes-Maybach brand's first convertible was launched in the spring of 2017 as a limited edition of 300 units. A preview of the form the luxury brand might take in the future is offered by the concept cars Vision Mercedes-Maybach 6 and Vision Mercedes-Maybach 6 Cabriolet – a sensational coupe and a luxurious convertible.

55 The 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 Mercedes-AMG sportscar brand now enhances the fascination of Mercedes-Benz with 70 models. The brand's dynamic vehicles especially attract young and sporty customers to the brand with the three-pointed star. Mercedes-AMG models differ extensively from their series-produced cousins in terms of both engineering and appearance, thus strengthening the authenticity and distinctive identity of the Mercedes-AMG brand. The new AMG GT four-door coupe is the third vehicle developed by Mercedes-AMG on its own. The mod-

[1] Figures for electricity consumption and CO2 emissions are provisional, non-binding figures calculated by an external technical service. Figures for vehicle range are also provisional and non-binding. An EU type-approval certificate and a certificate of conformity with official figures are not yet available. The figures given above may deviate from the official figures.

el combines the impressive racetrack dynamics of the two-door AMG GT sports car with maximum suitability for everyday use – and enough space to accommodate up to five people.

56 The smart brand celebrated its 20th birthday in 2018. “Reduce to the max” was the motto of the smart brand when it began its mission of radically changing the nature of urban mobility back in 1998. Today, the brand is well on its way to making the founders' original vision a reality with all-electric drive systems. This fact is also demonstrated by Daimler's announcement at the Geneva Motor Show in March 2018 that all smart electric drive models will be sold under the EQ product and technology brand name in the future. The "smart forease" concept car was presented at the Paris Motor Show in October 2018. This extroverted design without a roof and the systematic focus on electric mobility clearly show that the electric future of the smart brand will be extremely attractive.

57 The range of services offered for the smart brand is being continuously expanded through the launch of "ready to" digital services. One example here is "smart ready to drop": This service, which is linked to various cooperation partners in the logistics industry, enables parcels to be delivered to the trunk of a customer's car and also allows for the pick-up of returns using the same system. "smart ready to share" enables private car sharing in closed groups – e.g. within a family, between friends or at small companies – in an extremely user-friendly manner with the help of an app that eliminates the need to hand over keys to the next user. A new service here is "smart ready to pack" which employs a sophisticated algorithm to tell shoppers while they're still making their purchases whether and how everything will fit into the smart's trunk. The new smart EQ control app has been available since August 2018. It contains a large amount of information on the car, such as the current charge level, and can control vehicle functions such as the auxiliary climate control system.

58 At the same time, the global production network of Mercedes-Benz Cars is being systematically aligned with electric mobility requirements. For example, electric vehicles from the EQ product and technology brand will be manufactured in the future within the framework of normal series production on the same lines used to produce vehicles with conventional combustion or hybrid drive systems. At the same time, the global battery production network is expanded across three continents. Within the framework of its electric offensive, Mercedes-Benz Cars is not only focusing on locally emission-free vehicles, it is also consistently applying the emission-free approach to production: Mercedes-Benz Cars plants in Germany are to be supplied with CO2-neutral energy by 2022.

c) The Mercedes-Benz Vans division

59 Mercedes-Benz Vans is a global supplier of a complete range of vans and related services. The division's products range from the Citan small van with a gross vehicle weight of 1.8 metric tons to the Sprinter large van with a gross vehicle weight of up to 5 metric tons. The portfolio of Mercedes-Benz Vans in the commercial segment comprises the Sprinter large van, the Vito mid-size van (marketed as the "Metris" in the

United States) and the Citan urban delivery van. In the segment for private customers, Mercedes-Benz Vans offers the V-Class full-size MPV and the Marco Polo travel vans and recreational vehicles. With the launch of the Mercedes-Benz X-Class in 2017, Mercedes-Benz Vans now also has a model series in the segment for mid-size pickups. The eVito, eSprinter and Concept Sprinter F-CELL demonstrate how systematically Mercedes-Benz Vans is progressing with the development of alternative drive systems.

60 The Mercedes-Benz Vans division has manufacturing facilities in Germany, Spain, the United States, Argentina, China and Russia. The division is active in the Chinese market through the Fujian Benz Automotive Co., Ltd joint venture. The production of the Citan and the Mercedes-Benz X-Class is part of the strategic alliance with Renault-Nissan. The most important markets for vans at present are in the EU 30 region (European Union, Switzerland and Norway), which accounts for 66% of unit sales, the NAFTA region (12% of unit sales in the year under review) and Asia (9%).

61 The new Mercedes-Benz Sprinter had its world premiere in February 2018; the model then went into production at the Düsseldorf and Ludwigsfelde plants at the beginning of March. The new Sprinter was launched in Europe in June and then successively in additional markets. As the first integrated connectivity system solution offered by Mercedes-Benz Vans, the third generation of the Sprinter represents the division's development from a pure vehicle manufacturer into a provider of holistic transport and mobility solutions. With new connectivity services, an electric drive system and customized hardware solutions for the cargo space, the large van will make customers' business much more efficient in the connected world of the future. The first Mercedes PRO fleet solutions were made available to commercial Sprinter customers when the new model was launched in June 2018; Mercedes PRO is Mercedes-Benz Vans' service brand that offers services and digital solutions in a total of eight added-value packages with 18 services. The technical basis for this is a communication module that is installed as standard in all Sprinter variants.

62 With its future-oriented "adVANce" initiative, Mercedes-Benz Vans is evolving from a manufacturer of globally successful vans into a provider of holistic system solutions for the transportation of goods and passengers; the division is thus playing a pioneering role in its sector. adVANce combines activities in various areas and currently comprises six innovation fields: digital@Vans, solutions@Vans, rental@Vans, sharing@Vans, eDrive@Vans and autonomous@Vans. Mercedes-Benz Vans is employing a customer-oriented co-creation approach to incorporate its customers into the development process at an early stage; here, the six innovation fields are combined in order to develop new business models and tailored solutions that are adapted to the customers' respective sectors.

63 Mercedes-Benz Vans is also adopting a new approach with eDrive@Vans, which utilizes the way a van is used in each specific case as the key factor for evaluating various drive system options. The choice of battery-electric drive or a conventional combustion engine depends solely on which represents the best solution for a particular application. Fuel cells will be added to the drive system portfolio over the medium term.

64 In 2017, the American startup Via and Mercedes-Benz Vans established a joint venture known as ViaVan, whose ride-sharing services are a part of sharing@Vans. The company's innovative technology uses an intelligent algorithm to combine the same or similar routes and destinations requested by various passengers into a single trip with one vehicle, which makes it possible to avoid detours and delays for everyone. The app-based, on-demand ride-sharing service was launched in Amsterdam in March 2018. It was subsequently introduced successfully in London, and then later in Berlin in September in cooperation with the Berliner Verkehrsbetriebe (BVG) transportation company. The new service is now also being used for the first time to help optimize individual passenger transport at a company: ViaVan was launched in 2018 at the BASF site in Ludwigshafen, Germany.

d) The Daimler Trucks division

65 As the world's largest manufacturer of trucks above six metric tons gross vehicle weight, the Daimler Trucks division 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 the 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 long-distance, distribution and construction-site haulage, as well as special vehicles that are used mainly in municipal applications. Due to close links in terms of production technology, the division's product range also includes buses of the Thomas Built Buses and FUSO brands. Daimler Trucks sells and is testing locally emission-free electric drive systems across the entire product portfolio. Daimler Trucks' most important sales markets in 2018 were the NAFTA region with 37% of unit sales, Asia with 32% and the EU30 region with 17%.

66 At the Capital Market & Technology Days in Portland, Daimler Trucks presented two new electric trucks for the North American market: the Freightliner eCascadia as a heavy-duty all-electric truck for long-distance applications and the Freightliner eM2 106 as an all-electric version for the medium-duty segment. The eCascadia is based on the Cascadia for heavy-duty haulage, which is already successful in North America. The Freightliner eM2 106 is used for the local distribution of foodstuffs as well as for deliveries. In December 2018, the first Freightliner eM2 was handed over to the customer Penske Truck Leasing Corp. This means that Daimler Trucks is now testing electric trucks with the first customers in all three segments: light-, medium- and heavy duty.

67 Mercedes-Benz already presented an all-electric heavy-duty distribution truck in 2016. In 2018, the first vehicles of the Mercedes-Benz eActros innovation fleet were handed over to customers. The first customers – Hermes, EDEKA, Transportbeton and Meyer-Logistik – operate in various segments and each of them is using an 18- or 25-ton truck based on the series version in daily operations for test purposes.

68 Daimler Trucks' first all-electric light-duty truck, the FUSO eCanter, was launched in Tokyo, New York and Berlin in 2017. Since the year 2018, more of the FUSO eCanter trucks have been handed over to logistics providers and municipalities in Berlin, London, Amsterdam and Lisbon, so this model is now operating in six metropolises around the world. The locally emission-free and nearly silent truck is in series production in Tramagal, Portugal, for markets in Europe and the United States. The trucks for the Japanese market are produced at the Mitsubishi FUSO plant in Kawasaki. Under the FUSO brand, Daimler Trucks had already presented the all-electric truck FUSO Vision One for the heavy-duty segment in 2017.

69 The world premiere of the new Actros took place in Berlin in early September 2018. The new Mercedes-Benz flagship features many innovations. With Active Drive Assist, Daimler Trucks is putting partially automated driving into series production. The system can support the driver with braking, accelerating and steering. While the driver continues to be responsible for monitoring the traffic situation, the system makes his or her work significantly easier and delivers an important contribution to enhancing safety on the roads. The improved Active Brake Assist helps to monitor the space in front of the vehicle and to react to pedestrians and cyclists even better. The fifth-generation brake assistant supports the driver with a combination of radar and camera system if there is a danger of a front-end crash or a collision with a pedestrian or cyclist, and initiates emergency braking if necessary. Sideguard Assist, which has been available for heavy-duty trucks from Mercedes-Benz since 2016, monitors not only the tractor unit but also the trailer or semi-trailer and helps to avoid accidents. When there is a person or object in the area monitored, the driver is warned visually and also acoustically if there is a danger of a collision.

70 Daimler Trucks has further expanded its activities with automated trucks and buses and established a research and development center for automated driving in Portland, Oregon. The innovation site cooperates closely with existing development centers in Stuttgart and India. In order to support the growth of expertise in new technologies as well as global tech initiatives, a new "Daimler Trucks and Buses Tech & Data Hub" has been established in Lisbon. The Tech & Data Hub aims to acquire talented employees in various technology fields and to focus on new technologies and digital services for the commercial-vehicle sector.

71 At the IAA Commercial Vehicles trade fair in Hannover, Fleetboard presented its new Fleetboard customer interface. For trucking companies, the new, intuitive, web-based interface combines all data from the booked Fleetboard services in a clear format. Fleet managers and dispatchers can summarize complex information in a tailored manner and while doing so are helped to identify improvement potential. The system uses push messages to proactively indicate when there is a need for action, such as a route adjustment. The digital interface in trucks has also been further developed. Vehicles with the new interactive multimedia cockpit can be connected with the Mercedes-Benz Truck App Portal and thus equipped with efficiency-enhancing apps. The Mercedes-Benz Truck App Portal offers an open platform on which customers and partners can install their own apps. One app that will be available in the portal is 'Fleetboard Driver'. It is also available for smartphone use in the Apple App Store and

the Google Play Store. Fleetboard Driver informs the truck driver in real time of relevant vehicle data such as mileage and fuel level. In addition, it provides a direct insight into driving and rest times as well as information on optimization potential in relation to the current driving style.

e) The Daimler Buses division

72 The Daimler Buses division with its Mercedes-Benz and Setra brands is the industry leader for buses above eight metric tons in its most important traditional core markets: the EU30 region, Brazil, Argentina and Mexico. The division's product range comprises city and inter-city buses, touring coaches and bus chassis. The largest of the division's 14 production plants are located in Germany, France, Spain, Turkey, Argentina, Brazil, Mexico and, since 2015, in India as well. In 2018, Daimler Buses generated 70% of its revenue in the EU30 region and 14% in Latin America (excluding Mexico). Whereas Daimler Buses mainly sells complete buses in Europe, its business in Latin America, Mexico, Africa and Asia focuses on the production and distribution of bus chassis.

73 With the new all-electric Mercedes-Benz eCitaro, which had its world premiere at the IAA Commercial Vehicles trade fair in Hannover, Daimler Buses has in its portfolio a key component of environmentally friendly local public transport with low-emission and locally emission-free buses. The bus gets its energy from lithium-ion batteries, and the charging technology it uses allows it to adjust to the individual requirements of transport companies. An innovative thermal management system ensures the efficient use of energy and provides the basis for a practical range. The bus can cover about one third of transport operators' relevant routes without intermediate recharging. The first models have already been delivered to customers.

74 The Mercedes-Benz eCitaro also marks the launch of an innovation offensive whose objective is the rapid and practical electrification of local public transport with buses in cities and large metropolitan areas. Because battery technology is developing at a rapid pace, the eCitaro is already designed to accommodate a transition to future battery technologies such as more powerful lithium-ion batteries or the optional use of solid-state batteries. Plans also call for the eCitaro's range to be increased through the use of a range extender in the form of a fuel cell that generates electricity.

75 The new all-electric eCitaro city bus is part of Daimler Buses' overall eMobility system. In order to support customers with the transition to electric bus fleets, the eMobility Consulting team offers advice on request about different use scenarios, taking into account bus route lengths, passenger numbers, energy requirements, range calculations, charging management and other aspects. In addition, the OMNIplus service brand offers a tailored electric mobility service package that includes onsite services at customers' maintenance and repair shops.

f) The Daimler Financial Services division

76 The Daimler Financial Services division supports the sales of Daimler Group's automotive brands in approximately 40 countries; in 2018, the mark of 5 million vehicles was exceeded for the first time. The product portfolio consists of tailored financing, leasing and insurance services. In 2018, Daimler Financial Services financed or leased approximately 50% of the vehicles sold by Daimler. The division's contract volume of EUR 154.1 billion covers more than 5.2 million vehicles. The range also includes the fleet management business (Athlon) and investment products as well as a variety of innovative mobility services.

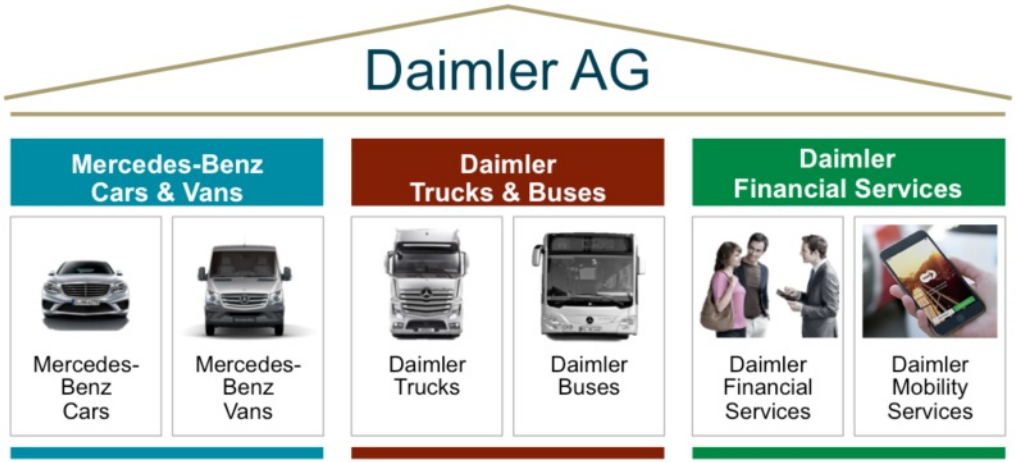
77 Within the Daimler Financial Services division, Daimler Mobility Services GmbH bundles the Daimler mobility services and thus acts as an interface between Daimler Group and the individual mobility units. The total number of registered users of mobility services increased to 31.0 million in the 2018 financial year. In 2019, too, the mobility services business is to continue to be systematically expanded. As of 31 January 2019, various on-demand services such as car2go (excluding China), moovel and the mytaxi Group were contributed to the joint ventures ShareNow, ReachNow, ChargeNow, FreeNow and ParkNow, which were established together with BMW, in order to achieve even faster growth in an efficient manner. In addition, Daimler Mobility Services GmbH and Geely Group Company plan to establish a joint venture for a premium ride-hailing service in China, subject to approval by the relevant regulatory authorities. The joint venture is intended to provide mobility services for passengers in premium vehicles in several Chinese cities.

II. Target structure – The Daimler Group after internal restructuring

78 In view of the historic changes in the automotive industry and the resulting challenges for Daimler Group, the Board of Management is pursuing the objective of optimising the corporate structure and positioning the Group more effectively.

79 The operating activities of Daimler Group are to be conducted in future in three legally independent units under the umbrella of Daimler AG as the parent company of the Group. In addition to the existing, legally independent division Daimler Financial Services, the divisions Mercedes-Benz Cars and Mercedes-Benz Vans as well as the divisions Daimler Trucks and Daimler Buses are also to be transformed – as described in this Hive-down Report – into legally independent entities in each case.

80 In the future, Daimler Group's business activities will no longer be bundled in five divisions, but in three:



81 Like Daimler Financial Services AG that is already existing, the new legal entities are to be managed as a subsidiary of Daimler AG in the legal form of a German stock corporation (*Aktiengesellschaft*).

82 The operating activities of Daimler AG in the Mercedes-Benz Cars and Mercedes-Benz Vans divisions are to be managed in future by Mercedes-Benz AG. Daimler AG's operating activities in the Daimler Trucks division are to be managed by Daimler Truck AG, which will also take over EvoBus GmbH in the course of the Hive-down. In addition, the domestic and foreign equity interests are to be allocated to Mercedes-Benz AG and Daimler Truck AG accordingly. The internal restructuring of the Mercedes-Benz Cars and Mercedes-Benz Vans divisions and of the Daimler Trucks and Daimler Buses divisions is described in detail in Sections F.II.1 and F.II.2.

83 In future, the activities of the Daimler Financial Services division will essentially be bundled under two companies: Daimler Financial Services AG, which focuses on integrated financial and mobility services as part of its business model, and LEONIE FS DVB GmbH. LEONIE FS DVB GmbH was established in November 2017 and will in future largely bundle all financial services and mobility companies. Daimler Financial Services AG is to be renamed "Daimler Mobility AG" in July 2019. In the future, LEONIE FS DVB GmbH could be merged with the renamed Daimler Mobility AG. The internal restructuring of the Daimler Financial Services division (in future: Daimler Mobility) is described in Section F.II.3.

84 Daimler AG is to perform the function of an operating management holding company in the future structure. In this function, for one thing Daimler AG is to assume certain central functions and provide group-wide services. In addition, the control and profit and loss transfer agreements existing between Daimler AG and Mercedes-Benz AG and Daimler Truck AG, respectively, will enable Daimler AG to continue to exercise influ-

ence over the operating activities of Mercedes-Benz AG and Daimler Truck AG in the future.

85 The intended internal restructuring is an important component of the overall strategy with which the Group intends to reposition itself for the challenges of the future. In recent years, important preparatory work has been carried out for this realignment. With the CUSTOMER DEDICATION program, Daimler Group has been gearing its global sales structures more closely to the needs of customers and markets since the end of 2013, and has thus organized the Group more strongly according to divisions. As a further step, legally independent business units were subsequently started to be created in the foreign markets in accordance with the business divisions. This approach – internally referred to as Project Legal Entity Dedication (LED) – served to focus the business units more strongly on the country-specific customer and market structure. The LED project was consistently integrated into the overarching structural project, which is internally referred to at Daimler as "PROJECT FUTURE", the central step of which is the Hive-down, and has since been fully integrated into it.

III. The path to achieving the target structure, overview of description

86 The intended internal restructuring of Daimler Group is effecten, in its first step, by means of the Hive-down of assets and liabilities of the Mercedes-Benz Cars and Mercedes-Benz Vans divisions to Mercedes-Benz AG and of the Daimler Trucks and Daimler Buses divisions to Daimler Truck AG.

87 Following the resolution of the General Meeting on the Hive-down, further Group companies are to be transferred to Mercedes-Benz AG and Daimler Truck AG, respectively. The background to these separate, subsequent transfers is, in particular, the necessary separation of the business activities and business units of the Cars & Vans, Trucks & Buses, and Daimler Financial Services Divisions abroad, which could not feasible to be fully implemented in the preparatory period. However, the Hive-down constitutes the key step in the further internal restructuring of the Daimler Group. Therefore – notwithstanding the continuation of separation activities abroad that were already initiated and intended anyway – the approval of the Hive-down by the General Meeting of Daimler AG is a prerequisite for the implementation of the subsequent transfer of further Group companies to Mercedes-Benz AG and Daimler Truck AG described in this Hive-down Report. However, the transfer of further Group companies to Mercedes-Benz AG and/or Daimler Truck AG is not a prerequisite for the implementation of the Hive-down.

88 The reasons for the internal restructuring of Daimler Group, the implementation of the key step by way of a hive-down in accordance with German Transformation Act and for not pursuing alternative transaction structures are described in detail in Section C.

89 The preparatory measures required for the internal restructuring are described in Section D. The establishment of Mercedes-Benz AG and Daimler Truck AG as acquiring entities by Daimler Vermögens- und Beteiligungsgesellschaft mbH (hereinafter also refferred to as "**DVB**"), the integration of these companies through the conclusion of con-

trol and profit and loss transfer agreements and the subsequent merger of DVB onto Daimler AG can be highlighted in this respect. In addition, in order to prepare for the Hive-down and the internal restructuring as a whole, restructuring measures were carried out within the group and measures were taken to meet the conditions for partial establishments for tax purposes.

90 The intended Hive-down of assets and liabilities from the Cars & Vans and Trucks & Buses Divisions relates in particular to the assets and liabilities forming part of the respective partial establishment for tax purposes (*steuerlicher Teilbetrieb*) in Germany and the equity interests in German and foreign corporations and partnerships specified in the Hive-down Agreement. The legal procedure for the Hive-down is described in Section E. Accounting and financial information on the Hive-down can be found in Sections G.I and G.II. Section H contains an explanation of the tax effects of the Hive-down. In Section I, the consequences of the Hive-down for the employees and their representative bodies are described. Last, the Hive-down Agreement required as the legal basis for the Hive-down is explained in detail in Section J.

91 The structure of Daimler Group after the Hive-down takes effect, in particular the function of Daimler AG as the operating management holding company and the subgroups of Mercedes-Benz AG and Daimler Truck AG created by means of the Hive-down, as well as the composition of the corporate bodies of Daimler AG, Mercedes-Benz AG and Daimler Truck AG are described in Section F. In this Section, the key further steps and measures for the internal restructuring of Daimler Group following the Hive-down are also described. Section G.III contains an outlook illustrating the intended state of implementation of the internal restructuring as per the end of January 2020 on the basis of selected key figures.

C. Decision for the internal restructuring of Daimler Group

I. Reasons for the internal restructuring of Daimler Group

92 When analysing the reasons for the decision to restructure Daimler Group, the Board of Management of Daimler AG took the following aspects into account and weighed them against each other.

1. Starting position: Radical changes in the automotive industry

93 With almost 300,000 employees and annual sales of 167 billion euros in 2018, the Daimler Group is one of the world's largest and most successful automobile and commercial vehicle manufacturers. Thanks to its diversified business model and its global presence, Daimler has always been able to master even the greatest challenges, such as the financial and economic crisis of 2008/2009. In recent years, the Group has been able to expand its position as the global market leader in the premium as well as in the truck segment with an innovative and attractive product portfolio.

94 At the same time, the automotive industry is currently experiencing the most radical changes in its history. Four megatrends – connectivity, autonomous driving, new mobility services, electrification of the drivetrain – are fundamentally changing the industry. This is not just accelerated technological change on a broad front. Customer needs are also changing and leading to increasing demand for innovative technology and mobility solutions. Aggressive competitors, such as technology groups with strong capital resources or new automobile manufacturers, are entering the market and creating a changed competitive situation.

95 These fundamental changes in the automotive industry offer growth opportunities for Daimler on the one hand, and put the traditional business model of established vehicle manufacturers to the test on the other, demanding a high degree of agility, market and customer proximity, the ability to cooperate, innovative strength and capital.

2. Challenge for Daimler: Ensuring corporate success also in automotive future

96 Daimler is already undergoing a strategic transformation from an automobile manufacturer to a mobility provider. On the one hand, the company is pursuing the strategy of further strengthening its core business in the development and production of vehicles – because that is and remains the economic backbone of the Group. On the other hand, Daimler is driving forward the future fields of connectivity, autonomous driving, mobility services and electrification. Daimler aims to be a leader in each of these areas.

97 However, in order to maintain and increase its corporate success in an environment that is highly dynamic and characterized by rapid change, the Group must be able to act quickly and flexibly and be very close to its markets and customers. This is because the transformations and challenges are affecting Daimler's various divisions with

varying speed and intensity. For example, electrification of the drivetrain in passenger cars and vans is likely to progress more rapidly than in heavy commercial vehicles.

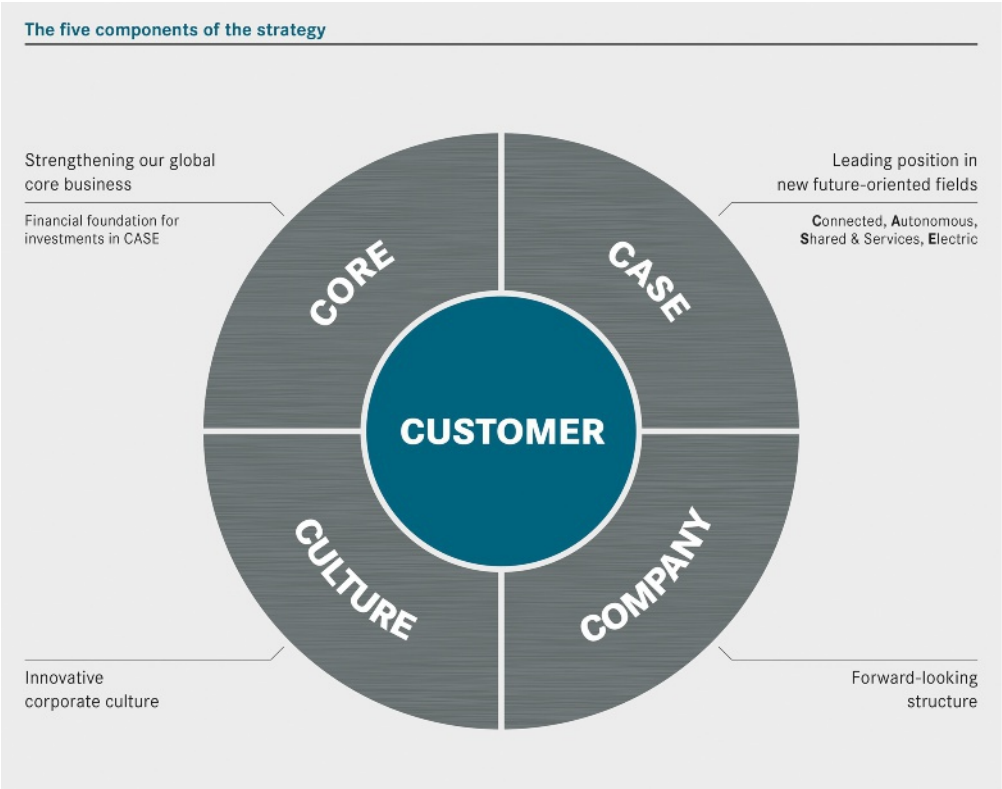
98 In addition, there is a growing need for Daimler to enter into strategic cooperations in order to play a leading role in the future fields of connectivity, autonomous driving, mobility services and electromobility. Daimler will not be able to fully cover these fields with its own know-how and capacities. Considerable investments are also necessary in order to continue to play a pioneering role and to be able to pursue a forward strategy against new competitors. In order to secure this financing requirement, investors must be tied to the company for the long term and new investors must be attracted.

99 Agility, market and customer proximity, new cooperations and the ability to invest in growth and new technologies are essential prerequisites for continued market leadership. Against the backdrop of a changed market and competitive environment, Daimler must position itself more flexibly and act in an even more differentiated manner in the individual divisions. The aim is to ensure the greatest possible entrepreneurial freedom of action and at the same time to preserve synergies where they exist.

100 Daimler is currently operating in historically grown corporate structures. For the automotive future, with its great challenges and opportunities, the company needs to be more focused, agile and transparent. The Board of Management of Daimler AG intends to actively shape this realignment.

3. Reasons for the creation of legally independent entities

101 The planned new structure is an important component of Daimler's overall strategy to prepare for the challenges of the future. This 5C strategy consists of strengthening the core business in vehicle construction (CORE), driving forward the major future issues of connectivity, autonomous driving, mobility services and electrification (CASE), Group-wide cultural change with a focus on innovation, integrity, sustainability and learning (CULTURE) and the realignment of the company in a future-oriented corporate structure described here (COMPANY). The standard for each of these modules is the customer (CUSTOMER).



102 In recent years, important preparatory work has been carried out for the realignment. With the CUSTOMER DEDICATION program, Daimler has aligned its worldwide sales structures more closely to the requirements of its customers and the markets. In some foreign markets, dedicated business units have already been created that focus on the country-specific customer and market structure and can therefore act more effectively. The new structure is designed to continue along this path.

103 By creating legally independent divisions under the common umbrella of Daimler AG, the Board of Management is pursuing the goal of optimizing corporate structures and positioning the Group more effectively. In addition to the already existing legally independent Daimler Financial Services AG, two new companies are therefore to be established. There are five key reasons for bundling the Mercedes-Benz Cars and Mercedes-Benz Vans divisions as well as the Daimler Truck and Daimler Buses divisions in legally independent business units:

Sharpen focus

104 Daimler intends to focus even more strongly than before on the needs of its customers and markets in the future. Legally independent divisions with their own decision-making bodies create greater customer proximity and enable more targeted market cultivation. The entire scope of operating activities – from development, procurement and production to marketing and sales – will be the responsibility of Mercedes-Benz AG or Daimler Truck AG, respectively, in the future, while the overall functions and services for the divisions will be handled by Daimler AG as the future holding company. Daimler AG will also remain responsible for defining the Group's strategy.

The clear organizational separation of cross-divisional structures in Germany and abroad under company law and the concentration of the then separate business units on their respective own business segments ensure a high degree of focus and transparency. This focus enables the individual business units to react more quickly and precisely to new trends, technological leaps and unforeseen market developments.

105 The merger of Mercedes-Benz Cars with Mercedes-Benz Vans, on the one hand, and Daimler Trucks with Daimler Buses, on the other, is intended to bundle the strengths of the two new divisions Cars & Vans and Trucks & Buses. The chosen structure is based on similar investment and product cycles as well as the joint use of common parts and technologies of the business activities combined in the new business units. In the allocation of the former Mercedes-Benz Vans division, which also overlaps with the Daimler Trucks division, careful consideration has shown that the intended combination with the Mercedes-Benz Cars division is more expedient.

Strengthen entrepreneurial action

106 Daimler should be able to act even faster and more agilely in the future. The positioning as legally independent units enables the divisions to react more quickly to fundamental changes and to develop suitable offers in a shorter period of time in order to take optimal advantage of the new market opportunities and business opportunities that present themselves. It thus lays the foundation for future-oriented entrepreneurial thinking and action at all levels.

107 The new Board of Management of Mercedes-Benz AG and Daimler Truck AG, respectively, will manage the respective stock corporation in its own responsibility and will each be supervised by a co-determined Supervisory Board. As legally independent business units, the divisions will at the same time have more room for decision-making. This is ensured, among other things, by setting higher thresholds for transactions and measures that the Board of Management of Mercedes-Benz AG or Daimler Truck AG, respectively, can conduct without obtaining approval from Daimler AG. Numerous transactions and measures can in future be decided independently in the new business units, resulting in shorter decision-making processes and less need for coordination. By conferring greater responsibility to the Boards of Management of Mercedes-Benz AG and Daimler Truck AG, the realignment is aimed at stepping up the pace of innovation and increasing organizational flexibility. At the same time, the threshold was raised for transactions for which the Board of Management of Daimler AG requires the approval of its Supervisory Board. This ensures that the Board of Management of Daimler AG focuses on transactions and measures of group-wide strategic importance.

108 In the planned structure, control and profit and loss transfer agreements will exist between Daimler AG as the future holding company and each of the two new companies. Even if Daimler AG thereby retains the possibility of asserting its influence over Mercedes-Benz AG or Daimler Truck AG (cf. the statements in Section F.I.3), this is by no means inconsistent with the central objective of the realignment, which is to promote independent entrepreneurial activity in the divisions and to expand the scope for

action (cf. the statements in Section D.II.2 on the reasons for concluding the control and profit and loss transfer agreements). In particular, the enlarged leeway for decision-making and the responsibility under stock corporation law of the members of the Board of Management and Supervisory Board in the two new companies will significantly strengthen responsibilities below the level of the future parent company.

Winning innovation partners

109 Daimler intends to use the new structure to facilitate cooperation. This is because the Group will be increasingly dependent on external expertise and new partners in the future in order to master technological change across the board and with its increased speed as well as secure its competitiveness in the areas of autonomous driving, connectivity, mobility services and electromobility.

110 Legally independent business units with clearly separated responsibilities are attractive cooperation partners. In future, in addition to Daimler AG, it will also be possible for Mercedes-Benz AG and Daimler Truck AG, which claim market and technology leadership in their respective business areas, to enter into direct cooperations in the form of the acquisition of equity interests and alliances. For the first time, specialized legal entities will be clearly identifiable for the outside world as representatives of the respective Division, which – as mentioned above – also have much greater decision-making leeway than today.

111 In addition, the new structure offers greater scope in the future for further structural changes that may become necessary in a changed competitive environment in dynamic markets. However, a divestment of divisions is not currently the subject of the realignment.

Increasing attractiveness on the capital market

112 Daimler intends to increase its attractiveness on the capital market. By focusing the new business units on their customers, markets and core competencies, new growth and earnings potential can be tapped. The aim of strengthening the divisional structure is thus to retain existing investors for the long term and to attract new investors and partners. The reorganization of the Group into legally independent divisions under the umbrella of Daimler AG will increase the transparency regarding the individual parts of the company and thus contribute to strengthening responsibilities. The reporting depth will be increased with respect to the combined units. The individual business units will thus be better comparable to the competition than in the previous structure. The greater transparency of the legally independent business units results in additional internal control options.

113 Even after the planned implementation of the new structure, Daimler will continue, as before, to act as a uniform market participant in the credit and capital markets in order to secure an efficient financing structure for the Group as a whole (in this respect, cf. the statements in Section F.I.5). The Group will continue to pursue an integrated financing approach that provides for central management of liquidity, interest rates

and associated risks and opportunities. Market price risks such as exchange rates, raw materials and the like will also be managed centrally in the new structure and interest rate advantages will be secured.

Ensure synergies

114 Also in the new structure, Daimler will be able to act from the strong position of a global corporation. As a family of companies with a common roof and three strong pillars, Daimler will continue to operate as a global alliance – across countries and divisions. Synergies (for example, in purchasing or financing) will be retained and will also be used consistently within the framework of this alliance in the future. The valuable common marks, such as Mercedes Benz, and intellectual property rights are also secured for the entire group of companies in the new structure.

115 In order to consistently exploit synergies for the Group, Group-wide functions and services will be bundled in Daimler AG as the future holding company and made available to the business units in an efficient and transparent manner and at uniformly high standards. These include, among others, central finance and controlling functions, International Procurement Services (IPS), Integrity and Legal, HR Human Resources and Labor Policy (HRP), Corporate Business Services (CBS) and central IT services. A special role in securing Group-wide synergies is played by uniform and centrally managed corporate financing, which is intended to provide the future business units with liquidity and growth capital at the best possible conditions.

4. Costs and possible risks of the internal restructuring

116 In the analysis of the pros and cons of the proposed reorganization, possible disadvantages and risks were also examined and weighed against the advantages and opportunities. In this context, the following aspects, in particular, were also taken into account:

One-time expenses

117 Based on the current estimates, the one-time expenses for the internal restructuring of Daimler Group described in this Hive-down Report amount to approximately EUR 610 million. The total amount of one-time expenses comprises transaction and consultancy costs (approximately EUR 220 million), personnel costs (approximately EUR 35 million) and function-specific costs (approximately EUR 245 million), with the latter being incurred, in particular, in the area of IT (approximately EUR 140 million) as well as in the divisions – Cars & Vans (approximately EUR 50 million) and Trucks & Buses (approximately EUR 20 million). Furthermore, the one-time expenses include tax charges in connection with the necessary transactions in the amount of approximately EUR 110 million. Of the total one-time expenses, around EUR 245 million were incurred by the end of 2018, which amount includes tax burdens of approximately EUR 30 million (including deferred taxes of approximately EUR 25 million).

118 In July 2018, the Board of Management and Supervisory Board of Daimler AG had approved a general framework for the one-time expenses of the project in an amount of EUR 700 million. Due to the complexity of the project and the related imponderabilities, an adequate cost reserve is still necessary in order to compensate for possible risks. For this reason, the Board of Management adheres to the initial framework for expenses, resulting in a cost reserve of approximately 15% (approximately EUR 90 million) of the total estimated one-time expenses in the amount of EUR 700 million.

119 The intra-group transactions necessary in the course of the internal restructuring of Daimler Group result in profits in the foreign companies due to the disclosure of hidden reserves. According to a current estimate, the full distribution of profits would lead to tax burdens of approximately EUR 105 million, of which EUR 20 million were already incurred in the 2018 financial year. Due to the uncertainties associated with the estimation of further tax burdens (in particular with regard to possible changes in tax legislation and valuations), an amount of approximately EUR 125 million was budgeted by the Board of Management and the Supervisory Board in July 2018.

Running costs

120 Due to the operational changes triggered by the internal restructuring of Daimler Group, higher running costs will be incurred in addition to the one-time costs estimated above. By the end of 2018, additional running costs of approximately EUR 5 million had been incurred; for 2019, annual running costs are expected to rise to approximately EUR 105 million, of which approximately EUR 60 million are for material costs and approximately EUR 45 million for personnel costs. Based on current planning, annual running costs will increase to approximately EUR 155 million until 2020. This amount comprises material costs of approximately EUR 95 million and personnel costs of approximately EUR 60 million.

121 The material costs stated above take into account the fact that after the Hive-down taking effect the electricity generation of Mercedes-Benz AG's and Daimler Truck AG's own power plants will be subject to the EEG (*Erneuerbare-Energien-Gesetz* – German Renewable Energies Act) surcharge due to the partial non-application of the "own supply privilege". The Board of Management estimates that the resulting financial disadvantages – assuming that the current legal framework continues to apply – will amount to approximately EUR 30 million per year.

122 In July 2018, the Board of Management and Supervisory Board of Daimler AG had approved a general framework for the running costs of the project for the year 2020 in an amount of EUR 170 million. Due to the complexity of the project and the related imponderabilities, in this respect, too, the initial cost framework is adhered to. This results in an adequate cost reserve in an amount of approximately 10% (approximately EUR 15 million) of the estimated additional running costs for the year 2020, in order to compensate for possible risks.

123 However, the Board of Management of Daimler AG, together with the future Boards of Management of Mercedes-Benz AG and Daimler Truck AG, will define comprehensive

measures aimed at ensuring that the increase in current costs is fully compensated in the medium term.

Risk of objections in transfers of (partial) establishments

124 The transfers of (partial) establishments from Daimler AG to the two new companies planned for 2019 are only possible in agreement with the employees and their elected representatives. The transfer of the employment relationship takes place automatically and at unchanged conditions; however, it can be objected to individually by the employee concerned. Daimler relies on a motivated and efficient workforce and has therefore closely coordinated all aspects of the internal restructuring with employee representatives already at an early stage. The Board of Management and employee representatives have also already agreed on a comprehensive reconciliation of interests for the employees of Daimler AG (cf. in this respect the statements in Section I.III.1). The agreements on the reconciliation of interests, such as the extension of the previous employment protection until the end of 2029, will only come into force for those employees who do not object to the transfer of their employment relationship in the course of the transfer of (partial) establishments – with the exception of the employees remaining with Daimler AG, to whom they apply anyway. Against this background, the Board of Management of Daimler AG is convinced that the risks arising from the exercise of the right of objection to which the transferring employees are individually entitled are small and thus do not constitute a relevant disadvantage.

Scope and duration of the internal restructuring

125 The intended internal restructuring of Daimler Group will require a longer period, due to the size of the Group and its global business activities. In particular, the Hive-down is only the first step in the internal restructuring (albeit the central one) and a number of further implementation steps will be required in order to further separate the Cars & Vans and Trucks & Buses divisions abroad and to transfer the foreign Group companies to Mercedes-Benz AG and Daimler Truck AG, respectively (cf. the description in Sections F.II.1 b) and F.II.2 b)). Due to the large number of legal, regulatory, accounting and tax requirements to be observed in each case, the necessary timing of the individual transaction steps and the implications for operations, this is also an extremely complex internal restructuring project. A internal restructuring project of this complexity involves certain financial, operational and timing risks, which cannot be entirely ruled out even with a careful analysis and preparation as carried out by the company. In addition to the binding rulings obtained in Germany (cf. Section D.IV in this respect), binding rulings have also been and are being obtained – where possible and appropriate – with regard to tax risks abroad. With regard to the consideration of the advantages and disadvantages of the transaction structure specifically selected, reference is made to the explanations in Section II.

5. Conclusion

126 After thorough examination and careful consideration of the advantages and disadvantages of transferring the Mercedes-Benz Cars and Mercedes-Benz Vans divisions,

on the one hand, and the Daimler Trucks and Daimler Buses divisions, on the other hand, to legally independent units, the Board of Management of Daimler AG – in consultation with the Supervisory Board and with its approval – has come to the conclusion that the new structure offers further growth and profitability opportunities for the company and that both the one-time expenses and the running additional costs will be more than offset by the advantages compared with the current structure.

127 A structure with three legally independent divisions – Cars & Vans, Trucks & Buses and Daimler Financial Services (in future: Daimler Mobility) – under the joint umbrella of Daimler AG as the future holding company ensures a high degree of agility, market and customer proximity, the ability to cooperate, innovative strength and capital strength in a powerful family of companies. The new corporate structure is an important step towards safeguarding Daimler's future viability also in the long term in the interests of the shareholders.

128 This assessment also takes into account the reasons for implementing the internal restructuring by way of a hive-down under the Transformation Act (see Section II below in this respect) and the result of the evaluation of alternative transaction structures (see Section III below in this respect) and, in an overall assessment, has led to the Hive-down of assets and liabilities of the Mercedes-Benz Cars and Mercedes-Benz Vans divisions to Mercedes-Benz AG and of the Daimler Trucks and Daimler Buses divisions to Daimler Truck AG being submitted to the shareholders of Daimler AG for approval as the central step in the internal restructuring of Daimler Group.

II. Decision to implement the internal restructuring by way of a hive-down pursuant to the German Transformation Act (*Umwandlungsgesetz* – UmwG)

129 The Board of Management of Daimler AG has also intensively examined and considered the options available for implementing the internal restructuring of Daimler Group.

130 The following reasons argue in favor of the Hive-down of assets and liabilities of the Cars & Vans and Trucks & Buses Divisions by way of a hive-down in accordance with the German Transformation Act:

- The partial universal succession by operation of law that takes place as part of the Hive-down enables the assets and liabilities items to be allocated to the divisions to be transferred without having to carry out a large number of individual legal transfer acts (assignments, transfers of ownership, assumptions of contracts, etc.). In particular, the agreements with third parties to be allocated to the assets to be hived down will also be transferred to Mercedes-Benz AG or Daimler Truck AG by operation of law upon completion of the Hive-down, without Daimler AG and Mercedes-Benz AG or Daimler Truck AG being forced to agree with each individual contractual partner on the transfer of the respective contractual relationship to the respective company.

- From a tax perspective, a Hive-down in accordance with the German Transformation Act enables the relevant assets and liabilities of the divisions to be transferred at book values and thus in a tax-neutral manner – provided that the requirements stipulated by statutory law are fulfilled. This presupposes, among other things, that the divisions to be transferred meet certain requirements for tax purposes (so-called 'partial establishment'). To this end, all operating bases that are functionally essential for the partial establishment as well as all assets that can be allocated from an economic perspective must be transferred to Mercedes-Benz AG or Daimler Truck AG, respectively. For a large number of the ambiguous cases arising in this context, binding rulings were applied for from the competent tax office and granted as applied for. The validity of these rulings requires that the scenarios are implemented as described. Regardless thereof, as explained above, the planned internal restructuring of the Daimler group will result in one-off tax burdens of approximately EUR 110 million.

- In the case of a capital increase against contribution in kind with individual legal succession, a tax-neutral implementation would also be possible under § 20 UmwStG (*Umwandlungssteuergesetz* – German Transformation Tax Act), but the Board of Management of Daimler AG preferred a structured process in accordance with the Transformation Act for the reasons outlined above, especially as the Hive-down under the Transformation Act is an established and transparent procedure for internal restructuring relatively complex assets within a group of companies.

131 The following disadvantages and risks were also taken into account in the process of consideration:

- The Hive-down requires the approval of the General Meeting with a majority of 75% of the share capital represented. However, the Board of Management of Daimler AG is confident that it will obtain the approval of the General Meeting required for the Hive-down with the required majority.

- In the case of a Hive-down, one party to the Hive-down Agreement is jointly liable under transformation law for the liabilities assigned to the respective other parties to the Hive-down Agreement (cf. Section E.IX). However, since a contractual group exists with both Mercedes-Benz AG and Daimler Truck AG, and Daimler AG is therefore liable for any losses incurred by Mercedes-Benz AG or Daimler Truck AG (see the explanations in Section D.II.1) pursuant to § 302 AktG, this joint liability is not economically relevant as a result.

- Under certain conditions, the German Transformation Act gives creditors the right to demand security deposits from Daimler AG or Mercedes-Benz AG or Daimler Truck AG (see Section E.IX). One of the prerequisites is the demonstration of prima facie evidence that the fulfillment of the claim will be jeopardized by the Hive-down in question. In the opinion of the Board of Management of Daimler AG, the prerequisites for the provision of security are not met in

view of the capital and financial resources of Mercedes-Benz AG and Daimler Truck AG when the Hive-down is completed.

132 With regard to the concrete implementation of the intended internal restructuring of Daimler Group by way of a Hive-down, the Board of Management of Daimler AG is therefore convinced that the advantages of the Hive-down described above clearly outweigh the disadvantages and risks (possibly) resulting from it.

III. Reasons for not pursuing alternative transaction structures

133 The Board of Management of Daimler AG has also intensively dealt with the question of whether the internal restructuring of Daimler Group could be effected by other means or whether alternative transaction models are available.

134 As a result, the Board of Management of Daimler AG – in consultation with the Supervisory Board and with its approval – has come to the conclusion that the intended Hive-down by way of acquisition pursuant to § 123 para. 3 no. 1 UmwG of assets and liabilities of the Mercedes-Benz Cars and Mercedes-Benz Vans divisions as well as of the Daimler Trucks and Daimler Buses divisions to two stock corporations under German law is the legally, financially and practically preferable solution for internal restructuring Daimler Group.

1. One-step transaction

135 A complete implementation of the internal restructuring of Daimler Group by way of a hive-down would have been possible only if a transfer of all foreign shareholdings could also have taken place at the same time. However, this would have required the separation of all business activities abroad before the Hive-down Effective Date. In view of the high number of foreign equity interests held, the large number of legal, regulatory, accounting and tax requirements to be observed in each case and the necessary timing of the individual transaction steps, it would in no case have been possible to complete a hive-down in 2019. For this reason, the Board of Management of Daimler AG did not consider such a one-step approach an option, particularly in view of the above-mentioned transformations in the automotive industry and the resulting challenges for Daimler Group.

2. Hive-down by way of singular succession

136 As an alternative to the Hive-down under the Transformation Act, a hive-down could have been carried out outside the Transformation Act, i.e. a contribution in kind of the two divisions to Mercedes-Benz AG and Daimler Truck AG, respectively, including a transfer of the pertinent assets and liabilities by way of singular succession. Singular succession would, however, have required a large number of individual legal transfer acts (assignments, transfers of ownership, assumption of contracts, etc.), which would have led to a considerable additional effort. In particular, in contrast to the intended Hive-down under § 123 para. 3 UmwG, the contracts with third parties to be allocated to the assets to be hived down would not have been transferred to Mercedes-Benz AG

or Daimler Truck AG upon completion of the hive-down. Daimler AG and Mercedes-Benz AG or Daimler Truck AG, respectively, would thus have been forced to agree with each individual contractual partner on the transfer of the respective contractual relationship to the relevant company. In addition to the considerable additional organizational effort, such an approach would also have entailed legal uncertainty, as it would have been uncertain whether all contracting parties would agree to the transfer of the contracts. On the other hand, the Hive-down under the Transformation Act – as explained above – is an established and transparent procedure for internal restructuring relatively complex assets within a group of companies.

137 In the event of a Hive-down under the Transformation Act, Daimler AG is jointly and severally liable for a period of five years (or for a period of ten years regarding pension obligations on the basis of the Company Pensions Act (*Betriebsrentengesetz*)), in addition to Mercedes-Benz AG and Daimler Truck AG, even for liabilities transferred to these companies by way of a Hive-down that were incurred prior to the Hive-down taking effect (§ 133 UmwG). Due to the existing control and profit and loss transfer agreements with the subsidiaries, however, this subsequent liability has no economic effect compared to the hive-down by way of singular succession, since Daimler AG is liable anyway for any losses of Mercedes-Benz AG or Daimler Truck AG under the respective existing control and profit and loss transfer agreement pursuant to § 302 AktG (see the statements in Section D.II.1).

138 As a result, Daimler AG is no worse off with regard to any liabilities to third parties as a result of the Hive-down under the Transformation Act than in the case of a transfer of individual rights.

3. Hive-down by way of new formation

139 Furthermore, a hive-down by way of new formation pursuant to § 123 para. 3 no. 2 UmwG could have been considered. In the case of a hive-down by way of new formation, the transfer of assets and liabilities takes place, as in the case of a hive-down by way of acquisition, by way of so-called partial universal succession at the time the hive-down is entered in the commercial register of the transferring entity. In contrast to the Hive-down by way of acquisition, however, in the event of a hive-down by way of new formation, the entire business operations would have been spun off to a subsidiary of Daimler AG that was not founded until the hive-down. The advantage of a hive-down by way of acquisition over a hive-down by way of formation is therefore that a separate legal entity already exists before the hive-down becomes effective, for which preparatory measures can be implemented (particularly in the areas of IT and accounting). In addition, a control and profit and loss transfer agreement can already be concluded.

4. Legal form of the acquiring entities

140 With regard to the legal form of the acquiring entities, the Societas Europaea (SE) or the German private limited liability company (*Gesellschaft mit beschränkter Haftung* – GmbH) would also have been available, in principle, instead of the German stock cor-

poration (*Aktiengesellschaft – AG*). In view of the importance of the two new companies in Daimler Group, however, the Board of Management of Daimler AG has come to the conclusion that a stock corporation under German law is the appropriate legal form for the acquiring entities, also taking into account the interests of the employees. Besides, the process required in an SE to negotiate employee involvement would have led to additional complexity in the internal restructuring of Daimler Group.

5. Formation of a new holding company

141 In legal terms, it would also have been possible to establish a new group holding company "above" the current Daimler AG. However, the transaction structures available here would have been subject to considerable implementation risks and inefficiencies. First, inefficiencies would have arisen from the fact that a public offer would have had to be submitted to Daimler AG's shareholders to exchange their Daimler shares for shares in the new holding company and that, as a result, two companies would have been listed at the stock exchange until a squeeze-out was carried out. In addition, the establishment of a new holding company would not have resulted in the allocation of the divisions to separate legal entities. Rather, it would have been necessary to spin off the holding functions to the new holding company and to allocate the divisions to individual legal entities by means of further spin-off measures under the Transformation Act.

142 Such a transaction structure would have been much more complex than the Hive-down of the assets and liabilities of the Cars & Vans and Trucks & Buses Divisions from Daimler AG while retaining the holding functions in the latter.

6. Spin-off of business divisions

143 A spin-off of individual divisions, for example the combined Trucks & Buses Division, would have resulted in the relevant business activities being bundled in an independent company alongside Daimler AG and the shareholders of Daimler AG receiving shares in this company as part of the spin-off. The spun-off business activities of the Trucks & Buses Division would then have left the Daimler group of companies. However, as Daimler Group's realignment is not aimed at divesting any business areas, the Board of Management of Daimler AG did not consider a spin-off of the Trucks & Buses Division an option. Besides, a spin-off of the combined Trucks & Buses Division would not have led to a holding structure with the advantages described in Section I.3 above and the intended separation of the business activities also of the Mercedes-Benz Cars and Mercedes-Benz Vans divisions. Moreover, a spin-off would have meant that existing synergies within the group could no longer have been exploited.

7. Hive-down to four companies

144 Finally, the Board of Management of Daimler AG also examined the hive-down of the relevant assets and liabilities to four companies (Cars, Vans, Trucks and Buses). The bundling of the previous four business areas to form Cars & Vans at Mercedes-Benz AG, on the one hand, and Trucks & Buses at Daimler Truck AG, on the other, is

intended to combine the strengths in the new legally independent divisions in a meaningful way. As already mentioned above, with this structure, there is a high degree of synergies – both due to similar investment and product cycles and with regard to the joint use of common parts and technologies. Moreover, the effort and expenses for a hive-down to four companies would have been even greater and could not have been justified in view of the importance of the Mercedes-Benz Vans and Daimler Buses divisions in relation to the Mercedes-Benz Cars and Daimler Trucks divisions.

D. Preliminary measures

I. Foundation of the acquiring entities by Daimler Vermögens- und Beteiligungsgesellschaft mbH

145 In order to create the necessary basis for the Hive-down, on 7 November 2017 DVB, which was since merged onto Daimler AG by way of an intra-group merger, formed Mercedes-Benz AG, then still operating under the name LEONIE PV AG, and Daimler Truck AG, then still operating under the name LEONIE TB AG. This was done with the intention of using Mercedes-Benz AG as the acquiring company in the course of the Hive-down of assets and liabilities of the Mercedes-Benz Cars and Mercedes-Benz Vans divisions and Daimler Truck AG as the acquiring company in the course of the Hive-down of assets and liabilities of the Daimler Trucks and Daimler Buses divisions.

1. Mercedes-Benz AG

146 Mercedes-Benz AG is a stock corporation under German law (*Aktiengesellschaft*), registered in the Commercial Register of the Local Court of Stuttgart under number HRB 762873. It was originally formed as LEONIE PV AG and renamed Mercedes-Benz AG in August 2018. Daimler AG acquired all shares in Mercedes-Benz AG as part of the DVB intra-group merger (see below Section III.2) and has since been the sole shareholder of Mercedes-Benz AG.

147 After the Board of Management of Daimler AG had decided in July 2018, with the approval of the Supervisory Board, to restructure Daimler Group, together with the change of the company name the object of the company was adjusted to the future business activities of the company.

a) Object of the company

148 Originally, the object of Mercedes-Benz AG, which at that time was still operating under the name LEONIE PV AG, was to hold and manage assets and equity interests. In the summer of 2018, the Articles of Incorporation of Mercedes-Benz AG were revised and, in particular, the object of the Company was changed. Since the last amendment of the Articles of Incorporation in March 2019, pursuant to § 2 para. 1 of the Articles of Incorporation the object of Mercedes-Benz AG is to engage, directly or indirectly, in the business of developing, producing and selling products and providing services, especially in the following lines of business:

- vehicles, in particular passenger cars and vans, engines and technical drives of all kinds including their parts, assemblies and accessories,
- other traffic engineering products,
- electronic equipment, devices and systems,
- communication and information technology,

- mobility and transport services and concepts,
- banking and insurance activities, financial and payment services and insurance brokerage, and
- management and development of real property.

149 Pursuant to § 2 para. 3 of the Articles of Incorporation, the company is authorized to set up domestic and foreign branches, to acquire interests in other companies, to acquire and dispose of other companies, to place them under joint management and conclude intercompany agreements with them, provide services to these companies or to limit itself to the management of its interests in such companies and to place all or part of its business operations into subsidiaries. § 2 para. 4 of the Articles of Incorporation stipulates that the Company may not itself directly carry out banking or insurance transactions, financial or payment services or real estate transactions that are subject to permits.

b) Registered office, financial year and annual financial statements

150 The company's registered office is in Stuttgart. The financial year of Mercedes-Benz AG is the calendar year, with the first financial year being a short financial year ending on 31 December 2017. The 2017 and 2018 annual financial statements of Mercedes-Benz AG are published on the Daimler AG website together with the documents that will be made available in connection with the agenda for this year's General Meeting.

c) Share capital and shares

151 The share capital of the company presently amounts to EUR 50,000 and is divided into 50,000 no-par value registered shares. All shares are held by Daimler AG.

152 As part of the Hive-down, the share capital is to be increased by EUR 999,950,000 to EUR 1,000,000,000 (see Section E.VI.1 below). After the Hive-down, all Mercedes-Benz AG shares will continue to be held by Daimler AG.

d) Board of Management

153 Pursuant to § 6 of the Articles of Incorporation of Mercedes-Benz AG, the Board of Management of Mercedes-Benz AG consists of at least two members. The Supervisory Board may appoint a chairman as well as a vice chairman of the Board of Management. The Board of Management of Mercedes-Benz AG currently comprises the following members, who are executives of Daimler AG:

- Petra Marita Meiser (Director M&A),
- Dr. Florian Hofer (Associate General Counsel).

154 A chairman of the Board of Management has not been appointed. Pursuant to § 7 para. 1 of the Articles of Incorporation, Mercedes-Benz AG is represented by two members of the Board of Management or by one member of the Board of Management jointly with a holder of a general power of attorney (*Prokurist*). Pursuant to § 7 para. 2 of the Articles of Incorporation, the company may also be represented, subject to the applicable legal restrictions, by two holders of a general power of attorney.

155 The future composition of the Board of Management is described in more detail below in Section F.III.3 a).

e) Supervisory Board

156 Pursuant to § 8 para. 1 of the Articles of Incorporation of Mercedes-Benz AG, the Supervisory Board of Mercedes-Benz AG currently consists of three members. Since Mercedes-Benz AG currently has no employees, the Supervisory Board is not subject to employee co-determination pursuant to the Co-Determination Act or the German One-Third Participation Act (*Drittelbeteiligungsgesetz*).

157 The Supervisory Board of Mercedes-Benz AG currently comprises the following members, who are executives of Daimler AG:

- Jochen Löhlein (Director Accounting),
- Tim Zech (Vice President Tax),
- Peter Zirwes (Director Corporate Finance).

158 The future composition of the Supervisory Board is described in more detail in Section F.III.3 b) below.

f) Activities conducted to date

159 Mercedes-Benz AG acquired a 34.59 % equity interest in hap2U S.A.S. in the 2018 financial year. hap2U S.A.S. is a French start-up company that has developed a technology for creating haptic effects for touch-sensitive surfaces such as screens or sensors.

2. Daimler Truck AG

160 Daimler Truck AG is a stock corporation under German law (*Aktiengesellschaft*), registered in the Commercial Register of the Local Court of Stuttgart under number HRB 762884. It was originally formed as LEONIE TB AG and renamed Daimler Truck AG in August 2018. Daimler AG acquired all shares in Daimler Truck AG as part of the DVB intra-group merger (see below Section III.2) and has since been the sole shareholder of Daimler Truck AG.

161 After the Board of Management of Daimler AG had decided in July 2018, with the approval of the Supervisory Board, to restructure Daimler Group, together with the change of the company name the object of the company was adjusted to the future business activities of the company.

a) Object of the company

162 Originally, the object of Daimler Truck AG, which at that time was still operating under the name LEONIE TB AG, was to hold and manage assets and equity interests. In the summer of 2018, the Articles of Incorporation of Daimler Truck AG were revised and, in particular, the object of the Company was changed. Since the last amendment of the Articles of Incorporation in March 2019, pursuant to § 2 para. 1 of the Articles of Incorporation the object of Daimler Truck AG is to engage, directly or indirectly, in the business of developing, producing and selling products and providing services, especially in the following lines of business:

- vehicles, in particular commercial vehicles and buses, engines and technical drives of all kinds including their parts, assemblies and accessories,
- other traffic engineering products,
- electronic equipment, devices and systems,
- communication and information technology,
- mobility and transport services and concepts,
- banking and insurance activities, financial and payment services and insurance brokerage, and
- management and development of real property.

163 Pursuant to § 2 para. 3 of the Articles of Incorporation, the company is authorized to set up domestic and foreign branches, to acquire interests in other companies, to acquire and dispose of other companies, to place them under joint management and conclude intercompany agreements with them, provide services to these companies or to limit itself to the management of its interests in such companies and to place all or part of its business operations into subsidiaries. § 2 para. 4 of the Articles of Incorporation stipulates that the Company may not itself directly carry out banking or insurance transactions, financial or payment services or real estate transactions that are subject to permits.

b) Registered office, financial year and annual financial statements

164 The company's registered office is in Stuttgart. The financial year of Daimler Truck AG is the calendar year, with the first financial year being a short financial year ending on 31 December 2017. The 2017 and 2018 annual financial statements of Daimler

Truck AG are published on the Daimler AG website together with the documents that will be made available in connection with the agenda for this year's General Meeting.

c) Share capital and shares

165 The share capital of the company presently amounts to EUR 50,000 and is divided into 50,000 no-par value registered shares. All shares are held by Daimler AG.

166 As part of the Hive-down, the share capital is to be increased by EUR 299,950,000 to EUR 300,000,000 (see Section E.VI.2 below). After the Hive-down, all Daimler Truck AG shares will continue to be held by Daimler AG.

d) Board of Management

167 Pursuant to § 6 of the Articles of Incorporation of Daimler Truck AG, the Board of Management of Daimler Truck AG comprises at least two members. The Supervisory Board may appoint a chairman as well as a vice chairman of the Board of Management. The Board of Management of Daimler Truck AG currently comprises the following members, who are executives of Daimler AG:

- Petra Marita Meiser (Director M&A),
- Dr. Florian Hofer (Associate General Counsel).

168 A chairman of the Board of Management has not been appointed. Pursuant to § 7 para. 1 of the Articles of Incorporation, Daimler Truck AG is represented by two members of the Board of Management or by one member of the Board of Management jointly with a holder of a general power of attorney (*Prokurist*). Pursuant to § 7 para. 2 of the Articles of Incorporation, the company may also be represented, subject to the applicable legal restrictions, by two holders of a general power of attorney.

169 The future composition of the Board of Management is described in more detail below in Section F.III.4 a).

e) Supervisory Board

170 Pursuant to § 8 para. 1 of the Articles of Incorporation of Daimler Truck AG, the Supervisory Board of Daimler Truck AG currently consists of three members. Since Daimler Truck AG currently has no employees, the Supervisory Board is not subject to employee co-determination pursuant to the Co-Determination Act or the One-Third Participation Act.

171 The Supervisory Board of Daimler Truck AG currently comprises the following members, who are executives of Daimler AG:

- Jochen Löhlein (Director Accounting),

- Tim Zech (Vice President Tax),
- Peter Zirwes (Director Corporate Finance).

172 The future composition of the Supervisory Board is described in more detail in Section F.III.4 b) below.

f) Activities conducted to date

173 In May 2018, Daimler Truck AG acquired from DVB the 50% interest in Daimler Kamaz Trucks Holding GmbH by way of contribution of the equity interest by DBV to the free capital reserves of Daimler Truck AG in accordance with § 272 para. 2 no. 4 HGB (*Handelsgesetzbuch* – German Commercial Code) (cf. Section III.3 c)).

174 In addition, Daimler Truck AG founded DTB Tech & Data Hub, Unipessoal LDA, with its registered office in Lisbon, Portugal, in the 2018 financial year. This company serves as a local center for the creation of new innovations in connection with software solutions for the CASE future fields that are relevant for the Trucks & Buses segment. In addition, the company is to drive forward global cooperation with the relevant Trucks & Buses brands and external partners in order to promote the corresponding global availability of innovations.

175 At the beginning of the 2019 financial year, Daimler Truck AG acquired from EIKONA AG all shares in conizi GmbH and, thus, indirectly the logistics application "habbl". The "habbl" logistics application allows seamless and digital networking of all parties involved throughout the entire supply chain. This acquisition further advances the digitization of the logistics applications and the Fleetboard brand.

II. Conclusion of control and profit and loss transfer agreements between Daimler AG on the one hand and Mercedes-Benz AG and Daimler Truck AG on the other hand

1. Conclusion and essential content of the control and profit and loss transfer agreements

176 In the course of the formation of Mercedes-Benz AG and Daimler Truck AG, at that time still under the company names LEONIE PV AG and LEONIE TB AG, respectively, DVB, as the founding shareholder, concluded control and profit and loss transfer agreements with each of the companies on 7 November 2017. Daimler AG, as the sole shareholder of DVB at that time, approved the conclusion of these control and profit and loss transfer agreements by shareholders' resolution dated 7 November 2017.

177 The control and profit and loss transfer agreements originally concluded between DVB as the controlling company (*Organträgerin*) and Mercedes-Benz AG and Daimler Truck AG, respectively, as controlled companies (*Organgesellschaften*) have been transferred to Daimler AG as the acquiring entity as part of the intra-group merger of DVB onto Daimler AG (see Section III.2 below). Upon the intra-group merger taking

effect, Daimler AG therefore assumed DVB's rights and obligations under the control and profit and loss transfer agreements as the controlling company.

178 The respective control and profit and loss transfer agreement between Mercedes-Benz AG and Daimler Truck AG as controlled companies and Daimler AG as the controlling company comply with the standard for intra-group control and profit and loss transfer agreements of Daimler Group.

179 The control and profit and loss transfer agreements, as amended on 9/12 February 2018, essentially each have the following content:

- Pursuant to § 1, the controlled company subordinates the management of the company to the controlling company, with the consequence that the controlling company is entitled to issue instructions to the Board of Management of the controlled company regarding the management of the company.

- Pursuant to § 2, the controlled company undertakes to transfer all its profits to the controlling company. The controlled company may – to the extent legally permissible and based on reasonable commercial and economic judgement – with the consent of the controlling company allocate amounts from the net income for the year to retained earnings (§ 272 para. 3 HGB), with the proviso that other reserves pursuant to § 272 para. 3 HGB formed during the term of the agreement may – to the extent legally permissible – be dissolved at the request of the controlling company and transferred as profit. The claim for transfer of profits arises at the end of the financial year of the controlled company.

- Pursuant to § 3, the assumption of losses by the controlling company is governed by the provision of § 302 AktG, as amended.

- Pursuant to § 4, the agreement – with the exception of the right to manage the controlled company – applies retroactively from the beginning of the financial year of the controlled company that had begun at the time of the entry of the agreement in the Commercial Register. The agreement is valid for an indefinite period and can – without prejudice to the right to terminate for good cause – only be terminated by giving six months' notice to the end of the financial year of the controlled company, but not before the end of the financial year after the end of which the minimum contractual term required for the recognition of a tax group for corporation and trade tax purposes has been fulfilled. In the event that the effectiveness of the agreement or its proper execution is not or not fully recognized for tax purposes, the minimum term pursuant to § 4 para. 5 does not commence until the first day of the financial year of the controlled company for which the conditions for the tax recognition of its effectiveness or its proper execution are satisfied for the first time or for the first time again.

2. Reasons for the conclusion of the control and profit and loss transfer agreements

180 The following reasons were decisive for the conclusion of the control and profit and loss transfer agreements.

a) Tax reasons

181 Under the control and profit and loss transfer agreement, the profits and losses arising at Mercedes-Benz AG and Daimler Truck AG, respectively, are assumed by Daimler AG under commercial law. For tax purposes, the income of Mercedes-Benz AG and Daimler Truck AG, respectively, is attributed to Daimler AG as part of a tax group for corporation and trade tax purposes. This gives Daimler AG the opportunity to include Mercedes-Benz AG and Daimler Truck AG in the tax equalization of income. In addition, Mercedes-Benz AG and Daimler Truck AG can be included in the Daimler AG tax group for VAT purposes.

b) Legal reasons

182 Following the Hive-down, Daimler AG will assume the function of an operating management holding company and, within the framework of its remaining central functions, will provide services, inter alia, to Mercedes-Benz AG and Daimler Truck AG, among others (see Sections F.I.1 and F.I.2). Daimler AG will also be responsible for the equity and debt financing of Daimler Group (see Section F.I.5). The aim is to secure efficient organizational and financing structures in the long term.

183 Without a control and profit and loss transfer agreement, there would only be a de facto group relationship (*faktischer Konzern*) between the Daimler AG and Mercedes-Benz AG or Daimler Truck AG, respectively. In the context of such a de facto group relationship, the Board of Management of the dependent company may, at the instigation of the controlling company, be entitled pursuant to § 311 para. 1 AktG to carry out legal transactions or measures which, considered in isolation, are detrimental to the dependent company. However, pursuant to § 311 para. 2 AktG, this only applies if the detriments associated with the relevant legal transaction or measure are either actually compensated by the controlling company within the financial year in which the detriments arose or the dependent company is granted a legal claim to corresponding compensation. Furthermore, the Board of Management of the dependent company must document in detail the relationships of the dependent company with the controlling company and, in particular, compliance with the provisions on the compensation of detriments in a dependency report to be examined by the Supervisory Board and the auditor of the dependent company (cf. §§ 312 to 314 AktG).

184 It follows from this that the Board of Management of the dependent company must individually examine all measures or legal transactions undertaken at the instigation of the controlling company to determine whether they are detrimental to the dependent company and therefore subject to compensation. In the latter case, the detriments as-

sociated with the legal transaction or measure in question must be assessed individually in order to determine adequate compensation.

185 Because of the associated auditing and documentation work involved, the above-mentioned requirements would make it considerably more difficult for Daimler AG to actually provide the planned support to Mercedes-Benz AG or Daimler Truck AG as part of its activities as an operating management holding company. It also has to be borne in mind that the necessary valuation of individual detriments is often only possible with great difficulty in the case of a long-term group relationship.

186 These difficulties can be avoided by entering into a control agreement, since the above provisions on individual compensation for detrimental transactions and measures initiated by the controlling company do not apply in a contractual group. The same applies to the requirement to prepare a dependency report. These provisions are replaced by the statutory general loss compensation obligation of the controlling company pursuant to § 302 AktG. Management measures can then be aligned with the common interest of the Group without the need for costly control and documentation of the individual measures with regard to whether they are detrimental to the dependent company when viewed in isolation.

187 Under the control and profit and loss transfer agreement, the joint interests of the Group can be asserted vis-à-vis the respective Boards of Management of Mercedes-Benz AG and Daimler Truck AG by way of instructions from Daimler AG. The respective Board of Management of the dependent company must also follow instructions that are detrimental to the company, provided they serve the interests of the controlling company or the companies affiliated with the latter and the company. The Board of Management may only refuse to comply with a permissible instruction if it is evidently not in the interests of the controlling company or its affiliated companies. This corresponds to the legal concept of the contractual group pursuant to § 308 AktG.

188 There are no interests of outside shareholders in the present case, as all shares in Mercedes-Benz AG and Daimler Truck AG were initially held by DVB and are now held by Daimler AG after the intra-group merger became effective.

c) Alternatives to the conclusion of control and profit and loss transfer agreements

189 The objectives described above, in particular the establishment of an income tax group and the activities of Daimler AG as an operating management holding company, cannot – or not meaningfully – be achieved by alternative contractual arrangements within the meaning of §§ 291 et seqq. AktG. The control and profit and loss transfer agreement enables the income tax group (*ertragssteuerliche Organschaft*) to be formed and ensures the effective enforcement of the common interests of the Group by issuing instructions to the dependent companies. Only by combining both elements can an optimized group structure be achieved with regard to the tax situation and corporate structures. For this reason, the legal entities involved have decided to enter in-

to control and profit and loss transfer agreements. This type of agreement has proven itself many times in stock corporation law practice.

190 The conclusion of control and profit and loss transfer agreements is therefore the only appropriate entrepreneurial measure by which the objectives of tax and organizational integration set out above can be achieved.

III. Intra-group restructuring measures prior to the Hive-down

191 In order to prepare the Hive-down and the internal restructuring as a whole, various intra-group restructuring measures were undertaken. The main restructuring measures with a view to the Hive-down are explained below. First, parallel to the formation of Mercedes-Benz AG and Daimler Truck AG, DVB set up various limited liability companies (in this respect, see Section 1 below). DVB was then merged onto Daimler AG by way of a intra-group merger (in this respect, see Section 2 below). In addition, various equity interests were transferred within the Group and foreign companies were established – including as subsidiaries of Mercedes-Benz AG and Daimler Truck AG – (see Section 3 below in this respect), and a new license structure was implemented around Daimler Brand & IP Management GmbH & Co. KG (see Section 4 below in this respect).

1. Foundation of subsidiaries of Daimler Vermögens- und Beteiligungsgesellschaft mbH

192 In preparation for the Hive-down and the further internal restructuring of Daimler Group, DVB established a number of limited liability companies in November 2017 in parallel with the formation of Mercedes-Benz AG and Daimler Truck AG as the acquiring entities.

193 LEONIE PV DVB GmbH, with its registered office in Stuttgart, entered in the Commercial Register of the Local Court of Stuttgart under HRB 762877, and LEONIE TB DVB GmbH, with its registered office in Stuttgart, entered in the Commercial Register of the Local Court of Stuttgart under HRB 763160, were founded in particular for the purpose of holding micro equity interests in such companies of the Cars & Vans Division or the Trucks & Buses Division, respectively, that must have at least two members under the law applicable in each case.

194 LEONIE FSM DVB GmbH, with its registered office in Stuttgart and entered in the Commercial Register of the Local Court of Stuttgart under HRB 762848, was founded for the purpose of holding minority interests attributable to the Daimler Financial Services division.

195 LEONIE CORP DVB GmbH, with its registered office in Stuttgart, entered in the Commercial Register of the Local Court of Stuttgart under HRB 763058, and LEONIE FS DVB GmbH, with its registered office in Stuttgart, entered in the Commercial Register of the Local Court of Stuttgart under HRB 762845, were established to assume the function of DVB, which was merged onto Daimler AG. LEONIE CORP DVB GmbH serves

the purpose of holding various equity interests of Daimler Group that are not attributed to a specific division. LEONIE FS DVB GmbH is used to hold equity interests in the Daimler Financial Services division (including Mobility Services).

196 Daimler Brand & IP Management Verwaltung GmbH was founded as LEONORE IP GmbH with its registered office in Stuttgart, entered in the Commercial Register of the Local Court of Stuttgart under HRB 762916, in order to act as general partner of Daimler Brand & IP Management GmbH & Co. KG (see below Section 4).

197 All shares in LEONIE PV DVB GmbH, LEONIE TB DVB GmbH, LEONIE CORP DVB GmbH, LEONIE FS DVB GmbH and Daimler Brand & IP Management Verwaltung GmbH have been held by Daimler AG since the intra-group merger of DVB onto Daimler AG became effective (see Section 2 below). LEONIE FSM DVB GmbH was contributed to LEONIE FS DVB GmbH by DVB prior to the intra-group merger taking effect.

198 DVB entered into a control and profit and loss transfer agreement with each of the aforementioned limited liability companies when they were formed.

199 Under the respective control and profit and loss transfer agreements, the abovementioned companies, as controlled companies, subordinate their management to DVB as the controlling company and undertake to transfer their entire profits to DVB. In return, DVB is obliged vis-à-vis the subsidiaries to assume losses pursuant to § 302 AktG.

200 The control and profit and loss transfer agreements originally concluded between DVB as the controlling company and the newly formed companies (with the exception of LEONIE FSM DVB GmbH) as controlled companies have been transferred to Daimler AG as the acquiring entity as part of the intra-group merger of DVB onto Daimler AG (see Section 2 below). Upon the intra-group merger taking effect, Daimler AG therefore assumed DVB's rights and obligations under the control and profit and loss transfer agreements as the controlling company. As part of the contribution of LEONIE FSM DVB GmbH to LEONIE FS DVB GmbH, the control and profit and loss transfer agreement between DVB and LEONIE FSM DVB GmbH was cancelled and a corresponding control and profit and loss transfer agreement was concluded between LEONIE FS DVB GmbH and LEONIE FSM DVB GmbH.

2. Intra-group merger of Daimler Vermögens- und Beteiligungsgesellschaft mbH onto Daimler AG

201 DVB, as the transferring entity, was merged onto Daimler AG, as the acquiring entity, by way of a merger by acquisition pursuant to § 2 no. 1 UmwG. In the relationship between DVB and Daimler AG for commercial law accounting purposes, the merger took place with economic effect as of 2 August 2018 (merger effective date). The tax transfer date was 1 August 2018.

202 As Daimler AG held all shares in DVB, the merger was carried out as a so-called intra-group merger without consideration (§ 20 para. 1 no. 3 sent. 1 sub-sent. 2 UmwG).

203 The intra-group merger was initiated by the conclusion of the notarized merger agreement between DVB and Daimler AG on 15 December 2017.

204 The intra-group merger was filed for entry in the Commercial Register of Daimler AG and DVB pursuant to §§ 16 and 17 UmwG, together with the necessary declarations and documents, on 18 September 2018. In accordance with § 17 para. 2 UmwG, the filing for registration in the Commercial Register of DVB was accompanied by an audited closing balance sheet of DVB as at 1 August 2018. The intra-group merger was entered in the Commercial Register of DVB and Daimler AG in accordance with § 19 para. 1 UmwG on 4 October 2018.

205 The intra-group merger became effective upon entry in the Commercial Register of Daimler AG. In accordance with § 20 para. 1 no. 1 UmwG, this resulted in the transfer of DVB's entire assets, including all liabilities, to Daimler AG. In addition, DVB ceased to exist with effect from 4 October 2018 pursuant to § 20 para. 1 no. 2 UmwG without requiring any separate dissolution.

3. Intra-group transfer of equity interests and formation of companies

a) Transfer of equity interests in connection with the merger of Daimler Vermögens- und Beteiligungsgesellschaft mbH onto Daimler AG

206 In connection with the merger of DVB onto Daimler AG, various equity interests were transferred to the newly established companies.

Transfer of micro equity interests to LEONIE PV DVB GmbH, to LEONIE TB DVB GmbH and to LEONIE FSM DVB GmbH

207 Before the merger of DVB onto Daimler AG became effective, various micro equity interests of DVB, which the latter held in foreign group companies, were transferred to LEONIE PV DVB GmbH, LEONIE TB DVB GmbH and LEONIE FSM DVB GmbH. The background to this is the requirements of the respective local law, according to which the companies concerned must have at least two members. The transfer of these micro equity interests avoided the occurrence of an (inadmissible) combination of Daimler AG shares when the merger of DVB onto Daimler AG became effective.

208 As part of the Hive-down, LEONIE PV DVB GmbH will be transferred to Mercedes-Benz AG and LEONIE TB DVB GmbH to Daimler Truck AG. Already prior to the Hive-down, LEONIE FSM DVB GmbH was contributed to LEONIE FS DVB GmbH, which will remain under Daimler AG.

Transfers of equity interests to LEONIE CORP DVB GmbH

209 Various equity interests of Daimler Group that are not attributed to a specific division have been transferred to LEONIE CORP DVB GmbH in the course of 2018 or, respectively, at the beginning of 2019. This includes, among others, the following companies:

- *Daimler TSS GmbH:* Daimler TSS GmbH is a service company that provides a wide range of IT services within the Group. It is particularly active in the development of intelligent IT system solutions, apps and other technical applications.

- *Daimler Protics GmbH:* Daimler Protics GmbH provides Daimler AG with support and consulting services focusing on method and process consulting, technical documentation, product visualization, project management and training.

- *LAB 1886 GmbH:* LAB 1886 GmbH is the internal incubator of the group in which new business models, ideas and products are developed in a technologically sophisticated and organizationally more agile framework. The company enables talented individuals to realize their visions and provides an environment for entrepreneurs within the larger corporation.

- *Daimler Group Services Berlin GmbH:* Daimler Group Services Berlin GmbH is the financial and personnel services provider of Daimler AG. The company operates one of the central locations in the Group's worldwide network of shared service centers and provides services in the areas of accounting, controlling and HR for the Daimler Group companies.

- *Daimler Real Estate GmbH:* Daimler Real Estate GmbH is responsible for the development and handling of group-internal real estate solutions for the worldwide locations of Daimler Group.

210 In addition, in the course of 2018 or, respectively, at the beginning of 2019 – in addition to asset management companies and various domestic and foreign micro and fund participations – the equity interests in the following companies/partnerships were transferred to LEONIE CORP DVB GmbH: Daimler Gastronomie GmbH, Daimler Mitarbeiter Wohnfinanz GmbH, EHG Elektroholding GmbH, Grundstücksgesellschaft Schlossplatz 1 mbH & Co KG (18.37%), Laureus World Sports Awards Limited (50%) and Mercedes-Benz Group Services Phils, Inc.

Transfers of equity interests to LEONIE FS DVB GmbH

211 A number of equity interests that are to be allocated to the Daimler Financial Services division have been transferred to LEONIE FS DVB GmbH in the course of 2018. These include, in particular, the equity interest in Daimler Mobility Services GmbH, which acts as the holding company for the Daimler mobility services.

212 Furthermore, in addition to the transfer of LEONIE FSM DVB GmbH, which – as explained above – serves to bundle micro equity interests, in particular the equity interests in the following companies were transferred to LEONIE FS DVB GmbH in the course of 2018: Daimler Financial Services Africa & Asia Pacific Ltd., Mercedes-Benz Asia GmbH, Mercedes-Benz Connectivity Services GmbH, and Mercedes-Benz Vans Mobility GmbH, as well as Daimler Insurance Services UK Limited and Mercedes-Benz

Financial Services UK Limited in preparation for the separation of business activities in the United Kingdom.

213 In the course of 2019, further equity interests of the Daimler Financial Services division are to be transferred to LEONIE FS DVB GmbH (in this respect, see Section F.II.3 b)).

b) Transfer of equity interests to Daimler Nederland B.V. and Daimler International Nederland B.V.

214 As part of the reorganization of the investment portfolio, equity interests in foreign Group companies were transferred to Daimler Nederland B.V. and Daimler International Nederland B.V. in the course of 2018 or will be transferred in 2019, respectively.

215 The majority of these are Group companies which, at the time of the transfer, are active in both the Mercedes-Benz Cars and Mercedes-Benz Vans divisions and the Daimler Trucks and Daimler Buses divisions and in some cases hold equity interests in financial services companies. Under the umbrella of Daimler Nederland B.V. or Daimler International Nederland B.V., respectively, the business activities of the companies concerned in the Mercedes-Benz Cars and Mercedes-Benz Vans divisions, on the one hand, and the Daimler Trucks and Daimler Buses divisions, on the other hand, are to be allocated to separate companies, in order to allow for an appropriate transfer of the respective business activities at a later date to Mercedes-Benz AG and Daimler Truck AG, respectively (in this respect, see Sections F.II.1 and F.II.2). At the same time, the relevant financial services companies are to be allocated accordingly. The transfer of the Group companies to Daimler Nederland B.V. and Daimler International Nederland B.V., respectively, enables the measures necessary to separate the business activities to be implemented in a tax-efficient manner. The procedure was discussed with the tax authorities.

216 In the course of 2018, and thus before the Tax Transfer Date of the Hive-down on 31 December 2018, in addition to a micro equity interest in Mercedes-Benz Argentina S.A., equity interests in the following Group companies were transferred to Daimler Nederland B.V.: (i) Mercedes-Benz Canada Inc. (37.96%), (ii) Mercedes-Benz do Brasil Ltda. (99.99%) and (iii) Mercedes-Benz Schweiz AG (100.00%).

217 In the fourth quarter of 2018, the equity interest in Daimler North America Corporation was transferred to Daimler International Nederland B.V. in preparation for the separation of the business activities and the allocation of the investment portfolio of Daimler North America Corporation.

218 The aforementioned equity interests were transferred to Daimler Nederland B.V. or Daimler International Nederland B.V., respectively, in each case as contributions in kind against the issue of new shares in Daimler Nederland B.V. or Daimler International Nederland B.V., respectively, to Daimler AG. On the basis of the applicable tax regulations on the exchange of shares (§ 21 UmwStG), a tax-neutral transfer was conducted for Daimler AG in this respect.

219 In 2019, the equity interests in the following Group companies are to be transferred to Daimler Nederland B.V.: (i) Mercedes-Benz Argentina S.A. (99.9999646%), (ii) Mercedes-Benz Japan Co., Ltd. (100.00%) and (iii) Mercedes-Benz Türk A.S. (66.91%)

220 Further information on the separation of the business activities of the companies referred to in this lit. b) and on the transfer to Mercedes-Benz AG and Daimler Truck AG, respectively, can be found in Sections F.II.1 b) and F.II.2 b).

c) Other intra-group transfer of equity interests and formation of companies

Transfer of equity interests to Daimler AG

221 Certain equity interests in Group companies that were already exclusively active in the Mercedes-Benz Cars and Mercedes-Benz Vans divisions or the Daimler Trucks and Daimler Buses divisions were transferred to Daimler AG prior to the Hive-down, so that these equity interests can be transferred from Daimler AG to Mercedes-Benz AG or Daimler Truck AG, respectively, in the course of the Hive-down.

222 Prior to the Hive-down, the equity interest in Mercedes-Benz Cars Nederland B.V. in particular was transferred to Daimler AG as a dedicated Cars & Vans shareholding. Mercedes-Benz Cars Nederland B.V. is a wholesale company in the Netherlands responsible for all sales activities regarding passenger cars of the Mercedes-Benz and smart brands.

223 In addition, the following equity interests were transferred to Daimler AG, which are to be allocated to the Cars & Vans Division and designated to be transferred to Mercedes-Benz AG in the course of the Hive-down: (i) Mercedes-Benz Customer Assistance Center Maastricht N.V., (ii) Mercedes-Benz Dealer Bedrijven B.V. and (iii) Mercedes-Benz IDC Europe S.A.S.

224 With regard to Daimler Truck AG, the following equity interests were transferred to Daimler AG, which are to be allocated to the Trucks & Buses division and designated to be transferred to Daimler Truck AG in the course of the Hive-down:

- *Daimler Trucks Canada Ltd.:* Daimler Trucks Canada Ltd. is the dedicated wholesale company for the Canadian market.

- *Mercedes-Benz Trucks UK Limited:* Mercedes-Benz Trucks UK Limited is the dedicated wholesale company of the Daimler Trucks division for the UK market. The transfer of Mercedes-Benz Trucks UK Limited to Daimler AG, together with the above-mentioned transfer of the UK financial services interests to LEONIE FS DVB GmbH, the transfer of EvoBus UK Limited to EvoBus GmbH and the transfer of Laureus Sports Awards Limited to LEONIE CORP DVB GmbH, serves to prepare the transfer of Daimler UK Limited to Mercedes-Benz AG in the course of the Hive-down.

- *Mercedes-Benz Trucks Molsheim:* Mercedes-Benz Trucks Molsheim is a dedicated truck production company specializing mainly in the production of special vehicles.

Transfer of equity interests to EvoBus GmbH

225 Besides, various local EvoBus companies were transferred to EvoBus GmbH until 31 December 2018, so that they can be transferred to Daimler Truck AG with EvoBus GmbH in the course of the Hive-down. In particular, these are the EvoBus companies in the following countries: (i) Denmark, (ii) France, (iii) Italy, (iv) the Netherlands, (v) Austria, (vi) Portugal, (vii) Sweden, (viii) Switzerland, (ix) Spain and (x) the United Kingdom.

Transfer of Daimler Kamaz Trucks Holding GmbH to Daimler Truck AG

226 Finally, already in May 2018 prior to the merger of DVB onto Daimler AG, DVB's 50 % stake in Daimler Kamaz Trucks Holding GmbH was transferred to Daimler Truck AG. The transfer was made by way of a contribution to the free reserves, i.e. without increasing the share capital of Daimler Truck AG. This indirectly transferred the equity interest held in the Russian production company DAIMLER KAMAZ RUS OOO to Daimler Truck AG. This company mainly produces the Mercedes-Benz truck models Actros, Atego, Axor and Unimog as well as FUSO-Canter vehicles and distributes the buses of the Mercedes-Benz (Conecto, Intouro Tourismo) and SETRA (Top-Class) brands. The reason for the early transfer was the necessity to approach to the joint venture partner, which could be implemented more efficiently without being connected to the Hive-down.

Formation of foreign companies

227 In the course of the internal restructuring of Daimler Group, domestic and foreign companies were and are being formed in order to bring about the necessary separation of business activities in the Cars & Vans and Trucks & Buses Divisions (cf. in this respect the description in Sections F.II.1(b) and F.II.2(b)). With regard to the acquiring entities, DAIMLER TRUCK AND BUS HOLDING AUSTRALIA PACIFIC PTY was formed as a subsidiary of Daimler Truck AG in 2018.

4. Implementation of the license structure built around Daimler Brand & IP Management GmbH & Co. KG

228 In preparation for the new structure, Daimler Brand & IP Management GmbH & Co. KG was formed in May 2018 by Daimler AG (as sole limited partner) and Daimler Brand & IP Management Verwaltung GmbH. Daimler Brand & IP Management GmbH & Co KG commenced operations on 1 July 2018 and employs a staff of approximately 160 employees.

229 Daimler Brand & IP Management GmbH & Co. KG is responsible for the administration, exploitation (own use and licensing) and enforcement, as well as for the protection

and defence of all marks and rights of Daimler Group, i.e. all technical and non-technical property rights, in particular designs, utility models, marks and patents as well as domains. In this function, Daimler Brand & IP Management GmbH & Co. KG is responsible, on the one hand, for securing, administering, defending and enforcing the marks (e.g. the three-pointed star), technical property rights, designs and domains jointly used by several divisions (hereinafter referred to as the "**Multi-use marks and rights**"). These are intangible assets that remain with Daimler AG even after the Hive-down, but for which Mercedes-Benz AG and Daimler Truck AG are granted licenses. In addition to Multi-use marks and rights, Daimler Brand & IP Management GmbH & Co. KG also manages such marks and rights that are used exclusively by the respective Division and are therefore transferred to Mercedes-Benz AG or Daimler Truck AG, respectively, in the course of the Hive-down (hereinafter referred to as the "**Single-use marks and rights**"). These Single-use marks and rights are the exclusive property of Mercedes-Benz AG or Daimler Truck AG. The registration, operational administration, enforcement, exploitation and defence of these rights are centralized at Daimler Brand & IP Management GmbH & Co. KG.

230 In addition, Daimler Brand & IP Management GmbH & Co. KG is responsible for defending against challenges based on IP rights of third parties, for defending against allegations of violations of competition law and similar challenges as well as for providing services in the field of intellectual property rights and related areas of law. Daimler Brand & IP Management GmbH & Co KG provides such services throughout the Group, i.e. for Daimler AG and its subsidiaries.

231 The business activities of Daimler Brand & IP Management Verwaltung GmbH & Co. KG are mainly based on a master license agreement concluded with Daimler AG as of 30 June 2018 regarding the use of Multi-use marks and rights. At the same time, Daimler Brand & IP Management GmbH & Co. KG entered into sublicense agreements with Mercedes-Benz AG and Daimler Truck AG regarding the use of the Multi-use marks and rights. Irrespective of these license agreements, Daimler Brand & IP Management GmbH & Co KG also acts on behalf of Daimler AG's subsidiaries, such as Mercedes-Benz AG and Daimler Truck AG, on the basis of separately concluded IP service agreements and supports them legally and operationally in connection with various intellectual property issues.

IV. Measures to fulfill the requirements of partial establishments

232 Pursuant to § 20 UmwStG, a Hive-down of assets to a subsidiary is possible in a tax-neutral manner upon application if the assets to be hived down constitute a partial establishment for tax purposes (*steuerlicher Teilbetrieb*), the Hive-down is conducted against the granting of new corporate rights in the acquiring subsidiary and the other requirements of § 20 para. 2 sent. 2 et seqq. UmwStG are met (cf. Section H.II in this respect).

233 "Partial establishment" is a technical term from German tax law and describes – in simplified terms – a business unit that is functional and viable from its own resources. With regard to the assets to be hived down, this means that all assets that belong to

the functionally essential operating bases and that are to be attributed to the Cars & Vans Division or the Trucks & Buses Division in economic terms must be transferred to Mercedes-Benz AG or Daimler Truck AG, respectively. For this reason, functionally significant operating bases used by several partial establishments on the Tax Transfer Date prevent, in principle, a tax-neutral Hive-down. At Daimler AG, this was particularly important for the handling of the jointly used marks, technical property rights, designs and domains, as these will still be required by both Mercedes-Benz AG and Daimler Truck AG after the Hive-down. However, these requirements only apply to assets that are part of Daimler AG's taxable business assets on the tax transfer date.

234 In contrast, assets that are used by several partial establishments, but for which they do not constitute a functionally essential operating basis, can be freely allocated for the purposes of the Hive-down. This issue and whether the assets to be hived down constitute a partial establishment in consideration of these principles was agreed prior to the restructuring with the competent tax office by means of of binding rulings pursuant to § 89 para. 2 AO (*Abgabenordnung* – German Tax Code). The binding rulings were issued as applied for.

235 As part of a comprehensive partial establishment due diligence process, all Group-wide functions and functional departments of Daimler AG were examined to determine which operational processes are performed by which employees in the Group-wide functions and functional departments and which assets are the responsibility of these employees. In the process, a comprehensive analysis was carried out for all functions, employees and assets to determine which business areas or divisions (Cars & Vans, Trucks & Buses or Central Function) the functions and sub-functions belong to and which employees work for the respective area. The analysis covered all fixed and current assets as well as all liabilities and provisions. In addition, among other things, all contracts and rights of Daimler AG were also subjected to a comprehensive analysis.

236 In order to meet the requirements for partial establishments, based on this comprehensive inventory-taking it was agreed with the financial authorities that the assets to be hived down are allocated in each case based on the organizational areas of responsibility and, thus, on the segment assets of Daimler AG. This is due to the fact that, from a tax perspective, assets which serve to perform a certain operational function are to be allocated to the partial establishment in which the relevant function is performed. The latter, in turn, is decided based on the organizational responsibility of this function.

237 Against this background, already with effect from 1 October 2018 Daimler AG has adjusted its organizational structures – and thus its segment reporting – in certain areas in such manner that the assets to be transferred as part of the Hive-down will meet the requirements for a partial establishment for tax purposes (*steuerlicher Teilbetrieb*) as of 31 December 2018. The effects of these adjustments on the presentation in the segment reporting were of minor significance.

238 In this context, the tax authorities also confirmed in one of the binding rulings that future service relationships between Mercedes-Benz AG and Daimler Truck AG to the

extent planned are not harmful in terms of the requirements for a partial establishment.

239 Separate accounting groups for Mercedes-Benz AG and Daimler Truck AG were established in the accounting system of Daimler AG as of 1 January 2019 in order to present the respective Hive-down Assets as of the Hive-down Effective Date and to be able to properly represent all transactions to be recorded in the books up to the Consummation Date.

240 As a result of the license structure described above in Section III.4, the Multi-use marks and rights as well as the direct equity interests of Daimler AG in corporations are not attributable for tax purposes to Daimler AG, but to Daimler Brand & IP Management GmbH & Co. KG (so-called special tax-related assets (*Sonderbetriebsvermögen*)). Due to the fact that these assets do not form part of the tax operating assets (*steuerliches Betriebsvermögen*) of Daimler AG, they are therefore not to be included in the definition of the partial establishments for tax purposes (*steuerlicher Teilbetrieb*) as of 31 December 2018, regardless of their use by one or more of the divisions. To the extent that Daimler AG's equity interests held in corporations are transferred to Mercedes-Benz AG or Daimler Truck AG as part of the Hive-down, this is therefore not implemented for tax purposes as part of the transfer of the partial establishment, but rather as further contributions in kind pursuant to § 21 UmwStG (see also the explanations below in Section H.I).

241 The implementation of the license structure built around Daimler Brand & IP Management GmbH & Co. KG and the related tax issues and consequences were also confirmed by the competent tax office by binding rulings issued in accordance with the application.

V. Structural considerations for the allocation of the portfolio of equity interests

242 The operating activities in Germany in the Cars & Vans and Trucks & Buses Divisions will be transferred to Mercedes-Benz AG and Daimler Truck AG as partial establishments for tax purposes (*steuerlicher Teilbetrieb*) in the course of the Hive-down. The allocation of the portfolio of equity interests to Mercedes-Benz AG and Daimler Truck AG, respectively, will occur in part in the course of of the Hive-down and in part after the Hive-down (cf. the description in Sections F.II.1 b) and F.II.2 b)). The background is, in particular, the necessary separation of the business activities of the Cars & Vans, Trucks & Buses, and Daimler Financial Services Divisions abroad.

243 In the following, the structural considerations are described that were decisive for the allocation of the portfolio of equity interests in the context of the restructuring of Daimler Group.

244 The starting point for these considerations was the categorization of Daimler Group's companies according to their allocation to individual or several divisions. From a timing point of view, it was relevant for the reorganization of the portfolio of equity interests to which extent the companies are or were active in several divisions and to

which extent a corresponding separation of operating activities had to be conducted prior to the allocation of the company in question.

245 The companies of Daimler Group differ in their value-creating activities as production companies, wholesale companies or retail companies.

246 The production companies mainly perform manufacturing and assembly activities relating to vehicles, chassis or corresponding components and parts.

247 The wholesale companies (so-called "Market Performance Centers") generally serve as local sales companies that regularly cover one country, but in some cases also larger geographical regions (e.g. BeNeLux). The main business of the wholesale companies is the local distribution of vehicles manufactured by Daimler AG or by foreign production companies to their own or external retail companies. The majority of the wholesale companies also serve as operating holding companies at the country or regional level, often holding shares in retail companies or in companies allocated to the Daimler Financial Services division.

248 Where a production, wholesale or retail company operates both in the Cars & Vans and Trucks & Buses Divisions, it was recognized as a "mixed company" in the course of the allocation of the portfolio of equity interests. These mixed companies and the options for further treatment were each analyzed in detail. For the majority of the mixed companies, the business activities were already separated in the course of 2018 or are planned to be separated in the course of 2019. In each case, the business activity predominantly carried out (e.g. in the Cars & Vans Division) remains in the existing company, while the business activity in the other divisions (e.g. in the Trucks & Buses Division) is transferred to separate companies.

249 Once the separation activities have been completed, the equity interests in the then dedicated companies/partnerships will be transferred to Mercedes-Benz AG and Daimler Truck AG respectively. In individual cases, prior to the transfer, a regional bundling of equity interests in the same division among the respective wholesale or production companies is carried out.

250 For a few wholesale companies, the decision was made not to carry out a separation for operational and economic reasons. A separation of the wholesale activities at a later point in time would, however, be possible in principle. The allocation of these equity interests is based on the "main user principle", i.e. the allocation to Mercedes-Benz AG or Daimler Truck AG is made according to the focus of the respective company's business activities (based on sales).

251 In addition to wholesale activities, some of the wholesale companies are also responsible for the spare parts business and the related logistics (so-called "Global Service & Parts" (GSP)) in the respective country or the relevant region. In this respect, individual companies provide services both for the Cars & Vans Division and for the Trucks & Buses Division. Generally, there are no plans to separate the spare parts business in the course of the separation of the wholesale activities. As an exception,

this is different only if, in individual cases, a dedicated spare parts business is a prerequisite for the separation of wholesale activities. If the spare parts business remains in an operational process, the GSP function is allocated – in line with the approach in Germany – to the Cars & Vans Division (exception: Brazil).

252 The retail companies mainly have a regional focus at country level. The central activity is the local distribution of the vehicles purchased from the respective wholesale company and the provision of aftersales services. On the basis of an analysis of various alternative courses of action, it was decided that the mixed retail companies will not be separated in the course of the internal restructuring. A separation of the retail activities at a later point in time would, however, be possible in principle. The mixed retail companies are allocated according to the "main user principle", in line with the procedure for mixed wholesale companies.

E. Legal implementation of the Hive-down

253 The first step in the internal restructuring of Daimler Group will be to transfer the assets and liabilities of the Mercedes-Benz Cars and Mercedes-Benz Vans divisions as well as of the Daimler Trucks and Daimler Buses divisions from Daimler AG as the transferring entity to Mercedes-Benz AG and Daimler Truck AG as acquiring entities by way of a Hive-down in accordance with the Transformation Act.

I. Transferring and acquiring entities and Hive-down Assets

254 The assets and liabilities of the Mercedes-Benz Cars and Mercedes-Benz Vans divisions defined in the Hive-down Agreement as part of the Hive-down Assets (hereinafter referred to as the "**Cars & Vans Hive-down Assets**") are transferred by Daimler AG as the transferring entity to Mercedes-Benz AG as the acquiring entity. The Cars & Vans Hive-down Assets include, in particular, the assets and liabilities of the Mercedes-Benz Cars and Mercedes-Benz Vans divisions forming part of the partial establishment for tax purposes (*steuerlicher Teilbetrieb*) as well as the equity interests listed in the Hive-down Agreement as part of the Cars & Vans Hive-down Assets.

255 The assets and liabilities of the Daimler Trucks and Daimler Buses divisions defined in the Hive-down Agreement as part of the Hive-down Assets (hereinafter referred to as the "**Trucks & Buses Hive-down Assets**" and, together with the Cars & Vans Hive-down Assets also the "**Hive-down Assets**") are transferred by Daimler AG as the transferring entity to Daimler Truck AG as the acquiring entity. The Trucks & Buses Hive-down Assets include, in particular, the assets and liabilities of the Daimler Trucks and Daimler Buses divisions forming part of the partial establishment for tax purposes (*steuerlicher Teilbetrieb*) as well as the equity interests listed in the Hive-down Agreement as part of the Trucks & Buses Hive-down Assets.

256 The Hive-down Assets are transferred by way of partial universal succession, i.e. they are transferred to Mercedes-Benz AG or Daimler Truck AG, respectively, upon entry of the Hive-down in the commercial register of Daimler AG (hereinafter referred to as the "**Consummation Date**", see also Section VIII below).

257 In cases in which a transfer of title *in rem* by way of universal succession is not legally possible or does not appear practicable, alternative methods of transfer are provided for in the Hive-down Agreement. This concerns, for example, the creation of internal derivatives and the transfer of beneficial ownership of special purpose funds within the meaning of § 246 para. 2 sent. 2 HGB, which serve to secure Transferred Pension Obligations. However, the provisions of the Hive-down Agreement ensure that the relevant assets and liabilities are transferred to Mercedes-Benz AG or Daimler Truck AG, respectively, simultaneously with the Hive-down taking effect and with retroactive economic effect as of the Hive-down Effective Date. In this respect, there is complete synchronisation with the Hive-down.

258 The assets and liabilities that are transferred to Mercedes-Benz AG or Daimler Truck AG, respectively, upon of the Hive-down taking effect are described in detail in

Section J.II. This section also contains a more detailed explanation of the cases in which – in deviation from a transfer by way of partial universal succession – alternative methods of transfer were chosen.

259 The balance sheet presentation of the assets and liabilities transferred to Mercedes-Benz AG and Daimler Truck AG, respectively, as of the Hive-down taking effect is derived from the Cars & Vans Hive-down Balance Sheet and the Trucks & Buses Hive-down Balance Sheet, respectively. Both Hive-down balance sheets are annexes to the Hive-down Agreement. In addition, the accounting effects of the Hive-down are described in Section G.I below.

II. Hive-down by way of acquisition pursuant to § 123 para. 3 no. 1 UmwG

260 From a legal perspective, the Hive-down is effected in form of a hive-down by way of acquisition pursuant to § 123 para. 3 no. 1 UmwG. Accordingly, Daimler AG transfers the Hive-down Assets in their entirety to be acquired by Mercedes-Benz AG and Daimler Truck AG, respectively. In return, Mercedes-Benz AG and Daimler Truck AG, as the acquiring entities, grant newly created shares to Daimler AG, namely Mercedes-Benz AG 999,950,000 registered no-par value shares of Mercedes-Benz AG and Daimler Truck AG 299,950,000 registered no-par value shares of Daimler Truck AG. Daimler AG will thus be the sole shareholder of Mercedes-Benz AG and Daimler Truck AG also after the Hive-down.

III. Hive-down Agreement

261 The basis for the Hive-down is the Hive-down Agreement concluded in notarized form between Daimler AG, Mercedes-Benz AG and Daimler Truck AG on 25 March 2019. This Hive-down Agreement, which will be submitted to the General Meetings of Daimler AG, Mercedes-Benz AG and Daimler Truck AG for approval, contains in particular the mandatory information required for a Hive-down pursuant to § 126 UmwG. This includes provisions for determining the Hive-down Assets and the details of the transfer of the Hive-down Assets and the consideration to be given in return. The provisions of the Hive-down Agreement, including its annexes, are described in described in detail in Section J.

262 The Hive-down Agreement will be filed with the Commercial Register of Daimler AG prior to the convening of the General Meeting of Daimler AG which is to resolve on its approval (cf. § 125 sent. 1 in conjunction with § 61 sent. 1 UmwG). At the same time, in anticipation of the General Meetings of Mercedes-Benz AG and Daimler Truck AG to be held after the General Meeting of Daimler AG (see Section V.2 below in this respect), the Hive-down Agreement will also be submitted to the commercial register of Mercedes-Benz AG and Daimler Truck AG.

263 The Hive-down Agreement will be submitted to the General Works Council existing at Daimler AG and the Group Works Council existing at Daimler AG (cf. § 126 para. 3 UmwG). No works council exists at Mercedes-Benz AG and Daimler Truck AG, which means that there will be no submission of the Agreement in this respect.

264 Pursuant to § 125 sent. 2 UmwG, the Hive-down provided for in the Hive-down Agreement does not have to be audited by a court-appointed expert auditor.

IV. Hive-down Effective Date and Tax Transfer Date

265 The transfer of the respective Hive-down Assets is to take place in the internal relationship between Daimler AG, on the one hand, and Mercedes-Benz AG or Daimler Truck AG, on the other hand, for commercial balance sheet purposes with economic effect as of 0:00 a.m. on 1 January 2019 (hereinafter referred to as the "**Hive-down Effective Date**"). As of the Hive-down Effective Date, the transactions relating to the respective Hive-down Assets are carried out – in the internal relationship between Daimler AG, on the one hand, and Mercedes-Benz AG and Daimler Truck AG, respectively, on the other – for the account of Mercedes-Benz AG or Daimler Truck AG, respectively, for commercial balance sheet purposes. The same applies to the other assets and liabilities that are transferred from Daimler AG to Mercedes-Benz AG and Daimler Truck AG, respectively, on the basis of the Hive-down Agreement upon the Hive-down taking effect. In this regard, too, Daimler AG, Mercedes-Benz AG and Daimler Truck AG will put each other in such position internally as if the relevant assets and liabilities had been transferred to Mercedes-Benz AG and Daimler Truck AG, respectively, with effect as of the Hive-down Effective Date.

266 The tax transfer date for the Hive-down is 31 December 2018, 12.00 p.m. (hereinafter the referred to as the "**Tax Transfer Date**"). The only exception to this applies with regard to the equity interests in corporations listed in Annexes 11.1, 15.2, 34.2 and 30.1 to the Hive-down Agreement. In this respect, the tax transfer date is the Consummation Date as defined in Clause 41.1 of the Hive-down Agreement. With regard to the tax transfer date, see also Section H.II and Section J.I.3.

267 In the event that the Hive-down is not entered in the Commercial Register of Daimler AG by 29 February 2020, 1 January 2020 is agreed as the Hive-down Effective Date. In case of a further delay of the entry in the Commercial Register beyond 28 February of the following year, the Hive-down Effective Date is to be postponed by another year. The same shall apply to the Tax Transfer Date. However, in the event that the registration of the Hive-down cannot be achieved by the end of February 2020, Daimler AG is also entitled to withdraw from the Hive-down Agreement pursuant to Clause 60 of the Hive-down Agreement.

V. General meetings of the companies involved

1. General Meeting of Daimler AG

268 The Hive-down Agreement will only become effective if the General Meeting of Daimler AG approves it with a majority of at least three quarters of the share capital represented at the time the resolution is adopted (§ 125 sent. 1 in conjunction with §§ 13 para. 1, 65 para. 1 UmwG) and a simple majority of the votes cast (§ 133 para. 1 AktG).

269 The Hive-down Agreement will be submitted for approval to the General Meeting of Daimler AG on 22 May 2019.

2. General meetings of Mercedes-Benz AG and Daimler Truck AG

270 The effectiveness of the Hive-down Agreement further requires the approval of the General Meetings of Mercedes-Benz AG and Daimler Truck AG. In this regard, too, the approval by the general meeting with a majority of at least three quarters of the share capital represented when the resolution is adopted (§ 125 sent. 1 in conjunction with §§ 13 para. 1, 65 para. 1 UmwG) and a simple majority of the votes cast (§ 133 para. 1 AktG) are required.

271 The approval will in each case be granted by Daimler AG as the sole shareholder of Mercedes-Benz AG and Daimler Truck AG and is to be obtained in each case at an extraordinary general meeting of Mercedes-Benz AG and Daimler Truck AG, respectively, following the General Meeting of Daimler AG.

VI. Considerations and capital increases to implement the Hive-down; audits of contributions in kind and post-formation acquisition audits

1. Consideration and capital increase of Mercedes-Benz AG

272 As consideration for the transfer of the Cars & Vans Hive-down Assets to Mercedes-Benz AG in accordance with the provisions of this Hive-down Agreement, Daimler AG will receive 999,950,000 new no-par value registered shares of Mercedes-Benz AG. To implement the Hive-down, Mercedes-Benz AG will therefore increase its share capital by EUR 999,950,000 by issuing 999,950,000 no-par value registered shares. Each new Mercedes-Benz AG share will thus represent a portion of EUR 1.00 of the increased share capital.

273 The new shares will be entitled to profit participation from 1 January 2019. If the Hive-down Effective Date is postponed as described above, the beginning of the profit participation entitlement of the new shares will be postponed accordingly.

274 The contribution on the new shares will be made by Daimler AG in the form of a contribution in kind by means of the transfer of the Cars & Vans Hive-down Assets. To the extent legally permissible, the Cars & Vans Hive-down Assets will be recognized in the Mercedes-Benz AG commercial balance sheet at the carrying amount under commercial law from the closing balance sheet of Daimler AG as per 31 December 2018. To the extent that the value at which the contribution in kind is recognized in the commercial balance sheet of Mercedes-Benz AG exceeds the amount of the share capital increase specified above, such amount will be transferred to the capital reserve of Mercedes-Benz AG pursuant to § 272 para. 2 no. 1 HGB.

275 The capital increase resolution will provide that at least one new share will be issued for each of the equity interests in corporations and for each of the equity interests in partnerships (in each case in the amount of the equity interest existing at the Con-

summation Date). The reason for granting at least one share in each case is that under transformation tax law these equity interests are contributed by means of separate contribution processes pursuant to § 20 or § 21 UmwStG, respectively. Cf. also Section H below regarding the general tax law framework.

276 It is planned that Daimler AG, as the sole shareholder of Mercedes-Benz AG, will adopt the resolution required to increase the share capital of Mercedes-Benz AG at the General Meeting of Mercedes-Benz AG together with the resolution on the approval of the Hive-down Agreement. The Hive-down can only be entered in the Commercial Register of Mercedes-Benz AG after the capital increase has been entered in the Commercial Register of Mercedes-Benz AG. In turn, the capital increase can only be entered in the Commercial Register of Mercedes-Benz AG after the conclusion of the Hive-down Agreement (as a post-formation acquisition agreement) has been entered in the Commercial Register of Mercedes-Benz AG (see Section 3 below).

2. Consideration and capital increase of Daimler Truck AG

277 As consideration for the transfer of the Trucks & Buses Hive-down Assets to Daimler Truck AG in accordance with the provisions of the Hive-down Agreement, Daimler AG will receive 299,950,000 new no-par value registered shares of Daimler Truck AG. To implement the Hive-down, Daimler Truck AG will therefore increase its share capital by EUR 299,950,000 by issuing 299,950,000 no-par value registered shares. Each new Daimler Truck AG share will thus represent a portion of EUR 1.00 of the increased share capital.

278 The new shares will be entitled to profit participation from 1 January 2019. If the Hive-down Effective Date is postponed as described above, the beginning of the profit participation entitlement of the new shares will be postponed accordingly.

279 The contribution on the new shares will be made by Daimler AG in the form of a contribution in kind by means of the transfer of the Trucks & Buses Hive-down Assets. To the extent legally permissible, the Trucks & Buses Hive-down Assets will be recognized in the Daimler Truck AG commercial balance sheet at the carrying amount under commercial law from the closing balance sheet of Daimler AG as per 31 December 2018. To the extent that the value at which the contribution in kind is recognized in the commercial balance sheet of Daimler Truck AG exceeds the amount of the share capital increase specified above, such amount will be transferred to the capital reserve of Daimler Truck AG pursuant to § 272 para. 2 no. 1 HGB.

280 The capital increase resolution will provide that at least one new share will be issued for each of the equity interests in corporations and for each of the equity interests in partnerships (in each case in the amount of the equity interest existing at the Consummation Date). The reason for granting at least one share in each case is that under transformation tax law these equity interests are contributed by means of separate contribution processes pursuant to § 20 or § 21 UmwStG, respectively. Cf. also Section H below regarding the general tax law framework.

281 It is planned that Daimler AG, as the sole shareholder of Daimler Truck AG, will adopt the resolution required to increase the share capital of Daimler Truck AG at the General Meeting of Daimler Truck AG together with the resolution on the approval of the Hive-down Agreement. The Hive-down can only be entered in the Commercial Register of Daimler Truck AG after the capital increase has been entered in the Commercial Register of Daimler Truck AG. In turn, the capital increase can only be entered in the Commercial Register of Daimler Truck AG after the conclusion of the Hive-down Agreement (as a post-formation acquisition agreement) has been entered in the Commercial Register of Daimler Truck AG (see Section 3 below).

3. Audits of contributions in kind and post-formation audits

282 As part of the capital increases of Mercedes-Benz AG and Daimler Truck AG, an audit of contributions in kind will be carried out in each case pursuant to §§ 142 para. 1 and 69 UmwG in conjunction with § 183 AktG. With these audits, it is examined, among other things, whether the value of the contribution in kind reaches the issue price of the shares granted in return (cf. §§ 183 para. 3, 34 para. 1 no. 2 AktG).

283 At the Hive-down Effective Date, the fair value of the Cars & Vans Hive-down Assets was many times higher than the issue price of the Mercedes-Benz AG shares to be granted in return. Equally, the fair value of the Trucks & Buses Hive-down Assets at the Hive-down Effective Date was several times higher than the issue price of the Daimler Truck AG shares to be granted in return. The Board of Management of Daimler AG, on the one hand, and the Boards of Management Mercedes-Benz AG and Daimler Truck AG, on the other hand, assume that the fair value of the respective Hive-down Assets will continue to exceed several times the issue price of the new shares to be granted in return upon filing for registration of the respective capital increase.

284 Since Mercedes-Benz AG and Daimler Truck AG were entered in the Commercial Register less than two years prior to the conclusion of the Hive-down Agreement, the provisions on post-formation pursuant to § 52 AktG must also be complied with in the course of the Hive-down.

285 Pursuant to the provisions governing post-formation, the Supervisory Boards of Mercedes-Benz AG and Daimler Truck AG must audit the Hive-down Agreement and submit a written report on it (cf. § 125 sent. 1 in conjunction with § 67 UmwG in conjunction with §§ 52 para. 3, 32 para. 2 and 3 AktG).

286 In addition, an audit must be carried out by a court-appointed auditor who examines the entire post-formation process. In this respect, too, it is examined whether the value of the respective contribution in kind reaches the issue price of the shares granted for it (cf. § 125 sent. 1 in conjunction with § 67 UmwG in conjunction with §§ 52 para. 4, 33 paras. 3 to 5, 34 et seq. AktG).

287 Upon application of Mercedes-Benz AG, the Local Court of Stuttgart, by order of 20 March 2018, appointed KPMG AG Wirtschaftsprüfungsgesellschaft as the uniform

auditor of post-formation and contributions in kind for the Hive-down to Mercedes-Benz AG. In addition, upon application of Daimler Truck AG, the Local Court of Stuttgart, by order of 27 March 2018, appointed KPMG AG Wirtschaftsprüfungsgesellschaft as the uniform auditor of post-formation acquisition and contributions in kind for the Hive-down to Daimler Truck AG (cf. § 125 sent. 1 in conjunction with § 67 UmwG in conjunction with §§ 52 para. 4, 33 paras. 3 to 5, 34 et seq. AktG for the audit of post-formation and § 125 sent. 1 in conjunction with §§ 142 para. 1, 69 para. 1 sent. 1 UmwG in conjunction with §§ 183 para. 3, 33 paras. 3 bis 5, 34 et seq. AktG for the audit of contributions in kind).

288 The auditor for post-formation acquisitions and contributions in kind will submit reports on the audit of the post-formation acquisitions and on the value of the respective contribution in kind. The reports on the respective audits of post-formation acquisitions and contributions in kind as well as the post-formation acquisition report of the respective Supervisory Board will be filed and deposited with the Commercial Register of Mercedes-Benz AG and Daimler Truck AG, respectively, at the Local Court of Stuttgart. In addition, the conclusion of the Hive-down Agreement (as a post-formation acquisition agreement) must be filed with the Local Court of Stuttgart for entry in the Commercial Register of Mercedes-Benz AG and Daimler Truck AG (cf. § 125 sent. 1 in conjunction with § 67 UmwG in conjunction with § 52 paras. 6 to 9 AktG).

289 The registration of the capital increase and the Hive-down can only occur after the conclusion of the Hive-down Agreement (as a post-formation acquisition agreement) has been entered in the Commercial Register of Mercedes-Benz AG or Daimler Truck AG, respectively.

290 To to the extent that beyond the scope of the actual Hive-down the sublease agreements to be concluded between the parties (cf. Clauses 16.10 and 35.10 of the Hive-down Agreement) as well as possible individual supply and/or service agreements to be concluded between the parties are treated – as a matter of precaution – as post-formation transactions pursuant to § 52 AktG, relevant audits will also be conducted by the Supervisory Boards of Mercedes-Benz AG and Daimler Truck AG as well as by KPMG AG Wirtschaftsprüfungsgesellschaft as the court-appointed auditor and the relevant agreements will also be submitted for approval to the General Meeting of Mercedes-Benz AG or Daimler Truck AG, respectively, and filed for entry in the commercial register.

VII. Application for registration and registration of the Hive-down in the Commercial Register

291 After the General Meetings of Daimler AG, Mercedes-Benz AG and Daimler Truck AG have approved the Hive-down, the Boards of Management of Daimler AG, Mercedes-Benz AG and Daimler Truck AG have to file the Hive-down for registration in the Commercial Registers of Daimler AG as the transferring entity and of Mercedes-Benz AG and Daimler Truck AG as the acquiring entities (§§ 129, 125 sent. 1 in conjunction with § 16 para. 1 UmwG).

292 The filing with the Commercial Register of Daimler AG as the transferring entity must be accompanied by a balance sheet of Daimler AG as the closing balance sheet (§ 125 sent. 1 in conjunction with § 17 para. 2 UmwG). The closing balance sheet for the Hive-down will be the annual balance sheet of Daimler AG as per 31 December 2018, 12:00 p.m. It was audited by KPMG AG Wirtschaftsprüfungsgesellschaft, who was appointed – in accordance with the statutory requirements – as auditor by resolution of the General Meeting of Daimler AG on 5 April 2018, as part of the annual financial statements of Daimler AG for the 2018 financial year and issued with an unqualified audit opinion. Pursuant to § 125 sent. 1 in conjunction with § 17 para. 2 sent. 4 UmwG, the registry court of Daimler AG as the transferring entity is only permitted to enter the Hive-down in the register if the closing balance sheet is prepared as of a relevant date which is no more than eight months prior to the filing for registration. Thus, the filing for registration has to occur no later than on 31 August 2019.

293 The Hive-down will become effective upon its registration in the Commercial Register of Daimler AG at the Local Court of Stuttgart. Before, the Hive-down must first have been entered in the Commercial Register of Mercedes-Benz AG and Daimler Truck AG at the Local Court of Stuttgart (cf. § 130 UmwG). Upon subsequent entry in the Commercial Register of Daimler AG at the Local Court of Stuttgart, the respective Hive-down Assets are transferred as a whole by operation of law to Mercedes-Benz AG or Daimler Truck AG, respectively, by way of partial universal succession to the extent specified in the Hive-down Agreement. Pursuant to § 10 HGB, the registry court will publish the entries it has made in the Commercial Register regarding the Hive-down in the electronic information and communication system determined by the respective Federal State justice administration.

294 If an action is filed in due time against the effectiveness of the Hive-down resolution of the General Meeting of Daimler AG, it generally prevents the entry of the Hive-down in the Commercial Register and thus the effectiveness of the Hive-down, irrespective of its prospects of success. The reason for this is that the Boards of Management of Daimler AG, on the one hand, and Mercedes-Benz AG and Daimler Truck AG, on the other, have to declare when filing for registration pursuant to § 125 sent. 1 in conjunction with § 16 para. 2 sent. 1 UmwG that an action against the effectiveness of a Hive-down resolution has not been filed or has not been filed in due time or that such an action has been finally dismissed or withdrawn (so-called negative declaration), which they would not be able to do if an action were filed in due time. With regard to the Hive-down resolutions of Mercedes-Benz AG and Daimler Truck AG, Daimler AG, as the sole shareholder, will waive its right to institute legal proceedings at the respective General Meetings. However, with regard to the Hive-down resolution of Daimler AG, it cannot be ruled out that contestations may be filed.

295 In the event of an action for avoidance in due time, the Hive-down may nevertheless be registered – despite the absence of a negative declaration – if the Higher Regional Court of Stuttgart, which is competent pursuant to § 125 sent. 1 in conjunction with § 16 para. 3 sent. 7 UmwG, determines by means of an order pursuant to § 125 sent. 1 in conjunction with § 16 para. 3 sent. 1 UmwG, upon request of the legal entity against whose resolution on the Hive-down the action for avoidance is directed that

the filing of the action does not preclude the registration (so-called clearance decision). Pursuant to § 125 sent. 1 in conjunction with § 16 para. 3 sent. 9 UmwG, such order is not subject to appeal. Pursuant to § 125 sent. 1 in conjunction with § 16 para. 3 sent. 3 UmwG, such an order is issued if (i) the action filed is inadmissible or evidently unfounded, or (ii) the plaintiff fails to prove by means of documentary evidence within one week from the serving of the motion that since the publication of the convening of the general meeting in which the challenged hive-down resolution was adopted he/she has been holding a proportionate amount of the registered share capital of the legal entity that filed the motion of at least EUR 1,000, or (iii) if an early effectiveness of the hive-down is deemed to have priority because, in the unbiased opinion of the court, the material detriments for the entities involved in the hive-down and their shareholders that are shown by the entity filing the motion prevail over the detriments for the shareholder who brought the action, unless the violations of law are particularly grave.

296 Should the Hive-down resolution of Daimler AG be challenged, the Board of Management of Daimler AG will initiate a clearance procedure. The Boards of Management of Daimler AG, Mercedes-Benz AG and Daimler Truck AG are of the opinion that a delay in the effectiveness of the Hive-down would be materially detrimental to Daimler AG, Mercedes-Benz AG and Daimler Truck AG and would be contrary to the interests of Daimler's shareholders.

297 The Board of Management of Daimler AG aims for the Hive-down to take effect at the end of October 2019.

VIII. Effect of the registration in the Commercial Register

298 Upon registration in the Commercial Register of Daimler AG, the Hive-down becomes effective. Thus, by operation of law, the Cars & Van Hive-down Assets are transferred to Mercedes-Benz AG and the Trucks & Buses Hive-down Assets are transferred to Daimler Truck AG by way of partial universal succession (cf. § 131 para. 1 no. 1 UmwG).

299 According to the Transformation Act, the consent of third parties is not required for the transfer of the assets. Any deficiencies in the notarization of the Hive-down Agreement or the relevant Hive-down resolutions are remedied by the entries in the Commercial Register (cf. § 131 para. 1 no. 4, para. 2 UmwG).

IX. Protection of creditors and holders of special rights

300 The Transformation Act contains various provisions to protect the creditors of the legal entities involved in a hive-down. The taking effect of the Hive-down to Mercedes-Benz AG and Daimler Truck AG will have the following effects on the liability of Daimler AG, on the one hand, and Mercedes-Benz AG and Daimler Truck AG, on the other:

301 Pursuant to § 133 para. 1 UmwG, Daimler AG, Mercedes-Benz AG and Daimler Truck AG are jointly and severally liable for all liabilities incurred by Daimler AG prior to the taking effect of the Hive-down.

302 However, pursuant to § 133 para. 3 UmwG, those legal entities to which the respective liabilities have not been allocated in the Hive-down Agreement are liable for these liabilities only if they become due within five years from the publication of the entry of the Hive-down in the Commercial Register of Daimler AG and based on them any claims are asserted against the relevant legal entity or determined in any other manner described in § 133 UmwG.

303 The aforementioned period of five years is extended to ten years for pension obligations based on the Company Pensions Act which have arisen prior to the Hive-down taking effect (cf. § 133 para. 3 sent. 2 UmwG).

304 Pursuant to § 125 sent. 1 in connection with § 22 UmwG, creditors of Daimler AG, Mercedes-Benz AG and Daimler Truck AG may – within a time limit of six months from the publication of the entry of the Hive-down in the Commercial Register of the legal entity of which they are a creditor – demand security for their claims from the company against which their respective claims are asserted. The prerequisite is that the creditors cannot obtain satisfaction at the relevant time and file their claims in terms of reason and amount in writing and demonstrate prima facie evidence that the fulfillment of their claims is jeopardized due to the Hive-down. The Boards of Management of Daimler AG, Mercedes-Benz AG and Daimler Truck AG assume that by the taking effect of the Hive-down no claims of the creditors of Daimler AG, Mercedes-Benz AG or Daimler Truck AG will be jeopardized and that, thus, no obligation for the provision of any security by Daimler AG, Mercedes-Benz AG or Daimler Truck AG under § 125 sent. 1 in connection with § 22 UmwG will exist.

305 According to the Transformation Act (§ 133 para. 1 sent. 2 UmwG), any liability for the continuation of a company name in accordance with the provisions of the German Commercial Code remains unaffected (§ 25 et seq. HGB).

306 Pursuant to § 125 sent. 1 in conjunction with § 23 and § 133 para. 2 UmwG, the holders of rights in the transferring entity that do not confer voting rights are to be granted equivalent rights in the acquiring or the transferring entity. With the exception of the transfer of claims under existing Performance Phantom Share Plans (see Sections 14.1(d) and 33.1(d) of the Hive-down Agreement), the Hive-down Agreement does not contain any provisions in this respect.

307 Daimler AG, Mercedes-Benz AG and Daimler Truck AG have agreed mutual indemnifications in the Hive-down Agreement with regard to the joint liability events described above (see Section J.III.7). In particular, Mercedes-Benz AG and Daimler Truck AG have also mutually indemnified each other against any assertion of claims arising from the joint liability events described above.

X. Corporate law consequences for the shareholders of Daimler AG

308 Daimler AG, in which the shareholders hold an interest, will remain the parent company of Daimler Group also after the Hive-down and will manage the Group as its operating management holding company (cf. the comments in Section F.I.1 and 2). The object of Daimler AG as defined in its Articles of Incorporation remains unchanged – notwithstanding the proposal to amend the Articles of Incorporation, which will be submitted to this year's General Meeting of Daimler AG for approval (see above Section B.I.2 a)).

309 The economic position of the shareholders of Daimler AG will not be affected by the Hive-down. They retain an indirect interest in the Cars & Vans Hive-down Assets and the Trucks & Buses Hive-down Assets via Mercedes-Benz AG and Daimler Truck AG, respectively. In terms of value, the 100% equity interests held by Daimler AG in Mercedes-Benz AG and Daimler Truck AG represent the assets transferred from Daimler AG to Mercedes-Benz AG and Daimler Truck AG, respectively.

310 In legal terms, the Hive-down will result in a so-called mediatization of the shareholders of Daimler AG. Daimler AG's operations in the Mercedes-Benz Cars and Mercedes-Benz Vans divisions as well as the Daimler Trucks and Daimler Buses divisions will in future be managed by Mercedes-Benz AG (Cars & Vans) and Daimler Truck AG (Trucks & Buses). The shareholders of Daimler AG thus lose the possibility of directly influencing the use of these operating assets, the risk of their loss and the use of their earnings within the scope of the powers reserved to the General Meeting by § 119 AktG. Operations in the Mercedes-Benz Cars and Mercedes-Benz Vans divisions as well as the Daimler Trucks and Daimler Buses divisions will in future be conducted by subsidiaries in which the ownership rights are not exercised by the shareholders of Daimler AG, but by Daimler AG as the sole shareholder of the subsidiaries.

311 However, the mediatization effect described above is significantly mitigated by the control and profit and loss transfer agreements in place between Daimler AG and Mercedes-Benz AG and Daimler Truck AG, respectively. The control and profit and loss transfer agreements grant Daimler AG the right to issue instructions so that the Board of Management of Daimler AG can, if necessary, enforce management measures directly at the level of Mercedes-Benz AG and Daimler Truck AG. In addition, the contractual obligation to transfer profits ensures that the profits accruing at the level of Mercedes-Benz AG and Daimler Truck AG can also be realized at the level of Daimler AG in the year in which they arise and be distributed to the shareholders in accordance with the proposals of the Board of Management and Supervisory Board or the resolution of the General Meeting, respectively.

312 The Hive-down has no effect on Daimler AG's ability to pay dividends or its dividend policy. Furthermore, the Hive-down will not affect the stock exchange listing or the tradability of Daimler AG's shares.

F. Daimler Group after the Hive-down and further restructuring measures

I. Governance and Control

1. Function of Daimler AG as operating management holding company

313 Daimler AG will act as a strong parent company of the Group in the future, deciding on the Group's strategy, deciding on matters of strategic importance in its operating business, and ensuring regulatory, legal and compliance functions throughout the Group. Daimler AG will retain a core workforce of approximately 6,000 employees. The scope of tasks of this core workforce will not change significantly as a result of the Hive-down: Approximately 2,400 employees will be assigned to the functions of governance, 'pulse generator' and provision of holding competencies, and approximately 3,600 employees will continue to provide group-wide services.

314 The future role of Daimler AG as an operating management holding company will be characterized, in particular, by the following functions:

- *Governance:* In its governance function, Daimler AG is concerned with supporting compliance with relevant legal and regulatory requirements. This includes the implementation of uniform standards and positions of the Group, among other things in the form of Group-wide guidelines and policies, as well as the effective management and supervision of the Group companies. In addition, the governance function includes measures to protect the Group's marks, patents, Group companies and other assets.

- *Pulse generator:* As a 'pulse generator', Daimler AG defines targets for increasing shareholder value and keeps track of the achievement of these targets. In addition, Daimler AG supports the continuous optimization of business models by defining the Group strategy, taking into account the individual divisional strategies. Daimler AG promotes innovation for Group companies and Group-wide functions through central initiatives and programs, ensuring the continuous exchange of best practices throughout the Group, and further developing Group values. In addition to the aforementioned tasks, Daimler AG is also actively involved in the management of the business portfolio.

- *Provision of holding competencies:* As a strong parent company of the Group, Daimler AG represents the Group in public and to institutions with uniform positions and supports the business activities of the companies by providing central expertise and access to external innovation and consulting services. This role of Daimler AG is complemented by the promotion of the Group's attractiveness as an employer through the creation of modern working environments and cooperation models.

- *Central provision of Group-wide services:* The functions bundled in Daimler AG provide Group-wide services that are geared to the needs of all Group compa-

nies. This bundling and standardization of services preserves synergy effects and optimization potential for the entire Group.

2. Allocation of central functions

a) Central functions remaining with Daimler AG

315 In addition to the functions related to Daimler AG as a stock corporation and parent company (in particular Controlling, Tax and Accounting), Daimler AG currently maintains various central departments which either have an overarching Group governance function or from which services are provided to all divisions of the Group.

316 After the Hive-down takes effect, Daimler AG will – as explained above – assume the role of an operating management holding company and stipulate Group-wide guidelines and policies in order to promote uniform standards and positions. The following central functions will therefore remain with Daimler AG also in the future and provide services for Daimler AG itself, but also for all divisions:

- *Group Strategy:* This function deals with the analysis and evaluation of relevant future issues for Daimler and the translation into and definition of the Group strategy as well as its implementation.

- *Finance & Controlling (FC):* The finance department within Daimler AG comprises central Group accounting and controlling (internal and external Group reporting), accounting services, the central tax department, Mergers & Acquisitions, Treasury and Investor Relations. In addition, the Finance division is responsible for the risk management system and risk controlling and ensures an appropriate internal control and audit system. Further, the Corporate Real Estate department is allocated to the Finance division, which develops and implements solutions for the Group's real estate needs.

- *Integrity and Law (IL):* The IL division comprises the legal department, the compliance organization, Corporate Audit, the Legal Product & Technical Compliance Office and Integrity Management throughout the Group. The Legal department advises the Group in all legal matters and identifies and deals with the legal risks of the company. Compliance activities focus on compliance with all applicable anti-corruption regulations, the maintenance and promotion of fair competition, compliance with legal and regulatory requirements in product development and with regard to digital risks, as well as compliance with data protection laws, compliance with sanctions and the prevention of money-laundering. IL is also responsible for the respecting and upholding of human rights and for anchoring a permanent corporate culture of integrity. The central task is to advise and support employees in such a way that they can always perform their tasks in accordance with applicable laws, regulations and the Group's values (cf. Also the explanations in Section F.I.4). Corporate Audit is an independent and objective safeguarding and advisory function of Daimler Group. The department supports the optimization of the company's risk expo-

sure and is responsible for the implementation and evaluation of internal controls and processes worldwide.

- *Communication (COM):* The communication function within Daimler AG bundles all corporate communication activities, both with internal (e.g. employees) and external stakeholders (e.g. media, public, NGOs, etc.). The aim is to ensure uniform and coordinated communication among the workforce and the public, as well as responsible handling of corporate information from Daimler AG, including Mercedes-Benz AG and Daimler Truck AG.

- *Human Resources (HR):* The HR function within Daimler AG comprises the areas of personnel and labor policy, health management & occupational safety, HR development (including employee development and training/further education), HR services (including payroll accounting and time recording), Group organization & personnel planning (structural organization and Group-wide personnel planning & consolidation), as well as operational personnel support for Daimler AG employees.

- *Information Technology (IT):* The IT function within Daimler AG includes, among other things, the provision of services for information and data processing on the basis of dedicated technical infrastructure as well as the design and implementation of specific IT solutions. IT is also responsible for the hardware and software used within Daimler AG and supports all departments with the administration and use of systems.

- *Purchase of non-production material (International Procurement Services – IPS):* IPS is responsible for the worldwide procurement of non-production materials, services and capital goods. These include, for example, IT services, machinery and equipment, construction services, tools as well as transport, marketing and consulting services. In this context, IPS has the lead responsibility for contract negotiations with suppliers, supplier selection and final commissioning.

- *Corporate Business Service Management (CBS):* The CBS department includes, among other things, services such as global travel management, language services, media services and facility management for selected locations.

- *Other central functions:* Other central functions include External Affairs, Corporate Security, Art Department and the staff units Chief of Staff and Corporate Office. Corporate Audit is an independent and objective audit and advisory function of Daimler AG. Corporate Audit supports the Company in achieving its goals by evaluating risk exposure, internal controls and processes. External Affairs is responsible for the Group-wide coordinated dialogue with governments, political representatives and interest groups, incorporates the implementation of changes in the regulatory, political and economic environment into the planning processes and also provides political support for global operating activi-

ties. Corporate security includes the task of Group security. The Art Department manages the art holdings of Daimler AG.

b) Central functions transferred to Mercedes-Benz AG or Daimler Truck AG

317 It is planned that, as part of the Hive-down, those parts of the central departments described above that predominantly provide dedicated divisional services will be transferred to Mercedes-Benz AG and Daimler Truck AG. This applies, in particular, to the functions listed below:

- *Finance & Controlling (FC):* The finance department within Mercedes-Benz AG and Daimler Truck AG comprises the division-specific accounting and controlling (e.g. product costing, earnings and sales controlling and project controlling) and thus assumes responsibility for financial and controlling issues within the respective divisions. As a management function, the finance department supports all corporate divisions by setting financial targets derived from benchmark comparisons and capital market expectations and keeps track of target achievement.

- *Human Resources (HR):* The HR function at Mercedes-Benz AG and Daimler Truck AG includes operational personnel support and employee health management. The personnel advisors and the company medical service are assigned to either Mercedes-Benz AG or Daimler Truck AG in accordance with a location assignment. Within the framework of a joint establishment, the respective employees will also be responsible for personnel support and medical (initial) care for the employees of the other company (companies) of the joint establishment.

- *Information Technology (IT):* The IT function within Mercedes-Benz AG and Daimler Truck AG supports all areas of these companies (including the production, development and marketing & sales functions) by providing specific services for information and data processing on the basis of dedicated technical infrastructure, software and hardware.

- *Corporate Business Service Management (CBS):* The CBS function of Mercedes-Benz AG and Daimler Truck AG, respectively, includes, among other things, building management and the operation of catering facilities at selected locations.

- *Other functions:* Other functions include Corporate Security and the Communication and Strategy departments specific to the divisions. Corporate Security within Mercedes-Benz AG and Daimler Truck AG is responsible, among other things, for plant security and access control at the assigned locations. The Communication departments within Mercedes-Benz AG and Daimler Truck AG is responsible for the segment-specific product communications, internal communications and business communications. However, as mentioned above, the overall responsibility for uniform and coordinated communication throughout

the Group remains with Daimler AG as the operating management holding company. The Strategy departments of Mercedes-Benz AG and Daimler Truck AG are responsible for deriving long-term goals and developing and securing strategies to achieve these goals. In addition, a small group of IL employees will work at Mercedes-Benz AG and Daimler Truck AG level (see also the statements in Section F.I.4 regarding the design of the Group-wide legality monitoring).

3. Corporate governance

318 From the perspective of corporate governance, the control and profit and loss transfer agreements are essential which have been concluded between Daimler AG, on the one hand, and Mercedes-Benz AG and Daimler Truck AG, on the other hand.

319 The control and profit and loss transfer agreements enable the Board of Management of Daimler AG to perform the functions described above without being subject to the restrictions that a *de facto* group relationship would entail (cf. the statements in Section D.II.2 b) above). In particular, the auditing and documentation effort is considerably reduced this way.

320 In addition, on the basis of the existing control and profit and loss transfer agreements, the common interests of the Group can be enforced by instructions of Daimler AG vis-à-vis the respective Boards of Management of Mercedes-Benz AG or Daimler Truck AG, respectively. The respective Board of Management of the dependent company must also follow instructions that are detrimental to the company, provided they serve the interests of the controlling company or the companies affiliated with the latter and the company. The Board of Management of the dependent company may only refuse to comply with a permissible instruction if the latter evidently fails to serve the interests of the controlling company or the companies affiliated with it. This corresponds to the legal concept of the contractual group pursuant to § 308 AktG. At the same time, the control and profit and loss transfer agreements between Daimler AG and Mercedes-Benz AG and Daimler Truck AG, respectively, enable the implementation of divisional structural and control elements through information and coordination requirements between the divisions of Daimler Group.

321 Based on the existing control and profit and loss transfer agreements, a set of basic rules will further ensure that the Boards of Management of Mercedes-Benz AG and Daimler Truck AG are obliged to implement guidelines, stipulations and other requirements of Daimler AG that serve to monitor legality throughout the Group (compliance measures and compliance management system) and to initiate measures to include Mercedes-Benz AG and Daimler Truck AG in the Group-wide reporting system, above all for the Group-wide early recognition of risks, as well as in the Group-wide risk management and internal control system.

322 Furthermore, at the level of Daimler AG, certain measures require the approval of the entire Board of Management and the Supervisory Board. At the level of the Board of Management of Daimler AG, for example, strategic and operational planning and

measures and transactions of fundamental or material importance require an approval resolution of the Board of Management. Obtaining the approval of the Supervisory Board of Daimler AG is required, among other things, for measures and transactions relating to the strategic direction of the company, the corporate planning to be submitted on an annual basis, the allocation of responsibilities within the Board of Management, and certain business activities described in more detail. Approval requirements in favor of Daimler AG's executive bodies also apply to certain measures taken by Group companies. In addition, approval catalogues will be implemented also at the level of Mercedes-Benz AG and Daimler Truck AG for the benefit of their own Board of Management and Supervisory Board. From a structural perspective, these approval catalogues are similar to the approval requirements existing at the level of Daimler AG, but they take into account the differences existing between Daimler AG, on the one hand, and Mercedes-Benz AG and Daimler Truck AG, on the other hand. Beyond the possibility of issuing instructions on the basis of the existing control and profit and loss transfer agreements described above, this ensures the involvement of all responsible executive bodies in important business activities within the Group.

323 Finally, it is currently intended that both members of the Board of Management and members of the Supervisory Board of Daimler AG will also be members on the Board of Management or Supervisory Board of Mercedes-Benz AG and Daimler Truck AG (cf. the comments in Sections III.3 and III.4). Members of the Board of Management of Daimler AG who are members on the Supervisory Boards of Mercedes-Benz AG and/or Daimler Truck AG therefore also exercise their Group management responsibilities through their personal monitoring responsibilities as members of the Supervisory Boards of the subsidiaries. To the extent that members of the Board of Management of Daimler AG are also appointed as members of the Board of Management of Mercedes-Benz AG or Daimler Truck AG, management duties will be performed in two functions, subject to any applicable restrictions.

4. Structuring of the Group-wide legality monitoring

324 As explained above, the Integrity and Legal (IL) division will remain primarily with Daimler AG also in the future. With this, a central management and control approach is applied that provides for the implementation of uniform legal and compliance standards in all Group companies. The divisional structure is reflected, in particular, by a stronger divisional orientation of the compliance and legal divisions at the level of Daimler AG. In addition, the worldwide IL network will remain in place.

325 The use of the central IL competencies and resources, supplemented by small IL units in the individual Group companies, ensures effective and efficient legality control by Daimler AG, Mercedes-Benz AG, Daimler Truck AG and Daimler Financial Services AG. The predominant concentration of IL divisions at Daimler AG allows Daimler AG to exercise control throughout the Group and also ensures strong and uniform compliance and legal advice for the Group's operating companies. At the same time, the increased divisional orientation of the IL units ensures that the specific requirements of Mercedes-Benz AG, Daimler Truck AG and Daimler Financial Services AG and their business models are also met.

326 In order for Daimler AG to be able to ensure proper and consistent Group-wide legality control after the Hive-down takes effect, it is planned – as already explained above – that Daimler AG will require Mercedes-Benz AG and Daimler Truck AG to implement the guidelines, provisions and other requirements of Daimler AG that serve Group-wide legality control (compliance measures and compliance management system). In addition, the operating Group companies are to use the central structures and resources of Daimler AG to ensure an appropriate compliance organization and an appropriate compliance management system.

327 The control and profit and loss transfer agreements concluded by Daimler AG enable the implementation of Group-wide compliance measures and Group-wide reporting, thus ensuring lawful conduct throughout the Daimler Group.

328 A strong, central IL function supports Daimler AG in the effective management and overarching control of the Group companies and also ensures consistent, standardized legal advice and compliance organization as well as the effective implementation of the compliance management system at Mercedes-Benz AG, Daimler Truck AG and Daimler Financial Services AG. In addition, a small group of IL employees will work at Mercedes-Benz AG and Daimler Truck AG level.

5. Financing management

329 Also after the Hive-down taking effect, Daimler will continue to act as a uniform market participant in the credit and capital markets. A holistic financing approach is pursued in this respect, which provides for central management of liquidity, interest rates and associated risks. In addition, all market price risks such as exchange rates, raw materials prices and the like are managed centrally. The pension assets of the German investment platform are also managed centrally. In this respect, both the funding level of the pension obligations and the investment of pension funds for the Group as a whole are managed centrally. The asset investment generally takes into account the structure of the pension obligations of the respective Group companies.

330 Existing and new credit capacities are to be used in the best possible way and at optimum cost for the Group as a whole. The combination of various financing instruments ensures a diversified and cost-efficient financing mix, on the one hand, and meets the requirements of the operating Group companies in the best possible way, on the other. The costs of maintaining liquidity are borne by the Group with the aim of securing the most efficient financing structures possible for all Group companies in the long term.

331 In order for the legally independent Group companies to be able to carry out their respective operating activities, Daimler AG is responsible for the central financial management of capital structures as part of a uniform approach to equity capitalization and dividend policy. It is intended in this respect that the operating Group companies meet a specified appropriate equity ratio.

332 For the Group companies, the most efficient financing can be ensured by the financing function being managed at Group level. Congruent credit documentation and coordinated capital market communication are essential elements of such a standardised, uniform approach.

333 In order to ensure a uniform appearance of the companies on the money and capital markets as well as vis-à-vis financial institutions, Daimler AG will continue, as a general rule, to secure the liabilities of the majority-owned Group companies by means of guarantees and sureties.

334 The control and profit and loss transfer agreements concluded enable Daimler AG, in order to maintain its overarching financing function, to influence the Group's operating companies and the necessary management of cash flows and thus ensure the overall credit quality of the entire Daimler Group.

335 A strong financial base supports the flexibility gained through the Hive-down of divisions and also takes into account the growth requirements of the operating Group companies.

6. Future management and external reporting of Daimler Group in accordance with IFRS

336 The internal restructuring of Daimler Group may also have an impact on the future internal steering logic and external reporting in accordance with the International Financial Reporting Standards ("**IFRS**"), the application of which is mandatory in the European Union. This potential impact is briefly explained below. In line with the regular reporting of Daimler Group, the term "division" is used synonymously with the term "segment" as used in IFRS terminology.

337 Segment reporting in accordance with IFRS provides the addressees of external financial reporting with information to enable them to evaluate the economic environment of the company and the nature and financial impact of its business activities (IFRS 8.1 et seqq.).

338 In this respect, reporting is based on the so-called management approach. This means that external reporting is based on the internal reporting to the company's decision-makers (management) in order to enable the addressees of external reporting to assess the company from the management's perspective. Accordingly, the structure of the internal management system determines the segment definition as well as the segment accounting and valuation methods and the segment information to be disclosed in segment reporting in the notes to the consolidated financial statements.

339 Daimler Group's internal management and reporting system is based, as a general rule, on the IFRS accounting principles described in Note 1 to the consolidated financial statements and currently relates to the following divisions:

- Mercedes-Benz Cars,

- Daimler Trucks,
- Mercedes-Benz Vans,
- Daimler Buses and
- Daimler Financial Services.

340 The aforementioned operating divisions of Daimler Group are currently organized and managed largely independently according to the nature of the products and services offered, as well as the brands, distribution channels, and customer profiles. The operating divisions currently correspond to the divisions for reporting purposes and were therefore also reported separately in the 2018 consolidated financial statements as part of segment reporting. In managing its operating divisions, Daimler Group internally reports and uses EBIT (earnings before interest and taxes) as a segment measure for profit and loss, in particular, as a segment measure for profit and loss, which is therefore also reported in external reporting.

341 The Board of Management of Daimler AG is currently considering adjusting the internal management system of Daimler Group to the new Group structures once the Hive-down has taken effect. As a result of the bundling of responsibilities for the current Mercedes-Benz Cars and Mercedes-Benz Vans divisions at Mercedes-Benz AG and the Daimler Trucks and Daimler Buses divisions at Daimler Truck AG, internal management and internal reporting to the Board of Management of Daimler AG could be adjusted, while the internal management and reporting system for the Daimler Financial Services division remain unchanged.

342 If the currently separate divisions Daimler Trucks and Daimler Buses were to be managed jointly in the future and reported to the Board of Management of Daimler AG with regard to their financial key figures exclusively on a combined basis, these divisions, which are currently subject to separate reporting, would have to be presented as one reportable division in external reporting in the future. The operating divisions Mercedes-Benz Cars and Mercedes-Benz Vans could continue to be managed separately internally, but aggregated into *one* reportable division Mercedes-Benz Cars & Vans in accordance with the provisions of IFRS 8 "Segment Reporting" for external reporting purposes.

343 However, a decision has not yet been taken to adjust the internal management and reporting system. The Board of Management of Daimler AG, with the approval of the Supervisory Board, will decide on this matter and on the final set-up in due time after the Hive-down has taken effect, in particular also taking into account the future allocation of departments and responsibilities within the Board of Management.

II. The future divisions of Daimler Group

344 Should the Board of Management of Daimler AG – as explained in Section F.I.6 – decide, with the approval of the Supervisory Board, to use the internal restructuring of

the Daimler Group as an opportunity for a change in internal management and thus also in external reporting, the business activities of the Daimler Group would in future be reported and managed internally in four operating divisions: Mercedes-Benz Cars, Mercedes-Benz Vans, Daimler Trucks & Buses and Daimler Financial Services (in future: Daimler Mobility).

345 In this case, the external segment reporting in the IFRS consolidated financial statements would comprise three reportable divisions if the Mercedes-Benz Cars and Mercedes-Benz Vans divisions were aggregated:

- Mercedes-Benz Cars & Vans,
- Daimler Trucks & Buses and
- Daimler Financial Services (in future: Daimler Mobility).

346 In order to provide a better illustration of the internal restructuring of Daimler Group, the three reportable divisions mentioned above are described below, irrespective of the issue of the decision not yet taken on an adjustment of internal management.

1. Mercedes-Benz Cars & Vans

347 The Mercedes-Benz Cars & Vans division will in future comprise the activities of Mercedes-Benz AG and its subsidiaries as well as the activities of other Group companies allocated to the Mercedes-Benz Cars & Vans Division.

348 The operating activities in Germany will be transferred to Mercedes-Benz AG in the course of the Hive-down. The allocation of the portfolio of equity interests to Mercedes-Benz AG will occur in part in the course of of the Hive-down and – as described below – in part after the Hive-down. Of the equity interests that will not be transferred to Mercedes-Benz AG in the course of the Hive-down, the majority is expected to be transferred to Mercedes-Benz AG in the period up to the end of January 2020. In individual cases, companies are transferred to Mercedes-Benz AG which to some extent still provide services for Daimler Truck AG. However, the share of these services in the operating business of the Mercedes-Benz AG subgroup will be marginal.

a) The operating business of Mercedes-Benz AG

349 After the Hive-down takes effect, Mercedes-Benz AG will operate as an independent company with approximately 104,000 employees (core workforce) at eight domestic production sites (Untertürkheim, Sindelfingen, Kuppenheim, Rastatt, Düsseldorf, Berlin, Bremen and Hamburg), 94 German Own-Retail sites as well as administrative sites (including Untertürkheim and Sindelfingen), spare parts logistics centers (including Germersheim) and development sites (including Untertürkheim and Sindelfingen). Its focus will be on the development, production and sale of products and services of the Mercedes-Benz Cars & Vans Division.

350 The business areas transferred to Mercedes-Benz AG in the course of the Hive-down are briefly described below:

- *Research and development:* Mercedes-Benz AG's development activities will cover the entire product development process for passenger cars and vans. Product development includes vehicle conception, vehicle and component design (including engine development, chassis, interior and body), parts design, calculations (of load capacity and wind resistance, etc.), development of electrics/electronics and software, prototype construction as well as tests and trials. Fundamental research, which is mostly carried out across all divisions, is also allocated to Mercedes-Benz AG. The independent area of fundamental research deals with topics that lie ten to 20 years in the future (such as artificial intelligence).

- *CASE/EVA:* CASE stands for Connectivity, Autonomous Driving, Shared & Services and Electric. EVA means Electric Vehicle Architecture. The department is responsible for the development of electric vehicles of the EVA2 family. In addition, CASE/EVA ensures the implementation and intelligent combinatorics of the individual disciplines Connectivity, Autonomous Driving, Shared & Services and Electric.

- *Purchasing and supplier quality:* The production material purchasing function deals with the procurement of materials for supplying the production plants for passenger cars and vans. Purchasing is responsible for supplier selection, negotiations with suppliers and the conclusion of contracts, as well as for the release of production processes and products. The quality of purchased parts is assured throughout the entire product life cycle.

- *Production:* At Mercedes-Benz AG, this function encompasses the production of aggregates (engines, transmissions, axles and electrified components) and combustion-engine and electrified vehicles (passenger cars and vans), quality management and production-related activities such as production planning, maintenance of production machines, the technology factory and supply chain management for the area of production.

- *Distribution:* Mercedes-Benz Sales will manage the sales, service and spare parts business for new and used vehicles of the Mercedes-Benz, Mercedes-AMG, Mercedes-Maybach, EQ and smart brands. Sales to end customers are made partly via external authorised dealers and partly via own sales locations or direct sales. A total of 94 of the 120 own sales locations in Germany are allocated to Mercedes-Benz AG, including sales locations where both passenger cars and vans as well as trucks are sold. The sales functions of Mercedes-Benz AG and Daimler Truck AG will sell their new and used vehicles separately at these sales locations. This means that Daimler Truck AG employees will also work at these sales locations. Workshop service and parts distribution, however, will be carried out entirely by Mercedes-Benz AG. In addition, Mercedes-Benz AG will control its sales activities abroad both through its own sales com-

panies and through business partners, and will conduct foreign direct business for the above-mentioned products.

- *Central functions:* With regard to the central functions transferred to Mercedes-Benz AG in the course of the Hive-down (in particular Finance & Controlling (FC), Human Resources (HR), Information Technology (IT), Corporate Business Service Management (CBS)), please refer to the description in Section F.I.2 b) above).

351 In addition, Mercedes-Benz AG will provide mandated services in particular to Daimler Truck AG, mainly in the following areas:

- *Spare parts logistics and services (Global Service & Parts):* The Mercedes-Benz Global Service & Parts (GSP) department operates the worldwide service and parts business for passenger cars, vans and trucks in cooperation with dealers, branches and national companies, in particular for the Mercedes-Benz brand. The logistics service will in future be provided as a mandated service to other companies of Daimler Group. In addition, GSP will provide mandated services for Daimler Truck AG in the Retail Operations department. The Retail Operations department supplies workshops with specific tools, diagnostic equipment and workshop information and supports them with Mercedes-Benz after-sales systems and processes. Irrespective of the mandate of Mercedes-Benz AG, Daimler Truck AG will in future be responsible for the service and parts business for trucks.

- *Remanufacturing:* The "Remanufacturing" department, which includes the functions Engineering and Planning, Operations, Marketing and Sales and which is responsible for the business with replacement products in the aftermarket, will in future also provide services for Daimler Truck AG within the scope of mandates.

- *Transport logistics:* Global transport logistics will in future provide hazardous goods and transport logistics in part as a mandated function for Daimler Truck AG.

b) Restructuring of the portfolio of equity interests

352 The transfer of the portfolio of equity interests to Mercedes-Benz AG will occur in part in the course of of the Hive-down and in part after the Hive-down. With regard to the categorization of the portfolio companies (as production, wholesale and retail companies) and the considerations that were decisive in the allocation of the portfolio of equity interests, reference is made to the explanations in Section D.V.

353 The main transfers of equity interests are described below with a view to certain selected aspects. In this respect, the description of the transactions planned to be conducted after the Hive-down is separated from the specific legal implementation. In principle, the transfer of the equity interests to Mercedes-Benz AG will take place ei-

ther by way of contribution by Daimler AG or by way of sale. The specific legal implementation will be conducted in each individual case taking into consideration accounting, regulatory and tax aspects. The timing of the transfers of equity interests scheduled to be made after the Hive-down reflects the current state of planning.

354 As explained above, the approval of the Hive-down by the General Meeting of Daimler AG is a prerequisite for the implementation of the subsequent transfer of further Group companies to Mercedes-Benz AG described below. However, the continuation of the separation activities abroad already initiated within the framework of the LED (Legal Entity Dedication) project, which were planned anyway (cf. Section B.II above), is independent of this.

Transfer of equity interests in the course of the Hive-down

355 In the course of the Hive-down, the following German equity interests, in particular, will be transferred to Mercedes-Benz AG:

- *Mercedes-Benz AMG GmbH:* At its Affalterbach location, Mercedes-Benz AMG GmbH is mainly responsible for the production of handmade AMG engines as well as for the development and design of AMG vehicles and various other high-performance components.

- *Mercedes-Benz Vertrieb PKW GmbH:* With this company, the central company for the own sales activities (Own Retail) in Germany will be transferred to Mercedes-Benz AG.

- *Mercedes-Benz Ludwigsfelde GmbH:* This company is responsible for the assembly and manufacture of light commercial vehicles, currently Mercedes-Benz Sprinter, at the Ludwigsfelde location.

356 In addition, the equity interests in the following foreign production companies, among others, will be transferred to Mercedes-Benz AG in the course of the Hive-down. These are located in the following countries:

- *Hungary (Mercedes-Benz Manufacturing Hungary Kft.):* Production of the A-Class, CLA and CLA Shooting Brake models takes place at the Kecskemet plant. As a result, a major European production location for the compact vehicle segment will be transferred to Mercedes-Benz AG.

- *France (smart France S.A.S.):* With the equity interest in smart France S.A.S., which produces in Hambach (France), a key location for the production of smart models is transferred to Mercedes-Benz AG.

- *Romania (STAR TRANSMISSION S.R.L.* and *Star Assembly S.R.L.):* By the transfer of the equity interests in these two Romanian companies, the production of gearboxes and transmission, engine and steering components at the Sebes and Cugir sites will be transferred.

- *Russia (Mercedes-Benz Manufacturing Rus Ltd.):* Mercedes-Benz Manufacturing Rus Ltd., in which Daimler AG holds a majority interest, is to start contract production for Mercedes-Benz passenger cars on the Russian market in the course of 2019.

357 In addition to the aforementioned production companies, the Hive-down also includes the transfer of equity interests in various foreign wholesale companies to Mercedes-Benz AG:

- *Europe:* In the United Kingdom, a retail company will also be transferred to Mercedes-Benz AG as part of the transfer of the wholesale company Daimler UK Limited. In the Netherlands, Mercedes-Benz Cars Nederland B.V. and in Greece Mercedes-Benz Hellas S.A. will be transferred to Mercedes-Benz AG. In Russia, the equity interest in Mercedes-Benz Russia AO will be transferred to Mercedes-Benz AG. This company is active in both wholesale and retail, with distribution at the retail level also including the Trucks & Buses Division. In the course of 2019, the sales activities to be allocated to the Trucks & Buses Division are to be transferred to Daimler Kamaz Rus OOO, which, as a subsidiary of Daimler Kamaz Trucks Holding GmbH, was already indirectly transferred to Daimler Truck AG prior to the Hive-down (see Section D.III.3 c)).

- *Asia:* In Asia, the equity interest in the wholesale company Mercedes-Benz Hong Kong Limited will be transferred to Mercedes-Benz AG. This company is a mixed equity interest which will continue to provide services not only for Mercedes-Benz AG but also for Daimler Truck AG in the future. A separation of business activities was not implemented for economic reasons.

358 In addition, the strategic investment in There Holding B.V., which holds a majority interest in the HERE Group, will be transferred to Mercedes-Benz AG in the course of the Hive-down. In addition to Daimler AG, BMW International Holding B.V., Audi Luxemburg S.A., Robert Bosch Investment Nederland B.V. and Continental Automotive Holding Nederlands B.V. hold equity interests in There Holding B.V. The HERE Group specializes in the development and distribution of location-based information and high-resolution geographical maps.

359 Finally, the equity interest in LEONIE PV DVB GmbH will be transferred to Mercedes-Benz AG as part of the Hive-down. As a mere holding company, this company holds micro equity interests in such companies/partnerships in the Mercedes-Benz Cars & Vans division which, according to the applicable law, must have at least two shareholders/partners (see Section D.III.3 a) above).

360 A list of all direct equity interests held in domestic and foreign corporations and partnerships that are transferred from Daimler AG to Mercedes-Benz AG together with their respective subsidiaries in the course of the Hive-down can be found in Annexes 11.1 and 11.2 to the Hive-down Agreement.

361 Section G.I explains the accounting effects of the Hive-down. For illustrative purposes, Section G.II contains a pro-forma view of the net assets, financial position and results of operations of the Mercedes-Benz AG subgroup that will be formed by the Hive-down based on the figures for the 2018 financial year.

Transfer of further equity interests by the end of January 2020

362 In the period up to the end of January 2020, further Cars & Vans equity interests, particularly in the following countries and regions, are to be transferred to Mercedes-Benz AG:

- *Belgium, France, Italy and Poland:* In these countries, the wholesale companies operate in the Cars & Vans Division and in the Trucks & Buses Division. In order to achieve a dedication of these companies, the operating Trucks & Buses business was transferred to new companies at the beginning of 2019, which are to be transferred to Daimler Truck AG in the second half of 2019. In addition, the equity interests of the wholesale companies relating to Trucks & Buses and Financial Services are to be transferred to Daimler Truck AG and the Financial Services division, respectively. Thereafter, it is intended to transfer the wholesale companies to Mercedes-Benz AG. Some of the wholesale companies hold equity interests in retail companies, which in some cases provide services both for the Cars & Vans Division and for the Trucks & Buses Division. The allocation of these companies is to be made based on the "main user principle", i.e. the allocation to Mercedes-Benz AG or Daimler Truck AG is made according to the focus of the companies' business activities.

- *Austria, Portugal and Romania:* In Austria, Portugal and Romania, the operating Trucks & Buses business is to be transferred to newly established companies, which are to be transferred to Daimler Truck AG. The remaining dedicated Cars & Vans companies (Mercedes-Benz Österreich GmbH, Mercedes-Benz Portugal S.A. and Mercedes-Benz Romania S.R.L.) are to be transferred to Mercedes-Benz AG by the end of January 2020.

- *Slovakia and Hungary:* In the future, the national companies in Slovakia (Mercedes-Benz Slovakia s.r.o.) and Hungary (Mercedes-Benz Hungaria Kft.) are to provide services not only for Mercedes-Benz AG but also for Daimler Truck AG. A separation of business activities was not implemented for economic reasons. The allocation of these companies to Mercedes-Benz AG is based on the "main user principle".

- *Spain, Czech Republic and Australia:* There are local holding companies in Spain, the Czech Republic and Australia which – in addition to retail companies – hold equity interests in fully dedicated subsidiaries. Prior to the intended transfer of the Cars & Vans companies to Mercedes-Benz AG, the Trucks-&-Buses and Financial Services companies are to be transferred to Daimler Truck AG and the Financial Services division, respectively. In Spain, the transfer of the holding company means that the local production plant of the Mer-

cedes-Benz Vans division, in particular, will be transferred to Mercedes-Benz AG.

- *Mexico:* In Mexico, the equity interest in Daimler Compra y Manufactura Mexico S de RL de CV, which is essentially a contract manufacturer of compact class vehicles, is to be transferred to Mercedes-Benz AG.

- *Indonesia:* At the beginning of 2020 (after or before the separation of the Trucks business), the equity interest in the Indonesian production company, P.T. Mercedes-Benz Indonesia, is intended to be transferred to Mercedes-Benz AG. Prior to the intended transfer of P.T. Mercedes-Benz Indonesia to Mercedes-Benz AG, the local wholesale company, P.T. Daimler Commercial Vehicles Indonesia, is to be separated.

- *Thailand:* In Thailand, the equity interest in the wholesale company Mercedes-Benz (Thailand) Ltd. is to be transferred to Mercedes-Benz AG in the course of 2019. As a preparatory measure, the operating Trucks & Buses business of Mercedes-Benz (Thailand) Ltd. was transferred to Daimler Commercial Vehicles (Thailand) Ltd. at the beginning of 2019. In contrast, according to current planning, it is not intended to transfer the financial services interest held by Mercedes-Benz (Thailand) Ltd. in Mercedes-Benz (Leasing) Thailand Co. Ltd., due to the associated tax burdens, but this could be implemented if necessary.

- *China (Daimler Greater China Ltd.):* With the planned contribution of Daimler Greater China Ltd., a substantial equity interest in the Asian market will be transferred to Mercedes-Benz AG, which in turn holds, among other things, the majority interest in Mercedes-Benz (China) Ltd. and an interest of 10.34 % in Beijing Benz Automotive Co., Ltd. Prior to or after, as the case may be, the transfer of Daimler Greater China Ltd. to Mercedes-Benz AG, various equity interests held by Daimler Greater China Ltd. in companies forming part of the Trucks & Buses Division are to be transferred to Daimler Truck AG in order to achieve a largely dedicated equity interest portfolio for Daimler Greater China Ltd. In contrast, two equity interests in Chinese financial services companies are to remain under Daimler Greater China Ltd. due to regulatory obstacles. Essentially, the intended transfer of Daimler Greater China Ltd. will transfer the local spare parts business and the local research and development center to Mercedes-Benz AG. The Chinese equity interests of Daimler AG, which, according to the current state of planning, are to remain with Daimler AG due to the high tax burdens associated with a transfer, are listed below in margin no. 372.

- *South Africa (Mercedes-Benz South Africa Ltd.):* Following the Hive-down of the truck business into a newly established subsidiary, the equity interest in Mercedes-Benz South Africa Ltd. is to be transferred to Mercedes-Benz AG in the second half of 2019. With its production site in East London (South Africa), the company is part of the global production network for the high-volume C-Class model. Due to a holding period under tax law, the local equity interest of Mercedes-Benz South Africa Ltd. in the newly established Trucks & Buses com-

pany is not to be transferred to Daimler Truck AG prior to the transfer of Mercedes-Benz South Africa Ltd. to Mercedes-Benz AG. Furthermore, the local equity interest in Mercedes-Benz Financial Services (Pty) Ltd. is not to be transferred to the Financial Services division for the time being. For cost reasons, such transfers are not currently planned for the period following the transfer of the equity interest in Mercedes-Benz South Africa Ltd. to Mercedes-Benz AG, either, but could be implemented, if necessary.

363 In addition, the equity interest in Daimler Nederland B.V. is to be transferred to Mercedes-Benz AG by the end of January 2020. To Daimler Nederland B.V. primarily equity interests in certain foreign Group companies, which are active both for the Cars & Vans Division and the Trucks & Buses Division and the business activities of which can be separated under the umbrella of Daimler Nederland B.V. in a tax-efficient manner, have been and will continue to be transferred (see Section D.III.3 b) above). In addition, to simplify the transaction structure, the equity interest in Mercedes-Benz Canada Inc., which already was a dedicated Cars & Vans company, was transferred to Daimler Nederland B.V. at the end of 2018. According to current planning, at the end of January 2020 Daimler Nederland B.V. will exclusively hold equity interests in dedicated Cars & Vans companies in the following markets, which are to be indirectly transferred to Mercedes-Benz AG in the course of the transfer of Daimler Nederland B.V.:

- *Argentina (Mercedes-Benz Argentina S.A.):* With the intended transfer of Mercedes-Benz Argentina S.A., the production plant in Gonzalez Catan, which essentially functions as a body and assembly plant for the Mercedes-Benz Sprinter and Vito models, will be transferred to Mercedes-Benz AG. Mercedes-Benz Argentina S.A. also operates the local wholesale activities of the Cars & Vans Division in Argentina. Prior to the indirect transfer of the equity interest in Mercedes-Benz Argentina S.A. to Mercedes-Benz AG, the business activities of Mercedes-Benz Argentina S.A. in the Daimler Trucks division will be transferred to a newly established local company.

- *Brazil (Mercedes-Benz Cars & Vans Brazil - Industria e Comercio de Veiculos Ltda.):* Mercedes-Benz Cars & Vans Brazil - Industria e Comercio de Veiculos Ltda. will be the local production and wholesale company of the Cars & Vans Division at the time of the transfer. As part of the separation of business activities in Brazil, Mercedes-Benz Cars & Vans Brazil - Industria e Comercio de Veiculos Ltda. is intended to take over the Cars & Vans activities of Mercedes-Benz do Brasil Ltda. until January 2020.

- *Canada (Mercedes-Benz Canada Inc.):* Mercedes-Benz Canada Inc. is a dedicated Cars & Vans company responsible for vehicle sales in Canada. As part of the preparatory measures, all shares in Mercedes-Benz Canada Inc. were bundled under Daimler Nederland B.V. to simplify the transaction structure.

- *Japan (Mercedes-Benz Japan Co., Ltd.):* Mercedes-Benz Japan Co., Ltd. will be the local wholesale company of the Cars & Vans Division at the time of the

transfer. Prior to the intended transfer to Mercedes-Benz AG, the equity interest held by Mercedes-Benz Japan Co., Ltd. in Mercedes-Benz Finance Japan Co., Ltd. is to be transferred to Daimler Insurance Services Japan Co., Ltd. in the course of 2019 under the umbrella of Daimler Nederland B.V.

- *Switzerland (Mercedes-Benz Schweiz AG):* Mercedes-Benz Schweiz AG will be the local wholesale company of the Cars & Vans Division at the time of the transfer. After the separation of the business activities, Mercedes-Benz Schweiz AG is intended to be responsible as a dedicated Cars & Vans company for the distribution of the Mercedes-Benz and smart brands in Switzerland and in the Principality of Liechtenstein. Under the umbrella of Daimler Nederland B.V., the business activities of Mercedes-Benz Schweiz AG in the Daimler Trucks division were transferred to the newly established Mercedes-Benz Trucks Schweiz AG effective 1 January 2019.

- *Turkey:* The Cars & Vans company to be founded in the course of 2019 will be the local wholesale company of the Cars & Vans Division at the time of the transfer. As part of the separation of business activities in Turkey, the newly founded Cars & Vans company is to take over the Cars & Vans activities of Mercedes-Benz Türk A.S. at the beginning of 2020.

364 For illustrative purposes, Section G.III contains selected information on the earnings position of the Mercedes-Benz AG subgroup based on the figures for the 2018 financial year, which reflects the expected status of implementation of the internal restructuring as of the end of January 2020.

Considerations on equity interests of the Cars & Vans Division that will not be transferred to Mercedes-Benz AG by the end of January 2020

365 The following outlines the considerations that exist with regard to the equity interests of the Cars & Vans Division which will not be transferred to Mercedes-Benz AG until the end of January 2020.

366 In Germany, the transfer of the dedicated real property management companies of the Cars & Vans Division and the equity interest in Deutsche Accumotive GmbH & Co. KG is planned for the period after January 2020:

- *Real property management companies:* With the exception of the real property management partnership Daimler AG & Co. Alpha 2 oHG, which will already be transferred to Mercedes-Benz AG in the course of the Hive-down, the equity interests in the dedicated real property management companies of the Cars & Vans Division are to be transferred to Mercedes-Benz AG after the expiry of blocking periods under tax law, the non-compliance with which would result in considerable tax burdens.

- *Deutsche Accumotive GmbH & Co. KG:* On the basis of current business planning, the equity interest in Deutsche Accumotive GmbH & Co KG, with the cen-

tral German location for battery production in Kamenz, is to be transferred to Mercedes-Benz AG in 2022. The background to the later transfer of the equity interest are mainly trade tax reasons.

367 In Denmark and Sweden, the business activities of the local wholesale companies (Mercedes-Benz Danmark A/S and Mercedes-Benz Sverige AB) are only to be separated in the course of 2020 by transferring the business activities in the Trucks division to newly established companies. The transfer of the wholesale companies thus dedicated to Mercedes-Benz AG is to take place at the beginning of 2021. An earlier separation and transfer were not pursued due to the far-reaching implementation of a new distribution system. With the intended transfer of the wholesale companies, the local retail companies will also indirectly be transferred to Mercedes-Benz AG. In preparation for the Hive-down, the local EvoBus companies have already been transferred to EvoBus GmbH which is to be transferred to Daimler Truck AG in the course of the Hive-down. The transfer of the local financial services companies to the Financial Services division is planned for 2019.

368 In Taiwan, the wholesale company Mercedes-Benz Taiwan Ltd. is to be transferred to Mercedes-Benz AG until the end of 2021. Subject to consultation with the joint venture partner, the separation of the Trucks activities of Mercedes-Benz Taiwan Ltd. is planned for the beginning of 2021.

369 In Singapore, the wholesale company (Daimler South East Asia (Singapore) Pte. Ltd.), which forms part of the Mercedes-Benz Cars division, holds Daimler Commercial Vehicles South East Asia Pte. Ltd. which is active in the Daimler Trucks, Daimler Buses and Mercedes-Benz Vans divisions. At the beginning of 2021, the business activities of Daimler Commercial Vehicles South East Asia Pte. Ltd. in the Mercedes-Benz Vans division are to be transferred to Daimler South East Asia (Singapore) Pte. Ltd. The transfer of Daimler South East Asia (Singapore) Pte. Ltd. to Mercedes-Benz AG is planned until January 2021.

370 In the USA, too, the Cars & Vans companies (in particular, Mercedes-Benz USA LLC and Mercedes-Benz U.S. International Inc.) are to be transferred to Mercedes-Benz AG only at a later point in time. The background for the later transfer of the Cars & Vans business in the USA is the necessary unbundling of the local Cars & Vans, Financial Services and Corporate companies and tax loss offsetting potentials. The Board of Management will decide on the specific implementation in due course. Irrespective of the fact that the transfer of the Cars & Vans business in the USA is not planned until later, a large part of the sales volume from this business will already be generated at Mercedes-Benz AG after the Hive-down due to the existing sales model.

371 In India, too, the transfer of the local Cars & Vans companies to Mercedes-Benz AG will not take place until a later date due to tax loss offsetting potential.

372 In China, the joint venture interests held directly by Daimler AG in Beijing Benz Automotive Corporation (BBAC) (38.67 %) and the retail company Mercedes-Benz (China) Ltd. (20.92 %) are not to be transferred to Mercedes-Benz AG according to current

planning. This is due to the high tax burden associated with a transfer of these equity interests. Likewise, BAIC Motor Corporation (9.55%) will not be transferred. However, as things stand at present, if the high tax burdens were accepted, it would be possible to transfer the equity interests in BBAC and Mercedes-Benz (China) Ltd. to Mercedes-Benz AG at any time.

2. Daimler Trucks & Buses

373 The Daimler Trucks & Buses division will in future comprise the activities of Daimler Truck AG and its subsidiaries as well as the activities of other Group companies allocated to the Daimler Trucks & Buses Division.

374 The operating activities in Germany will be transferred to Daimler Truck AG in the course of the Hive-down. The allocation of the portfolio of equity interests to Daimler Truck AG will occur in part in the course of of the Hive-down and – as described below – in part after the Hive-down. Of the equity interests that will not be transferred to Daimler Truck AG in the course of the Hive-down, the large majority is expected to be transferred to Daimler Truck AG in the period up to the end of January 2020.

a) The operating business of Daimler Truck AG

375 After the Hive-down takes effect, Daimler Truck AG will operate as an independent company with approximately 26,000 employees (core workforce) at four domestic production sites (Gaggenau, Wörth, Mannheim and Kassel), 26 German Own-Retail sites and several administrative sites (including Untertürkheim, Vaihingen and Esslingen). Its focus will be on the development, production and sale of products and services of the Trucks & Buses Division.

376 The business areas transferred to Daimler Truck AG in the course of the Hive-down are briefly described below:

- *Development:* The development department of Daimler Truck AG will cover the entire product development process for the Trucks & Buses Division. Product development includes vehicle conception, vehicle and component design (including engine development, chassis, interior and body), parts design, calculations (of load capacity, wind resistance, etc.), prototype construction as well as tests and trials.

- *Purchasing:* The production material purchasing function is responsible for the procurement of materials, including the selection of suppliers, negotiations with suppliers, and the drafting of contracts. The purchase of production materials for trucks and buses includes all materials, parts and modules used in the vehicles.

- *Production:* Daimler Truck AG will combine the production activities for the manufacture of the vehicles and aggregates (engine, transmission, axle), including supply chain management.

- *Distribution:* Daimler Truck distribution will manage the sales, service and spare parts business for new and used trucks of the Mercedes-Benz, Unimog and FUSO brands. Sales to end customers are made partly via external authorised dealers and partly via own sales locations. A total of 26 of the 120 own sales locations in Germany are allocated to Daimler Truck AG, including sales locations where both trucks and passenger cars and vans are sold. The sales functions of Mercedes-Benz AG and Daimler Truck AG will sell their new and used vehicles separately at these sales locations. This means that Mercedes-Benz AG employees will also work at these sales locations. Workshop service and parts distribution, on the other hand, will be carried out entirely by Daimler Truck AG. In addition, Daimler Truck AG will control its sales activities abroad both through its own sales companies and through business partners, and will conduct foreign direct business for the above-mentioned products.

- *Central functions:* With regard to the central functions transferred to Daimler Truck AG in the course of the Hive-down (in particular Finance & Controlling (FC), Human Resources (HR), Information Technology (IT), Corporate Business Service Management (CBS)), please refer to the description in Section F.I.2 b) above).

377 In addition, Daimler Truck AG will provide mandated services in particular to Mercedes-Benz AG, mainly in the following areas:

- *Maintenance of production locations:* The Gaggenau location can serve as an example in this respect, where in future the maintenance of the plants of the surrounding Mercedes-Benz AG plants will be carried out by Daimler Truck AG's Technical Service and Production Equipment Construction departments.

- *Development:* The development function of Daimler Truck AG performs calculation and simulation services for components and systems for Mercedes-Benz AG on a small scale and will be partly responsible for license management for Mercedes-Benz AG.

b) Restructuring of the portfolio of equity interests

378 The transfer of the portfolio of equity interests to Daimler Truck AG will occur in part in the course of of the Hive-down and in part after the Hive-down. With regard to the categorization of the portfolio companies (as production, wholesale and retail companies) and the considerations that were decisive in the allocation of the portfolio of equity interests, reference is made to the explanations in Section D.V.

379 The main transfers of equity interests are described below with a view to certain selected aspects. In this respect, the description of the transactions planned to be conducted after the Hive-down is separated from the specific legal implementation. In principle, the transfer of the equity interests to Daimler Truck AG will take place either by way of contribution by Daimler AG or by way of sale. The specific legal implementation will be conducted in each individual case taking into consideration accounting,

regulatory and tax aspects. The timing of the transfers of equity interests scheduled to be made after the Hive-down reflects the current state of planning.

380 As explained above, the approval of the Hive-down by the General Meeting of Daimler AG is a prerequisite for the implementation of the subsequent transfer of further Group companies to Daimler Truck AG described below. However, the continuation of the separation activities abroad already initiated within the framework of the LED (Legal Entity Dedication) project, which were planned anyway (cf. Section B.II above), is independent of this.

Transfer of equity interests in the course of the Hive-down

381 In the course of the Hive-down, the following German equity interests, in particular, will be transferred to Daimler Truck AG:

- *Mercedes-Benz Vertrieb NFZ GmbH:* With this equity interest, the central company for the own sales activities (Own Retail) in Germany will be transferred to Daimler Truck AG.

- *EvoBus GmbH:* As part of the preparatory measures, the equity interests in the European EvoBus companies, namely in Denmark, France, Italy, the Netherlands, Austria, Portugal, Spain, Sweden, Switzerland and the United Kingdom, were bundled under German EvoBus GmbH with its locations in Neu-Ulm and Mannheim as well as through its subsidiary, Mercedes-Benz Minibus GmbH, in Dortmund (see Section D.III.3 c) above). With the transfer of EvoBus GmbH, the production sites in Ligny-en-Barrois (France), Samano (Spain) and Holysov (Czech Republic), in particular, will be transferred to Daimler Truck AG.

382 In addition, the Trucks & Buses equity interests in the following countries, in particular, will be transferred to Daimler Truck AG in the course of the Hive-down:

- *Japan (Mitsubishi Fuso Truck and Bus Corporation):* In the course of the Hive-down, the equity interest in Japanese Mitsubishi Fuso Truck and Bus Corporation will be transferred to Daimler Truck AG. This means that approximately 100 (minority) interests in Trucks & Bus companies and the equity interest in Portugal-based Mitsubishi Fuso Truck Europe S.A. are also indirectly transferred to Daimler Truck AG. In addition, with the transfer of the equity interest in Mitsubishi Fuso Truck and Bus Corporation, three Japanese plants essential for the FUSO brand (Kawasaki, Kitsuregawa and Aikawa) and the Portuguese production plant in Tramagal will be transferred to Daimler Truck AG.

- *France (Mercedes-Benz Trucks Molsheim):* In France, the equity interest in Mercedes-Benz Trucks Molsheim is transferred to Daimler Truck AG in the course of the Hive-down. The company specializes primarily in the production of special vehicles.

- *United Kingdom and Canada (wholesale companies):* In the United Kingdom and Canada, the equity interests in the dedicated wholesale companies, Mercedes-Benz Trucks UK Limited and Daimler Trucks Canada Ltd., will be transferred to Daimler Truck AG in the course of the Hive-down.

383 In addition, the equity interest in LEONIE TB DVB GmbH will be transferred to Daimler Truck AG as part of the Hive-down. As a mere holding company, this company holds micro equity interests in such companies/partnerships in the Trucks & Buses division which, according to the applicable law, must have at least two shareholders/partners (see Section D.III.3 a) above).

384 A list of all direct equity interests held in domestic and foreign corporations and partnerships that are transferred from Daimler AG to Daimler Truck AG together with their respective subsidiaries in the course of the Hive-down can be found in Annexes 30.1, 30.2a and 30.2b to the Hive-down Agreement.

385 Section G.I explains the accounting effects of the Hive-down. For illustrative purposes, Section G.II contains a pro-forma view of the net assets, financial position and results of operations of the Daimler Truck AG subgroup that will be formed by the Hive-down based on the figures for the 2018 financial year.

Transfer of further equity interests by the end of January 2020

386 In the period up to the end of January 2020, further Trucks & Buses equity interests, particularly in the following countries, are to be transferred to Daimler Truck AG:

- *USA (Daimler Trucks North America LLC):* With the intended transfer of the equity interest in Daimler Trucks North America LLC (and the associated indirect transfer of various subsidiaries), the Freightliner, Western Star, Thomas-Built Buses and Detroit Diesel brands, which are important and in some cases market-leading for the NAFTA region, will be transferred to Daimler Truck AG. In addition, with the intended transfer of the equity interest in Daimler Trucks North America LLC, various production sites in the USA will be transferred to Daimler Truck AG. In the course of the preparatory measures, Daimler North America Corporation was transferred to Daimler International Nederland B.V. (see Section D.III.3 b)). In addition, in the course of 2018, the US Trucks & Buses companies (including Daimler Trucks North America LLC) were bundled under Daimler Trucks & Buses US Holding Inc., which was then transferred to Daimler AG in the fourth quarter of 2018. The final transfer of the US Trucks & Buses companies to Daimler Truck AG is scheduled for the fourth quarter of 2019.

- *China (Daimler Trucks and Buses (China) Ltd. and Beijing Foton Daimler Automotive Co. Ltd.):* In China, the equity interest in Daimler Trucks and Buses (China) Ltd. and, if possible, also the joint venture interest in Beijing Foton Daimler Automotive Co., Ltd., which produces commercial vehicles of the Au-

man model, are to be transferred in the course of 2019 to a Chinese holding company newly established by Daimler Truck AG.

- Finally, by the end of January 2020, the equity interests in the Trucks & Buses companies in the following countries are to be transferred to Daimler Truck AG: (i) Australia, (ii) the Netherlands, (iii) the Czech Republic, (iv) Spain, (v) Mexico, (vi) Switzerland, (vii) France, (viii) Belgium (ix) Poland, (x) Portugal, (xi) Austria and (xii) Romania. In the case of the first four markets (items (i) - (iv)), the companies are dedicated Trucks & Buses wholesale companies. In the markets of Switzerland, France, Belgium, Poland, Portugal, Austria and Romania, the companies concerned result from the separation of the respective wholesale companies.

- *Brazil (Mercedes-Benz do Brasil Ltda.):* Mercedes-Benz do Brasil Ltda. is the central production company in South America that provides services in the Trucks & Buses Division as well as in the Cars & Vans Division. Until January 2020, the production and sales activities relating to the Cars & Vans Division are to be transferred to a company to be newly established. Then, by the end of January 2020, the equity interest in Mercedes-Benz do Brasil Ltda. with the remaining Trucks & Buses business is to be transferred to Daimler Truck AG. With the transfer of the equity interest in Mercedes-Benz do Brasil Ltda., the local production of the Mercedes-Benz Axor, Atron, Atego and Accelo models at the Juiz der Fora and Sao Bernardo do Campo plants and the production of engines, axles, transmissions and bus chassis in Sao Bernardo, in particular, will be allocated to Daimler Truck AG.

- *Turkey (Mercedes-Benz Türk A.S.):* In Turkey, with the transfer of the equity interest in Mercedes-Benz Türk A.S., another major production and wholesale company of the Trucks & Buses Division is to be transferred to Daimler Truck AG. Prior to the transfer, the business to be allocated to the Cars & Vans Division will be spun off to a newly established Turkish company. After completion of the separation activities by the end of January 2020, key production functions for the Trucks & Buses division will remain with Mercedes-Benz Türk A.S.. The company operates a central production plant for Mercedes-Benz and Setra buses in Istanbul and a plant for the production of the Mercedes-Benz Actros and Arocs models in Aksaray.

- *Argentina:* In Argentina, the business activities of Mercedes-Benz Argentina S.A. in the Trucks & Buses Division are to be transferred to a new local company to be established, which will then be transferred to Daimler Truck AG by the end of January 2020.

387 For illustrative purposes, Section G.III contains selected information on the earnings position of the Daimler Truck AG subgroup based on the figures for the 2018 financial year, which reflects the expected status of implementation of the internal restructuring as of the end of January 2020.

Considerations on equity interests of the Trucks & Buses Division that will not be transferred to Daimler Truck AG by the end of January 2020

388 The following outlines the considerations that exist with regard to the equity interests of the Trucks & Buses Division which will not be transferred to Daimler Truck AG until the end of January 2020.

389 In Germany the equity interests in the already dedicated real property management companies of the Trucks & Buses Division are to be transferred to Daimler Truck AG in the period after January 2020. The background to the transfer at a later point in time are existing blocking periods under tax law, the non-compliance with which would lead to considerable tax burdens.

390 As described above, in Denmark and Sweden, the business activities of the local wholesale companies are only to be separated at the beginning of 2021 by transferring the business activities in the Trucks division to newly established companies. Subsequently, the new Trucks & Buses companies are to be transferred to Daimler Truck AG.

391 In Indonesia, in the first half of 2020, the production volumes of the Trucks & Buses Division are to be transferred to a new company to be founded by Daimler Truck AG. The company will then operate a central assembly plant for Mercedes-Benz brand chassis in Jakarta.

392 In Singapore, Daimler Commercial Vehicles South East Asia Pte. Ltd. is active in the Daimler Trucks, Daimler Buses and Mercedes-Benz Vans divisions. At the beginning of 2021, the business activities relating to the Mercedes-Benz Vans division are to be transferred to Daimler South East Asia (Singapore) Pte. Ltd. Thereafter, the equity interest in Daimler Commercial Vehicles South East Asia Pte. Ltd. Is to be transferred to Daimler Truck AG.

393 In India, the equity interest in Daimler India Commercial Vehicles Private Ltd. will only be transferred to Daimler Truck AG at a later date due to tax loss offsetting potential.

394 In South Africa, the equity interest in Daimler Trucks and Buses Southern Africa (Pty) Ltd., which was established as a subsidiary of Mercedes-Benz South Africa Ltd. as part of the separation of business activities, is not to be transferred to Daimler Truck AG for the time being due to a tax holding period. After the holding period expires in mid-2020, a transfer of the equity interest in Daimler Trucks and Buses Southern Africa (Pty) Ltd. would be possible, but is currently not planned for cost reasons. Rather, the company is to be indirectly transferred to Mercedes-Benz AG in 2019 as a subsidiary of Mercedes-Benz South Africa Ltd. (see the comments in Section F.II.1 b)).

3. Daimler Financial Services

a) Function and strategy of Daimler Financial Services

395 Daimler Financial Services will remain a separate division also after the internal restructuring of Daimler Group. In addition to the Cars & Vans Division with Mercedes-Benz AG and the Trucks & Buses Division with Daimler Truck AG, the Daimler Financial Services division will form one of the three pillars of Daimler AG.

396 As already described in Section B.I.3 f), the role of Daimler Financial Services extends to the worldwide promotion of sales of all automotive brands of Daimler Group in about 40 countries. In addition to the core business – consisting of financing and leasing – flexible mobility services (including intermodal services) are becoming increasingly important. In order to meet the future requirements of a flexible and digital environment, the so-called balancedSTRATEGY was introduced in 2017. At Daimler Financial Services AG, this is managed by a newly established division of the Board of Management – the Customer Experience Officer – but affects all departments of Daimler Financial Services. Furthermore, the balancedSTRATEGY is embedded in the 5Cs of Daimler AG (Core, Case, Culture, Company, Customer). The core message can be summarized as follows: "*DFS' ambition is to become an entirely customer-centric, fully digitized, integrated financial & mobility services provider, operating in the most efficient way.*" From the balancedSTRATEGY, above all the central importance of the customer can be derived, who is at the centre of attention with his/her needs. The aim is to create a perfect customer trip also in the field of mobility and to meet customers at every point of contact.

397 In order to fully meet the growing demand for mobility services, it is essential to also integrate innovative new mobility services such as car sharing, ride hailing and mobility as a service into the core business and to promote them even more strongly internally. In the future, the mobility behavior of customers will change fundamentally. The "own" passenger car will increasingly be replaced by a holistic claim to mobility. By linking the various offers and an intelligent use of the generated data, it is possible to provide individualized mobility offers and at the same time use this data basis for future business models. In this way, Daimler Financial Services, as an integrated financial and mobility service provider with flexible, individually tailored products, contributes to sales promotion and diversification within Daimler Group and represents an increasingly important pillar of Daimler Group. For this reason, close networking within Daimler Group and within the Daimler Financial Services division is indispensable.

398 In order to document the extension of the core business by the area of mobility services, Daimler Financial Services AG is also planning to change its name to "Daimler Mobility AG". This is to take place in July 2019. Especially due to the increasing importance of mobility, the term "financial" would be too narrowly defined in the future. With the company name "Daimler Mobility AG", the importance of the company as a mobility service provider is underlined and financial and mobility services are combined even more strongly. In addition, the new company name can be even better combined with the Daimler corporate strategy, CASE, and the balancedSTRATEGY of

Daimler Financial Services mentioned above. New mobility offers such as car sharing or autonomous driving are thus more clearly represented within the Group. The renaming of Daimler Financial Services AG will be accompanied by the renaming of the Daimler Financial Services division to Daimler Mobility.

b) Future structure

399 Within the framework of the future structure of Daimler Group, a clear target image was defined, as already described above. Although Daimler Financial Services AG was already a legally independent company of the Daimler Financial Services division in the past, in the future Group structure the legally independent entities operating in the Daimler Financial Services division will be allocated more clearly to the Daimler Financial Services column within the framework of the economic and legal circumstances.

400 The planned internal restructuring of Daimler Group will thus bring about a significant structural improvement in the Daimler Financial Services division. Of the more than 750 companies and partnerships of Daimler AG, approximately 200 units are allocated to the Daimler Financial Services division. These have been fully analysed and will be brought into a new structure in the future.

401 In future, the activities of the Daimler Financial Services division will essentially be bundled under two companies: Daimler Financial Services AG, which focuses on integrated financial and mobility services as part of its business model, and LEONIE FS DVB GmbH. LEONIE FS DVB GmbH was established in November 2017. In future, this company is intended to largely bundle all financial services and mobility companies. The bundling of the companies under the umbrella of LEONIE FS DVB GmbH is intended to significantly improve an agile and flexible market presence and thus increase competitiveness.

402 In 2018, a number of companies were already transferred to LEONIE FS DVB GmbH, most of which had previously been held by DVB. The focus in this respect was on the companies of the Daimler Mobility Services Group, which are combined under the umbrella of Daimler Mobility Services GmbH. Daimler Mobility Services GmbH bundles the Daimler Mobility Services and thus acts as an interface between Daimler Group and the individual mobility units. The newly established joint ventures ShareNow (CarSharing), ReachNow (Multimodal), ChargeNow (Charging), FreeNow (Ride-Hailing) and ParkNow (Parking) with their respective business units, founded in cooperation with BMW, will also be held by Daimler Mobility Services GmbH in the future. In addition, Daimler Mobility Services GmbH will continue to hold the existing equity interests in the leading mobility service providers Blacklane GmbH, Careem Inc., Flixmobility GmbH and Taxify OÜ.

403 In addition, Mercedes-Benz Connectivity Services GmbH, which provides connectivity services predominantly for fleet customers, and Mercedes-Benz Vans Mobility GmbH, which focuses on the leasing of vans, were transferred to LEONIE FS DVB GmbH.

404 In 2019, the majority of the global financial services companies are to be transferred to LEONIE FS DVB GmbH. These are primarily local financing and leasing companies. Overall, financial services companies from 27 countries are to be transferred to LEONIE FS DVB GmbH in 2019.

405 Another large portion of transfers will take place until no later than January 2020 with the transfers of the Dutch fleet management and financial services companies, including the Athlon Group, which was acquired in 2016 and is headquartered in Almere.

406 In this respect, every transaction of a financial services company is subject to a comprehensive audit. In addition to regulatory requirements, aspects relating to taxes and refinancing must also be examined in order to remain flexible and competitive on the market in the future.

407 Daimler Financial Services' cooperation with Mercedes-Benz AG and Daimler Truck AG as an integrated financial and mobility service provider will continue to be as successful in the future as it has been with Daimler AG. Synergies have already been used in the past and mutual services offered. These were implemented according to a fixed transfer pricing logic, which will continue to be the basis for the exchange of services in the future. By bundling the financial services companies under LEONIE FS DVB GmbH, there will be no operational impact on cooperation with the foreign sales companies.

408 Irrespective of the Hive-down of the business activities to Mercedes-Benz AG and Daimler Truck AG, feasibility studies were also initiated with regard to an intra-group transfer of the Mercedes-Benz Bank Group from Daimler Financial Services AG to Daimler AG. Such a step could contribute to the further clarity of the business model development with genuine financial services, on the one hand, and innovative mobility services, on the other. Should the Board of Management of Daimler AG decide in favor of an intra-group transfer the Mercedes-Benz Bank Group, Mercedes-Benz Bank AG could be transferred from Daimler Financial Services AG, which will then already trade under the name Daimler Mobility AG, to Daimler AG at the end of 2019/beginning of 2020. In this case, LEONIE FS DVB GmbH could subsequently be merged with Daimler Mobility AG.

III. Information on the corporate bodies of the future Daimler Group

1. Overview

409 The taking effect of the Hive-down as such will not have any impact on the composition of the Board of Management and the Supervisory Board of Daimler AG. Pursuant to § 5 sent. 2 of the Articles of Incorporation of Daimler AG, the Supervisory Board will appoint the members of the Board of Management also in the future, in accordance with the provisions of the German Stock Corporation Act and the German Co-Determination Act, and determine their number.

410 Also after the Hive-down becomes effective, the Supervisory Board of Daimler AG will continue to comprise 20 members in accordance with the provisions of the German Co-Determination Act, on a parity basis with ten shareholder representatives and ten employee representatives. Besides, in compliance with § 96 para. 2 AktG, it will comprise at least 30% of women and at least 30% of men.

411 After the Hive-down taking effect, Mercedes-Benz AG and Daimler Truck AG will be German stock corporations (*Aktiengesellschaften*) subject to co-determination. The Supervisory Board of both companies will consist of 20 members each after the Hive-down takes effect, ten of whom will be shareholder representatives and ten employee representatives.

412 If the shareholders approve the Hive-down at the General Meeting of Daimler AG on 22 May 2019, it is intended that the Supervisory Boards at Mercedes-Benz AG and Daimler Truck AG will be enlarged to 20 members each already prior to the Hive-down taking effect. The ten shareholder representatives designated in each case are to be elected at General Meetings of Mercedes-Benz AG and Daimler Truck AG in September 2019. At the same General Meetings, Daimler AG as sole shareholder is to elect ten employee representatives to the Supervisory Boards of Mercedes-Benz AG and Daimler Truck AG on the basis of proposals coordinated with the employees. In this way, the continuous work of the Supervisory Board with the participation of the employees is ensured until the employee representative elections can be concluded in accordance with the German Co-Determination Act. The procedure for enlarging and appointing the members of the Supervisory Boards of Mercedes-Benz AG and Daimler Truck AG is described in detail below in Sections 3 b) and 4 b).

413 Following the enlargement of the Supervisory Boards of Mercedes-Benz AG and Daimler Truck AG, they are expected to decide on the composition of the Boards of Management at the end of September 2019 (see Sections 3 a) and 4 a) below).

414 With regard to the specific composition of the Board of Management and Supervisory Board of Mercedes-Benz AG and Daimler Truck AG, an agreement was reached between the Board of Management and the Supervisory Board of Daimler AG. The result of this understanding is set out below under Sections 3 and 4. The formal appointment of the members of the Board of Management and the Supervisory Board of Mercedes-Benz AG and Daimler Truck AG can only be made by the respective competent bodies, which are to make these decisions in their own responsibility. To the extent that the planned appointments to corporate bodies result in acting members of the Board of Management and/or the Supervisory Board of Daimler AG simultaneously assuming board memberships at the level of Mercedes-Benz AG and/or Daimler Truck AG, these dual memberships are also disclosed as special benefits in the Hive-down Agreement (see Clause 51 thereof).

2. Daimler AG

a) Board of Management of Daimler AG

415 At the close of this year's General Meeting, the Board of Management of Daimler AG will comprise the following members:

- Ola Källenius, Chairman of the Board of Management, Head of Mercedes-Benz Cars (appointed until May 2024),
- Martin Daum, Daimler Trucks and Buses (appointed until February 2022),
- Renata Jungo Brüngger, Integrity and Law (appointed until December 2023),
- Wilfried Porth, Human Resources and Labor Director, Mercedes-Benz Vans (appointed until April 2022),
- Markus Schäfer, Group Research and Mercedes-Benz Cars Development (appointed until May 2024),
- Britta Seeger, Mercedes-Benz Cars Sales (appointed until December 2024),
- Hubertus Troska, Greater China (appointed until December 2020),
- Harald Wilhelm, Finance & Controlling, Daimler Financial Services (appointed until March 2022).

416 Curricula vitae and further information on the acting members of the Board of Management of Daimler AG can be found at https://www.daimler.com/konzern/corporate-governance/vorstand/.

b) Supervisory Board of Daimler AG

417 Daimler AG's Supervisory Board is expected to comprise the following shareholder representatives at the close of this year's General Meeting:

- Dr. Manfred Bischoff, Chairman of the Supervisory Board (elected until 2021),
- Dr. Paul Achleitner (elected until 2020),
- Bader M. Al Saad (elected until 2022),
- Sari Baldauf (elected until 2023),
- Dr. Clemens Börsig (elected until 2022),
- Dr. Jürgen Hambrecht (elected until 2023),

- Petraea Heynike (elected until 2021),
- Joe Kaeser (proposed to the General Meeting for re-election until 2024),
- Dr. Bernd Pischetsrieder (proposed to the General Meeting for re-election until 2024),
- Marie Wieck (elected until 2023).

418 Daimler AG's Supervisory Board will comprise the following employee representatives also in the future:

- Michael Brecht, Deputy Chairman of the Supervisory Board (elected until 2023),
- Michael Bettag (elected until 2023),
- Raymond Curry (elected until 2023),
- Michael Häberle (elected until 2023),
- Ergun Lümali (elected until 2023),
- Elke Tönjes-Werner (elected until 2023),
- Sibylle Wankel (elected until 2023),
- Dr. Frank Weber (elected until 2023),
- Dr. Sabine Zimmer (elected until 2023),
- Roman Zitzelsberger (elected until 2023).

419 Curricula vitae and further information on the members of the Supervisory Board of Daimler AG can be found at https://www.daimler.com/konzern/corporate-governance/aufsichtsrat/.

3. Mercedes-Benz AG

a) Board of Management of Mercedes-Benz AG

420 Mercedes-Benz AG currently has a Board of Management with two members, namely Petra Marita Meiser and Dr. Florian Hofer. The members of the Board of Management were appointed by the Supervisory Board of Mercedes-Benz AG on 7 November 2017 for a term of five years. The current members of the Board of Management were appointed only for the purpose of preparing the Hive-down. Both will therefore resign

from office soon after the Supervisory Board of Mercedes-Benz AG has been enlarged to 20 members (see lit. b) below).

Future appointments and allocation of responsibilities

421 The enlarged Supervisory Board of Mercedes-Benz AG will decide on the future composition of the Board of Management of Mercedes-Benz AG. In this regard, it is envisaged that the Supervisory Board of Mercedes-Benz AG, consisting of 20 members, will appoint the following persons as members of the Board of Management of Mercedes-Benz AG:

- Ola Källenius (who, subject to a resolution of the Supervisory Board of Mercedes-Benz AG, shall assume the office of the Chairman of the Board of Management),
- Jörg Burzer,
- Renata Jungo Brüngger,
- Sajjad Khan,
- Sabine Kohleisen,
- Frank Lindenberg,
- Markus Schäfer,
- Britta Seeger,
- Wilko Stark.

422 The following overview provides a brief overview of the planned areas of responsibility:

Name	**Planned area of responsibility**
Ola Källenius	Chairman of the Board of Management
Jörg Burzer	Production & Supply Chain Management
Renata Jungo Brüngger	Integrity and Legal Affairs
Sajjad Khan	CASE / EVA
Sabine Kohleisen	Human Resources
Frank Lindenberg	Finance and Controlling

Name	Planned area of responsibility
Markus Schäfer	Research and Development
Britta Seeger	Marketing and Sales
Wilko Stark	Procurement and Supplier Quality

Remuneration

423 The Supervisory Board of Mercedes-Benz AG decides on the remuneration system for the Board of Management of Mercedes-Benz AG and the amount of remuneration for the members of the Board of Management.

424 Notwithstanding this, the Board of Management and Supervisory Board of Daimler AG have agreed with respect to the remuneration of the Board of Management of Mercedes-Benz AG to structure the remuneration system on the basis of the new remuneration system for the Board of Management of Daimler AG applicable from 1 January 2019 (cf. the presentation in the Remuneration Report as part of the Combined Management Report in the Annual Report 2018) and on the basis of the remuneration system for the executives of Daimler Group.

425 Therefore, the remuneration system for the Board of Management of Mercedes-Benz AG is also intended to comprise one fixed component and two variable, performance-related components, namely the following:

- a fixed base salary,
- a short- and medium-term variable remuneration in the form of an annual bonus,
- a long-term variable remuneration by way of participation in the existing Performance Phantom Share Plan (PPSP) in conjunction with stock ownership guidelines adopted by the Supervisory Board of Mercedes-Benz AG for the Board of Management, under which the members of the Board of Management of Mercedes-Benz AG are required to hold a portion of their private assets in Daimler shares.

426 The various remuneration components are to be in reasonable proportion to each other, based primarily on the remuneration structure of the Board of Management of Daimler AG and the executives of Daimler Group.

427 As with the Board of Management of Daimler AG and the executives of Daimler Group, the annual bonus is to be based not only on financial targets (operating profit (EBIT) of the Mercedes-Benz Cars & Vans Division and, if applicable, of Daimler Group), but

also on non-financial targets (integrity, customer, employee and diversity targets) and transformation targets.

428 It is intended to enter into agreements with the future members of the Board of Management of Mercedes-Benz AG allowing for the partial reduction or complete elimination of or a repayment claim for the annual bonus for any member who clearly violates the Integrity Code.

429 In this way, the target remuneration for a member of the Board of Management of Mercedes-Benz AG is intended to range between approximately EUR 0.5 million and approximately EUR 2.1 million. The maximum amount of the total remuneration is intended to be 1.9 times the target remuneration. If members of the Board of Management of Daimler AG perform additional Board of Management functions at Mercedes-Benz AG, no additional remuneration will be paid for this.

430 The Board of Management and Supervisory Board of Daimler AG have used publicly available comparative data for their considerations regarding remuneration. As mentioned above, the current remuneration of the members of the Board of Management of Daimler AG and the remuneration of executives of Daimler Group were also included in the considerations.

431 On the basis of the agreement between the Board of Management and the Supervisory Board of Daimler AG, the total remuneration of the Board of Management of Mercedes-Benz AG, based on the target remuneration for the above-described composition of the Board of Management, is expected to range from approximately EUR 7 million to EUR 8 million in the 2020 financial year. This takes into account the fact that the members of the Board of Management of Mercedes-Benz AG who are also members of the Board of Management of Daimler AG do not receive any additional remuneration in their capacity as members of the Board of Management of Mercedes-Benz AG. The members of the Board of Management of Mercedes-Benz AG will be insured in this function under the existing D&O insurance of Daimler Group.

432 As mentioned in the introduction, the final decision on the remuneration system and the amount of the individual remuneration of the members of the Board of Management of Mercedes-Benz AG will be made by the Supervisory Board of Mercedes-Benz AG in its own responsibility in accordance with the requirements of German stock corporation law.

b) Supervisory Board of Mercedes-Benz AG

433 The Supervisory Board of Mercedes-Benz AG is currently not subject to co-determination and consists of the statutory minimum of three members. These are currently Mr. Jochen Löhlein, Mr. Tim Zech and Mr. Peter Zirwes. The current members will resign from the Supervisory Board in time before the Hive-down takes effect.

Future composition and appointment of members

434 The General Meeting of Mercedes-Benz AG will enlarge the Supervisory Board of Mercedes-Benz AG to 20 members and elect these members. Ten members will be the future shareholder representatives and ten members are intended to be elected – as explained above – in consultation with the employees.

435 It is intended that the following persons will be elected to the Supervisory Board of Mercedes-Benz AG as shareholder representatives:

- Dr. Manfred Bischoff,
- Valeria Gargiulo,
- Petraea Heynike,
- Joe Kaeser,
- Robert Köthner
- Dr. Bernd Pischetsrieder,
- Wilfried Porth
- Gesa Reimelt,
- Marie Wieck,
- Harald Wilhelm.

436 It is intended that the following persons will be elected to the Supervisory Board of Mercedes-Benz AG upon proposal from the employees:

- Michael Brecht,
- Nadine Boguslawski,
- Michael Häberle,
- Ergun Lümali,
- Michael Peters,
- Michael Rahmel,
- Helmut Stengel,

- Jörg Thiemer,
- Sibylle Wankel,
- Dr. Frank Weber.

437 Subsequently, it is intended that the newly composed Supervisory Board appoints the new members of the Board of Management of Mercedes-Benz AG (see lit. a) above).

438 After the Hive-down takes effect, Mercedes-Benz AG will form a Supervisory Board with equal representation in accordance with the provisions of the Co-Determination Act. To this end, the Board of Management of Mercedes-Benz AG will initiate so-called status proceedings pursuant to §§ 97 et seqq. AktG. Since Mercedes-Benz AG and its subordinate Group companies will usually have more than 20,000 employees as of the effective date of the Hive-down in accordance with the provisions of the Co-Determination Act, the Supervisory Board of Mercedes-Benz AG has to comprise ten shareholder representatives and ten employee representatives as of this date pursuant to § 7 para. 1 sent. 1 no. 3 MitbestG (*Mitbestimmungsgesetz* – Co-Determination Act) (pursuant to the provisions of the Co-Determination Act, of the members of the Supervisory Board seven will be employee representatives and three will be employee representatives from the trade unions represented in the Group companies). Since Daimler AG is also subject to the provisions of the German Co-Determination Act, the appointment of the shareholder representatives by the General Meeting can only be made on the basis of a resolution of the shareholder representatives on the Supervisory Board of Daimler AG (cf. § 32 para. 1 MitbestG).

439 Upon completion of the status proceedings, the term of office of the Supervisory Board with 20 members formed prior to the Consummation Date will end at the close of the first General Meeting after expiry of the period for bringing a motion pursuant to § 97 para. 2 AktG or a final and binding decision pursuant to § 98 AktG, but no later than six months after expiry of the motion period or the final and binding decision. The ten shareholder representatives who had already previously been elected as shareholder representatives are therefore intended to be re-elected at an extraordinary general meeting of Mercedes-Benz AG. The members of the Supervisory Board who were elected upon proposal from the employees are intended to be appointed by court order as employee representatives pursuant to § 104 AktG for the period until the election of the employee representatives has been completed.

Election of the Chairman of the Supervisory Board and formation of committees

440 Subject to a resolution to this effect of the Supervisory Board of Mercedes-Benz AG, Dr. Manfred Bischoff shall assume the office of Chairman of the Supervisory Board. With regard to the office of Deputy Chairman of the Supervisory Board, an understanding has not yet been reached.

441 The formation of committees beyond the statutory minimum requirements is at the discretion of the future Supervisory Board. It is contemplated that the Supervisory

Board will form a Presidential Committee from among its members to deal inter alia with matters relating to the Board of Management and prepare the relevant resolutions of the Supervisory Board of Mercedes-Benz AG. The Presidential Committee shall comprise the Chairman of the Supervisory Board, his Deputy and two other members, who are elected by majority vote. After completion of the status proceedings, the Supervisory Board of Mercedes-Benz AG will also form a Mediation Committee within the meaning of § 27 MitbestG.

Remuneration

442 The remuneration of the Supervisory Board of Mercedes-Benz AG is determined by the company's General Meeting.

443 With regard to the remuneration of the members of the Supervisory Board of Mercedes-Benz AG, it is planned that, in addition to reimbursement of their expenses – including any value-added tax that may be incurred – they will receive a fixed remuneration of EUR 86,400 per year for the individual member. An additional annual remuneration of EUR 172,800 is intended to be granted for the chairmanship of the Supervisory Board, an additional EUR 86,400 for the deputy chairmanship of the Supervisory Board and an additional EUR 43,200 for membership in the Presidential Committee. No remuneration is to be paid for membership in the Mediation Committee, which will be required to be formed after completion of the status proceedings pursuant to § 27 para. 3 MitbestG to be conducted after the Hive-down becomes effective. Furthermore, the members of the Supervisory Board and of its committees are to receive an attendance fee of EUR 1,100 for each Supervisory Board and committee meeting which they attend as members, with the attendance fee being paid only once for several meetings of the Supervisory Board and/or its committees on one calendar day.

444 Benchmark data determined by a remuneration consultant was used to determine the planned remuneration of the Supervisory Board.

445 To the extent that members of the Supervisory Board of Mercedes-Benz AG are also members of the Board of Management or executives of Daimler AG, they will not receive any additional remuneration in their capacity as members of the Supervisory Board of Mercedes-Benz AG. Based on the above-described composition of the Supervisory Board, the total remuneration of the Supervisory Board of Mercedes-Benz AG is therefore expected to amount to approximately EUR 1.7 million (excluding attendance fees) in the 2020 financial year. The members of the Supervisory Board of Mercedes-Benz AG will be insured in this function under the existing D&O insurance of Daimler Group.

446 The Supervisory Board members to be elected in consultation with the employees have announced that they will pay the Supervisory Board remuneration to which they are entitled to the Hans Böckler Foundation to the extent to which they have hitherto done so, on the basis of mandatory or voluntary compliance with the guidelines of the German Federation of Trade Unions (*Deutscher Gewerkschaftsbund*).

4. Daimler Truck AG

a) Board of Management of Daimler Truck AG

447 Daimler Truck AG currently has a Board of Management with two members, namely Petra Marita Meiser and Dr. Florian Hofer. The members of the Board of Management were appointed by the Supervisory Board of Daimler Truck AG on 7 November 2017 for a term of five years. The current members of the Board of Management were appointed only for the purpose of preparing the Hive-down. Both will therefore resign from office soon after the Supervisory Board of Daimler Truck AG has been enlarged to 20 members (see lit. b) below).

Future appointments and allocation of responsibilities

448 The enlarged Supervisory Board of Daimler Truck AG will decide on the future composition of the Board of Management of Daimler Truck AG. In this regard, it is envisaged that the Supervisory Board of Daimler Truck AG, consisting of 20 members, will appoint the following persons as members of the Board of Management of Daimler Truck AG:

- Martin Daum (who, subject to a resolution of the Supervisory Board of Daimler Truck AG, shall assume the office of the Chairman of the Board of Management),
- Stefan Buchner,
- Sven Ennerst,
- Jochen Götz,
- Jürgen Hartwig,
- Roger Nielsen,
- Hartmut Schick.

449 The following overview provides a brief overview of the planned areas of responsibility:

Name	Planned area of responsibility
Martin Daum	Chairman of the Board of Management
Stefan Buchner	Region Europe / Latin America and the brand Mercedes-Benz
Sven Ennerst	Product Engineering and Procurement

Name	Planned area of responsibility
Jochen Götz	Finance and Controlling
Jürgen Hartwig	Human Resources
Roger Nielsen	Region NAFTA and the brands Freightliner, Western Star und Thomas Built Buses
Hartmut Schick	Region Asia and the brands FUSO and BharatBenz

Remuneration

450 The Supervisory Board of Daimler Truck AG decides on the remuneration system for the Board of Management of Daimler Truck AG and the amount of remuneration for the members of the Board of Management.

451 Notwithstanding this, the Board of Management and Supervisory Board of Daimler AG have agreed with respect to the remuneration of the Board of Management of Daimler Truck AG to structure the remuneration system on the basis of the new remuneration system for the Board of Management of Daimler AG applicable from 1 January 2019 (cf. the presentation in the Remuneration Report as part of the Combined Management Report in the Annual Report 2018) and on the basis of the remuneration system for the executives of Daimler Group.

452 Therefore, the remuneration system for the Board of Management of Daimler Truck AG is also intended to comprise one fixed component and two variable, performance-related components, namely the following:

- a fixed base salary,
- a short- and medium-term variable remuneration in the form of an annual bonus,
- a long-term variable remuneration by way of participation in the existing Performance Phantom Share Plan (PPSP) in conjunction with stock ownership guidelines adopted by the Supervisory Board of Daimler Truck AG for the Board of Management, under which the members of the Board of Management of Daimler Truck AG are required to hold a portion of their private assets in Daimler shares.

453 The various remuneration components are to be in reasonable proportion to each other, based primarily on the remuneration structure of the Board of Management of Daimler AG and the executives of Daimler Group.

454 As with the Board of Management of Daimler AG and the executives of Daimler Group, the annual bonus is to be based not only on financial targets (operating profit (EBIT) of the Daimler Trucks & Buses Division and, if applicable, of Daimler Group), but also on non-financial targets (integrity, customer, employee and diversity targets) and transformation targets.

455 It is intended to enter into agreements with the future members of the Board of Management of Daimler Truck AG allowing for the partial reduction or complete elimination of or a repayment claim for the annual bonus for any member who clearly violates the Integrity Code.

456 In this way, the target remuneration for a member of the Board of Management of Daimler Truck AG is intended to range between approximately EUR 0.5 million and approximately EUR 1.8 million. The maximum amount of the total remuneration is intended to be 1.9 times the target remuneration. If members of the Board of Management of Daimler AG perform additional Board of Management functions at Daimler Truck AG, no additional remuneration will be paid for this.

457 The Board of Management and Supervisory Board of Daimler AG have used publicly available comparative data for their considerations regarding remuneration. As mentioned above, the current remuneration of the members of the Board of Management of Daimler AG and the remuneration of executives of Daimler Group were also included in the considerations.

458 On the basis of the agreement between the Board of Management and the Supervisory Board of Daimler AG, the total remuneration of the Board of Management of Daimler Truck AG, based on the target remuneration for the above-described composition of the Board of Management, is expected to range from approximately EUR 3 million to EUR 4 million in the 2020 financial year. This takes into account the fact that the members of the Board of Management of Daimler Truck AG who are also members of the Board of Management of Daimler AG do not receive any additional remuneration in their capacity as members of the Board of Management of Daimler Truck AG. The members of the Board of Management of Daimler Truck AG will be insured in this function under the existing D&O insurance of Daimler Group.

459 As mentioned in the introduction, the final decision on the remuneration system and the amount of the individual remuneration of the members of the Board of Management of Daimler Truck AG will be made by the Supervisory Board of Daimler Truck AG in its own responsibility in accordance with the requirements of German stock corporation law.

b) Supervisory Board of Daimler Truck AG

460 The Supervisory Board of Daimler Truck AG is currently not subject to co-determination and consists of the statutory minimum of three members. These are currently Mr. Jochen Löhlein, Mr. Tim Zech and Mr. Peter Zirwes. The current members will resign from the Supervisory Board in time before the Hive-down takes effect.

Future composition and appointment of members

461 The General Meeting of Daimler Truck AG will enlarge the Supervisory Board of Daimler Truck AG to 20 members and elect these members. Ten members will be the future shareholder representatives and ten members are intended to be elected – as explained above – in consultation with the employees.

462 It is intended that the following persons will be elected to the Supervisory Board of Daimler Truck AG as shareholder representatives:

- Ola Källenius,
- Bader M. Al Saad,
- Sari Baldauf,
- Dr. Clemens Börsig,
- Dr. Jürgen Hambrecht,
- Sabine Kohleisen,
- Dr. Annette Matzat,
- Wilfried Porth,
- Hubertus Troska,
- Harald Wilhelm.

463 It is intended that the following persons will be elected to the Supervisory Board of Daimler Truck AG upon proposal from the employees:

- Michael Brecht,
- Florence Göckeritz,
- Joachim Horner,
- Jörg Lorz,
- Ergun Lümali,
- Markus Maier,
- Claudia Peter,

- Frank Trampedach,
- Roman Zitzelsberger,
- Thomas Zwick.

464 Subsequently, it is intended that the newly composed Supervisory Board appoints the new members of the Board of Management of Daimler Truck AG (see lit. a) above).

465 After the Hive-down takes effect, Daimler Truck AG will form a Supervisory Board with equal representation in accordance with the provisions of the Co-Determination Act. To this end, the Board of Management of Daimler Truck AG will initiate so-called status proceedings pursuant to §§ 97 et seqq. AktG. Since Daimler Truck AG and its subordinate Group companies will usually have more than 20,000 employees as of the effective date of the Hive-down in accordance with the provisions of the Co-Determination Act, the Supervisory Board of Daimler Truck AG has to comprise ten shareholder representatives and ten employee representatives as of this date pursuant to § 7 para. 1 sent. 1 no. 3 MitbestG (pursuant to the provisions of the Co-Determination Act, of the members of the Supervisory Board seven will be employee representatives and three will be employee representatives from the trade unions represented in the Group companies). Since Daimler AG is also subject to the provisions of the German Co-Determination Act, the appointment of the shareholder representatives by the General Meeting can only be made on the basis of a resolution of the shareholder representatives on the Supervisory Board of Daimler AG (cf. § 32 para. 1 MitbestG).

466 Upon completion of the status proceedings, the term of office of the Supervisory Board with 20 members formed prior to the Consummation Date will end at the close of the first General Meeting after expiry of the period for bringing a motion pursuant to § 97 para. 2 AktG or a final and binding decision pursuant to § 98 AktG, but no later than six months after expiry of the motion period or the final and binding decision. The ten shareholder representatives who had already previously been elected as shareholder representatives are therefore intended to be re-elected at an extraordinary general meeting of Daimler Truck AG. The members of the Supervisory Board who were elected upon proposal from the employees are intended to be appointed by court order as employee representatives pursuant to § 104 AktG for the period until the election of the employee representatives has been completed.

Election of the Chairman of the Supervisory Board and formation of committees

467 Subject to a resolution to this effect of the Supervisory Board of Daimler Truck AG, Ola Källenius shall assume the office of Chairman of the Supervisory Board. With regard to the office of Deputy Chairman of the Supervisory Board, an understanding has not yet been reached.

468 The formation of committees beyond the statutory minimum requirements is at the discretion of the future Supervisory Board. It is contemplated that the Supervisory Board will form a Presidential Committee from among its members to deal inter alia

with matters relating to the Board of Management and prepare the relevant resolutions of the Supervisory Board of Daimler Truck AG. The Presidential Committee shall comprise the Chairman of the Supervisory Board, his Deputy and two other members, who are elected by majority vote. After completion of the status proceedings, the Supervisory Board of Daimler Truck AG will also form a Mediation Committee within the meaning of § 27 MitbestG.

Remuneration

469 The remuneration of the Supervisory Board of Daimler Truck AG is determined by the company's General Meeting.

470 With regard to the remuneration of the members of the Supervisory Board of Daimler Truck AG, it is planned that, in addition to reimbursement of their expenses – including any value-added tax that may be incurred – they will receive a fixed remuneration of EUR 72,000 per year for the individual member. An additional annual remuneration of EUR 144,000 is intended to be granted for the chairmanship of the Supervisory Board, an additional EUR 72,000 for the deputy chairmanship of the Supervisory Board and an additional EUR 43,200 for membership in the Presidential Committee. No remuneration is to be paid for membership in the Mediation Committee, which will be required to be formed after completion of the status proceedings pursuant to § 27 para. 3 MitbestG to be conducted after the Hive-down becomes effective. Furthermore, the members of the Supervisory Board and of its committees are to receive an attendance fee of EUR 1,100 for each Supervisory Board and committee meeting which they attend as members, with the attendance fee being paid only once for several meetings of the Supervisory Board and/or its committees on one calendar day.

471 Benchmark data determined by a remuneration consultant was used to determine the planned remuneration of the Supervisory Board.

472 To the extent that members of the Supervisory Board of Daimler Truck AG are also members of the Board of Management or executives of Daimler AG, they will not receive any additional remuneration in their capacity as members of the Supervisory Board of Daimler Truck AG. Based on the above-described composition of the Supervisory Board, the total remuneration of the Supervisory Board of Daimler Truck AG is therefore expected to amount to approximately EUR 1.2 million (excluding attendance fees) in the 2020 financial year. The members of the Supervisory Board of Daimler Truck AG will be insured in this function under the existing D&O insurance of Daimler Group.

473 The Supervisory Board members to be elected in consultation with the employees have announced that they will pay the Supervisory Board remuneration to which they are entitled to the Hans Böckler Foundation to the extent to which they have hitherto done so, on the basis of mandatory or voluntary compliance with the guidelines of the German Federation of Trade Unions (*Deutscher Gewerkschaftsbund* – DGB).

G. Accounting and financial information on the internal restructuring of Daimler Group

474 Section G contains accounting and financial information on the Daimler Group's internal restructuring. Firstly, the accounting effects of the Hive-down on both the HGB balance sheets of Daimler AG, Mercedes-Benz AG and Daimler Truck AG (see Section I.1) and on the IFRS consolidated statements of financial position of Daimler AG, Mercedes-Benz AG and Daimler Truck AG (see Section I.2) are described. Then, the effects of the Hive-down on the profitability, liquidity and capital resources and financial position of Daimler Group and the new subgroups established in the context of the Hive-down are presented (see Section II). Section III includes an outlook on selected key figures of the currently proposed target structure of the new subgroups based on the state of implementation as of the end of January 2020.

475 To the extent that this Section includes references to the Cars & Vans Division, such references are to be understood as referring to the division defined in the Hive-down Agreement, which consists of the current divisions Mercedes-Benz Cars and Mercedes-Benz Vans. To the extent that this Section includes references to the Trucks & Buses Division, such references are to be understood as referring to the division defined in the Hive-down Agreement, which consists of the current divisions Daimler Trucks and Daimler Buses.

I. Accounting effects of the Hive-down

1. Accounting effects on the HGB balance sheets

476 This Section sets out the accounting effects of the Hive-down on the HGB balance sheets of Daimler AG, Mercedes-Benz AG and Daimler Truck AG.

a) General information

477 The HGB balance sheets of Daimler AG, Mercedes-Benz AG and Daimler Truck AG as of 31 December 2018, 12:00 p.m. each reflect the situation prior to the Hive-down taking effect.

478 The pro-forma balance sheets of Daimler AG, Mercedes-Benz AG and Daimler Truck AG as of 1 January 2019, 0:00 a.m. each reflect the situation after the Hive-down taking effect. The Hive-down taking effect (including any agreements concluded between the parties within the context of the Hive-down Agreement that become effective upon the Hive-down taking effect) with economic retrospective effect as of the Hive-down Effective Date 1 January 2019, was used as a pro-forma assumption. The pro-forma balance sheets of Mercedes-Benz AG and Daimler Truck AG each consist of the HGB balance sheet prior to the Hive-down as of 31 December 2018, 12:00 p.m., and the Hive-down balance sheet as of 1 January 2019, 0:00 a.m., both of which are attached as an annex to the Hive-down Agreement.

479 The Hive-down will become effective upon its registration in the Commercial Register of Daimler AG (so-called Consummation Date). Upon the Hive-down Effective Date,

the Hive-down Assets (the so-called Cars & Vans Hive-down Assets and the so-called Trucks & Buses Hive-down Assets, as defined in the Hive-down Agreement) are transferred by way of partial universal succession under civil law to Mercedes-Benz AG or Daimler Truck AG, respectively. From an economic perspective, the transfer of assets takes effect retrospectively as of the Hive-down Effective Date 1 January 2019. The Hive-down Effective Date is the date from which Daimler AG's actions affecting the Hive-down Assets are deemed made for the account of Mercedes-Benz AG or Daimler Truck AG, respectively (§ 126 para. 1 no. 6 UmwG). In addition, upon the Hive-down taking effect, further assets and liabilities items that have their basis in the agreements concluded between Daimler AG and Mercedes-Benz AG or between Daimler AG and Daimler Truck AG, respectively, in the Hive-down Agreement in connection with the Cars & Vans Division or the Trucks & Buses Division, respectively, and that are also transferred to Mercedes-Benz AG or Daimler Truck AG, respectively.

480 Section I.1 presents all balance sheets prepared in accordance with the accounting principles set out in the German Commercial Code. They are based on the same accounting policies as were applied for the annual financial statements of Daimler AG as of 31 December 2018.

481 The annual financial statements of Daimler AG – comprising the balance sheet as of 31 December 2018 and the income statement for the financial year from 1 January to 31 December 2018 as well as the notes to the financial statements – and the combined management report of Daimler AG for the financial year from 1 January to 31 December 2018 were prepared by the Board of Management of Daimler AG on 13 February 2019, were audited by KPMG AG Wirtschaftsprüfungsgesellschaft as auditor, received an unqualified audit opinion dated 13 February 2019 and were approved and, accordingly, confirmed by the Supervisory Board of Daimler AG on 13 February 2019. The HGB balance sheet of Daimler AG as of 31 December 2018 is also the closing balance sheet pursuant to § 125 sent. 1 in conjunction with § 17 para. 2 UmwG for the Hive-down. The annual financial statements of Mercedes-Benz AG and Daimler Truck AG for the financial year 2018 were prepared by the respective Boards of Management as of 13 February 2019 and were approved and, accordingly, confirmed by the respective Supervisory Boards as of 13 February 2019.

482 The HGB Hive-down balance sheets as of 1 January 2019 (Annexes 3.3 and 22.3 to the Hive-down Agreement), which include the Hive-down Assets to be transferred to Mercedes-Benz AG or Daimler Truck AG, respectively (to the extent eligible for recognition in the balance sheet), and which, in accordance with the provisions set out in the Hive-down Agreement, reflect further assets and liabilities items that are also transferred to Mercedes-Benz AG or Daimler Truck AG, respectively, upon the Hive-down taking effect at the Consummation Date, were derived from the closing balance sheet of Daimler AG.

483 The Hive-down balance sheets were prepared on the basis of the closing balance sheet of Daimler AG as of 31 December 2018:

- The Hive-down balance sheets comprise the assets and liabilities that are eligible for recognition in the balance sheet and that are allocated to Mercedes-Benz AG or Daimler Truck AG, respectively, under the Hive-down Agreement, i. e. both the Cars & Vans Hive-down Assets as well as the Trucks & Buses Hive-down Assets (to the extent eligible for recognition in the balance sheet, respectively) and further assets and liabilities items that have their basis in the agreements concluded between Daimler AG and Mercedes-Benz AG or between Daimler AG and Daimler Truck AG, respectively, in the Hive-down Agreement in connection with the Cars & Vans Division or the Trucks & Buses Division, respectively, and that are also transferred to Mercedes-Benz AG or Daimler Truck AG, respectively, upon the Hive-down taking effect at the Consummation Date with retrospective economic effect as of 1 January 2019. The latter category includes, in particular, the creation of internal derivative financial instruments in accordance with Clauses 16.11 and 35.11 of the Hive-down Agreement and the transfer of beneficial ownership of special-purpose assets within the meaning of § 246 para. 2 sent. 2 HGB, which serve to secure Transferred Pension Obligations (as defined in more detail in Clauses 15 and 34 of the Hive-down Agreement and explained in Section J.II.13 in this Hive-down Report).

- Upon the Hive-down taking effect, the above-mentioned internal derivative financial instruments arise between Daimler AG and Mercedes-Benz AG or Daimler Truck AG, respectively, with economic effect as of the Hive-down Effective Date, since the Hive-down Agreement stipulates that Mercedes-Benz AG and Daimler AG or Daimler Truck AG and Daimler AG, respectively, will put each other in such positions in their internal relationship as if all rights and obligations arising from external derivative financial instruments had been transferred to Mercedes-Benz AG or Daimler Truck AG, respectively, with economic effect as of the Hive-down Effective Date. Accordingly, the external derivative financial instruments are reflected to Mercedes-Benz AG and Daimler Truck AG with the same hedge rate, but are not transferred from a legal perspective. Due to the economic reflection of the external derivative financial instruments of Daimler AG in internal derivative financial instrument as well as the Hive-down of the hedged items to Mercedes-Benz AG or Daimler Truck AG, respectively, the hedging relationships previously recognized under the net hedge presentation method (freezing method) are dissolved. Under the freezing method, positive and negative changes in the value of hedged items and hedging transactions, to the extent that they offset each other, are not recognized in the balance sheet.

- The assets and liabilities transferred upon the Hive-down taking effect were transferred from the HGB balance sheet of Daimler AG as of 31 December 2018 to the Hive-down balance sheet of Mercedes-Benz AG or Daimler Truck AG, respectively, as of 1 January 2019 at their respective carrying amounts. The accounting effects from the reflection of Daimler AG's external derivative financial instruments in internal derivative financial instruments at Mercedes-Benz AG and Daimler Truck AG, respectively, were recognized for the first time in the Hive-down balance sheets.

- Upon the Hive-down taking effect, all employment relationships (including any rights and obligations) existing at that date attributable to the Cars & Vans Division and the Trucks & Buses Division on Daimler AG level, respectively, are transferred to Mercedes-Benz AG and Daimler Truck AG, respectively, if these employees do not object to the transfer of their employment relationships. The employment relationships of the employees who object to such transfer pursuant to § 613a para. 6 BGB (*Bürgerliches Gesetzbuch* – German Civil Code) will remain at Daimler AG, together with all rights and obligations. Since the number of the employees actually transferred to Mercedes-Benz AG and Daimler Truck AG can be finally determined only upon the Hive-down taking effect, it was assumed for the preparation of the Hive-down balance sheets that any and all employees attributable to the Cars & Vans Division and the Trucks & Buses Division, respectively, are transferred to Mercedes-Benz AG and Daimler Truck AG, respectively.

- Adjusting events after the balance sheet date 31 December 2018 are taken into account until 13 February 2019, the date when the 2018 annual financial statements of Daimler AG were approved. In contrast, events occurring after 13 February 2019 are not reflected in the Hive-down balance sheets. Instead, due to the retrospective economic effect of the Hive-down as of 1 January 2019, events occurring after the approval date of the 2018 annual financial statements of Daimler AG 13 February 2019 and their effect on profit or loss are reflected in the respective financial statements of Mercedes-Benz AG (to the extent they relate to the assets and liabilities of the Cars & Vans Division transferred upon the Hive-down taking effect), of Daimler Truck AG (to the extent they relate to the assets and liabilities of the Trucks & Buses Division transferred upon the Hive-down taking effect) or of Daimler AG (to the extent they relate to the assets and liabilities remaining with Daimler AG) for the financial year 2019.

484 The pro-forma balance sheets reflect the value relations as of the Hive-down Effective Date on 1 January 2019, 0:00 a.m. The figures are unaudited. Beside the preparation principles set out above, they do not reflect any changes in assets and liabilities or equity as a result of the business activities of the companies since 1 January 2019 until the Hive-down taking effect as of the Consummation Date. The actual financial situation as of the Consummation Date will deviate from the pro-forma balance sheets as of 1 January 2019. For the avoidance of doubt, the pro-forma balance sheets presented below are neither pro-forma financial information within the meaning of IDW RH 1.004 "Preparation of pro-forma financial information" nor within the meaning of the EU prospectus regulation.

485 Due to rounding, individual figures presented in the following tables may not exactly add up to the stated values.

b) Daimler AG: Balance sheet as of 31 December 2018 and pro-forma balance sheet as of 1 January 2019 (HGB)

486 The Hive-down results in a partial universal succession under civil law in relation to the Hive-down Assets, i.e. Mercedes-Benz AG and Daimler Truck AG will become owners of the respective Hive-down Assets. Daimler AG is no longer the owner of the Hive-down Assets and a corresponding disposal is recorded on the balance sheet. In accordance with the provisions set out in the Hive-down Agreement, further assets and liabilities items are also transferred to Mercedes-Benz AG and Daimler Truck AG upon the Hive-down taking effect. With reverse effect to the assets and liabilities transferred upon the Hive-down taking effect, the carrying amounts of shares in affiliated companies reported in the financial assets of Daimler AG increase as a result of the increase of the carrying amounts of the equity interests in Mercedes-Benz AG and Daimler Truck AG.

487 The accounting effects from the perspective of Daimler AG are shown in the following overview.

Balance sheet and pro-forma balance sheet of Daimler AG (HGB)

	HGB balance sheet of Daimler AG prior to Hive-down	Hive-down Cars & Vans at HGB carrying amounts to Mercedes-Benz AG	Hive-down Trucks & Buses at HGB carrying amounts to Daimler Truck AG	Reconciliation to Daimler AG's HGB balance sheet after Hive-down	HGB balance sheet of Daimler AG after Hive-down
	(actual)	(hive-down balance sheets)			(pro-forma)[1]
Figures in EUR million	31/12/2018	01/01/2019	01/01/2019	01/01/2019	01/01/2019
Intangible assets	1,587	1,472	42	0	73
Property, plant and equipment	9,528	8,355	964	0	209
Financial assets	43,977	2,928	2,443	11,882	50,488
Non-current assets	**55,092**	**12,755**	**3,449**	**11,882**	**50,770**
Inventories	10,524	8,505	2,018	0	1
Trade receivables	2,781	1,904	873	0	4
Receivables from affiliated companies	29,817	4,216	588	0	25,013
Other receivables and other assets	4,908	2,614	211	1,059	3,142
Securities	7,278	0	0	0	7,278
Cash and cash equivalents	6,354	1,378	157	0	4,819
Current assets	**61,662**	**18,617**	**3,847**	**1,059**	**40,257**
Prepaid expenses	**406**	**103**	**3**	**0**	**300**
Net defined-benefit plan asset	**0**	**0**	**0**	**80**	**80**
Total assets	**117,160**	**31,475**	**7,299**	**13,021**	**91,407**
Equity	**43,209**	**9,357**	**2,525**	**11,882**	**43,209**
Provisions for pensions and similar obligations	838	733	185	80	0
Other provisions	15,595	11,815	2,703	1,059	2,136
Provisions	**16,433**	**12,548**	**2,888**	**1,139**	**2,136**
Trade payables	7,210	5,936	846	0	428
Liabilities to affiliated companies	18,838	783	26	0	18,029
Other liabilities	30,394	2,009	780	0	27,605
Liabilities	**56,442**	**8,728**	**1,652**	**0**	**46,062**
Deferred income	**1,076**	**842**	**234**	**0**	**0**
Total equity and liabilities	**117,160**	**31,475**	**7,299**	**13,021**	**91,407**

[1] This column does not include external derivative financial instruments as reflected after the Hive-down taking effect (see explanation below).

488 The column "HGB balance sheet of Daimler AG prior to the Hive-down (actual)" comprises Daimler AG's HGB balance sheet as of 31 December 2018, 12:00 p.m., representing the situation prior to the Hive-down taking effect.

489 The columns "Hive-down Cars & Vans at HGB carrying amounts to Mercedes-Benz AG (Hive-down balance sheet)" and "Hive-down Trucks & Buses at HGB carrying amounts to Daimler Truck AG (Hive-down balance sheet)" include the assets and liabilities derecognized at Daimler AG and transferred to Mercedes-Benz AG or Daimler Truck AG, respectively, as of 1 January 2019, 0:00 a.m. (including the accounting effects resulting from the reflection of the external derivative financial instruments of Daimler AG with Mercedes-Benz AG and Daimler Truck AG, respectively).

490 On the one hand, the column "Reconciliation to Daimler AG's HGB Balance Sheet after Hive-down" reflects the addition to the shares in affiliated companies held by Daimler AG due to the increase of the carrying amounts of the equity interests in Mercedes-Benz AG and Daimler Truck AG upon the Hive-down taking effect. On the other hand, this column also includes the technical reconciliation of the new internal derivative financial instruments arising at the level of Mercedes-Benz AG and Daimler Truck AG to the new (offsetting) internal derivative financial instruments also arising at the level of Daimler AG. In addition, a net defined-benefit plan asset remains at Daimler AG since the fair value of the special-purpose assets exceeds the settlement amount of the pension obligations. This net defined-benefit plan asset at Daimler AG only arises under HGB. This is due to the following: The value of the special-purpose assets to be transferred is determined for the major portion of the obligations on the basis of the amount of the pension obligations under IFRS. The cover ratio in accordance with IFRS (i. e. the value of the special-purpose assets in relation to the pension obligations under IFRS) at Daimler AG, Mercedes-Benz AG and Daimler Truck AG is identical as of the Hive-down Effective Date. The pension obligations of Daimler AG in accordance with IFRS have to be determined, however, using a discount rate that is lower than that used at Mercedes-Benz AG and Daimler Truck AG, while the pension obligations under HGB are calculated using a uniform discount rate. As a result, a larger amount of assets in relation to the pension obligation is attributed to Daimler AG under HGB.

491 The column "HGB balance sheet of Daimler AG after Hive-down (pro-forma)" comprises Daimler AG's pro-forma balance sheet as of 1 January 2019, 0:00 a.m. It reflects the situation after the Hive-down taking effect with retrospective economic effect as of 1 January 2019. This column comprises the accounting effects of the newly arising internal derivative financial instruments, however, not the accounting effects that result at the level of Daimler AG for the external derivative financial instruments upon the Hive-down taking effect.

492 The following assets of Daimler AG are hived down at their carrying amounts as of 31 December 2018 to Mercedes-Benz AG or Daimler Truck AG, respectively:

- The intangible assets of Daimler AG mainly include purchased licenses, name rights, rights in connection with vehicle development and production from cooperation projects and similar assets. Intangible assets attributable to the operating responsibility of the Cars & Vans Division are hived down to Mercedes-Benz AG. This primarily refers to rights and development expenditures in connection with cooperation projects. Intangible assets that are allocated to the

operating responsibility of the Trucks & Buses Division are hived down to Daimler Truck AG.

- Property, plant and equipment of Daimler AG largely consists of technical equipment and machinery, other equipment, factory and office equipment, advance payments made and construction in progress as well as leased assets that are sold in the German market via the employee-car business. Items of property, plant and equipment in plants and sales organizations of the Cars & Vans Division and the Trucks & Buses Division, respectively, are hived down to Mercedes-Benz AG or Daimler Truck AG, respectively. This also applies to property, plant and equipment held at third parties that serves the production of cars and vans as well as trucks and buses.

- Financial assets consist of shares in affiliated companies, associated companies, loans to affiliated companies as well as other loans, with shares in affiliated companies representing the major item of financial assets. The transferred shares in subsidiaries and associated companies were determined in accordance with the list in the annexes 11.1 and 11.2 (in relation to Mercedes-Benz AG) and in the annexes 30.1, 30.2a and 30.2b (in relation to Daimler Truck AG) to the Hive-down Agreement. Loans to affiliated companies remain with Daimler AG.

- Inventories of Daimler AG comprise raw materials and manufacturing supplies, work in progress, finished products and goods as well as advance payments made. Advance payments received are deducted from the carrying amount of inventories. Inventories are hived down to Mercedes-Benz AG or Daimler Truck AG, respectively, in accordance with the intended use of the products of the Cars & Vans Division and the Trucks & Buses Division, respectively.

- Trade receivables in connection with the products and services of the Cars & Vans Division and the Trucks & Buses Division, respectively, are hived down to Mercedes-Benz AG and Daimler Truck AG, respectively.

- Receivables from affiliated companies consist of intra-group receivables within the scope of central financial and liquidity management as well as trade receivables due to domestic and foreign group companies. Since the central financial and liquidity management remains with Daimler AG, the related receivables from affiliated companies remain with Daimler AG. These receivables represent the major portion of the receivables from affiliated companies. The operating receivables from affiliated companies attributable to the Cars & Vans Division and the Trucks & Buses Division will be transferred to Mercedes-Benz AG or Daimler Truck AG, respectively.

- Other receivables comprise receivables from associated companies. Other assets primarily include tax-refund claims, fixed-term deposits, as well as accrued interest. Other receivables and other assets attributable to the operating responsibility of the Cars & Vans Division and the Trucks & Buses Division, re-

spectively, are hived down to Mercedes-Benz AG or Daimler Truck AG, respectively, except for tax-refund claims, fixed-term deposits and accrued interest, which remain with Daimler AG.

- Securities consist solely of other securities, which include fixed or variable-interest marketable debt securities as well as money-market funds. Securities will not be hived down to Mercedes-Benz AG or Daimler Truck AG, respectively.

- Cash and cash equivalents consist of bank balances, cash in hand and checks. Bank balances will not be hived down, except for the balances expressly mentioned in Sections 12.1 and 31.1 of the Hive-down Agreement. In addition, cash in hand and checks are transferred to Mercedes-Benz AG and Daimler Truck AG, respectively, to a minor extent, in accordance with the operating responsibility.

- Prepaid expenses include expenditure made prior to the balance sheet date to the extent that they refer to expenses for a certain period after the balance sheet date. Amongst others, they comprise discount amounts resulting from the difference between the settlement amount and the lower issue amount of liabilities. Prepaid expenses attributable to the operating responsibility of the Cars & Vans Division and the Trucks & Buses Division, respectively, are hived down to Mercedes-Benz AG and Daimler Truck AG, respectively. Discount amounts within the scope of central financial and liquidity management remain with Daimler AG.

493 The following liabilities of Daimler AG are hived down at their carrying amounts as of 31 December 2018 to Mercedes-Benz AG or Daimler Truck AG, respectively:

- Pension provisions result from the net amount from pension obligations and the special-purpose assets used to cover pension obligations. The Hive-down Assets of Mercedes-Benz AG and Daimler Truck AG, respectively, comprise all pension obligations existing at Daimler AG against the employees being transferred in accordance with the allocation of employees to Mercedes-Benz AG or Daimler Truck AG, respectively, set out in the Hive-down Agreement. The main criterion for the determination of the extent to which special-purpose assets are transferred is predominantly the cover ratio under IFRS regarding the pension obligations being transferred to Mercedes-Benz AG or Daimler Truck AG, respectively. The special-purpose assets are transferred pursuant to Clauses 15 and 34 of the Hive-down Agreement.

- Other provisions comprise provisions for taxes and miscellaneous provisions. Provisions for taxes relate primarily to income taxes for years not yet finally assessed. The controlling company within the tax group is Daimler AG. The tax group with Daimler AG as controlling company will remain in place. Provisions for other withholding taxes that do not refer to taxes on income are hived down to Mercedes-Benz AG when the shares in the associated company from which the withholding tax is expected can be allocated to the Cars & Vans Divi-

sion. There are no comparative matters referring to Daimler Truck AG. All other tax provisions remain at Daimler AG.

- Miscellaneous provisions relate primarily to worldwide warranty risks, personnel and social obligations, obligations from the sales business as well as provisions for liability and litigation risks. In addition, provisions were recognized for deferred maintenance that will be carried out in the first quarter of the following year. Warranty risks and obligations from the sales business are hived down to Mercedes-Benz AG or Daimler Truck AG, respectively, in accordance with their allocation to the products of the Cars & Vans Division or the Trucks & Buses Division, respectively. Personnel and social obligations are hived down in accordance with the allocation of employees to Mercedes-Benz AG or Daimler Truck AG, respectively. Litigation and liability risks are transferred to Mercedes-Benz AG or Daimler Truck AG, respectively, if there is a product-specific relationship or a relationship to transferred employees, subject to the rules set out in Sections 14.2 d) and 33.2 d) of the Hive-down Agreement. Maintenance obligations and the related maintenance provisions are hived down in accordance with their allocation to the plants and the sales locations. Other miscellaneous provisions are hived down to Mercedes-Benz AG or Daimler Truck AG, respectively, in accordance with the economic origination in the operating areas of responsibility in the Cars & Vans Division and the Trucks & Buses Division, respectively. Moreover, provisions comprise issues where Daimler AG has compensation claims against Mercedes-Benz AG and Daimler Truck AG based on the terms of the Hive-down Agreement. Daimler AG has taken into account the compensation claims as a reduction in provisions.

- Trade payables are hived down to Mercedes-Benz AG or Daimler Truck AG, respectively, in accordance with the intended use of the purchased goods and services for the Cars & Vans Division and the Trucks & Buses Division, respectively.

- Liabilities to affiliated companies comprise liabilities that arose from intragroup transactions within the scope of central financial and liquidity management as well as from the supply of goods and services by domestic and foreign group companies. Since the central financial and liquidity management remains with Daimler AG (as set out above), the related liabilities due to affiliated companies remain with Daimler AG. These liabilities represent the major portion of the liabilities to affiliated companies. In contrast, liabilities to affiliated companies from the operating activities of the Divisions Cars & Vans and Trucks & Buses, respectively, are transferred to Mercedes-Benz AG or Daimler Truck AG, respectively, within the context of the Hive-down.

- The remaining liabilities include notes and bonds as well as liabilities to banks. In addition, the item comprises liabilities to associated companies and other liabilities. Other liabilities mainly comprise liabilities from wages and salaries, withheld income tax and social security contributions. Since the central financial and liquidity management remains with Daimler AG, notes and bonds, lia-

bilities to banks – except for special-purpose development loans – as well as financial liabilities due to associated companies are not hived down. Liabilities in relation to the products and employees of the Cars & Vans Division and the Trucks & Buses Division, respectively, are hived down to Mercedes-Benz AG or Daimler Truck AG, respectively.

- Deferred income includes revenue received prior to the balance sheet date to the extent that it refers to income for a certain period after the balance sheet date. Deferred income is hived down to Mercedes-Benz AG or Daimler Truck AG, respectively, due to its economic origination in the operating areas of responsibility in the Cars & Vans Division and the Trucks & Buses Division, respectively.

494 In addition to the Hive-down of the above-mentioned assets and liabilities, internal derivative financial instruments arise – as set out above – between Daimler AG and Mercedes-Benz AG or Daimler Truck AG, respectively. As of 1 January 2019, 0:00 a.m., these derivative financial instruments have a positive fair value totalling EUR 446 million as well as a negative fair value totalling EUR 613 million at Daimler AG. In the columns "Hive-down Cars & Vans at HGB carrying amounts to Mercedes-Benz AG (Hive-down balance sheet)" and "Hive-down Trucks & Buses at HGB carrying amounts to Daimler Truck AG (Hive-down balance sheet)", the corresponding accounting effects from the reflection of the external derivative financial instruments in internal derivative financial instruments are included in the item "Other receivables and other assets" on the assets side as well as in "equity" and "other provisions" on the equity and liabilities side.

495 The column "Reconciliation to Daimler AG's HGB Balance Sheet after Hive-down" reflects, on the one hand, the increase in the carrying amounts of the shares in affiliated companies due to the increase of the carrying amounts of the equity interests in Mercedes-Benz AG and Daimler Truck AG totalling EUR 11,882 million, resulting from the transfer of assets and liabilities to Mercedes-Benz AG and Daimler Truck AG. Of that amount, EUR 9,357 million are attributable to the equity interest in Mercedes-Benz AG and EUR 2,525 million to the equity interest in Daimler Truck AG. On the other hand, this column also includes the technical reconciliation of the new internal derivative financial instruments arising at the level of Mercedes-Benz AG and Daimler Truck AG to the new (offsetting) internal derivative financial instruments also arising at the level of Daimler AG.

496 The column "HGB balance sheet of Daimler AG after Hive-down (pro-forma)" shows that equity of Daimler AG does not change due to the Hive-down taking effect as of 1 January 2019. Total assets of Daimler AG are reduced by EUR 25,753 million. Regarding the internal derivative financial instruments arising at Mercedes-Benz AG or Daimler Truck AG, respectively, Daimler AG correspondingly reports "Other receivables and other assets" in the amount of EUR 613 million as well as "Other provisions" in the amount of EUR 446 million in the column "HGB balance sheet of Daimler AG after Hive-down (pro-forma)". However, this column does not comprise the accounting effects that result at the level of Daimler AG for the external derivative financial instru-

ments upon the Hive-down taking effect. Due to the Hive-down of the hedged items to Mercedes-Benz AG and Daimler Truck AG and the fact that the external derivative financial instruments remain at Daimler AG, the hedging relationships previously recognized largely under the freezing method are discontinued. This discontinuation of the hedging relationship results in an expense at Daimler AG from the recognition of a provision for anticipated losses from external derivative financial instruments with a negative fair value in the amount of EUR 598 million as of 1 January 2019, 0:00 a.m., while positive external derivative financial instruments that previously were accounted for using the freezing method may not be recognized due to the imparity and realization principle. The expense from the recognition of a provision for anticipated losses will be fully offset in the next financial years up to and including 2023 upon the maturity of the corresponding external derivative financial instruments (mainly already in the financial year 2019).

c) Mercedes-Benz AG: Balance sheet as of 31 December 2018 and pro-forma balance sheet as of 1 January 2019 (HGB)

497 The effectiveness of the Hive-down results in material portions of assets and liabilities of Daimler AG being transferred to Mercedes-Benz AG. The accounting effects from the perspective of Mercedes-Benz AG are shown in the following overview.

Balance sheet and pro-forma balance sheet of Mercedes-Benz AG (HGB)

Figures in EUR million	HGB balance sheet of Mercedes-Benz AG prior to Hive-down (actual) 31/12/2018	Hive-down Cars & Vans at HGB carrying amounts (hive-down balance sheet) 01/01/2019	HGB balance sheet of Mercedes-Benz AG after Hive-down (pro-forma) 01/01/2019
Intangible assets	0	1,472	1,472
Property, plant and equipment	0	8,355	8,355
Financial assets	4	2,928	2,932
Non-current assets	**4**	**12,755**	**12,759**
Inventories	0	8,505	8,505
Trade receivables	0	1,904	1,904
Receivables from affiliated companies	0	4,216	4,216
Other receivables and other assets	0	2,614	2,614
Cash and cash equivalents	0	1,378	1,378
Current assets	**0**	**18,617**	**18,617**
Prepaid expenses	**0**	**103**	**103**
Total assets	**4**	**31,475**	**31,479**
Equity	**4**	**9,357**	**9,361**
Provisions for pensions and similar obligations	0	733	733
Other provisions	0	11,815	11,815
Provisions	**0**	**12,548**	**12,548**
Trade payables	0	5,936	5,936
Liabilities to affiliated companies	0	783	783
Other liabilities	0	2,009	2,009
Liabilities	**0**	**8,728**	**8,728**
Deferred income	**0**	**842**	**842**
Total equity and liabilities	**4**	**31,475**	**31,479**

498 The column "HGB balance sheet of Mercedes-Benz AG prior to the Hive-down (actual)" includes the HGB balance sheet of Mercedes-Benz AG as of 31 December 2018, 12:00 p.m. It represents the situation prior to the Hive-down taking effect.

499 The column "Hive-down Cars & Vans at HGB carrying amounts (Hive-down balance sheet)" comprises the assets and liabilities that are transferred from Daimler AG to Mercedes-Benz AG upon the Hive-down taking effect in accordance with the Hive-down balance sheet as of 1 January 2019, 0:00 a.m.

500 The column "HGB balance sheet of Mercedes-Benz AG after Hive-down (pro-forma)" comprises Mercedes-Benz AG's pro-forma balance sheet as of 1 January 2019, 0:00 a.m. It reflects the situation after the Hive-down taking effect with retrospective economic effect as of the Hive-down Effective Date 1 January 2019.

501 The balance sheet of Mercedes-Benz AG as of 31 December 2018 primarily includes the investment in Hap2U S.A.S., which was acquired in July 2018 for a purchase price of EUR 4 million (see Section D.I.1 f)). To finance this acquisition, Mercedes-Benz AG received a contribution to Daimler AG's equity pursuant to § 272 para. 2 no. 4 HGB in the amount of EUR 4 million.

502 The transfer of the Cars & Vans Hive-down Assets as well as of further assets and liabilities items transferred from Daimler AG to Mercedes-Benz AG in accordance with the provisions set out in the Hive-down Agreement results in corresponding additions on the balance sheet of Mercedes-Benz AG as of 1 January 2019, 0:00 a.m. Pursuant to commercial law, the Cars & Vans Hive-down Assets are transferred at carrying amounts from the balance sheet of Daimler AG as of 31 December 2018 to the pro-forma balance sheet of Mercedes-Benz AG.

- The Hive-down leads to an increase of the assets side of the pro-forma balance sheet of Mercedes-Benz AG as of 1 January 2019, 0:00 a.m. by the carrying amounts of the Hive-down Assets of the Cars & Vans Division transferred upon the Hive-down taking effect (see comments at margin no. 492).

- The equity and liabilities side of the pro-forma balance sheet of Mercedes-Benz AG as of 1 January 2019, 0:00 a.m. is also subject to additions as a result of the transfer of liabilities and deferred income as well as the recognition of provisions for risks and uncertain obligations. These liabilities correspond to the disposal at Daimler AG (see comments under margin no. 493).

503 In addition, upon the Hive-down taking effect – as explained above – internal derivative financial instruments arise between Daimler AG and Mercedes-Benz AG. As of 1 January 2019, 0:00 a.m., they have a positive fair value totalling EUR 410 million (included in the item "Other receivables and other assets" of the pro-forma balance sheet of Mercedes-Benz AG as of 1 January 2019, 0:00 a.m.) as well as a negative fair value totalling EUR 581 million (included in the item "Other provisions" of the pro-forma balance sheet of Mercedes-Benz AG as of 1 January 2019, 0:00 a.m.).

504 The increase in the carrying amount of the equity of Mercedes-Benz AG corresponds to the residual amount of assets transferred upon the Hive-down taking effect less the transferred liabilities at their carrying amounts from the Hive-down balance sheet. Within the framework of the execution of the capital increase against contributions in kind required under the Hive-down, 999,950,000 no-par-value shares with a proportionate amount in the share capital of EUR 1.00 per share are to be created. The share capital of Mercedes-Benz AG will increase accordingly by EUR 999,950,000 to EUR 1,000,000,000. To the extent that the increase of the carrying amount of equity

exceeds the amount attributable to the share capital, such excess is reported in the capital reserve in accordance with § 272 para. 2 no. 1 HGB.

d) Daimler Truck AG: Balance sheet as of 31 December 2018 and pro-forma balance sheet as of 1 January 2019 (HGB)

505 The taking effect of the Hive-down results in material portions of assets and liabilities of Daimler AG being transferred to Daimler Truck AG. The accounting effects from the perspective of Daimler Truck AG are shown in the following overview.

Balance sheet and pro-forma balance sheet of Daimler Truck AG (HGB)

Figures in EUR million	HGB balance sheet of Daimler Truck AG prior to Hive-down (actual) 31/12/2018	Hive-down Trucks & Buses at HGB carrying amounts (hive-down balance sheet) 01/01/2019	HGB balance sheet of Daimler Truck AG after Hive-down (pro-forma) 01/01/2019
Intangible assets	0	42	42
Property, plant and equipment	0	964	964
Financial assets	10	2,443	2,453
Non-current assets	**10**	**3,449**	**3,459**
Inventories	0	2,018	2,018
Trade receivables	0	873	873
Receivables from affiliated companies	10	588	598
Other receivables and other assets	0	211	211
Cash and cash equivalents	0	157	157
Current assets	**10**	**3,847**	**3,857**
Prepaid expenses	**0**	**3**	**3**
Total assets	**20**	**7,299**	**7,319**
Equity	**20**	**2,525**	**2,545**
Provisions for pensions and similar obligations	0	185	185
Other provisions	0	2,703	2,703
Provisions	**0**	**2,888**	**2,888**
Trade payables	0	846	846
Liabilities to affiliated companies	0	26	26
Other liabilities	0	780	780
Liabilities	**0**	**1,652**	**1,652**
Deferred income	**0**	**234**	**234**
Total equity and liabilities	**20**	**7,299**	**7,319**

506 The column "HGB balance sheet of Daimler Truck AG prior to the Hive-down (actual)" includes the HGB balance sheet of Daimler Truck AG as of 31 December 2018, 12:00 p.m. It represents the situation prior to the Hive-down taking effect.

507 The column "Hive-down Trucks & Buses at HGB carrying amounts (Hive-down balance sheet)" comprises the assets and liabilities that are transferred from Daimler AG to Daimler Truck AG upon the Hive-down taking effect in accordance with the Hive-down balance sheet as of 1 January 2019, 0:00 a.m.

508 The column "HGB balance sheet of Daimler Truck AG after Hive-down (pro-forma)" comprises Daimler Truck AG's pro-forma balance sheet as of 1 January 2019, 0:00 a.m. It reflects the situation after the Hive-down taking effect with retrospective economic effect as of the Hive-down Effective Date 1 January 2019.

509 Especially the following matters had an impact on the balance sheet of Daimler Truck AG as of 31 December 2018. In May 2018, the 50% shareholding in Daimler Kamaz Trucks Holding GmbH was contributed through Daimler Vermögens- und Beteiligungsgesellschaft mbH to the free reserves of Daimler Truck AG in accordance with § 272 para. 2 no. 4 HGB. The contribution was made without the granting of new shares or other consideration and was given a zero value under commercial law. Afterwards, Daimler AG made a contribution to the equity of Daimler Truck AG pursuant to § 272 para. 2 no. 4 HGB in the amount of EUR 10 million. From this contribution, Daimler Truck AG made a capital contribution in the same amount to Daimler Kamaz Trucks Holding GmbH. As of 31 October 2018, Daimler AG made another contribution to the equity of Daimler Truck AG pursuant to § 272 para. 2 no. 4 HGB in the amount of EUR 10 million.

510 The transfer of the Trucks & Buses Hive-down Assets as well as of further assets and liabilities items transferred from Daimler AG to Daimler Truck AG in accordance with the provisions set out in the Hive-down Agreement results in corresponding additions on the balance sheet of Daimler Truck AG as of 1 January 2019. Pursuant to commercial law, the Trucks & Buses Hive-down Assets are transferred at carrying amounts from the balance sheet of Daimler AG as of 31 December 2018 to the pro-forma balance sheet of Daimler Truck AG as of 1 January 2019, 0:00 a.m.

- The Hive-down leads to an increase of the assets side of the pro-forma balance sheet of Daimler Truck AG as of 1 January 2019, 0:00 a.m. by the carrying amounts of the Hive-down Assets of the Trucks & Buses Division transferred upon the Hive-down taking effect (see comments at margin no. 492).

- The equity and liabilities side of the pro-forma balance sheet of Daimler Truck AG as of 1 January 2019, 0:00 a.m. is also subject to additions as a result of the transfer of liabilities and deferred income as well as the recognition of provisions for risks and uncertain obligations. These liabilities correspond to the disposal at Daimler AG (see comments under margin no. 493).

511 In addition, upon the Hive-down taking effect – as explained above – internal derivative financial instruments arise between Daimler AG and Daimler Truck AG. As of 1 January 2019, 0:00 a.m., they have a positive fair value totalling EUR 36 million (included in the item "Other receivables and other assets" of the pro-forma balance sheet of Daimler Truck AG as of 1 January 2019, 0:00 a.m.) as well as a negative fair value totalling EUR 32 million (included in the item "Other provisions" of the pro-forma balance sheet of Daimler Truck AG as of 1 January 2019, 0:00 a.m.).

512 The increase in the carrying amount of the equity of Daimler Truck AG corresponds to the residual amount of assets transferred upon the Hive-down taking effect less the transferred liabilities at their carrying amounts from the Hive-down balance sheet. Within the framework of the execution of the capital increase against contributions in kind required under the Hive-down, 299,950,000 no-par-value shares with a proportionate amount in the share capital of EUR 1.00 per share are to be created. The share capital of Daimler Truck AG will increase accordingly by EUR 299,950,000 to EUR 300,000,000. To the extent that the increase of the carrying amount of equity exceeds the amount attributable to the share capital, such excess is reported in the capital reserve in accordance with § 272 para. 2 no. 1 HGB.

2. Accounting effects on the IFRS statements of financial position

513 On the basis of the IFRS consolidated balance sheet of Daimler AG, which is a component of the consolidated financial statements of Daimler AG as of 31 December 2018, this Section outlines the accounting effects of the Hive-down on the IFRS consolidated balance sheet of Daimler AG as well as on the combined pro-forma balance sheets of the Mercedes-Benz AG and Daimler Truck AG subgroups in accordance with IFRS as of 1 January 2019, respectively.

a) Basis of preparation regarding the IFRS statement of financial position

514 This Section describes the basis for the preparation of the IFRS consolidated statements of financial position of Daimler AG and the combined pro-forma statements of financial position of the Mercedes-Benz AG and Daimler Truck AG subgroups in accordance with IFRS. These also apply to the presentation of both the financial position and the capital structure set out in Section II.2.

515 The consolidated financial statements of Daimler AG as of 31 December 2018 have been prepared in accordance with § 315e HGB (consolidated financial statements under International Financial Reporting Standards). The accounting policies applied in the consolidated financial statements of Daimler AG correspond to the International Financial Reporting Standards ("**IFRS**") required to be applied in the European Union. The notes to the consolidated financial statements, which were published as part of the consolidated financial statements of Daimler AG in the 2018 annual report, set out the accounting policies applied.

516 The IFRS consolidated statement of financial position was prepared by the Board of Management on 13 February 2019 as part of the consolidated financial statements of

Daimler AG as of 31 December 2018, was audited by KPMG AG Wirtschaftsprüfungsgesellschaft in compliance with § 317 HGB, taking into account the German generally accepted standards for the audit of financial statements as promulgated by the Institute of Public Auditors in Germany (IDW) and also the International Standards on Auditing (ISA), received an unqualified audit opinion dated 13 February 2019 and was approved by the Supervisory Board of Daimler AG on 13 February 2019.

517 The assets and liabilities transferred to Mercedes-Benz AG or Daimler Truck AG, respectively, upon the Hive-down taking effect are also presented in accordance with IFRS principles. They are based on the IFRS carrying amounts reported in the consolidated financial statements of Daimler AG as of 31 December 2018.

518 The combined pro-forma statements of financial position of Mercedes-Benz AG and Daimler Truck AG as of 1 January 2019, 0:00 a.m. each reflect the situation after the Hive-down taking effect. The Hive-down taking effect (including any agreements concluded between the parties within the context of the Hive-down Agreement that become effective upon the Hive-down taking effect) with economic retrospective effect as of the Hive-down Effective Date 1 January 2019, was used as a pro-forma assumption. However, the combined pro-forma statements of financial position of the Mercedes-Benz AG and Daimler Truck AG subgroups as of 1 January 2019 prepared in this way do not represent full consolidated balance sheets in accordance with § 315e HGB or full consolidated statements of financial position in accordance with the IFRS provisions for the purpose of consolidated financial statements.

519 All statements of financial position were prepared using the uniform accounting policies of Daimler AG. The pro-forma statements of financial position were prepared using the IFRS accounting policies of Daimler Group as of 31 December 2018, with exceptions set out in the following. The elimination and combination principles generally correspond to the elimination and consolidation principles applied in the consolidated financial statements of Daimler AG as of 31 December 2018.

520 The combined pro-forma statements of financial position of Mercedes-Benz AG and Daimler Truck AG were prepared on the basis of the IFRS consolidated financial statements of Daimler AG as of 31 December 2018 as follows:

- The scope of combination underlying the pro-forma statements of financial position of the subgroups Mercedes-Benz AG or Daimler Truck AG, respectively, was established based on Mercedes-Benz AG and Daimler Truck AG, respectively, and the companies included in the IFRS consolidated statement of financial position of Mercedes-Benz AG and Daimler Truck AG, respectively, as of 31 December 2018 as well as the companies that are intended to be transferred to Mercedes-Benz AG and Daimler Truck AG upon the Hive-down taking effect. Of the future shareholdings of Mercedes-Benz AG and Daimler Truck AG, respectively, only those shareholdings were included in the respective scope of combination that were also included in the consolidated financial statements of Daimler AG as of 31 December 2018 due to the materiality principle applied. The direct shareholdings of Daimler AG that are intended to be

transferred to Mercedes-Benz AG or Daimler Truck AG, respectively, are set out in the Annexes 11.1 and 11.2 of the Hive-down Agreement (Mercedes-Benz AG) and the Annexes 30.1, 30.2a and 30.2b of the Hive-down Agreement (Daimler Truck AG). The respective scope of combination is presented in margin no. 536 (Mercedes-Benz AG) and margin no. 544 (Daimler Truck AG). The entirety of all companies included in the scope of combination of Mercedes-Benz AG or Daimler Truck AG, respectively, is called subgroup of Mercedes-Benz AG and subgroup of Daimler Truck AG, respectively.

- All intra-group assets and liabilities, equity components, income and expenses as well as cash flows from transactions between entities included in the combined pro-forma statements of financial position are entirely eliminated in the course of the combination process.

- Upon the Hive-down taking effect, all employment relationships (including any rights and obligations) existing at that date on Daimler AG level attributable to the Cars & Vans Division or the Trucks & Buses Division, are transferred to Mercedes-Benz AG or Daimler Truck AG, respectively, if these employees do not object to the transfer of their employment relationships. The employment relationships of the employees who object to such transfer pursuant to § 613a para. 6 BGB will remain at Daimler AG, together with all rights and obligations. Since the number of the employees actually transferred to Mercedes-Benz AG and Daimler Truck AG can be finally determined only upon the Hive-down taking effect, it was assumed for the preparation of the combined pro-forma statements of financial position that all employees attributable to the Cars & Vans Division and the Trucks & Buses Division, respectively, are transferred to Mercedes-Benz AG or Daimler Truck AG, respectively.

- The control and profit and loss transfer agreement of Daimler AG's German subsidiaries that are transferred to Mercedes-Benz AG and Daimler Truck AG, respectively, upon the Hive-down taking effect continue to exist initially in Daimler AG after the Hive-down. The operating results of these companies are a component of the reported earnings before interest and taxes of the respective subgroups within the context of IFRS accounting. The obligations and claims, respectively, arising under the control and profit and loss transfer agreements are recognized as liabilities or receivables in the pro-forma statements of financial position. It is planned to terminate the existing control and profit and loss transfer agreements with the subsidiaries of Mercedes-Benz AG and Daimler Truck AG, respectively, with effect as of 31 December 2019 and to enter into new control and profit and loss transfer agreements commencing with the financial year 2020 with Mercedes-Benz AG or Daimler Truck AG, respectively.

- Adjusting events after the balance sheet date 31 December 2018 are taken into account until 13 February 2019, the date on which the 2018 consolidated financial statements of Daimler AG were approved. In contrast, events occurring after 13 February 2019 are not reflected in the combined pro-forma state-

ments of financial position of Mercedes-Benz AG and Daimler Truck AG. Instead, due to the retrospective economic effect of the Hive-down as of 1 January 2019, events occurring after the approval of the 2018 consolidated financial statements of Daimler AG 13 February 2019 and their effect on profit or loss are reflected in the respective financial statements for the financial year 2019.

- The combined pro-forma statements of financial position do not include any prior-year figures or comparative figures.

521 The following material accounting policies were taken into account for the preparation of the combined pro-forma statements of financial position of Mercedes-Benz AG and Daimler Truck AG:

- The combined pro-forma statements of financial position as of 1 January 2019 take into account the assets and liabilities transferred upon the Hive-down taking effect at their carrying amounts, as reported in the IFRS consolidated statement of financial position of Daimler AG as of 31 December 2018. Upon the initial combination of the assets and liabilities of the entities included in the scope of combination, the unadjusted carrying amounts in accordance with IFRS 1.D16(a) were used. Goodwill from the original acquisition of subsidiaries to be included in the relevant subgroup were included in the combined pro-forma statements of financial position at its full amount.

- Leases between the subgroup of Mercedes-Benz AG and of Daimler Truck AG, respectively, with other Daimler group companies that are not part of the respective scope of combination are presented in the combined pro-forma statements of financial position of Mercedes-Benz AG and Daimler Truck AG as operating leases.

- Please refer to the notes to the consolidated financial statements of Daimler AG as of 31 December 2018 for information on the impairment test of the cash-generating units.

- The accounting for derivative financial instruments generally corresponds to the procedures used for the consolidated financial statements of Daimler AG. In this context, please refer to the notes to the consolidated financial statements of Daimler AG as of 31 December 2018. The combined pro-forma statements of financial position of Mercedes-Benz AG and Daimler Truck AG include intra-group derivative financial instruments attributable to the relevant operating business. As set out in Section I.1 a), the internal derivative financial instruments represent a reflection of the external derivative financial instruments of Daimler AG; therefore, they have the same fair value.

- The accounting for internally produced intangible assets corresponds to the procedures used for the consolidated financial statements of Daimler AG. In

this context, please refer to the notes to the consolidated financial statements of Daimler AG as of 31 December 2018.

- As a result of the existing control and profit and loss transfer agreements, the German controlled companies (*Organgesellschaft*) are members of the income tax group where Daimler AG is the controlling company (*Organträgerin*). In the combined pro-forma statements of financial position of Mercedes-Benz AG and Daimler Truck AG, the German controlled companies report amounts as deferred tax assets and liabilities which would have been required to be recognized without the tax group affiliation with Daimler AG in relation to the existing temporary differences between the IFRS carrying amounts and the carrying amounts in the tax balance sheet.

- Non-controlling interests are a component of equity and are not presented separately.

522 The combined pro-forma statements of financial position of the Mercedes-Benz AG and Daimler Truck AG subgroups as of 1 January 2019, 0:00 a.m. are unaudited. Beside the preparation policies set out above, they do not reflect any changes in assets and liabilities or equity as a result of the business activities of the companies since 1 January 2019 until the Hive-down taking effect as of the Consummation Date. The actual financial situation as of the Consummation Date will deviate from the combined pro-forma statements of financial position of the Mercedes-Benz AG and Daimler Truck AG subgroups as of 1 January 2019, 0:00 a.m.

523 In line with the pro-forma presentation for Mercedes-Benz AG and Daimler Truck AG, there is also a pro-forma presentation in relation to the consolidated statement of financial position of Daimler AG after the Hive-down. The consolidated statement of financial position of Daimler AG after the Hive-down represents the consolidated statement of financial position after the Hive-down taking effect with retrospective economic effect as of 1 January 2019, 0:00 a.m.

524 Due to rounding, individual figures presented in the following tables may not exactly add up to the stated values.

b) Daimler AG: Consolidated statement of financial position as of 31 December 2018 and combined pro-forma balance sheet as of 1 January 2019 (IFRS)

525 The effectiveness of the Hive-down results in material portions of assets and liabilities of Daimler AG being transferred to Mercedes-Benz AG or Daimler Truck AG, respectively. The following overview reflects the accounting effects under IFRS from the perspective of Daimler AG.

Assets side of the consolidated statement of financial position and of the combined pro-forma statement of financial position of Daimler AG (IFRS)

Figures in EUR million	IFRS consolidated statement of financial position of Daimler AG prior to Hive-down (actual) 31/12/2018	Combined IFRS statement of financial position of Mercedes-Benz AG subgroup after Hive-down (pro-forma) 01/01/2019	Combined IFRS statement of financial position of Daimler Truck AG subgroup after Hive-down (pro-forma) 01/01/2019	Combined IFRS statement of financial position of the other companies, including Daimler AG after Hive-down (pro-forma) 01/01/2019	IFRS consolidated statement of financial position of Daimler AG after Hive-down (pro-forma) 01/01/2019
Intangible assets	14,801	11,851	1,289	1,661	14,801
Property, plant and equipment	30,948	13,892	3,179	13,877	30,948
Equipment on operating leases	49,476	9,114	3,196	37,166	49,476
Equity-method investments	4,860	801	237	3,822	4,860
Receivables from financial services	96,740	0	0	96,740	96,740
Inventories	29,489	10,874	3,904	14,711	29,489
Trade receivables	12,586	4,267	2,497	5,822	12,586
Cash and cash equivalents	15,853	2,161	964	12,728	15,853
Marketable debt securities and similar investments	9,577	0	0	9,577	9,577
Other financial assets	5,733	5,592	1,091	-950	5,733
Deferred tax assets	4,021	33	677	3,311	4,021
Other assets	7,004	961	299	5,744	7,004
Assets held for sale	531	0	0	531	531
Total assets	**281,619**	**59,546**	**17,333**	**204,740**	**281,619**

Equity and liabilities side of the consolidated statement of financial position and of the combined pro-forma statement of financial position of Daimler AG (IFRS)

Figures in EUR million	IFRS consolidated statement of financial position of Daimler AG prior to Hive-down (actual) 31/12/2018	Combined IFRS statement of financial position of Mercedes-Benz AG subgroup after Hive-down (pro-forma) 01/01/2019	Combined IFRS statement of financial position of Daimler Truck AG subgroup after Hive-down (pro-forma) 01/01/2019	Combined IFRS statement of financial position of the other companies, including Daimler AG after Hive-down (pro-forma) 01/01/2019	IFRS consolidated statement of financial position of Daimler AG after Hive-down (pro-forma) 01/01/2019
Equity	66,053	19,524	3,650	42,879	66,053
Provisions for pensions and similar obligations	7,393	3,358	1,383	2,652	7,393
Provisions for income taxes	1,451	38	15	1,398	1,451
Provisions for other risks	15,562	9,259	2,776	3,527	15,562
Financing liabilities	144,902	3,909	1,244	139,749	144,902
Trade payables	14,185	7,002	1,631	5,552	14,185
Contract and refund liabilities	12,519	1,984	739	9,796	12,519
Other financial liabilities	10,032	7,004	3,794	-766	10,032
Deferred tax liabilities	3,762	1,016	2	2,744	3,762
Other liabilities	5,548	6,452	2,099	-3,003	5,548
Liabilities held for sale	212	0	0	212	212
Total equity and liabilities	**281,619**	**59,546**	**17,333**	**204,740**	**281,619**

526 The starting point for the presentation in the above table is the consolidated statement of financial position of Daimler AG prior to the Hive-down as of 31 December 2018, which is a component of the consolidated financial statements of Daimler AG as of 31 December 2018. The composition of Daimler Group is set out in note 3 of the notes to the consolidated financial statements, which are a component of the consolidated financial statements of Daimler AG.

527 The columns "Combined IFRS statement of financial position after the Hive-down (pro-forma)" show the combined pro-forma statements of financial position of the subgroups of Mercedes-Benz AG and Daimler Truck AG, respectively, as of 1 January 2019. The derivation of the combined pro-forma statements of financial position is described in the following two Sections for the subgroup of Mercedes-Benz AG and Daimler Truck AG.

528 The column "Combined IFRS statement of financial position of the remaining companies, including Daimler AG, after the Hive-down (pro-forma)" as of 1 January 2019 shows the assets and liabilities of the subsidiaries combined in the Daimler Group that

are not transferred to the Mercedes-Benz AG and Daimler Truck AG subgroups. They include the financial services business of Daimler Financial Services Division. This column also includes the assets and liabilities of the operating companies of the Cars & Vans Division and the Trucks & Buses Division which are to be transferred to Mercedes-Benz AG and Daimler Truck AG at a later date in order to achieve the intended target structure, as well as of those companies of both Divisions which, according to current planning, are not planned to be transferred to Mercedes-Benz AG or Daimler Truck AG (see Section F.II and G.III). In addition, this column comprises the assets and liabilities remaining within the central units of Daimler AG as well as elimination and combination effects. These elimination and combination effects result in negative items in this column in some instances.

529 The Hive-down does not have any effects on the IFRS consolidated statement of financial position of Daimler AG. From the viewpoint of Daimler AG, the transfer of the assets and liabilities of Mercedes-Benz AG and Daimler Truck AG transferred upon the Hive-down taking effect represents an intra-group transaction which, accordingly, does not have any effects on the consolidated statement of financial position of Daimler AG as of 1 January 2019. Therefore, the combined pro-forma statement of financial position of Daimler AG in accordance with IFRS as of 1 January 2019, 0:00 a.m. shows the same values as the IFRS consolidated statement of financial position of Daimler AG prior to the Hive-down as of 31 December 2018, 12:00 p.m.

c) Mercedes-Benz AG: Consolidated statement of financial position as of 31 December 2018 and combined pro-forma balance sheet as of 1 January 2019 (IFRS)

530 The effectiveness of the Hive-down results in material portions of assets and liabilities of Daimler AG being transferred to Mercedes-Benz AG. The following overview reflects the accounting effects under IFRS from the perspective of the Mercedes-Benz AG subgroup.

Consolidated statement of financial position and combined pro-forma statement of financial position of Mercedes-Benz AG (IFRS)

	IFRS consolidated statement of financial position of Mercedes-Benz AG subgroup prior to Hive-down (actual)	Hive-down Cars & Vans at IFRS carrying amounts of the Daimler Group (pro-forma)	Combined IFRS statement of financial position of Mercedes-Benz AG subgroup after Hive-down (pro-forma)
Figures in EUR million	31/12/2018	01/01/2019	01/01/2019
Intangible assets	0	11,851	11,851
Property, plant and equipment	0	13,892	13,892
Equipment on operating leases	0	9,114	9,114
Equity-method investments	0	801	801
Inventories	0	10,874	10,874
Trade receivables	0	4,267	4,267
Cash and cash equivalents	0	2,161	2,161
Other financial assets	4	5,588	5,592
Deferred tax assets	0	33	33
Other assets	0	961	961
Total assets	**4**	**59,542**	**59,546**
Equity	4	19,520	19,524
Provisions for pensions and similar obligations	0	3,358	3,358
Provisions for income taxes	0	38	38
Provisions for other risks	0	9,259	9,259
Financing liabilities	0	3,909	3,909
Trade payables	0	7,002	7,002
Contract and refund liabilities	0	1,984	1,984
Other financial liabilities	0	7,004	7,004
Deferred tax liabilities	0	1,016	1,016
Other liabilities	0	6,452	6,452
Total equity and liabilities	**4**	**59,542**	**59,546**

531 The column "IFRS consolidated statement of financial position of Mercedes-Benz AG subgroup prior to the Hive-down (actual)" includes the IFRS consolidated statement of financial position of Mercedes-Benz AG as of 31 December 2018, 12:00 p.m. It represents the situation prior to the Hive-down taking effect.

532 The column "Hive-down Cars & Vans at IFRS carrying amounts of Daimler Group (pro-forma)" shows the assets and liabilities of the Cars & Vans Division transferred to the Mercedes-Benz AG subgroup upon the Hive-down taking effect as of 1 January 2019, 0:00 a.m.

533 The column "IFRS combined statement of financial position of Mercedes-Benz AG subgroup after Hive-down (pro-forma)" comprises the combined pro-forma statement of financial position of the Mercedes-Benz AG subgroup as of 1 January 2019, 0:00 a.m. The combined pro-forma statement of financial position reflects the situation after the Hive-down taking effect with retrospective economic effect as of the Hive-down Effective Date 1 January 2019.

534 Prior to the Hive-down, the IFRS consolidated statement of financial position of Mercedes-Benz AG as of 31 December 2018 has total assets only in a small amount. The individual items are shown in the table above. The scope of consolidation of the Mercedes-Benz AG subgroup as of 31 December 2018 only includes Mercedes-Benz AG.

535 The column "Hive-down Cars & Vans at IFRS carrying amounts of Daimler Group (pro-forma)" shows the assets and liabilities of the Cars & Vans Division transferred to the Mercedes-Benz AG subgroup upon the Hive-down taking effect as of 1 January 2019, 0:00 a.m. The transfer of the assets and liabilities of the Cars & Vans Division and to Mercedes-Benz AG upon the Hive-down taking effect results in corresponding additions on the statement of financial position of Mercedes-Benz AG.

536 In addition to the assets and liabilities affected by the Hive-down which are directly transferred from Daimler AG to Mercedes-Benz AG, the assets and liabilities of the companies set out below are combined within the scope of the combined pro-forma consolidated statement of financial position of the Mercedes-Benz AG subgroup, with those companies being transferred to Mercedes-Benz AG upon the Hive-down taking effect:

List of companies included in the Mercedes-Benz AG subgroup (1 January 2019)

I. Combined subsidiaries

Company	Registered office	Shareholding ratio
Brooklands Estates Management Limited	Milton Keynes, United Kingdom	100.00%
CARS Technik & Logistik GmbH	Wiedemar, Germany	100.00%
Daimler Parts Brand GmbH	Stuttgart, Germany	100.00%
Daimler UK Limited	Milton Keynes, United Kingdom	100.00%
Daimler Vans Hong Kong Limited	Hong Kong, China	67.55%
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 2 OHG	Schönefeld, Germany	100.00%
LEONIE PV DVB GmbH	Stuttgart, Germany	100.00%
Li-Tec Battery GmbH	Kamenz, Germany	100.00%
MDC Power GmbH	Kölleda, Germany	100.00%
MDC Technology GmbH	Arnstadt, Germany	100.00%
Mercedes AMG High Performance Powertrains Ltd	Brixworth, United Kingdom	100.00%
Mercedes-AMG GmbH	Affalterbach, Germany	100.00%
Mercedes-Benz Accessories GmbH	Stuttgart, Germany	100.00%
Mercedes-Benz Brooklands Limited	Milton Keynes, United Kingdom	100.00%
Mercedes-Benz Cars Nederland B.V.	Utrecht, Netherlands	100.00%
Mercedes-Benz Cars UK Limited	Milton Keynes, United Kingdom	100.00%
Mercedes-Benz Dealer Bedrijven B.V.	The Hague, Netherlands	100.00%
Mercedes-Benz Fuel Cell GmbH	Kirchheim unter Teck, Germany	100.00%
Mercedes-Benz Grand Prix Ltd.	Brackley, United Kingdom	60.00%
Mercedes-Benz Hellas S.A.	Kifissia, Greece	100.00%
Mercedes-Benz Hong Kong Limited	Hong Kong, China	100.00%
Mercedes-Benz Ludwigsfelde GmbH	Ludwigsfelde, Germany	100.00%
Mercedes-Benz Manufacturing Hungary Kft.	Kecskemét, Hungary	100.00%
Mercedes-Benz Manufacturing Poland sp. zo. o.	Liegnitz, Poland	100.00%
Mercedes-Benz Parts Logistics Eastern Europe s.r.o.	Prague, Czech Republic	100.00%
Mercedes-Benz Parts Logistics UK Limited	Milton Keynes, United Kingdom	100.00%
Mercedes-Benz Retail Group UK Limited	Milton Keynes, United Kingdom	100.00%
Mercedes-Benz Russia AO	Moscow, Russian Federation	99.99%
Mercedes-Benz Vans UK Limited	Milton Keynes, United Kingdom	100.00%
Mercedes-Benz Vertrieb PKW GmbH	Stuttgart, Germany	100.00%
smart France S.A.S.	Hambach, France	100.00%
smart Vertriebs gmbh	Berlin, Germany	100.00%
Star Assembly SRL	Sebes, Romania	100.00%
Vierzehnte Vermögensverwaltungsgesellschaft DVB mbH	Stuttgart, Germany	100.00%

II. Proportionately combined joint operations

Company	Registered office	Shareholding ratio
Cooperation Manufacturing Plant Aguascalientes, S.A.P.I de C.V.	Aguascalientes, Mexico	54.01%

III. Joint operations accounted for using the equity method

Company	Registered office	Shareholding ratio
AFCC Automotive Fuel Cell Cooperation Corp.	Burnaby, Canada	50.10%

IV. Joint ventures accounted for using the equity method

Company	Registered office	Shareholding ratio
Enbase Power GmbH	Munich, Germany	25.10%
Fujian Benz Automotive Co., Ltd.	Fuzhou, China	50.00%
IONITY Holding GmbH & Co. KG[1]	Munich, Germany	25.00%
ViaVan Technologies B.V.[1]	Amsterdam, Netherlands	50.00%

V. Associated companies accounted for using the equity method

Company	Registered office	Shareholding ratio
There Holding B.V.	Rijswijk, Netherlands	29.56%

[1] Company prepares consolidated financial statements which are used as the basis for the measurement using the equity method

537 The effects of the Hive-down on the combined pro-forma statement of financial position of Mercedes-Benz AG as of 1 January 2019, 0:00 a.m., are presented in the third column. The major effects are as follows:

- The increase in assets and liabilities is almost entirely due to the assets and liabilities being directly transferred from Daimler AG to Mercedes-Benz AG and only to a small extent due to the assets and liabilities of the companies included in the scope of combination. In this context, please refer to the description in accordance with HGB set out in Section I.1 c). The major differences between HGB and IFRS principles result from the capitalization of selected development costs under intangible assets as well as from the accounting for leases as lessor. Additional differences in recognition and measurement exist primarily in the case of provisions and deferred taxes. Please also refer to the following description of the financial position and capital structure of the Mercedes-Benz AG subgroup as of 1 January 2019 in Section II.2 c).

- The increase in reported equity equals the residual amount from the assets transferred to Mercedes-Benz AG upon the Hive-down taking effect less the liabilities transferred.

d) Daimler Truck AG: Consolidated statement of financial position as of 31 December 2018 and combined pro-forma balance sheet as of 1 January 2019 (IFRS)

538 The effectiveness of the Hive-down results in material portions of assets and liabilities of Daimler AG being transferred to Daimler Truck AG. The following overview reflects the accounting effects under IFRS from the perspective of the Daimler Truck AG subgroup.

Consolidated statement of financial position and combined pro-forma statement of financial position of Daimler Truck AG (IFRS)

	IFRS consolidated statement of financial position of Daimler Truck AG subgroup prior to Hive-down (actual)	Hive-down Trucks & Buses at IFRS carrying amounts of the Daimler Group (pro-forma)	Combined IFRS statement of financial position of Daimler Truck AG subgroup after Hive-down (pro-forma)
Figures in EUR million	31/12/2018	01/01/2019	01/01/2019
Intangible assets	0	1,289	1,289
Property, plant and equipment	0	3,179	3,179
Equipment on operating leases	0	3,196	3,196
Equity-method investments	42	195	237
Inventories	0	3,904	3,904
Trade receivables	0	2,497	2,497
Cash and cash equivalents	9	955	964
Other financial assets	0	1,091	1,091
Deferred tax assets	0	677	677
Other assets	0	299	299
Total assets	**51**	**17,282**	**17,333**
Equity	51	3,599	3,650
Provisions for pensions and similar obligations	0	1,383	1,383
Provisions for income taxes	0	15	15
Provisions for other risks	0	2,776	2,776
Financing liabilities	0	1,244	1,244
Trade payables	0	1,631	1,631
Contract and refund liabilities	0	739	739
Other financial liabilities	0	3,794	3,794
Deferred tax liabilities	0	2	2
Other liabilities	0	2,099	2,099
Total equity and liabilities	**51**	**17,282**	**17,333**

539 The column "IFRS consolidated statement of financial position of Daimler Truck AG subgroup prior to the Hive-down (actual)" includes the IFRS consolidated statement of financial position of Daimler Truck AG as of 31 December 2018, 12:00 p.m. It represents the situation prior to the Hive-down taking effect.

540 The column "Hive-down Trucks & Buses at IFRS carrying amounts of Daimler Group (pro-forma)" shows the assets and liabilities of the Trucks & Buses Division transferred to the Daimler Truck AG subgroup upon the Hive-down taking effect as of 1 January 2019, 0:00 a.m.

541 The column "IFRS combined statement of financial position of Daimler Truck AG subgroup after Hive-down (pro-forma)" comprises the combined pro-forma statement of financial position of the Daimler Truck AG subgroup as of 1 January 2019, 0:00 a.m. The combined pro-forma statement of financial position reflects the situation after the Hive-down taking effect with retrospective economic effect as of the Hive-down Effective Date 1 January 2019.

542 The IFRS consolidated statement of financial position of Daimler Truck AG as of 31 December 2018 has total assets only in a small amount prior to the Hive-down. The individual items are shown in the table above. The assets and liabilities of Daimler Truck AG primarily result from the contribution of the shareholding in Daimler Kamaz Truck Holding GmbH into the free reserves of Daimler Truck AG (see explanations in Section I.1 d) above). The scope of consolidation of the Daimler Truck AG subgroup as of 31 December 2018 consists of Daimler Truck AG as well as Daimler Kamaz Truck Holding GmbH, which is reported as an equity-method investment.

543 The column "Hive-down Trucks & Buses at IFRS carrying amounts of Daimler Group (pro-forma)" shows the assets and liabilities of the Trucks & Buses Division transferred to the Daimler Truck AG subgroup upon the Hive-down taking effect as of 1 January 2019, 0:00 a.m. The transfer of the assets and liabilities of the Trucks & Buses Division to Daimler Truck AG upon the Hive-down taking effect results in corresponding additions on the combined pro-forma statement of financial position of Daimler Truck AG.

544 In addition to the assets and liabilities affected by the Hive-down which are directly transferred from Daimler AG to Daimler Truck AG, the assets and liabilities of the companies set out below are combined within the scope of the combined pro-forma statement of financial position of the Daimler Truck AG subgroup, with those companies – save for the investment in Daimler Kamaz Truck Holding GmbH, which had already been contributed – being transferred to the Daimler Truck AG upon the Hive-down taking effect:

List of companies included in the Daimler Truck AG subgroup (1 January 2019)

I. Combined subsidiaries

Company	Registered office	Shareholding ratio
Daimler FleetBoard GmbH	Stuttgart, Germany	100.00%
Daimler Trucks Canada Ltd.	Mississauga, Canada	100.00%
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	99.98%
EvoBus Ceská republika s.r.o.	Prague, Czech Republic	100.00%
EvoBus Danmark A/S	Koege, Denmark	100.00%
EvoBus France S.A.S.U.	Sarcelles, France	100.00%
EvoBus GmbH	Stuttgart, Germany	100.00%
EvoBus Ibérica, S.A.U.	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%
Grundstücksverwaltungsgesellschaft EvoBus GmbH & Co. OHG	Schönefeld, Germany	100.00%
LEONIE TB DVB GmbH	Stuttgart, Germany	100.00%
Mercedes-Benz Minibus GmbH	Dortmund, Germany	100.00%
Mercedes-Benz Trucks Molsheim	Molsheim, France	100.00%
Mercedes-Benz Trucks UK Limited	Milton Keynes, United Kingdom	100.00%
Mercedes-Benz Vertrieb NFZ GmbH	Stuttgart, Germany	100.00%
MFTA Canada, Inc.	Toronto, Canada	100.00%
Mitsubishi Fuso Truck and Bus Corporation	Kawasaki, Japan	89.29%
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%
PT Daimler Commercial Vehicles Indonesia	Jakarta, Indonesia	67.00%
SelecTrucks of Toronto, Inc.	Mississauga, Canada	100.00%
Sumperská správa majetku k.s.	Prague, Czech Republic	100.00%

II. Joint ventures accounted for using the equity method

Company	Registered office	Shareholding ratio
Daimler Kamaz Trucks Holding GmbH[1, 2]	Vienna, Austria	50.00%
TASIAP GmbH	Stuttgart, Germany	60.00%

III. Associated companies accounted for using the equity method

Company	Registered office	Shareholding ratio
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%
Okayama Mitsubishi Fuso Truck & Bus Sales Co., Ltd.[1]	Okayamashi, Japan	50.00%
P.T. Krama Yudha Tiga Berlian Motors	Jakarta, Indonesia	30.00%
P.T. Mitsubishi Krama Yudha Motors and Manufacturing	Jakarta, Indonesia	32.28%

[1] Company prepares consolidated financial statements which are used as the basis for the measurement using the equity method.

[2] This company is already included in the IFRS consolidated statement of financial position of Daimler Truck AG as of 31 December 2018.

545 The effects of the Hive-down on the combined pro-forma statement of financial position of Daimler Truck AG as of 1 January 2019, 0:00 a.m., are presented in the third column. The major effects are as follows:

- The increase in assets and liabilities is largely due to the assets and liabilities being directly transferred from Daimler AG to Daimler Truck AG and only to a small extent due to the assets and liabilities of the companies included in the scope of combination. In this context, please refer to the description in accordance with HGB set out in Section I.1 d). The major differences between HGB and IFRS principles result from the capitalization of selected development costs under intangible assets as well as from the accounting for leases as lessor. Additional differences in recognition and measurement exist primarily in the case of provisions and deferred taxes. Please also refer to the following description of the financial position and capital structure of the Daimler Truck AG subgroup as of 1 January 2019 in Section II.2 d).

- The increase in reported equity equals the residual amount from the assets transferred to Daimler Truck AG upon the Hive-down taking effect less the liabilities transferred.

II. Profitability, liquidity and capital resources and financial position of Daimler Group and the new subgroups after the Hive-down takes effect

1. Introductory general remarks

546 The following Section outlines in more detail the profitability, liquidity and capital resources and financial position of the new Mercedes-Benz AG and Daimler Truck AG subgroups created as a result of the Hive-down. The basis of presentation is the consolidated financial statements of Daimler AG as of 31 December 2018.

547 Firstly, the profitability, liquidity and capital resources and financial position of Daimler Group in accordance with IFRS prior to and after the Hive-down taking effect are presented. Then, the profitability, liquidity and capital resources and financial position of the Mercedes-Benz AG and Daimler Truck AG subgroups after the Hive-down taking effect are presented.

548 The following description is solely based on the legal structure created as a result of the Hive-down with a retrospective economic effect as of 1 January 2019. In this context, the target structure does not reflect the target of the internal restructuring described in Section F.II above. Financial information regarding the new Mercedes-Benz AG and Daimler Truck AG subgroups as of the state of implementation as of the end of January 2020 can be found in Section G.III on the basis of selected key figures.

a) Financial position and capital structure

549 The basis for the preparation of the combined pro-forma statements of financial position of the Mercedes-Benz AG and Daimler Truck AG subgroups as well as the IFRS consolidated statement of financial position of Daimler AG after the Hive-down, respectively, (with retrospective economic effect as of 1 January 2019) are described in Section I.2 a).

550 Please refer to the statements in Section I.2 b) for details on the derivation of the IFRS consolidated statement of financial position of Daimler AG as of 1 January 2019. Please refer to the statements in Sections I.2 c) and I.2 d) for details on the derivation of the combined pro-forma statements of financial position of the Mercedes-Benz AG and Daimler Truck AG subgroups as of 1 January 2019.

b) Liquidity and capital resources and profitability

551 The starting point for the preparation of the combined pro-forma liquidity and capital resources and profitability of the Mercedes-Benz AG and Daimler Truck AG subgroup is the consolidated statement of cash flows and the consolidated statement of income, which are components of the consolidated financial statements of Daimler AG as of 31 December 2018.

552 In contrast to the reporting date based presentation of financial position and capital structure, the pro-forma presentation of the liquidity and capital resources and profitability refers to a financial year. Therefore, for the purpose of illustrative explanations of the liquidity and capital resources and profitability of the Mercedes-Benz AG and Daimler Truck AG subgroups created through the Hive-down, it is assumed under the following combined pro-forma liquidity and capital resources and profitability that the legal structure of the Mercedes-Benz AG and Daimler Truck AG subgroups had been in effect retrospectively as of 1 January 2018. Accordingly, the combined pro-forma liquidity and capital resources and profitability comprise the entire financial year 2018 (twelve months), subject to the application of the scope of combination of the two new subgroups as of 1 January 2019 presented above. In this context, the IFRS figures of Daimler Group for the financial year 2018 are used for illustrative purposes for the

presentation of the legal structure created by the Hive-down. As already mentioned above, the target structure does not reflect the target of the internal restructuring described in Section F.II above. Statements regarding the profitability of the new Mercedes-Benz AG and Daimler Truck AG subgroups as of the state of implementation as of the end of January 2020 can be found in Section G.III on the basis of selected key figures by way of an outlook. Neither the following description nor the description in the outlook Section includes a forecast as regards the future profitability of the Mercedes-Benz AG and Daimler Truck AG subgroups.

553 The combined pro-forma liquidity and capital resources and profitability of the Mercedes-Benz AG and Daimler Truck AG subgroups is not the equivalent of a full presentation of the liquidity and capital resources and profitability as a component of full consolidated financial statements pursuant to § 315e HGB and the IFRS requirements. The IFRS policies of Daimler Group as of 31 December 2018 are applied with exceptions set out in the following Sections. The further elimination and combination principles generally correspond to the elimination and consolidation principles applied in the consolidated financial statements of Daimler AG.

554 The combined pro-forma liquidity and capital resources and profitability of the Mercedes-Benz AG and Daimler Truck AG subgroups were determined on the basis of the IFRS consolidated financial statements of Daimler AG as of 31 December 2018 as follows:

- The consolidated financial statements of Daimler AG as of 31 December 2018 (including the financial statements of the consolidated subsidiaries) were prepared and adopted as of 13 February 2019. The financial statements of Daimler AG, Mercedes-Benz AG, Daimler Truck AG as well as the companies included in the combined pro-forma liquidity and capital resources and profitability were prepared taking into account the uniform accounting policies of Daimler AG. All intra-group income and expenses as well as cash flows from transactions between the companies included respectively in the scope of combination were fully eliminated.

- The scope of combination of the combined pro-forma liquidity and capital resources and profitability of Mercedes-Benz AG and Daimler Truck AG was determined solely in accordance with the described legal structure upon the Hive-down taking effect (see Sections I.2 c) and I.2 d) above).

- Within the context of accounting for internal and external derivative financial instruments, it was assumed that the hedging relationships were transferred to the Mercedes-Benz AG subgroup or the Daimler Truck AG subgroup, respectively.

- The control and profit and loss transfer agreement of Daimler AG's German subsidiaries that are transferred to Mercedes-Benz AG or Daimler Truck AG, respectively, upon the Hive-down taking effect continue to exist initially in Daimler AG after the Hive-down. Due to the condensed presentation of the profita-

bility based on earnings before interest and taxes (EBIT), the profit transfer to Daimler AG and the loss absorption obligation of Daimler AG within the framework of the control and profit and loss transfer agreement are not taken into account. Therefore, the operating results of the companies affected are components of the reported EBIT of the relevant subgroups. The obligations from the control and profit and loss transfer agreements are fully reflected in the presented pro-forma statements of financial position. It is planned to terminate the existing control and profit and loss transfer agreements with the subsidiaries of Mercedes-Benz AG or Daimler Truck AG, respectively, with effect as of 31 December 2019 and to enter into new control and profit and loss transfer agreements commencing with the financial year 2020 with Mercedes-Benz AG and Daimler Truck AG, respectively.

555 This presentation of the combined pro-forma liquidity and capital resources and profitability of the Mercedes-Benz AG and Daimler Truck AG subgroups does not correspond to the presentation in the Group segment reporting in the consolidated financial statements of Daimler AG as of 31 December 2018 (see note 34 of the notes to the 2018 consolidated financial statements). The main difference in relation to segment reporting is that segment reporting reflects the economic perspective of divisions and current management logic, while the following presentation relates to the legal structure of the Mercedes-Benz AG and Daimler Truck AG subgroups existing after the Hive-down taking effect.

556 Due to rounding, individual figures presented in the following tables may not exactly add up to the stated values.

2. Financial position and capital structure of Daimler Group and the new subgroups

a) Overview

557 The following overview presents the IFRS consolidated statement of financial position of Daimler AG prior to the Hive-down as of 31 December 2018 as well as the combined pro-forma statements of financial position of the subgroups of Mercedes-Benz AG and Daimler Truck AG after the Hive-down (with retrospective economic effect as of 1 January 2019) as well as the IFRS consolidated statement of financial position of Daimler AG after Hive-down (with retrospective economic effect as of 1 January 2019).

Assets side of the consolidated statement of financial position and of the combined pro-forma statement of financial position of Daimler AG (IFRS)

Figures in EUR million	IFRS consolidated statement of financial position of Daimler AG prior to Hive-down (actual) 31/12/2018	Combined IFRS statement of financial position of Mercedes-Benz AG subgroup after Hive-down (pro-forma) 01/01/2019	Combined IFRS statement of financial position of Daimler Truck AG subgroup after Hive-down (pro-forma) 01/01/2019	Combined IFRS statement of financial position of the other companies, including Daimler AG, after Hive-down (pro-forma) 01/01/2019	IFRS consolidated statement of financial position of Daimler AG after Hive-down (pro-forma) 01/01/2019
Intangible assets	14,801	11,851	1,289	1,661	14,801
Property, plant and equipment	30,948	13,892	3,179	13,877	30,948
Equipment on operating leases	49,476	9,114	3,196	37,166	49,476
Equity-method investments	4,860	801	237	3,822	4,860
Receivables from financial services	96,740	0	0	96,740	96,740
Inventories	29,489	10,874	3,904	14,711	29,489
Trade receivables	12,586	4,267	2,497	5,822	12,586
Cash and cash equivalents	15,853	2,161	964	12,728	15,853
Marketable debt securities and similar investments	9,577	0	0	9,577	9,577
Other financial assets	5,733	5,592	1,091	-950	5,733
Deferred tax assets	4,021	33	677	3,311	4,021
Other assets	7,004	961	299	5,744	7,004
Assets held for sale	531	0	0	531	531
Total assets	**281,619**	**59,546**	**17,333**	**204,740**	**281,619**

Equity and liabilities side of the consolidated statement of financial position and of the combined pro-forma statement of financial position of Daimler AG (IFRS)

	IFRS consolidated statement of financial position of Daimler AG prior to Hive-down (actual)	Combined IFRS statement of financial position of Mercedes-Benz AG subgroup after Hive-down (pro-forma)	Combined IFRS statement of financial position of Daimler Truck AG subgroup after Hive-down (pro-forma)	Combined IFRS statement of financial position of the other companies, including Daimler AG, after Hive-down (pro-forma)	IFRS consolidated statement of financial position of Daimler AG after Hive-down (pro-forma)
Figures in EUR million	31/12/2018	01/01/2019	01/01/2019	01/01/2019	01/01/2019
Equity	66,053	19,524	3,650	42,879	66,053
Provisions for pensions and similar obligations	7,393	3,358	1,383	2,652	7,393
Provisions for income taxes	1,451	38	15	1,398	1,451
Provisions for other risks	15,562	9,259	2,776	3,527	15,562
Financing liabilities	144,902	3,909	1,244	139,749	144,902
Trade payables	14,185	7,002	1,631	5,552	14,185
Contract and refund liabilities	12,519	1,984	739	9,796	12,519
Other financial liabilities	10,032	7,004	3,794	-766	10,032
Deferred tax liabilities	3,762	1,016	2	2,744	3,762
Other liabilities	5,548	6,452	2,099	-3,003	5,548
Liabilities held for sale	212	0	0	212	212
Total equity and liabilities	**281,619**	**59,546**	**17,333**	**204,740**	**281,619**

b) Description of financial position and capital structure of Daimler Group prior to and after Hive-down

Financial position as of 31 December 2018 (actual)

558 The financial position of Daimler Group prior to the Hive-down as of 31 December 2018, 12:00 p.m. is as follows:

559 Intangible assets especially include capitalized development costs. In addition, franchises, industrial property and similar rights, as well as goodwill and advance payments made.

560 Property, plant and equipment consist of the items land, leasehold improvements and buildings including buildings on land owned by others, technical equipment and machinery, other equipment, factory and office equipment as well as advance payments made to plant and equipment and construction in progress.

561 Equipment on operating leases mainly comprise vehicles that the Group produces itself and leases to third parties, vehicles that the Group sells and for which the Group enters into a repurchase obligation as well as vehicles that Daimler Financial Services acquires from non-Group dealers or other third parties and leases to end customers.

562 Equity-method investments mainly comprise the carrying amounts of the investments in Beijing Benz Automotive Co., Ltd., BAIC Motor Corporation Ltd. as well as There Holding B.V.

563 Receivables from financial services largely result from supporting the sales of the vehicles produced by the Group due to the financing and leasing activities of Daimler Financial Services. Within the scope of sales financing, they include receivables from credit financing due from non-Group third parties (end customers and external dealers) as well as receivables from finance-leasing contracts for which all substantial risks and rewards incidental to the leasing objects are transferred to the lessee.

564 Inventories comprise raw materials and manufacturing supplies, work in progress, finished goods, parts and products held for resale as well as advance payments to supplier.

565 Trade receivables primarily result from worldwide sales activities of cars and commercial vehicles as well as parts.

566 Cash and cash equivalents consist primarily of cash on hand, checks, 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.

567 Marketable debt securities and similar investments comprise debt instruments that are allocated to liquidity, most of which are traded in active markets. The debt instruments generally have an external rating of A or better.

568 The other financial assets primarily comprise other receivables and financial assets as well as derivative financial instruments and equity and debt instruments measured at fair value.

569 Deferred tax assets principally result from temporary differences between the tax base and the carrying amounts in the statement of financial position, including differences from consolidation as well as from unused tax loss carryforwards and tax credits.

570 Other assets mainly comprise refund claims due to income tax and other tax refunds as well as other non-financial receivables and prepaid expenses.

571 Assets held for sale result from an agreement signed between the Daimler Group and the BMW Group in March 2018 to merge their business units for mobility services.

572 For more information on financial position, please refer to the chapter "Combined Management Report" in the 2018 annual report of Daimler AG.

Capital structure as of 31 December 2018 (actual)

573 The capital structure of Daimler Group prior to the Hive-down as of 31 December 2018, 12:00 p.m. is as follows:

574 Equity consists of the items share capital, capital reserves, retained earnings and other reserves. Other reserves comprise the accumulated unrealized gains/losses on derivative financial instruments as well as the accumulated unrealized gains/losses from the currency translation of the financial statements of the consolidated foreign companies.

575 Provisions for pensions and similar obligations primarily consist of provisions for pension benefits as well as other post-employment benefits. There are country-specific defined benefit pension commitments and, to a smaller extent, defined contribution commitments. Pension obligations exist towards active and former employees of the Daimler Group and their survivors. The present value of the defined benefit obligation is mostly covered by assets held in long-term outsourced funds. Therefore, the provisions for pension benefits are determined as of 31 December 2018 by the difference between the present value of the defined benefit obligations and the fair value of plan assets to finance these obligations.

576 Provisions for income taxes comprise the income taxes expected to be paid for the current year as well as adjustment amounts for potential additional tax payments for periods not yet finally assessed, excluding interest payments on these additional tax payments.

577 Provisions for other risks mainly include product warranties and obligations regarding personnel and social costs as well as provisions for other risks. Provisions for product warranties include both expected costs for legal and contractual warranty claims and expected costs for goodwill concessions and recall campaigns. Provisions for personnel and social costs largely 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. Provisions for other risks particularly include expected costs in connection with liability and litigation risks as well as risks from legal proceedings. Other provisions also comprise expected costs for other taxes, provisions for environmental protection, provisions for obligations from outstanding commissions, e.g. to sales representatives, unless revenue within the scope of IFRS 15 was realized with the recipient of the commission, as well as provisions for anticipated losses on contracts and various other risks which cannot be allocated to any other class of provisions.

578 Financing liabilities mainly include notes/bonds and liabilities to financial institutions as well as liabilities from ABS transactions, deposits in the direct banking business, com-

mercial paper, loans and liabilities from finance leases. Financing liabilities are mainly due to the leasing and sales financing business of Daimler Financial Services.

579 Trade payables normally are current liabilities to pay for goods or services that have been received or supplied and have been invoiced to the Daimler Group or formally agreed with the supplier.

580 The contract and refund liabilities primarily include deferred revenue from service and maintenance contracts as well as revenue from extended warranties and obligations from sales transactions that are within the scope of IFRS 15.

581 Other financial liabilities comprise, above all, liabilities from residual-value guarantees, liabilities from wages and salaries, derivative financial instruments used in hedge accounting, accrued interest on financing liabilities as well as deposits received.

582 Deferred tax liabilities principally result from temporary differences between the tax basis and the carrying amounts in the statement of financial position, including differences from consolidation.

583 Other liabilities mainly include deferred income as well as liabilities for other taxes and income taxes.

584 The liabilities held for sale result from an agreement signed between the Daimler Group and the BMW Group in March 2018 to merge their business units for mobility services.

585 For more information on the capital structure, please refer to the chapter "Combined Management Report" in the 2018 annual report of Daimler AG.

Financial position and capital structure as of 1 January 2019 (pro-forma)

586 The pro-forma presentation of the consolidated statement of financial position of Daimler AG as of 1 January 2019 is composed of the combined pro-forma statements of financial position of the two new subgroups as of 1 January 2019, which are described in more detail in the following Sections, as well as the combined IFRS statement of financial position of the remaining companies (including Daimler AG) as of 1 January 2019.

587 The column "Combined IFRS statement of financial position of the remaining companies, including Daimler AG, after the Hive-down (pro-forma)" as of 1 January 2019 shows the assets and liabilities of the companies combined in the Daimler Group that are not transferred to the Mercedes-Benz AG and Daimler Truck AG subgroups. They include the financial services business of Daimler Financial Services. Besides the assets and liabilities remaining within the corporate units of Daimler AG, this column also includes the assets and liabilities of the operating companies of the Cars & Vans Division and the Trucks & Buses Division which are to be transferred to Mercedes-Benz AG or Daimler Truck AG, respectively, at a later date in order to achieve the intended tar-

get structure, as well as of those companies of both Divisions which, according to current planning, are not planned to be transferred to Mercedes-Benz AG or Daimler Truck AG (see Section F.II and G.III). In addition, this column also comprises elimination and combination effects. These elimination and combination effects result in negative items in this column in some instances.

588 The overview in Section G.II.2 a) shows that the Hive-down does not have any effects on the financial position and the capital structure of Daimler Group. From the viewpoint of the consolidated financial statements of Daimler AG as of 31 December 2018, the transfer of the assets and liabilities of Mercedes-Benz AG and Daimler Truck AG transferred upon the Hive-down taking effect represents an intra-group transaction which, accordingly, does not have any effects on the consolidated statement of financial position. Therefore, the combined pro-forma statement of financial position of Daimler AG in accordance with IFRS as of 1 January 2019, 0:00 a.m. shows the same values as the IFRS consolidated statement of financial position of Daimler AG prior to the Hive-down as of 31 December 2018, 12:00 p.m.

c) Description of financial position and capital structure of the Mercedes-Benz AG subgroup after the Hive-down

Financial position as of 1 January 2019 (pro-forma)

589 The financial position of the Mercedes-Benz AG subgroup after the Hive-down (with retrospective economic effect as of 1 January 2019, 0:00 a.m.) are as follows based on a pro-forma presentation. Please refer to Section I.2 c) with regard to the preparation of the combined pro-forma statement of financial position of the Mercedes-Benz AG subgroup.

590 As of 31 December 2018, the intangible assets of Daimler Group amount to EUR 14,801 million, of which EUR 11,851 million are hived down to the Mercedes-Benz AG subgroup. Of that amount, a material portion comes from the assets of Daimler AG, while the share from the combined companies is of minor significance. Intangible assets especially include capitalized development costs.

591 Significantly more than half of property, plant and equipment of the Mercedes-Benz AG subgroup in a total amount of EUR 13,892 million is transferred from Daimler AG's assets to Mercedes-Benz AG upon the Hive-down taking effect. The remaining items of property, plant and equipment are attributable to the combined companies.

592 Equipment on operating leases mainly comprise vehicles that the subgroup produces itself and leases to third parties as well as vehicles that the Group sells and for which the subgroup enters into a repurchase obligation. Equipment on operating leases in the amount of EUR 9,114 million are transferred to the Mercedes-Benz AG subgroup upon the Hive-down taking effect.

593 Equity-method investments mainly comprise the carrying amount of the investment in There Holding B.V.

594 Inventories mainly comprise finished goods, parts and products held for resale. In addition, this includes work in progress and raw materials and manufacturing supplies as well as advance payments to suppliers made. Inventories in the amount of EUR 10,874 million are transferred to the Mercedes-Benz AG subgroup. The major portion of inventories is transferred from Daimler AG to Mercedes-Benz AG.

595 Upon the Hive-down taking effect, trade receivables are transferred to the Mercedes-Benz AG subgroup according to the share in the operating business. The receivables are primarily transferred from Daimler AG to Mercedes-Benz AG.

596 Cash and cash equivalents largely comprise demand deposits and receivables from the remaining companies of Daimler Group in connection with the central financial and liquidity management.

597 The other financial assets largely consist of loans and other receivables from the other companies of the Daimler Group.

598 Other assets mainly comprise other non-financial receivables as well as prepaid expenses. More than half of the other assets transferred to Mercedes-Benz AG stems from the combined companies.

Capital structure as of 1 January 2019 (pro-forma)

599 The capital structure of the Mercedes-Benz AG subgroup after the Hive-down (with retrospective economic effect as of 1 January 2019, 0:00 a.m.) is as follows based on a pro-forma presentation. Please refer to Section I.2 c) with regard to the preparation of the combined pro-forma statement of financial position of the Mercedes-Benz AG subgroup.

600 Equity increases by a total of EUR 19,520 million upon the Hive-down taking effect.

601 The balance of the defined-benefit plans and similar obligations on the one hand and plan assets on the other hand are transferred to the Mercedes-Benz AG subgroup for which provisions in the amount of EUR 3,358 million were recognized in the item "Provisions for pensions and similar obligations".

602 Provisions for other risks mainly include product warranties, obligations regarding personnel and social costs as well as provisions for other risks (see the corresponding explanations regarding Daimler AG in Section II.2 b)). The obligations underlying the provisions are almost entirely transferred from Daimler AG to Mercedes-Benz AG. Moreover, provisions of the Mercedes-Benz AG subgroup comprise issues where Daimler AG has compensation claims against Mercedes-Benz AG based on the terms of the Hive-down Agreement.

603 The financing liabilities primarily result from the combined companies; more than half of the financing liabilities are attributable to external refinancings.

604 Upon the Hive-down taking effect, trade payables are transferred to the Mercedes-Benz AG subgroup according to the share in the operating business. The trade payables of the Mercedes-Benz AG subgroup primarily result from hived down liabilities of Daimler AG and, to a small extent, of the combined companies.

605 The contract and refund liabilities primarily include deferred revenue from service and maintenance contracts as well as revenue from extended warranties and obligations from sales transactions that are within the scope of IFRS 15.

606 More than half of the other financial liabilities of the Mercedes-Benz AG subgroup consist of liabilities due to the other companies of Daimler Group.

607 Deferred tax liabilities principally result from temporary differences between the tax base and the carrying amounts in the statement of financial position, including differences from the combination.

608 Other liabilities almost exclusively comprise deferred income in relation to the other companies of Daimler Group.

d) Description of financial position and capital structure of the Daimler Truck AG subgroup after the Hive-down

Financial position as of 1 January 2019 (pro-forma)

609 The financial position of the Daimler Truck AG subgroup after the Hive-down (with retrospective economic effect as of 1 January 2019, 0:00 a.m.) are as follows based on a pro-forma presentation. Please refer to Section I.2 d) with regard to the preparation of the combined pro-forma statement of financial position of the Daimler Truck AG subgroup.

610 Considerably more than half of the intangible assets of the Daimler Truck AG subgroup in the amount of EUR 1,289 million is hived down from the assets of Daimler AG. Intangible assets especially include capitalized development costs.

611 Half of property, plant and equipment hived down to the Daimler Truck AG subgroup originates from the assets of Daimler AG. The remaining items of property, plant and equipment are attributable to the combined companies.

612 Daimler Truck AG and the combined companies of the Daimler Truck AG subgroup have equipment on operating leases in the amount of EUR 3,196 million. Equipment on operating leases mainly comprise vehicles that the subgroup produces itself and leases to third parties as well as vehicles that the Group sells and for which the subgroup enters into a repurchase obligation.

613 Inventories mainly comprise finished goods, parts and products held for resale. In addition, they include raw materials and manufacturing supplies and work in progress. Inventories in the amount of EUR 3,904 million are transferred to the Daimler Truck

AG subgroup. Slightly more than half of the inventories is transferred from Daimler AG to Daimler Truck AG.

614 Upon the Hive-down taking effect, trade receivables are transferred to the Daimler Truck AG subgroup according to the share in the operating business. The receivables that are transferred from Daimler AG to Daimler Truck AG, comprise almost one half of the recognized trade receivables of the new Daimler Truck AG subgroup.

615 Cash and cash equivalents primarily comprise receivables from the remaining companies of Daimler Group in connection with the central financial and liquidity management.

616 More than half of the other financial assets of EUR 1,091 million are operating receivables due from the other companies of Daimler Group.

617 Deferred tax assets principally result from temporary differences between the tax base and the carrying amounts in the statement of financial position, including differences from the combination.

Capital structure as of 1 January 2019 (pro-forma)

618 The capital structure of the Daimler Truck AG subgroup after the Hive-down (with retrospective economic effect as of 1 January 2019, 0:00 a.m.) is as follows based on a pro-forma presentation. Please refer to Section I.2 d) with regard to the preparation of the combined pro-forma statement of financial position of the Daimler Truck AG subgroup.

619 Equity increases by a total of EUR 3,599 million upon the Hive-down taking effect.

620 The balance of the defined-benefit plans and similar obligations on the one hand and plan assets on the other hand are transferred to the Daimler Truck AG subgroup for which provisions in the amount of EUR 1,383 million were recognized in the item "Provisions for pensions and similar obligations".

621 Provisions for other risks mainly include product warranties, obligations regarding personnel and social costs as well as provisions for other risks (see the corresponding explanations regarding Daimler AG in Section II.2 b)). The obligations underlying the provisions were predominantly transferred from Daimler AG to Daimler Truck AG. Moreover, provisions of the Daimler Truck AG subgroup comprise issues where Daimler AG has compensation claims against Daimler Truck AG based on the terms of the Hive-down Agreement.

622 Slightly less than half of the financing liabilities are attributable to external refinancing. Furthermore, liabilities due to the other companies of Daimler Group take effect in almost the same amount. In addition, a smaller portion of financing liabilities results from finance lease agreements.

623 Upon the Hive-down taking effect, trade payables are transferred to the Daimler Truck AG subgroup according to the share in the operating business. This hived down portion comprises slightly more than half of the trade payables of the Daimler Truck AG subgroup; the remaining portion comes from the combined companies.

624 The contract and refund liabilities primarily include deferred revenue from service and maintenance contracts as well as obligations from sales transactions that are within the scope of IFRS 15.

625 More than half of the other financial liabilities of the Daimler Truck AG subgroup consist of liabilities due to the other companies of the Daimler AG Group.

626 Other liabilities primarily refer to deferred income existing mainly in relation to the other group companies of Daimler AG.

3. Profitability of Daimler Group and the new subgroups

a) Overview

627 The following overview of the pro-forma profitability under IFRS presents the pro-forma profitability of Daimler AG prior to and after the Hive-down as well as the combined pro-forma profitability of the Mercedes-Benz AG subgroup and the Daimler Truck AG subgroup after the Hive-down. The presentation is based on the figures for the 2018 financial year, under the assumption – as set out above – that the legal structure after the Hive-down to Mercedes-Benz AG and Daimler Truck AG taking effect had already existed with retrospective effect as of 1 January 2018.

Pro-forma profitability of Daimler Group and the new subgroups (IFRS)

Figures in EUR million	Group profitability of Daimler AG (actual) 01/01/2018 - 31/12/2018	Combined profitability of Mercedes-Benz AG subgroup (pro-forma) 01/01/2018 - 31/12/2018	Combined profitability of Daimler Truck AG subgroup (pro-forma) 01/01/2018 - 31/12/2018	Combined profitability of the other companies, including Daimler AG (pro-forma) 01/01/2018 - 31/12/2018	Group profitability of Daimler AG (pro-forma) 01/01/2018 - 31/12/2018
Revenue	167,362	91,261	25,033	51,068	167,362
Cost of sales[1]	-134,280	-76,173	-20,659	-37,448	-134,280
Gross profit	**33,082**	**15,088**	**4,374**	**13,620**	**33,082**
Selling expenses	-13,067	-5,983	-1,660	-5,424	-13,067
General administrative expenses	-4,036	-743	-579	-2,714	-4,036
Research and non-capitalized development costs	-6,581	-5,188	-1,114	-279	-6,581
Other operating income	2,330	1,034	146	1,150	2,330
Other operating expense	-1,462	-800	-355	-307	-1,462
Profit/loss on equity-method investments, net	656	-61	19	698	656
Other financial income/expense, net	210	158	38	14	210
Profit before interest and income taxes	**11,132**	**3,505**	**869**	**6,758**	**11,132**

[1] Excluding amortization of capitalized interest as they are not included in the key financial indicator "EBIT", but are part of cost of sales.

628 The profitability of Daimler Group and of the new subgroups in accordance with IFRS is described in the following on the basis of earnings before interest and taxes (EBIT) for the financial year 2018 (twelve months). While cost of sales include amortization of capitalized borrowing costs, these are not included in the EBIT. EBIT, as a measure for profit and loss, reflects the operating responsibility for profit and loss of the Mercedes-Benz AG and Daimler Truck AG subgroups.

629 The control and profit and loss transfer agreement of Daimler AG's German subsidiaries that are transferred to Mercedes-Benz AG or Daimler Truck AG, respectively, upon the Hive-down taking effect continue to exist initially in Daimler AG after the Hive-down. Due to the condensed presentation of the profitability based on earnings before interest and taxes (EBIT), the profit transfer to Daimler AG and the loss absorption obligation of Daimler AG within the framework of the control and profit and loss transfer agreement are not taken into account. Therefore, the operating results of the companies affected are components of the reported EBIT of the relevant subgroups. The obligations from the control and profit and loss transfer agreements are fully reflected in the presented pro-forma statements of financial position. It is planned to terminate

the existing control and profit and loss transfer agreements with the subsidiaries of Mercedes-Benz AG or Daimler Truck AG, respectively, with effect as of 31 December 2019 and to enter into new control and profit and loss transfer agreements commencing with the financial year 2020 with Mercedes-Benz AG or Daimler Truck AG, respectively.

b) Description of profitability of Daimler Group prior to and after Hive-down

Profitability of the financial year 2018 prior to Hive-down (actual)

630 Revenue primarily includes revenue from contracts with customers for products and services (IFRS 15). In addition, this item includes revenue from the rental and leasing business as well as interest from the financial services business at Daimler Financial Services.

631 Cost of sales largely comprises the expenses of products sold. Furthermore, this item includes depreciation of equipment on operating leases as well as refinancing costs at Daimler Financial Services and other cost of sales.

632 Selling expenses, general administrative expenses as well as research and non-capitalized development costs represent additional material expenses. Selling expenses consist of direct selling costs as well as selling overhead expenses and comprise personnel expenses, material costs and other selling costs. General administrative expenses include the expenses which are not attributable to production, sales or research and development functions, and comprise personnel expenses, depreciation and amortization of fixed and intangible assets as well as other administrative costs. Research and non-capitalized development costs primarily comprise personnel expenses and material costs.

633 Other operating income comprise income from costs recharged to third parties, income from insurance compensation, rental income not relating to sales financing, gains on sales of property, plant and equipment, government grants and subsidies as well as other miscellaneous income. Other operating expenses mainly result from changes in provisions for other risks.

634 Profit/loss on equity-method investments mainly comprises the profit on the investment in Beijing Benz Automotive Co., Ltd.

635 For more information on the profitability of Daimler Group in 2018, please refer to the chapter "Combined Management Report" in the 2018 annual report of Daimler AG.

Pro-forma presentation of profitability after Hive-down on the basis of the financial year 2018

636 The pro-forma presentation of the profitability of Daimler Group for the financial year 2018 is composed of the combined profitability of the two new subgroups, which are described in more detail in the following Sections, as well as the combined profitability

of the remaining companies (including Daimler AG and taking into account elimination and combination effects).

637 The column "Combined profitability of the remaining companies, including Daimler AG (pro-forma)" shows the income and expenses of the combined subsidiaries that are not transferred. Such income and expenses include the effects from leasing and sales financing by Daimler Financial Services. In addition, this column comprises the expenses and income of the central units of Daimler AG as well as elimination and combination effects.

638 The Hive-down has no effect on the EBIT reported in the consolidated financial statements of Daimler AG for the financial year 2018. From the viewpoint of Daimler AG, the transfer of the assets and liabilities upon the Hive-down taking effect represents an intra-group transaction which does not have any effects on the consolidated statement of income. The condensed combined pro-forma statement of income of Daimler Group in accordance with IFRS, therefore, shows the same results as the consolidated statement of income of Daimler AG for the financial year 2018.

c) Description of the profitability of the Mercedes-Benz AG subgroup

639 Within the scope of the combined pro-forma profitability of the Mercedes-Benz AG subgroup presented below, it is assumed for illustrative purposes – as already explained above – that the legal structure of the Mercedes-Benz AG subgroup after the Hive-down has already existed retrospectively as of 1 January 2018. Earnings before interest and income taxes as well as before profit transfers reflect, as a measure of profit and loss, the operating responsibility for profit and loss of Mercedes-Benz AG. In this context, the profitability are presented on the basis of the reconciliation of revenue to EBIT using the IFRS consolidated financial statements of Daimler AG as of 31 December 2018.

640 Revenue of the Mercedes-Benz AG subgroup amounts to EUR 91,261 million on the basis of such an analysis. Revenue mainly comprises revenue from the sale of cars and light commercial vehicles. Due to the existing sales model, the presentation of the combined pro-forma profitability comprises revenue with sales companies of Mercedes-Benz AG that is not included in the scope of combination, but is intended to be transferred to Mercedes-Benz AG only at a later date (see the description above in Section F.II.1 b) and G.III)). This particularly refers to sales activities in China and the USA.

641 Cost of sales account for 83.5% of revenue, resulting in a gross margin of 16.5%. Cost of sales largely comprises the expenses of goods sold.

642 Selling expenses, general administrative expenses as well as research and non-capitalized development costs represent additional material expenses. Selling expenses consist of direct selling costs as well as selling overhead expenses and comprise personnel expenses, material costs and other selling costs. General administrative expenses include the expenses which are not attributable to production, sales or re-

search and development functions, and comprise personnel expenses, depreciation and amortization of intangible assets and property, plant and equipment as well as other administrative costs. Research and non-capitalized development costs primarily comprise personnel expenses and material costs.

643 Other operating income mainly comprise income from costs recharged to third parties, income from insurance recovery and income from rental and lease agreements as well as other miscellaneous operating income. Other operating expenses mainly result from changes in provisions for other risks.

644 Earnings before interest and income taxes within the Mercedes-Benz AG subgroup account for 3.8% of revenue.

645 Finally, it has to be pointed out that – due to the Hive-down with retrospective economic effect as of 1 January 2019 – the condensed profitability of the Mercedes-Benz AG subgroup as presented herein is solely based on the legal structure existing on such date. The profitability of the Mercedes-Benz AG subgroup as of the expected state of implementation as of the end of January 2020 are presented in Section G.III by way of an outlook on the basis of the figures for the financial year 2018.

d) Description of the profitability of the Daimler Truck AG subgroup

646 Within the scope of the combined pro-forma profitability of Daimler Truck AG presented below, it is assumed for illustrative purposes – as already explained above – that the legal structure of Daimler Truck AG after the Hive-down has already existed retrospectively as of 1 January 2018. Earnings before interest and income taxes as well as before profit transfer reflects, as a measure of profit and loss, the operating responsibility for profit and loss of Daimler Truck AG. In this context, the profitability is presented on the basis of the reconciliation of revenue to EBIT using the IFRS consolidated financial statements of Daimler AG as of 31 December 2018.

647 Revenue of the Daimler Truck AG subgroup amounts to EUR 25,033 million on the basis of such an analysis. Revenue particularly includes revenue from the sale of trucks and buses in the markets of Germany and Japan (for details on the effects arising from the transfer of further Trucks & Buses companies until the end of January 2020, please see outlook in Section G.III).

648 Cost of sales amount to 82.5%, resulting in a gross margin of 17.5%. Cost of sales largely comprises the expenses of products sold.

649 Selling expenses, general administrative expenses as well as research and non-capitalized development costs represent additional material expenses. Selling expenses comprise direct selling costs as well as selling overhead expenses and consist of personnel expenses, material costs and other selling costs. General administrative expenses include the expenses which are not attributable to production, sales or research and development functions, and comprise personnel expenses, depreciation and amortization of intangible assets and property, plant and equipment as well as

other administrative costs. Research and non-capitalized development costs primarily comprise personnel expenses and material costs.

650 Other operating income largely includes income from costs recharged to third parties, rental income as well as other miscellaneous operating income. Other operating expenses mainly result from changes in provisions for other risks.

651 Earnings before interest and income taxes within the Daimler Truck AG subgroup account for 3.5% of revenue.

652 Finally, it has to be pointed out that – due to the Hive-down with retrospective economic effect as of 1 January 2019 – the condensed profitability of the Daimler Truck AG subgroup as presented herein is solely based on the legal structure existing on such date. The profitability of the Daimler Truck AG subgroup as of the expected state of implementation as of the end of January 2020 are presented in Section G.III by way of an outlook on the basis of the figures for the financial year 2018.

4. Liquidity and capital resources of Daimler Group and the new subgroups

a) Overview

653 The following analysis of the liquidity and capital resources is based on the cash flow before interest and taxes (CFBIT). EBIT is used as the operating performance measure for the description and analysis of the profitability. The EBIT, being the earnings before interest and taxes, reflects the operating earnings responsibility of the new subgroups. For the sake of consistency of presentation in this Hive-down Report, the CFBIT, being the cash flow before interest and taxes, is used for the analysis of the liquidity and capital resources.

654 The following statements, therefore, do not correspond to the presentation of the consolidated statement of cash flows included in the consolidated financial statements of Daimler AG as of 31 December 2018. The following differences are of significance:

- In comparison with the consolidated statement of cash flows, the CFBIT primarily excludes cash flows from refinancing and equity transactions.

- In addition, cash outflows and inflows in connection with income taxes and interest are not taken into account.

- As regards the presentation of pension obligations, the CFBIT comprises service cost as a cash-effective item, while extraordinary contributions made to external pension funds as well as direct pension benefit payments to retirees do not affect the CFBIT.

655 The following overview of the pro-forma liquidity and capital resources under IFRS presents the pro-forma liquidity and capital resources of Daimler AG prior to and after the Hive-down as well as the combined pro-forma liquidity and capital resources of the

Mercedes-Benz AG subgroup and the Daimler Truck AG subgroup after the Hive-down. The presentation is based on the figures for the 2018 financial year, under the assumption – as set out above – that the legal structure after the Hive-down taking effect to Mercedes-Benz AG and Daimler Truck AG had already existed with retrospective effect as of 1 January 2018.

Pro-forma liquidity and capital resources of Daimler Group and the new subgroups (IFRS)

Figures in EUR million	Group liquidity and capital resources of Daimler AG (actual) 01/01/2018 - 31/12/2018	Combined liquidity and capital resources of Mercedes-Benz AG subgroup (pro-forma) 01/01/2018 - 31/12/2018	Combined liquidity and capital resources of Daimler Truck AG subgroup (pro-forma) 01/01/2018 - 31/12/2018	Combined liquidity and capital resources of the other companies, including Daimler AG (pro-forma) 01/01/2018 - 31/12/2018	Group liquidity and capital resources of Daimler AG (pro-forma) 01/01/2018 - 31/12/2018
Profit before interest and income taxes	11,132	3,505	869	6,758	11,132
Depreciation, amortization and impairments	6,305	4,175	735	1,395	6,305
Changes in working capital	-3,040	-939	-343	-1,758	-3,040
Changes in receivables from financial services/ vehicles on operating leases	-11,866	-187	124	-11,803	-11,866
Additions to property, plant and equipment and intangible assets (including finance leases)	-10,718	-6,671	-733	-3,314	-10,718
Investments in and disposal of shareholdings	-495	34	-16	-513	-495
Other	1,770	1,581	-2	191	1,770
Cash flow before interest and income taxes	**-6,912**	**1,498**	**634**	**-9,044**	**-6,912**

656 The starting point for the derivation of the CFBIT is the earnings before interest and taxes (EBIT). This EBIT is adjusted by non-cash items (such as depreciation and amortization), while cash-effective components not included in the EBIT (such as capital expenditure) are added to derive the CFBIT.

b) Description of liquidity and capital resources of Daimler Group prior to and after Hive-down

Liquidity and capital resources of the financial year 2018 (actual)

657 The CFBIT in the Daimler Group for the financial year 2018 leads to a cash outflow of EUR 6,912 million.

658 Cash inflows in connection with the operating business performance as a net balance from the positive earnings before interest and taxes, depreciation and amortization and other changes have a positive effect on the CFBIT.

659 This is offset in particular by the effects from the growth in the leasing and sales financing business at Daimler Financial Services as well as by cash outflows in connection with the intensified investment offensive. Capital expenditures were primarily made at the production and assembly sites for new products and technologies and for the expansion and modernization of production facilities. In addition, investments were made in research and development projects that led to major additions to capitalized development costs.

660 The development of working capital is mainly affected by increased inventories which is, in all automotive divisions, largely attributable to increased finished goods and work in progress. The increase in working capital reduces the CFBIT in the financial year 2018.

661 The purchase and the investments in and disposals of shareholdings result in net cash outflows.

662 The other effects primarily comprise cash inflows from the dividends distributed by Beijing Benz Automotive Co., Ltd. Moreover, apart from the changes in provisions, the changes of the other operating assets and liabilities are included.

Pro-forma presentation of liquidity and capital resources after Hive-down on the basis of the financial year 2018

663 The pro-forma presentation of the liquidity and capital resources of Daimler Group for the financial year 2018 is composed of the combined liquidity and capital resources of the two new subgroups, which are described in more detail in the following Sections, as well as the combined liquidity and capital resources of the remaining companies (including Daimler AG and taking into account elimination and combination effects).

664 The column "Combined liquidity and capital resources of the remaining companies, including Daimler AG (pro-forma)" includes the effects from leasing and sales financing through Daimler Financial Services. In addition, effects result from the cash flows of the consolidated companies that are not transferred and the central units of Daimler AG as well as from elimination and combination.

665 The Hive-down has no effect on the liquidity and capital resources of the Daimler Group for the financial year 2018. From the viewpoint of Daimler AG, the transfer of the assets and liabilities upon the Hive-down taking effect represents an intra-group transaction which does not have any effects on the Group’s liquidity and capital resources. The combined pro-forma liquidity and capital resources of Daimler Group in accordance with IFRS, therefore, shows the same results as the Group's liquidity and capital resources of Daimler AG for the financial year 2018.

c) Description of the liquidity and capital resources of the Mercedes-Benz AG subgroup

666 Within the scope of the combined pro-forma liquidity and capital resources of the Mercedes-Benz AG subgroup presented below, it is assumed for illustrative purposes – as already explained above – that the legal structure of the Mercedes-Benz AG subgroup after the Hive-down has already existed retrospectively as of 1 January 2018. In this context, the presentation of the CFBIT is based on figures of Daimler Group for the financial year 2018.

667 The CFBIT of the Mercedes-Benz AG subgroup for the financial year 2018 leads to a cash inflow of EUR 1,498 million on the basis of such an analysis.

668 The CFBIT of the Mercedes-Benz AG subgroup is primarily positively affected by cash inflows from the operating business performance as a net balance from the positive earnings before interest and taxes, depreciation and amortization and other changes. The cash inflows mainly result from the business activities transferred from Daimler AG to Mercedes-Benz AG.

669 This is offset primarily by cash outflows in connection with the intensified investment offensive. Material portions of the investments in property, plant and equipment and intangible assets are attributable to assets that are transferred from Daimler AG to Mercedes-Benz AG upon the Hive-down taking effect.

670 The development of working capital is mainly affected by the increase in inventories. This increase is almost entirely attributable to business activities transferred from Daimler AG to Mercedes-Benz AG upon the Hive-down taking effect.

671 The other effects primarily result from the changes in provisions. The changes of the other operating assets and liabilities are also included.

d) Description of the liquidity and capital resources of the Daimler Truck AG subgroup

672 Within the scope of the combined pro-forma liquidity and capital resources of the Daimler Truck AG subgroup presented below, it is assumed for illustrative purposes – as already explained above – that the legal structure of the Daimler Truck AG subgroup after the Hive-down has already existed retrospectively as of 1 January 2018. In this context, the presentation of the CFBIT is based on the financial year 2018 of Daimler Group.

673 The CFBIT of the Daimler Truck AG subgroup for the financial year 2018 leads to a cash inflow of EUR 634 million on the basis of such an analysis.

674 The CFBIT of the Daimler Truck AG subgroup is primarily positively affected by cash inflows from the operating business performance as a net balance from the positive earnings before interest and taxes, depreciation and amortization and other changes.

Almost half of the cash inflows result from the business activities transferred from Daimler AG to Daimler Truck AG.

675 This is offset primarily by cash outflows in connection with the intensified investment offensive. More than half of the investments in property, plant and equipment and intangible assets in the Daimler Truck AG subgroup are attributable to assets that are transferred from Daimler AG to Daimler Truck AG upon the Hive-down taking effect.

676 The development of working capital is mainly affected by the increase in inventories. This increase is primarily attributable to business activities transferred from Daimler AG to Daimler Truck AG upon the Hive-down taking effect.

III. Outlook: Daimler Group and the new subgroups as of targeted state of implementation as of the end of January 2020

677 The presentation of the profitability, liquidity and capital resources or financial position in Section G.II is based on the legal structure of the newly created Mercedes-Benz AG and Daimler Truck AG subgroups, subject to the assumption that the Hive-down becomes effective with retrospective economic effect as of the Hive-down Effective Date 1 January 2019. Therefore, the description in Section G.II has been prepared on the basis of the scope of combination of the new Mercedes-Benz AG and Daimler Truck AG subgroups as of 1 January 2019.

678 In case of a combined analysis of the current divisions Mercedes-Benz Cars and Mercedes-Benz Vans on the one hand and Daimler Trucks and Daimler Buses on the other hand, the two new subgroups do not fully reflect these combined divisions based on the scope of combination as of 1 January 2019.

679 The structure of the legal subgroups of Mercedes-Benz AG and Daimler Truck AG created as a result of the Hive-down as of 1 January 2019 represents an interim state. To illustrate the progress of the Daimler Group's planned internal restructuring (the further steps of the internal restructuring after the Hive-down are described in Section F.II above), this Section presents selected key figures referring to the profitability of the new subgroups. These key figures are intended to show the targeted state of implementation of the legal structure as of the end of January 2020; this presentation is reflects the current state of planning. The presentation is based on revenue and earnings before interest and taxes (EBIT), stated in EUR billion.

680 For reasons of comparability, the presentation of the targeted state of implementation as of the end of January 2020 is also based on the figures for the financial year 2018 that have also been used for the pro-forma analysis of the interim state as of 1 January 2019. The pro-forma analysis of the profitability – which refers to a financial year, unlike the presentation of the financial position and capital structure which refers to a specific reporting date – was based on the assumption that the legal structure of the Mercedes-Benz AG and Daimler Truck AG subgroups already existed retrospectively as of 1 January 2018. In this context, the illustrative presentation of the profitability is prepared on the basis of the full financial year 2018, using the scope of combination of

the two new subgroups as of 1 January 2019 as set out in the Sections G.I.2 c) and G.I.2 d). Accordingly, it is assumed in this Section for illustrative purposes that the planned legal structure as of the state of implementation as of the end of January 2020 already existed as at the beginning of the financial year 2018. The illustrative presentation in this Section was prepared on the basis of the scope of combination of the new Mercedes-Benz AG and Daimler Truck AG subgroups as of the end of January 2020.

681 The combined pro-forma figures of the targeted legal structure of the new subgroups as of the end of January 2020 were determined using the accounting policies applied to the consolidated financial statements of Daimler AG as of 31 December 2018. The preparation principles described in Section G.II.1 were applied by analogy for the preparation of these combined pro-forma figures.

682 The combined pro-forma figures of the new subgroups (in the targeted legal structure as of 1 January 2019 and as of the end of January 2020) based on the figures of the financial year 2018 are compared with the corresponding key figures from the Daimler Group’s segment reporting under IFRS for the financial year 2018 in combined form to illustrate the extent to which the legal subgroups of Mercedes-Benz AG and Daimler Truck AG approximate the corresponding divisions of Daimler Group in segment reporting as regards these key figures.

683 It has to be noted that the Daimler Group's segment reporting reflects the internal management system of the Daimler Group that is based on a substance over form analysis, regardless of the legal structure. For segment reporting purposes, all business activities attributable to a division are consolidated in the respective division. This means that a subsidiary carrying out business activities for several divisions has to be included in several divisions based on the proportion attributable to the relevant division. In contrast, within the framework of the presentation of the legal subgroups, the scope of combination of the respective subgroup to which a subsidiary is legally allocated includes all of such subsidiary’s business activities. The individual differences resulting from these diverging views are shown in a table in order to facilitate a comparison.

684 In terms of the companies included in the scope of combination of the new subgroups as of the end of January 2020, the following presentation is based on the current state of planning for the Daimler Group's internal restructuring, as described above in Section F.II. As described, the presentation is based on figures for the financial year 2018 and does not include a forecast with respect to the profitability of the new subgroups. All figures are stated in EUR billion.

1. Mercedes-Benz AG subgroup

685 The following table shows revenue and EBIT of the Mercedes-Benz AG subgroup created as a result of the Hive-down in the legal structure as of 1 January 2019 and as of the end of January 2020. The analysis of the Mercedes-Benz AG subgroup is compared with the divisions Mercedes-Benz Cars and Mercedes-Benz Vans as currently reported

in the consolidated financial statements of Daimler AG as of 31 December 2018 as well as in combined form. In each case, the presentation is based on the statement of income and the segment reporting of Daimler Group for the financial year 2018.

Comparison of Mercedes-Benz AG subgroup an Cars & Vans Division (IFRS)					
Figures in EUR billion	**I**	**II**	**III**	**IV**	**V**
	Mercedes-Benz AG subgroup	Mercedes-Benz AG subgroup	Cars & Vans Division (combined)	Mercedes-Benz Cars Division	Mercedes-Benz Vans Division
	Pro-forma 2018	Pro-forma 2018	Pro-forma 2018	Actual 2018	Actual 2018
	Legal structure as of 1 January 2019	Legal structure as of the end of January 2020			
Revenue	91.3	104.1	105.1	93.1	13.6
EBIT	3.5	5.6	7.5	7.2	0.3

686 Column I illustrates revenue and EBIT of the Mercedes-Benz AG subgroup on the basis of the scope of combination as of the Hive-down Effective Date 1 January 2019. It is a pro-forma analysis which is based on the assumption that the legal structure and scope of combination as of 1 January 2019 would have existed already at the beginning of the financial year 2018. In this context, please refer to the explanations set out in Sections G.II.1 b) and G.II.3 c).

687 Column II illustrates revenue and EBIT of the Mercedes-Benz AG subgroup as of the state of implementation of the internal restructuring, which is, according to the current state of planning, targeted for the end of January 2020. This presentation is also prepared on a pro-forma basis, using the same rationale as in Column I, i. e. it is assumed for illustrative purposes that the legal structure and the scope of combination as of the end of January 2020 would have existed already at the beginning of the financial year 2018.

688 Column III is a combined presentation of the divisions Mercedes-Benz Cars and Mercedes-Benz Vans currently reported separately, in order to facilitate a comparison with the pro-forma analysis of the Mercedes-Benz AG subgroup in the legal structure as of 1 January 2019 (Column I) and as of the end of January 2020 (Column II). The combined analysis of the divisions (Column III) eliminates all business relationships between the divisions Mercedes-Benz Cars and Mercedes-Benz Vans, in particular the supply of goods and the provision of services.

689 Revenue and EBIT of the division Mercedes-Benz Cars for the financial year 2018 are reported in Column IV. The presentation corresponds to the segment report of the Daimler Group for the financial year 2018. For information on the division's product portfolio, please refer to the explanations included in Section B.I.3 b) as well as in the 2018 annual report.

690 Revenue and EBIT of the division Mercedes-Benz Vans for the financial year 2018 are reported in Column V. The presentation corresponds to the segment report of the Daimler Group for the financial year 2018. For information on the division's product portfolio, please refer to the explanations included in Section B.I.3 c) as well as in the 2018 annual report.

Description of the progress made in the internal restructuring as of the end of January 2020

691 The comparison of the above key figures of the Mercedes-Benz AG subgroup as of the targeted state of implementation as of the end of January 2020 (Column II) and as of the interim state as of the Hive-down Effective Date 1 January 2019 (Column I) shows, on the basis of the figures for the financial year 2018, an increase in revenue by EUR 12.8 billion and in EBIT by EUR 2.1 billion (after elimination and combination effects, respectively). This can be explained as follows:

- After the Hive-down taking effect, additional subsidiaries of Daimler AG are planned to be transferred to Mercedes-Benz AG in the period up to the end of January 2020. The companies affected are set out in Section F.II.1 b). Based on the figures for the financial year 2018 and after elimination of intra-group transactions involving the supply of goods and the provision of services, these additional transactions would lead to an increase in revenue and EBIT of the legal subgroup of Mercedes-Benz AG.

- On the level of the individual companies, the change in revenue is mainly attributable to Mercedes-Benz (China) Ltd. (EUR 6.2 billion), Mercedes-Benz (Thailand) Limited (EUR 0.9 billion), Mercedes-Benz Canada Inc. (EUR 0.9 billion), Mercedes-Benz France S.A.S. (EUR 0.5 billion), Mercedes-Benz Japan Co., Ltd. (EUR 0.5 billion) and Mercedes-Benz Italia S.p.A. (EUR 0.5 billion). It has to be taken into account in the revenue effects mentioned above that the presentation of the combined pro-forma profitability of Mercedes-Benz AG in Column I already includes revenue from supplies to sales companies by Mercedes-Benz AG (please refer to the explanations in Section G.II.3 c)).

- The largest individual effect from the increase in the EBIT of the remaining subgroup of Mercedes-Benz AG amounts to EUR 1.0 billion from Mercedes-Benz (China) Ltd.

- In the context of the further internal restructuring, the situation will occur that the Mercedes-Benz AG subgroup will generate additional revenue from non-core activities. For example, in the context of the intended transfer of Mercedes-Benz South Africa Ltd., Daimler Trucks and Buses Southern Africa (Pty) Ltd and Mercedes-Benz Financial Services South Africa (Pty) Ltd are also transferred indirectly to Mercedes-Benz AG. The business activities of these companies are attributable to the Trucks & Buses Division or Daimler Financial Services, respectively. The same effect will occur in the course of the intended transfer of Daimler Greater China Ltd., which will result in the indirect transfer

of Mercedes-Benz Leasing Co., Ltd. to Mercedes-Benz AG. The business activities of this company are attributable to the Daimler Financial Services Division. In total, the additional revenue generated from non-core activities amounts to EUR 1.3 billion. The effects on the EBIT of the Mercedes-Benz AG subgroup are of minor significance.

Comparison of the Mercedes-Benz AG subgroup as of the targeted state of implementation as of the end of January 2020 with the combined Cars & Vans Division

692 The comparison of the Mercedes-Benz AG subgroup in its legal structure as of the targeted state of implementation as of January 2020 (Column II) with the combined figures of the Mercedes-Benz Cars and Mercedes-Benz Vans divisions (Column III) shows a difference of EUR 1.0 billion in revenue and a difference of EUR 1.9 billion in EBIT, based on the figures for the financial year 2018. This can be explained as follows:

- The differences between the revenue and EBIT key figures presented are mainly based on the fact that certain group companies of the Cars & Vans Division will be allocated outside of the Mercedes-Benz AG subgroup even after the end of January 2020 (please refer to the description in Section F.II.1 b)).

  The resulting difference in revenue after elimination and combination effects amounts to a total of EUR 4.0 billion. This is mainly attributable to business activities of Mercedes-Benz USA, LLC (EUR 3.2 billion), of Mercedes-Benz Taiwan Ltd. (EUR 0.5 billion) as well as of Mercedes-Benz India Private Limited (EUR 0.4 billion), which are planned to be transferred only at a later date. It has to be taken into account in this context that the presentation of the combined pro-forma profitability of Mercedes-Benz AG in Columns I and II already includes revenue from supplies to the sales companies by Mercedes-Benz AG (please refer to the explanations in Section G.II.3 c)).

  The resulting difference in EBIT of EUR 2.5 billion (after elimination and combination effects) particularly results from the business activities of the associated company Beijing Benz Automotive Corporation (BBAC). The combined Cars & Vans Division (Column III) includes the pro-rata result of BBAC of EUR 1.2 billion, while this cannot be taken into account in the legal subgroup of Mercedes-Benz AG (Column II). Another effect of EUR 0.5 billion is attributable to the business activities of the real property management companies of the Cars & Vans Division, which are also not included in the legal subgroup of Mercedes-Benz AG, except for Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 2 oHG, which will be transferred to Mercedes-Benz AG already in the context of the Hive-down.

- This is offset by effects from the sale of certain vehicles to the Financial Services business. These disposals have a positive effect on revenue and EBIT in the legal subgroup of Mercedes-Benz AG (Column II) in accordance with IFRS 15. Instead, in the combined Cars & Vans Division (Column III), the accounting is solely based on risks and rewards using a substance over form

analysis so that these vehicles sales are accounted for as leases. On the basis of the figures for the financial year 2018, the different accounting treatment results in a difference of EUR 1.5 billion in revenue and a difference of EUR 0.3 billion in EBIT.

- On the basis of the figures for the financial year 2018, the Mercedes-Benz AG subgroup (Column II) includes revenue from non-core activities in the amount of EUR 1.5 billion. This revenue is attributable to the activities of companies that are allocated from an economic perspective to the Trucks & Buses Division or Daimler Financial Services, respectively, and are hence allocated to these divisions within the scope of segment reporting of Daimler AG. This results in a difference between economic and legal allocation. The effects on the EBIT of the legal subgroup of Mercedes-Benz AG are of minor significance.

- The presentation of Daimler AG's segment reporting is in line with the internal management system. Within the framework of the internal management system, issues within the responsibility of central units are allocated to the corporate headquarters rather than the divisions. Vice versa, governance costs of the Group headquarters that are not charged to the subsidiaries of Daimler AG and therefore are not taken into account in the presentation of the legal subgroups are allocated on a pro-rata basis to the division within the context of segment reporting. With respect to the financial year 2018, governance costs of the Group headquarters in the amount of EUR 0.5 billion were attributable to the combined Cars & Vans Division (Column III), while these costs are not being taken into account in the pro-forma analysis of the legal subgroup of Mercedes-Benz AG (Columns I and II). In contrast, within the framework of the Hive-down, selected assets and liabilities that are allocated to the corporate headquarters in segment reporting will be transferred to Mercedes-Benz AG if such assets and liabilities can be clearly allocated from a legal perspective. Therefore, corresponding expenses and income, in particular in connection with legal proceedings, are included in the presentation of the legal subgroup of Mercedes-Benz AG in the Columns I and II, but not in the presentation of the Cars & Vans Division (Column III), which leads to an offsetting effect.

2. Daimler Truck AG subgroup

693 The following table shows revenue and EBIT of the Daimler Truck AG subgroup created as a result of the Hive-down in the legal structure as of 1 January 2019 and as of the end of January 2020. The analysis of the Daimler Truck AG subgroup is compared with the divisions Daimler Trucks and Daimler Buses as currently reported in the consolidated financial statements of Daimler AG as of 31 December 2018 as well as in combined form. In each case, the presentation is based on the statement of income and the segment reporting of Daimler Group for the financial year 2018.

Comparison of Daimler Truck AG subgroup and Trucks & Buses Division (IFRS)					
Figures in EUR billion	**I**	**II**	**III**	**IV**	**V**
	Daimler Truck AG subgroup	Daimler Truck AG subgroup	Trucks & Buses Division (combined)	Daimler Trucks Division	Daimler Buses Division
	Pro-forma 2018	Pro-forma 2018	Pro-forma 2018	Actual 2018	Actual 2018
	Legal structure as of 1 January 2019	Legal structure as of the end of January 2020			
Revenue	25.0	41.4	42.3	38.3	4.5
EBIT	0.9	2.8	3.0	2.8	0.3

694 Column I illustrates revenue and EBIT of the Daimler Truck AG subgroup on the basis of the scope of combination as of the Hive-down Effective Date 1 January 2019. It is a pro-forma analysis which is based on the assumption that the legal structure and scope of combination as of 1 January 2019 would have existed already during the entire financial year 2018. In this context, please refer to the explanations set out in Sections G.II.1 b) and G.II.3 d).

695 Column II illustrates revenue and EBIT of the Daimler Truck AG subgroup as of the state of implementation of the internal restructuring, which is, according to the current state of planning, targeted for the end of January 2020. This presentation is also prepared on a pro-forma basis, using the same rationale as in Column I, i. e. it is assumed for illustrative purposes that the legal structure and the scope of combination as of the end of January 2020 would have existed already at the beginning of the financial year 2018.

696 Column III is a combined presentation of the divisions Daimler Trucks and Daimler Buses currently reported separately, in order to facilitate a comparison with the pro-forma analysis of the Daimler Truck AG subgroup in the legal structure as of 1 January 2019 (Column I) and as of the end of January 2020 (Column II). The combined analysis of the divisions (Column III) eliminates all business relationships between the divisions Daimler Trucks and Daimler Buses, in particular the supply of goods and the provision of services.

697 Revenue and EBIT of the division Daimler Trucks for the financial year 2018 are reported in Column IV. The presentation corresponds to the segment report of the Daimler Group for the financial year 2018. For information on the division's product portfolio, please refer to the description included in Section B.I.3 d) as well as in the 2018 annual report.

698 Revenue and EBIT of the division Daimler Buses for the financial year 2018 are reported in Column V. The presentation corresponds to the segment report of the Daimler Group for the financial year 2018. For information on the division's product portfolio, please refer to the description included in Section B.I.3 e) as well as in the 2018 annual report.

Description of the progress made in the internal restructuring as of the end of January 2020

699 The comparison of the above key figures of the Daimler Truck AG subgroup as of the targeted state of implementation as of the end of January 2020 (Column II) and as of the interim state as of the Hive-down Effective Date 1 January 2019 (Column I) shows, on the basis of the figures for the financial year 2018, an increase in revenue by EUR 16.4 billion and in EBIT by EUR 1.9 billion (after elimination and combination effects, respectively). This can be explained as follows:

- After the Hive-down taking effect, additional subsidiaries of Daimler AG are planned to be transferred to Daimler Truck AG in the period up to the end of January 2020. The companies affected are set out in Section F.II.2 b). Based on the figures for the financial year 2018 and after elimination of intra-group transactions involving the supply of goods and the provision of services, these additional transactions would lead to an increase in revenue and EBIT of the legal subgroup of Daimler Truck AG.

- The changes in revenue are largely attributable to the transfer of Daimler Trucks North America Group (EUR 13.3 billion), of Mercedes-Benz do Brasil Ltda. (EUR 1.5 billion) and of Daimler Vehículos Comerciales Mexico S. de R.L. de C.V. (EUR 1.0 billion).

- The EBIT increase of the legal subgroup of Daimler Truck AG almost exclusively results from the Daimler Trucks North America Group.

Comparison of the Daimler Truck AG subgroup as of the targeted state of implementation as of the end of January 2020 with the combined Trucks & Buses Division

700 The comparison of the Daimler Truck AG subgroup in its legal structure as of the targeted state of implementation as of January 2020 (Column II) with the combined figures of the Daimler Trucks and Daimler Buses divisions (Column III) shows a difference of EUR 0.9 billion in revenue and a difference of EUR 0.2 billion in EBIT, based on the figures for the financial year 2018. This can be explained as follows:

- The differences between the revenue and EBIT key figures presented are mainly based on the fact that a few group companies of the Trucks & Buses Division will be allocated outside the Daimler Truck AG subgroup even after the end of January 2020 (please refer to the description in Section F.II.2 b)).

  The resulting difference in revenue after the elimination of intra-group transactions involving the supply of goods and the provisions of services amounts to a total of EUR 0.7 billion and is mainly attributable to the business activities of Daimler India Commercial Vehicles Private Limited (EUR 0.6 billion), which is planned to be transferred to Daimler Truck AG only at a later date. The effects from the different scopes of combination on EBIT are of minor significance.

- In addition, a difference results of revenues from the Trucks & Buses Division that are legally attributable to the Mercedes-Benz AG subgroup. Among other things, this concerns the shares held in Daimler Trucks and Buses Southern Africa (Pty) Ltd, which is planned to be transferred indirectly – as a subsidiary of Mercedes-Benz South Africa Ltd. – to Mercedes-Benz AG in 2019 (please refer to the description in the Sections F.II.1 b) and F.II.2 b) above). As a result of this revenue, there is a difference between the legal and the economic allocation in a total amount of EUR 0.2 billion.

- The presentation of Daimler AG's segment reporting is in line with the internal management system. As already explained above, within the framework of the internal management system, issues within the responsibility of central units are allocated to the corporate headquarters rather than the divisions. Vice versa, governance costs of the Group headquarters that are not charged to the subsidiaries of Daimler AG and therefore are not taken into account in the presentation of the legal subgroups are allocated on a pro-rata basis to the division within the context of segment reporting. With respect to the financial year 2018, governance costs of the Group headquarters in the amount of EUR 0.2 billion were attributable to the combined Trucks & Buses Division (Column III), while these costs are not being taken into account in the pro-forma analysis of the legal subgroup of Daimler Truck AG (Columns I and II). In contrast, within the framework of the Hive-down, selected liabilities that are allocated to the corporate headquarters in segment reporting will be transferred to Daimler Truck AG if such assets and liabilities can be clearly allocated from a legal perspective. Therefore, corresponding expenses, in particular in connection with provisions for other risks, are included in the presentation of the legal subgroup of Daimler Truck AG in the Columns I and II, but not in the presentation of the Trucks & Buses Division (Column III), which leads to an offsetting effect.

H. Tax effects of the Hive-down

701 The following statements describe the essential tax effects of the Hive-down for Daimler AG, Mercedes-Benz AG and Daimler Truck AG.

I. Description of the tax concept

702 The objectives pursued by the separation of the divisions of Daimler AG can, in the view of the Board of Management of Daimler AG, be achieved by means of the chosen transaction structure with acceptable tax burdens and reasonable tax risks.

703 In order to safeguard the intended measures, binding rulings were applied for from the competent tax office and granted as applied for. This way it was possible to obtain legal and planning security regarding ambiguous tax issues concerning essential parts of the measures planned (other than the valuation issues mentioned below), provided they are implemented accordingly. This relates, in particular, to the tax qualification of Daimler AG's operating activities in the Cars & Vans and Trucks & Buses Divisions in Germany as partial establishments for tax purposes (*steuerlicher Teilbetrieb*). The marks and rights transferred to Daimler Brand & IP Management GmbH & Co. KG as well as Daimler AG's direct interests in corporations attributable to the Cars & Vans Division or the Trucks & Buses Division do not belong to the respective partial establishments for tax purposes as they are attributable for tax purposes to Daimler Brand & IP Management GmbH & Co. KG or other partnerships (so-called special tax-related assets (*Sonderbetriebsvermögen*); see Section D.IV above).

704 The respective issue of at least one new share to Daimler AG as the transferring entity (and observance of other requirements) enables the Cars & Vans and Trucks & Buses partial establishments to be hived down to Mercedes-Benz AG and Daimler Truck AG at the carrying amount with no realization of profits for tax purposes pursuant to § 20 para. 1 in conjunction with para. 2 sent. 2 UmwStG. The same applies with regard to the tax partnerships specified in the Hive-down Agreement.

705 The interests in corporations listed in the Hive-down Agreement which are not allocated to the partial establishments (i.e. interests which are allocated to the special tax-related assets (*Sonderbetriebsvermögen*) of Daimler Brand & IP Management GmbH & Co. KG) constitute further contributions in kind pursuant to § 21 UmwStG. These contributions of company interests can be made at the carrying amount with no effect on taxes if at least one share is issued per company interest in accordance with § 21 para. 1 sent. 1 and 2 UmwStG, provided that the acquiring company directly holds the majority of the voting rights after the contribution.

706 The shares in Mercedes-Benz AG and Daimler Truck AG, respectively, which are granted to Daimler AG as consideration are subject to a tax-law blocking period pursuant to § 22 para. 1 UmwStG. A sale of these shares within seven years would result in taxation of the hidden reserves to be allocated to the respective partial establishment at the time of the Hive-down. However, the so-called taxable Contribution Profit I (*Einbringungsgewinn I*) arising in such a case decreases on a straight-line basis by one

seventh each year. Hidden reserves in the Equity interests in corporations transferred to Mercedes-Benz AG or Daimler Truck AG, respectively, pursuant to § 21 UmwStG as part of the Hive-down are excluded.

II. Tax effects for Daimler AG

707 For Daimler AG, the essential effects of the Hive-down in terms of income tax result from § 20 UmwStG as well as from § 21 UmwStG.

- As a general rule, a hive-down is to be effected in terms of income tax at the common value (similar to the fair value) (§ 20 para. 1 and para. 2 sent. 1 UmwStG, § 21 para. 1 sent. 1 UmwStG); this way, a taxable profit or loss may arise at the transferring entity (in the present case: Daimler AG) as per the tax transfer date. Upon application, the Hive-down may be implemented at the level of Daimler AG at carrying amounts (§ 20 para. 2 sent. 2 UmwStG, § 21 para. 1 sent. 2 UmwStG). This requires, in particular, that the Hive-down Assets of the respective division (with the exception of interests in corporations and interests in partnerships) constitute a partial establishment within the meaning of § 20 para. 1 UmwStG and that this partial establishment is also transferred to the acquiring Mercedes-Benz AG or Daimler Truck AG, respectively, to a sufficient extent (with all so-called functionally essential operating bases and assets that can be allocated based on the economic context).

- Furthermore, it has to be noted that a hive-down at tax book values also requires that the tax book values of the respective Hive-down Assets of the respective partial establishments have a positive value on the Tax Transfer Date (as the balance of the respective assets and liabilities allocated to them).

- In addition, the respective tax book values of the respective partial establishment may not exceed the common value of the respective Hive-down Assets of the respective partial establishments as a whole, with provisions for pensions only to be taken into account in the valuation at their tax value pursuant to § 6a EStG (*Einkommensteuergesetz* – Income Tax Act).

- For partnerships forming part of the Hive-down Assets, it is particularly necessary for the transfer at the carrying amount that functionally essential special tax-related assets (*Sonderbetriebsvermögen*) are also included in the Hive-down.

- Interests in corporations that do not constitute special tax-related assets for tax purposes of Daimler AG with regard to interests in partnerships forming part of the Hive-down Assets may, among other things, only be hived down at carrying amounts if the respective acquiring company (Mercedes-Benz AG or Daimler Truck AG, respectively) directly holds the majority of the voting rights in the transferred interest after the Hive-down.

- In addition, it is a prerequisite for a tax-neutral contribution at carrying amounts that at least one new share in the acquiring entity is granted as consideration for each contribution item.

- If, in addition to new shares, other consideration is also granted, the operating assets taken over in each case pursuant to § 20 para. 2 sent. 2 no. 4 UmwStG and the interests in corporations contributed in each case pursuant to § 21 para. 1 sent. 2 no. 2 UmwStG can only be recognized at the carrying amount for tax purposes, if the common value of the other consideration does not exceed 25 % of the carrying amount for tax purposes of the respective Hive-down Assets or a maximum of EUR 500,000 in each case. The respective operating assets acquired or the respective interests in corporations contributed must then be valued at least at the respective common value of the other consideration (§ 20 para. 2 sent. 4 and § 21 para. 1 sent. 4 UmwStG, respectively). In the present case, Daimler AG will, in particular, not have any loan claims against the acquiring companies in connection with the Hive-down that could be regarded as other consideration. In any case, to the extent that Mercedes-Benz AG or Daimler Truck AG assume liabilities of Daimler AG in connection with the Hive-down that could be regarded as other consideration, the above-mentioned value limit will not be exceeded.

708 The fulfillment of the requirements for a partial establishment was comprehensively examined and also safeguarded by means of binding rulings from the competent tax office in accordance with § 89 para. 2 AO. The allocation of Daimler AG's assets in the Hive-down Agreement was made in accordance with the tax requirements and taking into account the binding rulings. Mercedes-Benz AG and Daimler Truck AG will therefore submit applications for a transfer at carrying amounts.

709 The Tax Transfer Date for the Hive-down is 31 December 2018, 12:00 p.m. The income and assets of Daimler AG, Mercedes-Benz AG or Daimler Truck AG, respectively, are to be determined in such manner as if the Hive-down Assets had been transferred on the respective Tax Transfer Date. This does not apply to interests in corporations that for tax purposes constitute special tax-related assets (*Sonderbetriebsvermögen*) of Daimler AG at Daimler Brand & IP Management GmbH & Co. KG, for which the Tax Transfer Date is the Consummation Date (see Section E.IV above).

710 Daimler AG will in each case receive newly created shares of Mercedes-Benz AG or Daimler Truck AG, respectively, as consideration for the transfer of the Hive-down Assets. In this respect, in each case at least one new share is granted for the respective partial establishments, for the individual interests in partnerships and for the individual interests in corporations, unless for tax purposes these constitute special tax-related assets (*Sonderbetriebsvermögen*) of Daimler AG with regard to interests in partnerships that form part of the Hive-down Assets.

711 In case of a Hive-down at tax book values, the shares granted for the transfer of the respective Hive-down Assets will be subject to a blocking period (§ 22 para. 1 UmwStG). Similarly, the shares already existing could be subject to a blocking period

to the extent that there is a so-called involvement of equity interests pursuant to § 22 para. 7 UmwStG. The blocking period will have the effect, among other things, that any disposals of these blocked shares within seven years from the Tax Transfer Date will result in a so-called Contribution Profit I (*pro rata* taxation in the case of only partial disposals). In simplified terms, this leads to a subsequent, retroactive taxation of the hidden reserves of the Hive-down Assets (to the extent these do not consist of interests in corporations) existing on the Tax Transfer Date described above according to general rules. The taxable amount, however, is decreased after every full year by one seventh.

712 In addition to the disposal of shares which are subject to a blocking period, there are also a number of other measures which may be harmful (so-called substitute realization measures within the meaning of § 22 para. 1 sent. 6 UmwStG); this may include, among other things, transformations of Daimler AG or of Mercedes-Benz AG or Daimler Truck AG, respectively. In addition, certain obligations to provide proof have to be complied with. If such regulations are violated, this may also trigger a Contribution Profit I with the consequences described above.

713 Finally, such a Contribution Profit I can also be triggered by distributions from the so-called contribution account for tax purposes of Mercedes-Benz AG or Daimler Truck AG, respectively, which are proportionately attributable to the blocked shares (§ 22 para. 1 sent. 6 no. 3 UmwStG). In the current opinion of the tax authorities, taxation will only occur to the extent that the distributions from the contribution account for tax purposes exceed the carrying amount for tax purposes of the blocked shares. At present, however, it is not to be expected that such distributions will be made from the tax contribution account within the relevant seven-year period.

714 Daimler AG expects that the Hive-down will not result in a liability for VAT or real estate transfer tax.

III. Tax effects for Mercedes-Benz AG and Daimler Truck AG

715 Mercedes-Benz AG and Daimler Truck AG will each recognize the Hive-down Assets in their tax balance sheet at their carrying amount (§ 20 para. 2 sent. 1, § 21 para. 1 sent. 2 UmwStG). The necessary applications will be submitted by Mercedes-Benz AG and Daimler Truck AG. In this respect, Mercedes-Benz AG and Daimler Truck AG in each case assume the fiscal status of Daimler AG with regard to the Hive-down Assets.

716 If, contrary to the expectations of the Board of Management of Daimler AG, no continuation of carrying amounts occurs, the carrying amounts for tax purposes of the Hive-down Assets triggering the blocking period will generally be increased correspondingly at the acquiring entity (Mercedes-Benz AG or Daimler Truck AG), to the level of the common value. This may in turn result in (possibly substantial) tax relief for the future at the level of Mercedes-Benz AG or Daimler Truck AG.

717 The same applies if the continuation of carrying amounts is applied in principle, but a taxable Contribution Profit I were to occur within the seven-year blocking period (due

to breaches of the relevant blocking period or the realization of substitute realization measures). In this case, the carrying amount may be increased upon application from Mercedes-Benz AG or Daimler Truck AG up to the amount of the taxed Contribution Profit I. The prerequisite for this is that Daimler AG has paid the tax attributable to the Contribution Profit I and this is proven by presentation of a certificate from the competent tax office. A further prerequisite is that the contributed operating assets have not been transferred in the meantime at a value below the fair market value.

718 In the view of Daimler AG, the Hive-down does not lead to a liability for VAT or real estate transfer tax at the level of Mercedes-Benz AG or Daimler Truck AG.

IV. Contractual provisions for the allocation of tax receivables and liabilities

719 In accordance with the provisions of the Hive-down Agreement, as a general rule all tax receivables, tax liabilities and provisions and any tax risks remain with Daimler AG, except for certain receivables from and payables to tax authorities for income and church taxes and certain liabilities from withholding taxes (see Clauses 12.1 (b), 14.1 (b), 31.1 (b) and 33.1 (b) of the Hive-down Agreement). Due to the tax group for income tax and VAT purposes between Daimler AG as the controlling company and Mercedes-Benz AG and Daimler Truck AG as controlled companies, future income taxes and VAT will be determined and levied at Daimler AG as the tax debtor.

I. Consequences of the Hive-down for the employees and their representative bodies

I. General provisions

720 Below, the consequences of the Hive-down for the employees of Daimler AG and their representative bodies are described. The consequences of the Hive-down for the employees to be allocated to the Cars & Vans Division or to the Trucks & Buses Division at the Consummation Date (hereinafter referred to as the "**Cars & Vans Employees**" or the "**Trucks & Buses Employees**") follow from §§ 131 para. 1 nos. 1 and 3, 324 UmwG and § 613a para. 1 and 4 to 6 BGB (*Bürgerliches Gesetzbuch* – German Civil Code). As a result of the hive-down, the establishments or partial establishments of Daimler AG to be allocated to the Cars & Vans Division or the Trucks & Buses Division at the Consummation Date (hereinafter referred to as the "**Transferred Establishments**") will be transferred to Mercedes-Benz AG or Daimler Truck AG with effect from the Consummation Date.

721 As part of the Hive-down of assets and liabilities from the Mercedes-Benz Cars and Mercedes-Benz Vans divisions to Mercedes-Benz AG and assets and liabilities from the Daimler Trucks and Daimler Buses divisions to Daimler Truck AG, shares in subsidiaries of Daimler AG will also be transferred to Mercedes-Benz AG and Daimler Truck AG, respectively. The Hive-down has no effect on the employment relationships and working conditions of the employees employed by these subsidiaries. This is different, in part, with regard to the employees of Mercedes-Benz Vertrieb PKW GmbH and Mercedes-Benz Vertrieb NFZ GmbH. In preparation for the Hive-down, ten locations of these subsidiaries were reallocated to the respective other division. As of 1 January 2019, the employees concerned transferred to the sales GmbH of the respective other division as part of a transfer of (partial) establishment pursuant to § 613a BGB.

II. Changes in the operational organization

722 A change in the operational organization is not planned as part of the Hive-down of the transferred establishments to Mercedes-Benz AG or Daimler Truck AG. It is intended that the existing establishments within the meaning of the Works Constitution Act (*Betriebsverfassungsgesetz* – BetrVG) will continue to exist.

III. Agreements with employee representative bodies

723 In connection with the internal restructuring of Daimler Group, Daimler AG has entered into two material agreements with the employee representatives, which are described below.

1. Agreement on a reconciliation of interests with the General Works Council

724 With regard to the Hive-down of assets and liabilities of the Mercedes-Benz Cars and Mercedes-Benz Vans divisions as well as the Daimler Trucks and Daimler Buses divisions, on 14 December 2017 Daimler AG and the General Works Council of Daimler AG entered into the agreement "Reconciliation of interests and general works agreement

on 'Daimler Future' ('*Zukunft Daimler*')" (hereinafter referred to as the "Reconciliation of Interests").

725 This Reconciliation of Interests essentially governs the unchanged allocation under works constitution law at all locations through the formation of joint establishments between Daimler AG and Mercedes-Benz AG and/or Daimler Truck AG, the unchanged continuation under collective bargaining law of works agreements and collective bargaining agreements and the extension of the employment protection ('*ZuSi*') for all employees of Daimler AG, Mercedes-Benz AG and Daimler Truck AG until 31 December 2029 (Employment Protection 2030). For employees whose employment relationship is affected by a transfer of (partial) establishment to Mercedes-Benz AG or Daimler Truck AG, the extension of the employment protection only applies if the respective employee does not object to the transfer of his/her employment relationship.

726 The Reconciliation of Interests further includes a declaration by the Board of Management that Daimler AG does not intend to dispose of individual divisions. In addition, the Reconciliation of Interests governs an early consultation procedure for employee representatives of the Presidential Committee of the Supervisory Board in the event that, until the end of the term of the Employment Protection 2030, the equity participation of an external third party in Mercedes-Benz AG and/or Daimler Truck AG is examined in detail beyond mere exploratory talks. The Reconciliation of Interests also contains provisions on future investments for future drive technologies and other future technologies within Daimler Group in Germany amounting to approximately EUR 35 billion over the next seven years.

727 The Reconciliation of Interests also governs the involvement of the Economic Committee of Mercedes-Benz AG and Daimler Truck AG and the Investment Committee in mixed establishments including both Mercedes-Benz AG and Daimler Truck AG, with regard to significant changes in the production regulations, significant product and production technology developments and their material effects on employees, and the transformation of employees into new production technologies and production areas. In addition, the Reconciliation of Interests provides for the involvement of the respective Economic Committee as a so-called innovation committee if new products are to be produced or new electrical or comparable components are to be used in newly designed vehicles or new mobility services are to be offered and procured from outside Daimler Group.

728 In addition, the Reconciliation of Interests stipulates that the employees of Mercedes-Benz AG and the employees of Daimler Truck AG are to be treated as employees of Daimler AG when the selection guideline is applied, meaning that employees of Mercedes-Benz AG and employees of Daimler Truck AG are also to be granted unchanged entitlements to participate in the Company's employee business, and that a uniform profit-sharing scheme for Daimler AG, Mercedes-Benz AG and Daimler Truck AG will continue to apply until at least 31 December 2025.

2. Agreement with the Group Works Council on German own retail

729 On 18 September 2018, Daimler AG and the Group Works Council of Daimler AG concluded the "Agreement on the Implementation of Project FUTURE in German Own Retail" with regard to the Hive-down of assets and liabilities of the Mercedes-Benz Cars and Mercedes-Benz Vans divisions as well as the Daimler Trucks and Daimler Buses divisions in German Own Retail.

730 This Agreement mainly governs the allocation of the own retail locations based on the "main user principle", i.e. the allocation to the Cars & Vans Division or the Trucks & Buses Division and the corresponding transfer to Mercedes-Benz AG or Daimler Truck AG are based on the focus of the respective location's business activities. Provision is also made for the preservation of the existing structure under works constitution law by means of the formation of joint establishments of Daimler AG, Mercedes-Benz Vertrieb PKW GmbH and Mercedes-Benz Vertrieb NFZ GmbH with Mercedes-Benz AG and Daimler Truck AG, as well as the obligation of Daimler AG and the Group Works Council of Daimler AG to work towards the collective bargaining parties making the necessary changes to the collective bargaining agreement on works council structures in Daimler Group's German own retail activities dated 1 June 2015.

731 The agreement also regulates the reallocation of the heads of sales (vans), including the substructure, under the sales director passenger cars, the allocation of employees on the basis of defined premises, the predominant dedication of cross-divisional functions, the adjustment of the current allocation of locations resulting from the allocation of the former Mercedes-Benz Vans division to the Cars & Vans Division, which leads to partial transfers of establishments between Mercedes-Benz Vertrieb PKW GmbH and Mercedes-Benz Vertrieb NFZ GmbH. The agreement also governs the establishment of individual claims as a result of the dedication, the planned further development of the company's own retail activities and the exclusion of dismissals for operational reasons until at most 31 December 2022 for all employees who on 31 December 2018 were in an indefinite employment relationship with Mercedes-Benz Vertrieb PKW GmbH or Mercedes-Benz Vertrieb NFZ GmbH. Where a transfer of (partial) establishment to the respective other GmbH occurs for the employees, this shall only apply if they do not object to the transfer of (partial) establishment.

IV. Consequences for the individual employment agreements of the employees

1. Employment relationships

732 Upon the Hive-down taking effect, all employment relationships of Cars & Vans Employees, including all rights and obligations, will be transferred to Mercedes-Benz AG and all employment relationships of Trucks & Buses Employees, including all rights and obligations, will be transferred to Daimler Truck AG, provided that these employees do not object to the transfer of their employment relationship pursuant to § 613a para. 6 BGB (hereinafter referred to as "**Transferred Employees**"). In connection with the transferred employment relationships, the Hive-down will not result in any changes; this applies, in particular, with regard to any collective commitments, uniform rules

and company practices. The transferred employment relationships will continue with Mercedes-Benz AG or Daimler Truck AG by operation of law, with existing periods of service being taken into account. The place of service does not change as a consequence of the transfer of the employment relationships.

733 The Cars & Vans Employees and the Trucks & Buses Employees will be informed of the Hive-down, the planned date of the transfers of (partial) establishments, the reason for the transfers of (partial) establishments, the legal, economic and social consequences of the transfer for the employees and the measures envisaged with regard to the employees pursuant to § 324 UmwG in conjunction with § 613a para. 5 BGB. Within one month of receipt of such information, the Cars & Vans Employees and the Trucks & Buses Employees affected may exercise their right to object to the transfer of their employment relationships to Mercedes-Benz AG or Daimler Truck AG, respectively, pursuant to § 613a para. 6 BGB. Daimler AG and Mercedes-Benz AG or Daimler Truck AG, respectively, will offer the employees an extension of the objection period beyond the statutory monthly period until 31 July 2019. Therefore, beyond the statutory objection period, the employees may exercise their right to object to the transfer of their employment relationships to Mercedes-Benz AG or Daimler Truck AG, respectively, pursuant to § 613a para. 6 BGB until 31 July 2019. If the statutory objection period ends after 31 July 2019, this latter period shall apply. The employment relationships of the employees who object to the transfer of their employment relationships to Mercedes-Benz AG or Daimler Truck AG, respectively, pursuant to § 613a BGB are not transferred to Mercedes-Benz AG or Daimler Truck AG, but will remain at Daimler AG.

734 The termination of an employee's employment relationship due to the transfer of the transferred establishments to Daimler Truck AG is invalid pursuant to § 324 UmwG in conjunction with § 613a para. 4 sent. 1 BGB. The right to termination for other reasons remains unaffected pursuant to § 613a para. 4 sent. 2 BGB.

735 Mercedes-Benz AG and Daimler Truck AG currently do not have any employees. If employees were to be employed at Mercedes-Benz AG or Daimler Truck AG before the Hive-down becoming effective, the Hive-down would have no consequences for them.

736 In addition to Daimler AG, Mercedes-Benz AG and Daimler Truck AG are jointly and severally liable pursuant to § 133 UmwG for all liabilities arising from the transferred employment relationships that were incurred before the Hive-down became effective. However, those legal entities to which the respective liabilities have not been allocated in the Hive-down Agreement are liable for these liabilities only if they become due within five years from the publication of the entry of the Hive-down in the Commercial Register of Daimler AG and based on them any claims are determined in court or in any other manner described in § 133 UmwG. The above-mentioned period is ten years for any benefit obligations that have arisen under the Company Pensions Act prior to the Hive-down becoming effective.

737 If the relevant requirements are met, the employees are entitled to the granting of security pursuant to § 22 UmwG. Only the acquiring entity, i.e. Mercedes-Benz AG or

Daimler Truck AG, respectively, is liable for obligations to transferring employees arising after the Hive-down.

2. Company pension scheme

738 Commitments for benefits under company pension schemes granted to employees or executives of Daimler AG shall be continued after the Hive-down takes effect by Daimler AG or, to the extent that the employment relationships are transferred to Mercedes-Benz AG or Daimler Truck AG, by Mercedes-Benz AG or Daimler Truck AG, respectively. This shall also apply to vested entitlements to benefits under company pension schemes which were acquired by active employees of Daimler AG for employment periods before the taking effect of the Hive-down. The allocation of the pension obligations vis-à-vis vested pension expectants and company pensioners (including entitled surviving dependants and persons entitled to compensation) is governed by Clauses 15 and 34 of the Hive-down Agreement and explained in more detail in Section J.II.13.

739 After the Hive-down, all commitments of the company pension scheme will be continued. Genuine benefit commitments, the amount of which mostly depends on the employee's collective bargaining classification at the time of transition to the benefit phase, mainly relate to employees who have left the company and company pensioners whose entitlements are vested. Other commitments are based on employer contributions (defined contribution commitments), which are dependent either on the collective bargaining classification of the employees or on a certain portion of the income of senior executives. In the case of commitments made by 2011, contributions are converted into capital modules using fixed age factors and credited to the employee's individual pension account (hereinafter referred to as "**old bAV**" (*alte betriebliche Altersversorgung* – old company pension scheme)). For commitments made to newly hired employees from 1 March 2011 or to newly hired senior executives from 1 December 2012, contributions are invested in funds according to a special life-cycle model, which are intended to result in an increase in the value of the contributions. With regard to these commitments, the respective employer, i.e. Daimler AG and, following the Hive-down, Daimler AG, Mercedes-Benz AG or Daimler Truck AG, guarantees the contributions paid in (hereinafter referred to as "**new bAV**" (*neue betriebliche Altersversorgung* – new company pension scheme)). All of Daimler AG's existing deferred compensation models will also be continued. This applies, in particular, to the models "Future Capital" and "Future Capital LFK".

740 The pension obligations of Daimler AG arising from company pension commitments are mainly covered by trust assets. For this purpose, Daimler AG has concluded trust agreements with Daimler Pension Trust e. V. (hereinafter referred to as "**DPT**"). In this context, DPT acts as the security trustee for the trust assets.

741 After the Hive-down, the securing of the pension obligations by the trust assets will be continued or replaced by an equivalent security as defined in the trust agreements. With regard to the Trust Agreement 'old bAV' and the Trust Agreement 'new bAV', Daimler AG and DPT will enter into an agreement for the partial assumption of an

agreement with Mercedes-Benz AG and Daimler Truck AG to transfer the security for the Transferred Pension Obligations. To the extent that pension obligations from deferred compensation are secured by the Trust Agreement 'Future Capital', an equivalent security will be established at Mercedes-Benz AG and Daimler Truck AG, respectively, by concluding new trust agreements with Allianz Treuhand GmbH and a pro rata allocation of trust assets. The details are governed by Clauses 15.2 to 15.5 as well as 34.2 to 34.5 of the Hive-down Agreement and are explained in more detail in Section J.II.13.

742 To the extent it is necessary in order to continue to provide company pension benefits to enter into agreements with external pension providers or to become their sponsoring company (e.g. direct insurance or pension funds), Mercedes-Benz AG and/or Daimler Truck AG will enter into corresponding agreements or become the sponsoring company of the respective external pension provider.

743 The obligation to fulfill certain direct benefit commitments vis-à-vis Daimler AG's company pensioners who had already received company pension benefits from Daimler AG as of the relevant date of 31 October 2018, was transferred to Daimler Pensionsfonds AG prior to the Hive-down Effective Date. Daimler Pensionsfonds AG was founded with its registered office in Stuttgart on 15 June 2018 as a wholly-owned subsidiary of Daimler AG and entered in the commercial register on 28 June 2018. Pursuant to § 2 of the Articles of Incorporation of Daimler Pensionsfonds AG, the object of the company is to operate a pension fund within the meaning of the Insurance Supervision Act (*Versicherungsaufsichtsgesetz* – VAG) (§§ 236 et seqq. VAG). On 30 November 2018, the German Federal Financial Supervisory Authority (BaFin) granted Daimler Pensionsfonds AG permission to operate its business and approved the 2018 Group Pension Plan. On 7 December 2018, Daimler AG and Daimler Pensionsfonds AG concluded a pension fund agreement according to which Daimler Pensionsfonds AG undertakes to implement benefit commitments pursuant to § 1 para. 1 sent. 1 or para. 2 no. 1 BetrAVG (*Betriebsrentengesetz* – Company Pensions Act) that were granted by Daimler AG as direct commitments. As a result, the pension beneficiaries have acquired a legal claim against Daimler Pensionsfonds AG. As the sponsoring company, Daimler AG has provided the funds required to implement the benefit commitments and is liable to the pension beneficiaries by way of so-called secondary liability to the extent that the corresponding obligations from such secondary liability are not transferred to Mercedes-Benz AG or Daimler Truck AG, respectively, as part of the Hive-down.

744 In this regard, Clauses 15.6 and 34.6 of the Hive-down Agreement provide that obligations of Daimler AG arising from deferred claims (e.g. pursuant to § 1 para. 1 sent. 3 BetrAVG) vis-à-vis those company pensioners whose pension obligations have been transferred to Daimler Pensionsfonds AG are to be transferred in the course of the Hive-down to the respective acquiring entity to which the assets of the division are transferred to which the company pensioner was allocated at the time of his/her retirement from the company. The pension obligations vis-à-vis company pensioners or vested pension expectants of Daimler AG who have already left the company as of the Hive-down Effective Date which were not transferred to Daimler Pensionsfonds AG are

also transferred in the course of the Hive-down to that acquiring entity to which the assets of the division are transferred to which the company pensioner or vested pension expectant was to be allocated at the time of his/her leaving the company. The details are governed by Clauses 15.6 and 34.6 of the Hive-down Agreement and are explained in more detail in Section J.II.13.

745 In Clauses 15.7 and 34.7 of the Hive-down Agreement, Mercedes-Benz AG and Daimler Truck AG also undertake to indemnify Daimler AG against any obligation to make subsequent contributions to Daimler Pensionsfonds AG to the extent that such obligation relates to company pensioners who were allocated to the Cars & Vans or Trucks & Buses Division, respectively, at the time their pension obligations were transferred to Daimler Pensionsfonds AG. This claim will be deemed to have been satisfied to the extent that, in order to fulfil the obligation to make subsequent contributions, amounts from the trust assets administered under the Trust Agreement Mercedes-Benz AG 'old bAV' or the Trust Agreement Daimler Truck AG 'old bAV', respectively, are made available. In the event there is an excess cover at Daimler Pensionsfonds AG, Daimler AG is obliged in accordance with Clauses 15.7 and 34.7 to ensure that Daimler Pensionsfonds AG transfers assets to DPT on a pro rata basis. The details are governed by Clauses 15.7 and 34.7 of the Hive-down Agreement and are explained in Section J.II.13.

V. Consequences for employee representative bodies

1. General provisions

746 The Hive-down of assets and liabilities from the Mercedes-Benz Cars and Mercedes-Benz Vans divisions to Mercedes-Benz AG and of assets and liabilities from the Daimler Trucks and Daimler Buses divisions to Daimler Truck AG does not entail any change in the operational organization. The existing establishments within the meaning of the Works Constitution Act will continue to exist. Daimler AG as well as Mercedes-Benz AG and/or Daimler Truck AG and – at some locations – Daimler Brand & IP Management GmbH & Co. KG and Daimler Gastronomie GmbH will form joint establishments from the Consummation Date in accordance with the previous establishment structure. A collective agreement pursuant to § 3 para. 1 no. 3 BetrVG will be concluded for this purpose. In addition, the companies taking part in the respective joint establishment will conclude an agreement, with effect at the latest as of the Consummation Date, on the joint management of the joint establishment. Mercedes-Benz AG and Daimler Truck AG will join the existing joint establishments of Daimler AG with Mercedes-Benz Vertrieb PKW GmbH and Mercedes-Benz Vertrieb NFZ GmbH in the German own retail organization. The existing management agreements will be amended accordingly.

2. Works councils

747 The existing local works councils will remain in office unchanged both in the existing joint establishments and in the joint establishments to be formed.

748 In the future, a company-wide general works council will be set up which, according to current planning, will be responsible for Daimler AG, Mercedes-Benz AG, Daimler Truck AG and Daimler Brand & IP Management GmbH & Co. KG. A collective agreement pursuant to § 3 para. 1 no. 3 BetrVG will be concluded for this purpose. There are no plans for further general works councils at the level of these companies. Members of the company-wide general works council may include, among others, members from all works councils from joint establishments in which Daimler AG, Mercedes-Benz AG, Daimler Truck AG or Daimler Brand & IP Management GmbH & Co. KG participate.

749 The existing Group Works Council at Daimler AG, the European Works Council and the World Employee Representative Council remain unaffected by the Hive-down. The relevant agreements on the composition of these councils will be adapted to the new Group structure.

3. Speaker committees

750 The speaker committees existing at Daimler Group will remain unchanged.

4. Economic Committee

751 The Economic Committee of Daimler AG remains in place. However, it will no longer be responsible for the business activities of the Cars & Vans Division transferred to Mercedes-Benz AG and the business activities of the Trucks & Buses Division transferred to Daimler Truck AG. The composition of the members of the Economic Committee may change. Members of the Economic Committee whose employment relationships are transferred to Mercedes-Benz AG or Daimler Truck AG in the course of the Hive-down and who are not employed in a joint establishment in which Daimler AG participates will lose their office as members of the Economic Committee of Daimler AG. At Mercedes-Benz AG and Daimler Truck AG, an economic committee must be formed in each case, provided that the statutory requirements are met. Employees and works council members of the joint establishments in which Mercedes-Benz AG or Daimler Truck AG participate may be delegated to these committees. The Group Economic Committee formed on the basis of a Group works agreement will continue to exist unchanged.

5. Representative bodies for severely handicapped employees

752 The local representative bodies for severely disabled employees will continue to exist unchanged after the Hive-down.

753 In the future, a company-wide general representative body for severely disabled employees will be set up which, according to current planning, will be responsible for Daimler AG, Mercedes-Benz AG, Daimler Truck AG and Daimler Brand & IP Management GmbH & Co. KG. A collective agreement pursuant to § 3 para. 1 no. 3 BetrVG will be concluded for this purpose. There are no plans for further general representative bodies for severely disabled employees at the level of these companies. Members

of the company-wide general representative bodies for severely disabled employees may include, among others, members from all representative bodies for severely disabled employees from joint establishments in which Daimler AG, Mercedes-Benz AG, Daimler Truck AG or Daimler Brand & IP Management GmbH & Co. KG participate.

754 The Group representative body for severely disabled employees at Daimler AG will remain in office unchanged.

6. Youth and trainee representative bodies

755 Local youth and trainee representative bodies will continue to exist unchanged.

756 In the future, a company-wide general youth and trainee representative body will be set up which, according to current planning, will be responsible for Daimler AG, Mercedes-Benz AG, Daimler Truck AG and Daimler Brand & IP Management GmbH & Co. KG. A collective agreement pursuant to § 3 para. 1 no. 3 BetrVG will be concluded for this purpose. There are no plans for further general youth and trainee representative bodies at the level of these companies. Members of the company-wide general youth and trainee representation may include, among others, members from all youth and trainee representations from joint establishments in which Daimler AG, Mercedes-Benz AG, Daimler Truck AG or Daimler Brand & IP Management GmbH & Co. KG participate.

VI. Consequences of the Hive-down for existing collective agreements, works agreements and agreements with the speaker committees

1. Collective bargaining agreements

757 Daimler AG is a member of the relevant employers' associations of the metal and electrical industries; as a result of these memberships, there is a binding application of the collective bargaining agreements for the metal and electrical industries in the establishments of the Cars & Vans and Trucks & Buses Divisions. Mercedes-Benz AG and Daimler Truck AG currently have no membership in any employers' associations. Until the Consummation Date, Mercedes-Benz AG and Daimler Truck AG will join the respective employers' associations of the metal and electrical industries, so that the binding effect of collective bargaining agreements will continue to apply in the transferred establishments.

758 Daimler AG is also a member of the relevant employers' associations of the motor vehicle dealership and trade industries; as a result of these memberships, there is a binding application of the collective bargaining agreements for the motor vehicle dealership and trade industries in the establishments and/or locations of the Cars & Vans and Trucks & Buses Divisions. Mercedes-Benz AG and Daimler Truck AG currently have no membership in any employers' associations. Until the Consummation Date, Mercedes-Benz AG and Daimler Truck AG will join the respective employers' associations of the motor vehicle dealership and trade industries or, respectively, will enter into

company collective agreements, so that the binding effect of collective bargaining agreements will continue to apply in the transferred establishments and/or locations.

759 In addition, there are various company collective agreements and company-related association collective agreements. It will be ensured that until the Consummation Date all company collective agreements and declarations of consent of the parties to the collective bargaining agreement as well as supplementary collective agreements that were previously relevant for the employees of the Cars & Vans and Trucks & Buses Divisions are also extended to the employees of Mercedes-Benz AG and Daimler Truck AG.

760 Due to Mercedes-Benz AG and Daimler Truck AG becoming members of the respective employers' associations and the conclusion of corresponding company collective agreements, the Hive-down does not alter the applicability of existing collective agreements under collective labor law. With regard to the cases where collective agreements were previously applicable due to a reference in the employment agreement, the Hive-down does not alter this application on the basis of the employment agreement, either.

2. Works agreements

761 The Hive-down has no effect on the existing works agreements.

762 In the absence of changes at the level of works constitution law, both the local works agreements and the general and group works agreements continue to apply unchanged under collective labor law.

3. Agreements with the speaker committees

763 The agreements with the Group Speaker Committee will also continue to apply under collective labor law.

VII. Consequences of the Hive-down for company co-determination and the Supervisory Board

1. Co-determination on the Supervisory Board of Daimler AG

764 At Daimler AG, there is a Supervisory Board pursuant to the German Co-Determination Act, consisting of 20 members based on the principle of parity co-determination (ten Supervisory Board members each as representatives of the shareholders and of the employees, respectively). The Hive-down has no consequences for the existence, composition and term of office of Daimler AG's Supervisory Board. The employee representatives on the Supervisory Board of Daimler AG are elected by the employees of all Group companies in Germany, which means that the employees transferring to Mercedes-Benz AG and Daimler Truck AG will continue to have the right to vote.

2. Entrepreneurial co-determination on the Supervisory Board of Mercedes-Benz AG

765 Currently, Mercedes-Benz AG has a Supervisory Board comprising three members who were appointed by Daimler AG as sole shareholder. Since Mercedes-Benz AG has up to now not directly employed any employees itself and there is no relevant attribution of employees employed at its subsidiaries, it currently does not have a supervisory board subject to statutory employee co-determination.

766 It is intended to enlarge the Supervisory Board of Mercedes-Benz AG to 20 members before the Consummation Date. The 20 members will all be elected by the General Meeting of Mercedes-Benz AG and thus formally as shareholder representatives. Ten of these members are to be elected by the General Meeting upon consultation with the employees (cf. the explanations above in Section F.III.3 b)).

767 After the Hive-down takes effect, Mercedes-Benz AG will employ more than 2,000 employees. Thus, the Co-Determination Act is applicable and the Supervisory Board will then not be composed in accordance with the relevant provisions of the Co-Determination Act. Therefore, upon the Hive-down taking effect, the Board of Management of Mercedes-Benz AG will conduct so-called status proceedings pursuant to §§ 97 et seqq. AktG. The parties assume that upon the Hive-down taking effect, pursuant to the regulations of the Co-Determination Act, usually more than 20,000 employees will be deemed employees of Mercedes-Benz AG and that after completion of the status proceedings the Supervisory Board will comprise 20 members pursuant to § 7 para. 1 sent. 1 no. 1 MitbestG, ten of whom will be Supervisory Board members representing the shareholders and ten will represent the employees.

768 The term of office of the Supervisory Board with 20 members formed prior to the Consummation Date will end after completion of the status proceedings at the close of the first General Meeting after expiry of the period for bringing a motion pursuant to § 97 para. 2 AktG or a final and binding decision pursuant to § 98 AktG, but no later than six months after expiry of the motion period or the final and binding decision.

769 After completion of the status proceedings, the ten shareholder representatives will be elected at an extraordinary General Meeting of Mercedes-Benz AG. For the period up to the completion of the election of the employee representatives, a motion for the court appointment of the employee representatives on the Supervisory Board is intended to be filed pursuant to § 104 AktG.

3. Co-determination on the Supervisory Board of Daimler Truck AG

770 Currently, Daimler Truck AG has a Supervisory Board comprising three members who were appointed by Daimler AG as sole shareholder. Since Daimler Truck AG has up to now not directly employed any employees itself and there is no relevant attribution of employees employed at its subsidiaries, it currently does not have a supervisory board subject to statutory employee co-determination.

771 It is intended to enlarge the Supervisory Board of Daimler Truck AG to 20 members before the Consummation Date. The 20 members will all be elected by the General Meeting of Daimler Truck AG and thus formally as shareholder representatives. Ten of these members are to be elected by the General Meeting upon consultation with the employees (cf. the explanations above in Section F.III.4 b)).

772 After the Hive-down takes effect, Daimler Truck AG will employ more than 2,000 employees. Thus, the Co-Determination Act is applicable and the Supervisory Board will then not be composed in accordance with the relevant provisions of the Co-Determination Act. Upon the Hive-down taking effect, the Board of Management of Daimler Truck AG will conduct so-called status proceedings pursuant to §§ 97 et seqq. AktG. The parties assume that upon the Hive-down taking effect, pursuant to the regulations of the Co-Determination Act, usually more than 20,000 employees will be deemed employees of Daimler Truck AG and that after completion of the status proceedings the Supervisory Board will comprise 20 members pursuant to § 7 para. 1 sent. 1 no. 1 MitbestG, ten of whom will be Supervisory Board members representing the shareholders and ten will represent the employees.

773 The term of office of the Supervisory Board with 20 members formed prior to the Consummation Date will end after completion of the status proceedings at the close of the first General Meeting after expiry of the period for bringing a motion pursuant to § 97 para. 2 AktG or a final and binding decision pursuant to § 98 AktG, but no later than six months after expiry of the motion period or the final and binding decision.

774 After completion of the status proceedings, the ten shareholder representatives will be elected at an extraordinary General Meeting of Daimler Truck AG. For the period up to the completion of the election of the employee representatives, a motion for the court appointment of the employee representatives on the Supervisory Board is intended to be filed pursuant to § 104 AktG.

VIII. Other measures envisaged as regards employees and their representative bodies

775 No other measures are planned with regard to the transferring employees and their representative bodies in connection with the Hive-down and transfers of (partial) establishments to Mercedes-Benz AG and Daimler Truck AG.

J. Explanation of the Hive-down Agreement concluded between Daimler AG and Mercedes-Benz AG as well as Daimler Truck AG

776 The Hive-down Agreement was concluded in notarial form on 25 March 2019 in accordance with § 125 sent. 1 in conjunction with § 6 UmwG with the content provided for in § 126 para. 1 UmwG before the Notary Public Hagen Krzywon with registered office in Stuttgart between Daimler AG as the transferring entity and Mercedes-Benz AG and Daimler Truck AG as the Acquiring Entities (Roll of Deeds No. 1000/2019). The Annexes to the Hive-down Agreement are incorporated in reference deeds of the Notary Public Hagen Krzywon with the Roll of Deeds No. 994/2019, 995/2019, 996/2019, 997/2019, 998/2019 and 999/2019.

777 The Hive-down Agreement is divided into seven Sections.

- The introductory remarks in the Preamble are followed in Section I (Clauses 1 and 2) by general provisions on the Hive-down, the Hive-down Effective Date, the Tax Transfer Date, the Closing Balance Sheet and the continuation of carrying amounts.

- Section II then describes in more detail the Hive-down Assets which are to be allocated to the Cars & Vans Division and which are transferred from Daimler AG to Mercedes-Benz AG by way of a hive-down and in accordance with the Hive-down Agreement (Clauses 3 to 21).

- Similarly, Section III contains the corresponding description of the Hive-down Assets to be allocated to the Trucks & Buses Division, which are transferred from Daimler AG to Daimler Truck AG by way of hive-down and in accordance with the Hive-down Agreement (Clauses 22 to 40).

- Section IV contains provisions on the Consummation Date and other modalities, as well as other agreements related to the transfer of the Hive-down Assets (Clauses 41 to 49).

- Section V contains provisions on the consideration for the transfer of Daimler AG's Assets to Mercedes-Benz AG and Daimler Truck AG and regulates the associated capital increases and the granting of special rights and benefits in connection with the Hive-down (Clauses 50 and 51).

- Next, Section VI deals with the consequences of the Hive-down for the employees and their representative bodies, including the consequences for entrepreneurial co-determination and the Supervisory Board (Clauses 52 to 58).

- Section VII contains additional agreements of the Parties in connection with the Hive-down (Clauses 59 to 61).

778 For the following explanation of the Hive-down Agreement, the terms defined therein will be used without introducing them again. Where reference is made to annexes, these are Annexes to the Hive-down Agreement.

I. Preamble, Hive-down, Hive-down Effective Date, Closing Balance Sheet

1. Preamble

779 The preamble to the Hive-down Agreement contains a brief explanation of the background to the planned Hive-down. For this purpose, the Daimler Group is briefly described, with Daimler AG as the transferring entity and the divisions existing prior to the Hive-down. In addition, the new structure of Daimler Group to be created by the Hive-down is presented.

780 Besides, the Preamble describes and defines in more detail the divisions to be hived down, the Cars & Vans Division and the Trucks & Buses Division, as well as the transfer of these divisions to Mercedes-Benz AG and Daimler Truck AG, respectively, under the Hive-down Agreement (for the structure of Daimler Group and its divisions after the Hive-down takes effect, see in more detail Section F.).

2. Hive-down (Clause 1)

781 Clause 1.1 sets forth the principal obligations of the Parties under the Hive-down Agreement and thus forms its core. Pursuant to Clause 1.1, Daimler AG as the transferring entity transfers the portion of its Assets described in Clauses 3 to 21 (the Cars & Vans Hive-down Assets) in its entirety to Mercedes-Benz AG as the Acquiring Entity (lit. (a)) by means of a hive-down by way of acquisition pursuant to § 123 para. 3 no. 1 UmwG and the portion of its Assets described in Clauses 22 to 40 (the Trucks & Buses Hive-down Assets) in its entirety to Daimler Truck AG as the Acquiring Entity (lit. (b)), also by means of a hive-down by way of acquisition pursuant to § 123 para. 3 no. 1 UmwG. As consideration, Daimler AG is granted shares of Mercedes-Benz AG and Daimler Truck AG (see the explanations in Section IV.1 below). Pursuant to § 131 para. 1 no. 1 UmwG, the transfer by way of a hive-down leads to a so-called partial universal succession with the consequence that – by operation of law – Mercedes-Benz AG enters into the legal position of Daimler AG with respect to the Cars & Vans Hive-down Assets and Daimler Truck AG with respect to the Trucks & Buses Hive-down Assets upon the Hive-down taking effect. In principle, this makes a transfer of individual rights for each individual Asset unnecessary.

782 Clause 1.2 contains a definition of what the term "Asset" means throughout the entire Hive-down Agreement. This term is often used in the Hive-down Agreement to describe the Hive-down Assets. In the Hive-down Agreement, the terms "Asset" or "Assets" means all assets and liabilities (§ 126 para. 1 no. 9 UmwG) of Daimler AG, together with all rights and obligations, including contractual relationships and other legal relationships and legal interests of all kinds, receivables and liabilities, uncertain liabilities, contingent liabilities and future contingent receivables and liabilities, the legal basis for which has already been established, irrespective of whether or not these are required or capable of being recognized in the balance sheet or are actually recognized in the balance sheet. In particular, the definition of the items forming part of the Hive-down Assets is thus not limited to assets items with a positive value, but also includes, for example, liabilities and other legal interests with a negative value. At the same

time, it is not a prerequisite for the eligibility to form part of the Hive-down Assets that an item is recognized or can be recognized in the balance sheet. Assets and liabilities of Daimler AG not recognized in the balance sheet also fall under the definition of 'Assets' and can be transferred to the Acquiring Entities as part of the Hive-down Assets.

3. Hive-down Effective Date, Tax Transfer Date and Closing Balance Sheet (Clause 2)

783 Clause 2.1 determines 1 January 2019, 0:00 a.m., to be the Hive-down Effective Date. The Hive-down Effective Date is the point in time from which – in the internal relationship between Daimler AG and Mercedes-Benz AG and, respectively, between Daimler AG and Daimler Truck AG – any acts and transactions of Daimler AG relating to the respective Hive-down Assets will be deemed to have been undertaken for the account of the respective Acquiring Entity (§ 126 para. 1 no. 6 UmwG). This means, that for the purposes of the commercial law balance sheet the Hive-down is economically having retroactive effect as of 1 January 2019, 0:00 a.m., and that Daimler AG and Mercedes-Benz AG or, respectively, Daimler AG and Daimler Truck AG will put each other in such position in their internal relationship as if the Hive-down Assets had already been transferred to the respective Acquiring Entity on 1 January 2019, 0:00 a.m. However, this presumption does not apply for VAT purposes. For VAT purposes, Daimler AG operates on its own account until the Hive-down is entered in the commercial register of Daimler AG. Once the Hive-down has been entered in the commercial register of Daimler AG, Mercedes-Benz AG and Daimler Truck AG, respectively, will take over the business previously carried out by Daimler AG and will be acting on their own account from this date as legal successors of Daimler AG.

784 Clause 2.2 sets forth the Tax Transfer Date for the Hive-down. The Tax Transfer Date is the date on which, upon application, it is presumed for tax purposes (determination of the income and assets of Daimler AG and Mercedes-Benz AG or Daimler Truck AG, respectively) that the respective Hive-down Assets have been transferred to Mercedes-Benz AG or Daimler Truck AG. By binding rulings in accordance with the applications, the competent tax authorities confirmed that the Hive-down from Daimler AG to Mercedes-Benz AG and Daimler Truck AG, respectively, qualifies – as a general rule – as a contribution in kind within the meaning of § 20 para. 1 UmwStG. Therefore, pursuant to § 20 para. 5 sent. 1, para. 6 sent. 1 and 2 UmwStG, the cut-off date of the Closing Balance Sheet on which the Hive-down is based pursuant to § 125 sent. 1 in conjunction with § 17 para. 2 UmwG may be selected as the Tax Transfer Date upon application. Mercedes-Benz AG and Daimler Truck AG intend to submit this application accordingly. Thus, generally the Tax Transfer Date for the Hive-down is 31 December 2018, 12:00 p.m.

785 In deviation therefrom, Clause 2.2 stipulates that for the Equity Interests in Corporations listed in Annexes 11.1, 15.2, 30.1 and 34.2, to the extent they are not part of the Cars & Vans partial establishment for tax purposes (*steuerlicher Teilbetrieb*) or the Trucks & Buses partial establishment for tax purposes, the Tax Transfer Date is not 31 December 2018, 12:00 p.m., but the Consummation Date within the meaning of Clause 41.1 of the Hive-down Agreement, i.e. the date of entry of the Hive-down in

the commercial register of Daimler AG. This deviation is due to the fact that the Equity Interests in Corporations that do not form part of the special tax-related assets (*Sonderbetriebsvermögen*) of Daimler AG at a partnership to be hived down are not contributed for transformation tax purposes pursuant to § 20 UmwStG, but pursuant to § 21 UmwStG. The material income tax effects of the Hive-down for Daimler AG in view of §§ 20, 21 UmwStG, are described in Section H.II.

786 § 125 sent. 1 in conjunction with § 17 para. 2 UmwG stipulate that the filing with the commercial register of the transferring entity (Daimler AG) has to include a so-called Closing Balance Sheet. In this respect, Clause 2.3 determines that the Hive-down is to be based on the balance sheet pursuant to the German Commercial Code (HGB) of Daimler AG as per 31 December 2018, 12:00 p.m. as Closing Balance Sheet. The balance sheet of Daimler AG as per 31 December 2018, 12:00 p.m. was audited by the auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, in the course of the annual financial statements which have received an unqualified audit opinion. Pursuant to § 125 sent. 1 in conjunction with § 17 para. 2 sent. 4 UmwG, the register court of the transferring entity (Daimler AG) is only permitted to enter the Hive-down in the register if the Closing Balance Sheet is prepared as of a cut-off date which is no more than eight months prior to the filing for registration. Thus, the filing of the Hive-down for registration with the commercial register has to occur no later than on 31 August 2019.

787 Clause 2.4 stipulates that Mercedes-Benz AG and Daimler Truck AG shall assume and maintain the respective Hive-down Assets in their commercial accounting at the carrying amounts recognized in the Closing Balance Sheet. In addition, Clause 2.4 stipulates that Mercedes-Benz AG and Daimler Truck AG will carry forward the respective Hive-down Assets in their tax balance sheets at the carrying amounts recognized as of the respective Tax Transfer Date. Mercedes-Benz AG and Daimler Truck AG will submit the relevant applications to the competent tax authorities in accordance with § 20 para. 2 sent. 2 UmwStG for the continuation of the carrying amounts under tax law.

788 In the event that the Hive-down is not entered in the commercial register of Daimler AG by 29 February 2020, Clause 2.5 determines 1 January 2020, 0:00 a.m., as the deviating Hive-down Effective Date. In this case, the cut-off date of the Closing Balance Sheet is determined to be 31 December 2019. In case of a further delay regarding the entry in the commercial register beyond 28 February of the following year, the Hive-down Effective Date and the cut-off date of the Closing Balance Sheet are in each case to be postponed by one year. Pursuant to Clause 2.5, the same applies with regard to the Tax Transfer Date. However, in the event that the registration of the Hive-down cannot be achieved by the end of February 2020, Daimler AG is also entitled to withdraw from the Hive-down Agreement pursuant to Clause 60 of the Hive-down Agreement.

II. Hive-down Assets (Sections II and III)

789 Sections II and III define and specify the Hive-down Assets in more detail. Section II contains a specification of the Cars & Vans Hive-down Assets transferred to Mercedes-Benz AG; Section III contains a corresponding specification of the Trucks & Buses

Hive-down Assets transferred to Daimler Truck AG. Both descriptions follow the same system and, where necessary, contain cross-references and references. As a starting point, the first Clause of each Section (Clauses 3 and 22) contains the basic definition of the respective Hive-down Assets as well as other general principles for determining the respective Hive-down Assets and clarifying basic exceptions. In the following Clauses 4 to 21 and 23 to 40, the respective Hive-down Assets are described and delimited in more detail by positive and negative descriptions.

790 In addition to the consistent system, the wording of the description of the Assets forming part of the respective Hive-down Assets is essentially identical. For reasons of clarity and to avoid repetition, the explanations of the individual clauses for both Sections are combined below. Where the descriptions of the Cars & Vans Hive-down Assets and the Trucks & Buses Hive-down Assets differ materially, such differences will be indicated below. In these cases, the diverging provisions are described and explained separately. In the Annexes to the two Sections, the respective Hive-down Assets or exceptions therefrom are described on a separate basis. However, in particular with regard to the exceptions, the same Annex applies in certain cases.

1. Object of the Hive-down (Clauses 3 and 22)

791 Clauses 3.1 and 22.1, as so-called general clauses, provide a general description of what constitutes the Hive-down Assets to be transferred to Mercedes-Benz AG and Daimler Truck AG, respectively. Pursuant to Clause 3.1, all Assets of Daimler AG which are to be allocated to the Cars & Vans Division and which are described in more detail in Clauses 3.2 to 21, in particular, form part of the Cars & Vans Hive-down Assets to be transferred to Mercedes-Benz AG (for the definition of the term 'Assets', see Section I.2 above). Pursuant to Clause 22.1, all Assets which are to be allocated to the Trucks & Buses Division and which are described in more detail in Clauses 22.2 to 40, in particular, form part of the Trucks & Buses Hive-down Assets to be transferred to Daimler Truck AG. In both cases, however, this only applies if the Assets are not expressly excluded from the transfer. The portion of Assets thus transferred to Mercedes-Benz AG is referred to in the Hive-down Agreement as the Cars & Vans Hive-down Assets and the portion of Assets transferred to Daimler Truck AG as the Trucks & Buses Hive-down Assets. Collectively, both are also referred to as the Hive-down Assets and individually as the respective Hive-down Assets.

792 Clauses 3.2 and 22.2 contain the description required under § 126 para. 1 no. 9 UmwG of the establishments or partial establishments transferred in the course of the Hive-down, together with an allocation to the Acquiring Entities. Pursuant to Clause 3.2, the hive-down of the Assets of the Cars & Vans Division includes the transfer of the establishments and partial establishments listed in Annex 3.2. Pursuant to Clause 22.2, the hive-down of the Assets of the Trucks & Buses Division includes the transfer of the establishments and partial establishments listed in Annex 22.2. This description is based on the definition under labor law of the establishments and partial establishments which are transferred to the Acquiring Entities by operation of law pursuant to § 613a BGB when the Hive-down takes effect.

793 For a more detailed determination of the assets and liabilities to be allocated to the Cars & Vans Division and the Trucks & Buses Division, respectively, which form part of the respective Hive-down Assets, Clauses 3.3 and 22.3 contain a reference to the Hive-down balance sheets for the Cars & Vans and Trucks & Buses Divisions developed from the Closing Balance Sheet and prepared in each case as at 1 January 2019, 0:00 a.m., which are enclosed to the Hive-down Agreement as Annexes 3.3 and 22.3. The Assets forming part of the Cars & Vans Hive-down Assets are recognized in the Cars & Vans Hive-down Balance Sheet, the Assets forming part of the Trucks & Buses Hive-down Assets are recognized in the Trucks & Buses Hive-down Balance Sheet. In addition, the Hive-down balance sheets recognize further assets and liabilities items that have their basis in the agreements concluded between Daimler AG and Mercedes-Benz AG or between Daimler AG and Daimler Truck AG, respectively, in the Hive-down Agreement in connection with the Cars & Vans Division or the Trucks & Buses Division, respectively, and that also transfer to Mercedes-Benz AG or Daimler Truck AG, respectively, upon the Hive-down taking effect at the Consummation Date. The latter category includes, in particular, the creation of internal derivatives in accordance with Clauses 16.11 and 35.11 of the Hive-down Agreement and the transfer of beneficial ownership of special purpose funds within the meaning of § 246 para. 2 sent. 2 HGB, which serve to secure Transferred Pension Obligations (as defined in more detail in Clauses 15 and 34 of the Hive-down Agreement). Further information on the Assets and liabilities transferred to Mercedes-Benz AG and Daimler Truck AG, respectively, can be found in Section G.I.1.b), which describes the accounting effects of the Hive-down.

794 However, a recognition in the respective Hive-down balance sheet is not a prerequisite for the transfer, since pursuant to Clauses 3.1 and 22.1 – as described above – even Assets that are not shown in the balance sheet and those that cannot be shown in the balance sheet may form part of the respective Hive-down Assets. The possibility of referring to balance sheets to determine or specify the Assets to be hived down is expressly provided for in § 126 para. 2 sent. 3 UmwG.

795 As a guideline for the allocation of an Asset to the Hive-down Assets in the event that the extent of use by the Cars & Vans Division, the Trucks & Buses Division or other divisions or functional departments of Daimler AG is important, Clauses 3.3 and 22.3 determine that the cut-off date of the Closing Balance Sheet is the relevant date for determining the extent of use. Where appropriate, a reasonable period prior to the cut-off date of the Closing Balance Sheet is to be used as a basis. This supplements the provisions of the Hive-down Agreement which are using the extent of use as a criterion for asset allocation.

796 Clauses 3.4 and 22.4 supplement the description of the Hive-down Assets from the tax perspective, according to which all functionally essential operating bases of the respective partial establishments for tax purposes (Cars & Vans or Trucks & Buses) and the assets allocable to this partial establishment in accordance with the economic context form part of the respective Hive-down Assets. Accordingly, the respective partial establishments for tax purposes include, in particular, the Assets that are shown in the Mercedes-Benz Cars and Mercedes-Benz Vans divisions or the Daimler Trucks and Daimler Buses divisons, respectively, in the segment reporting of the consolidated fi-

nancial statements of Daimler AG as at 31 December 2018. In addition, Clauses 3.4 and 22.4 clarify that the goodwill attributable to the respective partial establishment for tax purposes shall also be transferred. Furthermore, all functionally essential operating bases of the special tax-related assets (*Sonderbetriebsvermögen*) of Daimler AG in the case of Equity Interests in Partnerships forming part of the Hive-down Assets, which for tax purposes constitute a tax partnership (*Mitunternehmerschaft*), form part of the respective Hive-down Assets according to Clauses 3.4 and 22.4. According to Clauses 3.4 and 22.4, these provisions also apply to Assets which were not allocated to the respective Hive-down Assets by mentioning them in the Hive-down Agreement or in its Annexes, but which are to be allocated to the Hive-down Assets according to their economic context. In addition, Clauses 3.4 and 22.4 clarify further circumstances which cannot prevent the transfer of the functionally essential operating bases of the respective partial establishment for tax purposes (*steuerlicher Teilbetrieb*) as well as the transfer of the Assets allocable to this partial establishment in accordance with the economic context. By means of these provisions, Clauses 3.4 and 22.4 establish interpretation rules according to which all provisions of the Hive-down Agreement are to be interpreted in such a way that all functionally essential operating bases of the Cars & Vans partial establishments for tax purposes as well as the Assets attributable to this Cars & Vans Division in accordance with the economic context are transferred to Mercedes-Benz AG and all functionally essential operating bases of the Trucks & Buses partial establishments for tax purposes as well as the Assets attributable to this Trucks & Buses Division in accordance with the economic context are transferred to Daimler Truck AG. The same applies to the functionally essential operating bases of the special tax-related assets of Daimler AG in the case of Equity Interests in Partnerships which for tax purposes constitute a tax partnership and form part of the respective Hive-down Assets.

797 Clauses 3.5 and 22.5 specify the Assets forming part of the respective Hive-down Assets by reference to their recognition in company codes and subordinate divisions in the accounting groups of Daimler AG as of 1 January 2019 (Hive-down Effective Date) and define the terms of the Cars & Vans Accounting Groups and the Trucks & Buses Accounting Groups for the entire Hive-down Agreement. A list of the respective accounting groups is enclosed with the Hive-down Agreement as Annex 3.5a or Annex 22.5, respectively. As part of the more detailed description of the respective Hive-down Assets in Clauses 4 to 21 and 22 to 40, respectively, reference is made at various points to the respective accounting groups and in the Annexes to the account numbers recorded in these accounting groups. For additional clarification and delimitation of the Assets which remain with Daimler AG and are excluded from the Hive-down, a list of the Daimler AG accounting groups is enclosed in Annex 3.5b. By means of the combination of accounting groups and items booked on the individual accounts, an exact delimitation of the Cars & Vans Hive-down Assets and the Trucks & Buses Hive-down Assets is achieved both mutually and in relation to the Assets remaining at Daimler AG, to the extent these items are recorded in the accounts.

798 In Clauses 3.6 and 22.6, a number of Assets are listed as general exceptions which, although related in some way to the Cars & Vans Division or the Trucks & Buses Division, expressly do not form part of the Hive-down Assets and therefore are not trans-

ferred to Mercedes-Benz AG or Daimler Truck AG. Accordingly, certain Assets managed by the Group Treasury function are not included in the Hive-down Assets. These include, for example, certain legal relationships with banks, financial institutions and other third parties, certain collateral provided by Daimler AG, or rights and obligations of Daimler AG arising from collateral provided by third parties, bonds, commercial paper programs and other capital issues, derivatives, as well as contracts for cash pooling and financing of affiliated companies. Also excluded from the transfer to Mercedes-Benz AG and Daimler Truck AG under the exceptions set out in Clauses 3.6 and 22.6 are all control and profit and loss transfer agreements between Daimler AG and affiliated companies (see also the comments on Clauses 11.3 and 30.3). In addition, Assets that for tax purposes represent special tax-related assets (*Sonderbetriebsvermögen*) of Daimler AG at partnerships that do not form part of the Hive-down Assets are also excluded from the transfer. This again does not apply to the Equity Interests in Corporations listed in Annexes 11.1 and 30.1, which are transferred to the Acquiring Entities.

2. Intellectual property rights (Clauses 4 and 23)

799 Clauses 4 and 23 address intellectual property rights, including applications for the registration of intellectual property rights, in particular industrial property rights, copyrights and related property rights, and rights of use in respect of intellectual property rights.

800 Pursuant to Clauses 4.1 and 23.1, the respective Hive-down Assets include the intellectual property rights to be allocated exclusively to the Cars & Vans or Trucks & Buses Division as well as applications for the registration of intellectual property rights, in particular registered and non-registered industrial property rights as well as copyrights and related property rights, with the exception of rights to computer programs and comparable works as defined in Clause 6, and rights of use (such as image rights, film rights, music rights, etc.) relating thereto. This includes, in particular, the marks and IP rights listed individually in the Annexes to Clauses 4.1 and 23.1, such as trademarks, designs or domain names. Patents and utility models are not covered by the transfer under Clauses 4.1 and 23.1 as they are all used or could be used by several divisions and therefore fall under the scope of the exceptions in Clauses 4.2 and 23.2.

801 Pursuant to Clauses 4.2 and 23.2, such intellectual property rights are not transferred that are or could be used simultaneously by several divisions (Cars & Vans, Trucks & Buses, Daimler Financial Services), in particular the marks and IP rights listed in the Annexes to Clause 4.2. In this respect, Clause 23.2 makes reference to the Annexes to Clause 4.2 for the Trucks & Buses Hive-down Assets. These intellectual property rights (in particular patents, utility models, marks, designs and domain names) are not to be allocated exclusively to a single division, but are to be available for use by the entire Daimler Group and will in future be managed centrally by Daimler Brand & IP Management GmbH & Co. KG.

802 Pursuant to Clauses 4.3 and 23.3, Daimler AG will conclude an IP Trust and Allocation Agreement with Mercedes-Benz AG and Daimler Truck AG, respectively, with respect

to a large number of the marks and IP rights transferred under Clauses 4.1 and 23.1, respectively, which is enclosed with the Hive-down Agreement as Annex 4.3 and 23.3, respectively. Within the scope of the respective IP Trust and Allocation Agreement, Mercedes-Benz AG and Daimler Truck AG revocably commission Daimler AG with the comprehensive fiduciary management of the trademarks and IP rights eligible for registration assigned to the latter and thus ensure that Daimler AG can remain the owner of the intellectual property rights for registration law purposes and that no time-consuming and above all cost-intensive change of record of ownership of the intellectual property rights registered in numerous countries worldwide is required. However, Mercedes-Benz AG and Daimler Truck AG, respectively, remain the economic owners of the intellectual property rights transferred under Clauses 4.1 and 23.1. For the fiduciary administration of the IP rights, Daimler AG as trustee will receive under the respective IP Trust and Allocation Agreement from Mercedes-Benz AG and Daimler Truck AG, respectively, an arm's length fee in accordance with the provisions of the transfer pricing guideline of Daimler Group in the amount of the expenses incurred, plus an appropriate profit mark-up.

803 In addition, the respective IP Trust and Allocation Agreement contains provisions relating to future intellectual property rights generated by, at or for Mercedes-Benz AG or Daimler Truck AG, respectively. The purpose of these provisions of the respective IP Trust and Allocation Agreement is to ensure that all industrial property rights eligible for registration, including employee inventions, are allocated – from a formal legal perspective – to Daimler AG throughout Daimler Group, irrespective of their economic ownership. In this respect, the respective IP Trust and Allocation Agreement provides that Mercedes-Benz AG and Daimler Truck AG, respectively, are to assign to Daimler AG all inventions made with them or otherwise transferred to their control and, in return, will receive a lump-sum payment for each assigned invention that is filed for registration and, in the event of a sale to third parties outside the Group, a share of the sale proceeds. Specifically, the respective IP Trust and Allocation Agreement requires Daimler AG to pay an adequate arm's length lump sum to Mercedes-Benz AG or Daimler Truck AG, respectively, for each invention assigned to Daimler AG at its request and filed for registration. Should an invention assigned to Daimler AG by Mercedes-Benz AG or Daimler Truck AG, respectively, be licensed or sold by Daimler AG to third parties in which Daimler AG does not hold a direct or indirect (capital) interest under company law, under the respective IP-Trust and Allocation Agreement Mercedes-Benz AG or Daimler Truck AG, respectively, are to receive an additional appropriate remuneration to be agreed in each individual case as a portion of the license or sales proceeds.

3. Know-how (Clauses 5 and 24)

804 Clauses 5 and 24 describe the know-how forming part of the respective Hive-down Assets and stipulate that – subject to deviating provisions in the Hive-down Agreement – all know-how exclusively attributable to the Cars & Vans Division or the Trucks & Buses Division forms part of the respective Hive-down Assets. Know-how means the technical, scientific or other information (including information licensed in or purchased), including information and knowledge relating to unpatented and non-

registered inventions (whether patentable or not), discoveries, developments, improvements, trade and business secrets, technologies, aids, methods, processes, practices, formulas, guidelines, instructions, techniques, written ideas, technical improvements, designs, drawings, production and manufacturing processes, organizational rules, devices, specifications, results as well as safety, manufacturing and quality control information.

805 Clauses 5.2 and 24.2 each specify in lit. (a) to (g) the know-how transferred with regard to various individual areas, such as property, plant and equipment, research and development work, industrial property rights, products, manufacturing processes, purchasing processes, sales and marketing.

4. Software (Clauses 6 and 25)

806 Clauses 6 and 25 govern the transfer of software in the course of the Hive-down and the granting of rights to software outside the partial universal succession.

807 Firstly, Clause 6.1, to which Clause 25.1 refers, describes the software used by the Cars & Vans and Trucks & Buses Divisions. A distinction is made in this regard between production software, product software, enterprise software and special software:

- Production software controls processes for the development, production or sale of goods or services.
- Product software includes programs of which duplicates are contained in vehicles or other goods or services.
- In contrast, enterprise software is used to support certain central functions – such as Finance and Accounting – and is used regularly in all business areas.
- Special software is used to perform individual, isolated tasks within the Group.

808 These distinctions are fundamental for the treatment of software in the Hive-down Agreement. Only production and product software can potentially be a functionally essential operating basis for the Cars & Vans partial establishment for tax purposes (*steuerlicher Teilbetrieb*) or the Trucks & Buses partial establishment for tax purposes.

809 Consequently, pursuant to Clauses 6.2 and 25.2, Daimler AG transfers all its rights to production software and product software to Mercedes-Benz AG and Daimler Truck AG, respectively, if they are used solely by the Cars & Vans Division or the Trucks & Buses Division, respectively. This transfer is effected as a partial universal succession under the German Transformation Act. In this regard, Clauses 6.2 and 25.2 contain a more detailed specification of the rights to be transferred to production software and product software used in this way according to the nature of the property rights or rights of use existing in respect thereof. To further specify the rights and agreements relating to software forming part of the respective Hive-down Assets, Annexes 6.2 and 25.2 list

all computer programs and comparable works to which these rights and agreements relate.

810 Clauses 6.3 and 25.3 exclude all other rights to software from transfer under the German Transformation Act. This includes rights to the computer programs and comparable works listed in Annexes 6.4, 6.7 and 6.8. Clauses 6.4, 6.7 and 6.8 or 25.4, 25.7 and 25.8, respectively, contain separate measures for these computer programs and comparable works, which are implemented independently of the provisions of the Transformation Act. In this respect, Clause 25.3 makes reference to the Annexes to Clauses 6.4, 6.7 and 6.8 for the Trucks & Buses Hive-down Assets.

811 If production software and product software were only used by the Cars & Vans and Trucks & Buses Divisions on the cut-off date of the Closing Balance Sheet, both Acquiring Entities – Mercedes-Benz AG and Daimler Truck AG – are granted unlimited, non-exclusive rights on a permanent basis in Clauses 6.4 and 25.4 to the extent that Daimler AG is the owner of a legal position similar to an owner from a copyright law point of view. This is the case if it is the holder of "all property rights" or "exclusive rights of use". For further specification of the software covered by this provision, the key computer programs and comparable works are listed in Annex 6.4. This applies equally to the Cars & Van Hive-down Assets and the Trucks & Buses Hive-down Assets. This concept, which is based on the German Copyright Act (*Urheberrechtsgesetz*), provides the two companies with rights of use *in rem* under copyright law in accordance with Clauses 6.4 and 25.4.

812 Supplementing these two provisions, Clauses 6.5 and 25.5 create an obligation for Daimler AG to irrevocably and indefinitely waive the use and exercise of all rights to the production software and product software as defined in Clauses 6.4 and 25.4 for its own purposes. From this, certain functionalities of a small number of specifically named product software and production software are to be excluded, which either serve governance functions or would have to be qualified as enterprise software or special software if viewed in isolation. Furthermore, other than to Mercedes-Benz AG or Daimler Truck AG, Daimler AG may only confer, otherwise grant or provide to or tolerate the use by a third party of any rights in this software upon instruction from Mercedes-Benz AG or Daimler Truck AG. This ensures for tax purposes that Mercedes-Benz AG and Daimler Truck AG, respectively, are entitled to the rights to the software, in each case to the exclusion of the rights of Daimler AG in respect of this software.

813 In addition, Daimler AG authorizes Mercedes-Benz AG in Clause 6.6 and Daimler Truck AG in Clause 25.6 to assert and defend the rights granted to them in Clauses 6.4 and 25.4 in disputes of any kind against third parties in their own name. According to this provision, Daimler AG will support Mercedes-Benz AG and Daimler Truck AG in asserting their rights in this context.

814 In addition, Daimler AG undertakes in Clauses 6.7 and 25.7 to enable Mercedes-Benz AG or Daimler Truck AG to use the rights to such production and product software with effect from the Hive-down Effective Date which are not transferred by Clauses 6.2 or 25.2 or granted by Clauses 6.4 or 25.4, as long and to the extent that

Daimler AG is entitled to do so. The same applies to the rights to enterprise software not transferred pursuant to Clauses 6.3 or 25.3. All computer programs and comparable works affected by this are listed in Annex 6.7, which applies equally to the Cars & Vans Hive-down Assets and the Trucks & Buses Hive-down Assets. Clauses 6.7 and 25.7 also stipulate that the Parties shall agree on appropriate measures to enable Mercedes-Benz AG or Daimler Truck AG, respectively, to continue to use a computer program if the consent of a third party is required for this but is refused.

815 Clauses 6.8 and 25.8 contain the obligation of Daimler AG to enable Mercedes-Benz AG or Daimler Truck AG, respectively, with effect from the Hive-down Effective Date, to use the special software specifically listed for as long as and to the extent that Daimler AG is entitled to do so.

816 Finally, Clauses 6.9 and 25.9 contain conflict rules according to which the allocation of software and associated contracts pursuant to Clauses 6 and 25, respectively, applies notwithstanding any provisions in Clauses 16 and 35 and the pertinent Annexes that may be deviating and takes precedence over these provisions in the event of a conflict. This ensures, as a precaution, that the contracts associated with the software are allocated to the legal entity to which the software is allocated.

5. Databases and customer base (Clauses 7 and 26)

817 Clauses 7 and 26 concern the transfer of and access to Daimler AG's database contents and customer base.

818 There is no legal ownership or comparable legal position with regard to the data itself. Nonetheless, many of the data currently stored at Daimler AG can be allocated in terms of content to the respective division and are necessary for its continuation. Clauses 7.1 and 26.1 therefore initially stipulate as a basic rule that database contents, including customer data, which are to be allocated to the Cars & Vans or Trucks & Buses Divisions form part of the respective Hive-down Assets and follow these in their allocation. The Parties are of the opinion that the transfer of the database contents within the framework of the Hive-down does not constitute a process relevant to data protection law.

819 In practice, the transfer of database contents will be implemented by granting or maintaining access and authorization concepts. If data relates to several divisions, this may result in the respective information being accessed by both Mercedes-Benz AG and Daimler Truck AG. Database contents that relate exclusively to one division are only allocated to this division, with the consequence that the Hive-down Agreement initially only provides for access rights for the legal entity taking over the business segment. Deviating agreements are, however, possible in accordance with the provisions of Clauses 7.4 and 26.4 with effect from or after consummation of the Hive-down (see the explanations on Clauses 7.4 and 26.4), for example in order to make customer data of the other unit usable for the promotion of the own business area, subject to justification under data protection law.

820 For clarification purposes, Clauses 7.2 and 26.2 state that the respective Hive-down Assets also include the customer master data derived from the contracts and legal relationships to be transferred in accordance with Clauses 16 and 35, respectively. The provisions of Clauses 7.1 and 26.1, and thus the above comments, apply accordingly to access to such customer master data.

821 An exception to the general rule described above is provided for in Clauses 7.3 and 26.3 with regard to data relating to contracts and legal relationships not exclusively concerning one division. Mercedes-Benz AG and Daimler Truck AG, respectively, are entitled to access such data in accordance with, inter alia, data protection regulations, to the extent that they are relating to contracts and legal relationships for which an internal compensation has been agreed with the Acquiring Entity of the respective other division or with Daimler AG in accordance with Clauses 16.8 or 16.9 or 35.8 or 35.9. In practice, this means that data can be accessed even if the respective contract or legal relationship is hived down to the respective other legal entity due to its focus of use or if it remains with Daimler AG. The prerequisite for this is that there is an operative necessity for the utilization of the respective contract or the respective legal relationship also for the legal entity to which it was not hived down and therefore an internal legal relationship is entered into. In addition, there must be no legal obstacles in this regard, in particular under data protection law. As a result, Mercedes-Benz AG and Daimler Truck AG, respectively, also gain access to data resulting from contractual or legal relationships that affect the Cars & Vans Division or the Trucks & Buses Division not exclusively, but also in part.

822 In order to account for the fact that certain database contents are to be used by Daimler AG also after the Hive-down, inter alia for compliance and corporate governance issues or the development of new business areas, or by the respective other Acquiring Entity for specific purposes, in each case taking into account data protection and other requirements, Clauses 7.4 and 26.4 stipulate that the Parties may enter into corresponding agreements with effect from the Consummation Date or at a later point in time, provided that this does not conflict with the transfer of the respective division.

6. Other intangible assets (Clauses 8 and 27)

823 Clause 8 clarifies that all other intangible assets recognized in the Cars & Vans Accounting Groups or otherwise to be allocated to the Cars & Vans Division form part of the Cars & Vans Hive-down Assets, unless they are expressly excluded from the transfer elsewhere in the Hive-down Agreement. Accordingly, Clause 27 clarifies that all other intangible assets recognized in the Trucks & Buses Accounting Groups or otherwise to be allocated to the Trucks & Buses Division form part of the Trucks & Buses Hive-down Assets, unless they are expressly excluded from the transfer elsewhere in the Hive-down Agreement. These clauses serve as catch-all clauses and ensure that any intangible assets not specifically listed are also hived down.

7. Property, plant and equipment (Clauses 9 and 28)

824 Pursuant to Clauses 9.1 and 28.1, all property, plant and equipment recognized in the Cars & Vans Accounting Groups or otherwise allocated to the Cars & Vans Division forms part of the Cars & Vans Hive-down Assets, and all property, plant and equipment recognized in the Trucks & Buses Accounting Groups or otherwise allocated to the Trucks & Buses Division forms part of the Trucks & Buses Hive-down Assets, unless expressly provided otherwise in the Hive-down Agreement. These include, in particular, technical equipment and machines as well as tools, devices and gauges, also where they are in the possession of third parties, other equipment and items of factory and office equipment, leased assets, particularly vehicles, as well as rights and legal interests, in particular claims from advance payments made on property, plant and equipment and property, plant and equipment under construction. The property, plant and equipment of Daimler AG to be transferred to Mercedes-Benz AG or Daimler Truck AG, respectively, consist in particular of the items listed under the corresponding account numbers in the NACOS Accounting System. A list of the relevant account numbers is enclosed with the Hive-down Agreement as Annex 9.1 for the Cars & Vans Hive-down Assets and Annex 28.1 for the Trucks & Buses Hive-down Assets.

825 Clauses 9.2 and 28.2 extend the allocation to the respective Hive-down Assets to the low-value assets of Daimler AG not recognized in the balance sheet that are to be allocated to one of the Acquiring Entities. Accordingly, the Cars & Vans Hive-down Assets include the low-value assets to be allocated to the Cars & Vans Division and the Trucks & Buses Hive-down Assets include the low-value assets to be allocated to the Trucks & Buses Division. The allocation to a division is based, in particular, on their use by the functional areas which are transferred to the respective Acquiring Entity. Accordingly, the respective Hive-down Assets include, in particular, the low-value assets used by the functional areas transferred to Mercedes-Benz AG and Daimler Truck AG, respectively. A list of the functional areas transferred to Mercedes-Benz AG or Daimler Truck AG, respectively, is enclosed with the Hive-down Agreement in connection with the description of the transferred establishments or partial establishments in Annex 3.2 and 22.2, respectively, to which Clauses 9.2 and 28.2 refer.

8. Limited personal easements and other land register rights (Clauses 10 and 29)

826 Clauses 10 and 29 contain provisions on limited personal easements and other rights entered in the land register in favor of Daimler AG. The limited personal easements (§ 1090 BGB) entitle Daimler AG to use the respective property encumbered with the easement in certain ways in accordance with the more detailed provisions of the respective easement.

827 Clauses 10.1 and 29.1 describe in general which limited personal easements and other land register rights form part of the respective Hive-down Assets. This applies, in particular, to rights of first refusal *in rem* or rights of purchase and ownership priority notices as well as other land register rights relating to the respective Hive-down Assets.

828 Clauses 10.2 and 29.2 stipulate, for the purpose of further specifying the transferred limited personal easements and other land register rights, that in particular the land register items relating to the land or buildings described in Annex 10.2 or 29.2 in accordance with the applicable legal requirements and the claims for registration of such a right secured by priority notice form part of the respective Hive-down Assets.

829 To secure the transfer, Clauses 10.3 and 29.3 stipulate that Daimler AG undertakes to transfer the limited personal easements and other land register rights by way of individual succession if the transfer by way of hive-down were to fail. Accordingly, Daimler AG and Mercedes-Benz AG and Daimler AG and Daimler Truck AG, respectively, will put each other in such position internally as if the relevant rights had already been transferred to Mercedes-Benz AG and Daimler Truck AG, respectively, on the Hive-down Effective Date. In addition, Mercedes-Benz AG and Daimler Truck AG, respectively, undertake to grant a right of joint use if Daimler AG or a company affiliated with it also requires the limited personal easements or other land register rights to secure, establish, use or develop its assets or has promised them to a third party for exercise.

9. Equity interests (Clauses 11 and 30)

830 Clauses 11 and 30 relate to the equity interests of Daimler AG in corporations and partnerships to be transferred (or excluded from transfer) and to related agreements and legal interests.

831 Pursuant to Clause 11.1, the shares and equity interests held by Daimler AG in the corporations listed in Annex 11.1 (including their respective subsidiaries and participations) form part of the Cars & Vans Hive-down Assets. Annex 30.1 contains a list of the shares and equity interests held by Daimler AG in corporations which pursuant to Clause 30.1 form part of the Trucks & Buses Hive-down Assets (including their respective subsidiaries and participations). Annexes 11.1 and 30.1 exclusively list the corporations (majority and minority shareholdings) which for tax purposes are transferred pursuant to § 21 UmwStG. Pursuant to Clause 2.2, a different Tax Transfer Date applies to these equity interests (see the explanations on Clause 2.2). In this case, the Tax Transfer Date is the date of the Hive-down taking effect by entry in the commercial register of Daimler AG.

832 Pursuant to Clause 11.2, all shares and equity interests held by Daimler AG in the partnerships listed in Annex 11.2 form part of the Cars & Vans Hive-down Assets. Annex 30.2a contains a list of the shares and equity interests held by Daimler AG in partnerships which pursuant to Clause 30.2 form part of the Trucks & Buses Hive-down Assets. To the extent equity interests in these partnerships are to be regarded as partnerships for tax purposes, Assets forming part of the special tax-related assets (*Sonderbetriebsvermögen*) of Daimler AG at the respective tax partnership (*Mitunternehmerschaft*) shall be included in the respective Hive-down Assets to the extent they constitute functionally essential operating bases. This shall also include the shares and equity interests held by Daimler AG in the corporations listed in Annex 30.2b. Therefore, Annex 30.2b only lists such corporations that for tax purposes form part of Daim-

ler AG's special tax-related assets with a partnership to be hived down and therefore form part of the Trucks & Buses Hive-down Assets pursuant to Clause 30.2. The Tax Transfer Date for the transfer of the special tax-related assets – including the equity interests in Annex 30.2b – is 31 December 2018, 12:00 p.m.

833 Clauses 11.3 and 30.3 supplement the provisions on the respective transferred equity interests by stipulating that all pertaining rights and obligations, including any entitlement to a share in profits and undertakings for the assumption of losses, are transferred to the respective Acquiring Entity together with the associated equity interests. The same applies accordingly with respect to syndication agreements and other shareholder agreements connected with or relating to such equity interests, and also, in the event that the equity interest is not vested in company law, but is merely an economic interest (e.g. through a trust relationship), with respect to the legal position conferring the economic interest. This provision is subject to the proviso that nothing to the contrary is expressly stipulated in the Hive-down Agreement. In this respect, for example, Clauses 3.6(b) and 22.6(b) exclude all control and profit and loss transfer agreements of Daimler AG with affiliated companies from the transfer. The background to this provision is that the tax requirements for establishing an income tax group with the transferred equity interests would not otherwise be fulfilled.

834 Clause 11.4 excludes the shares and equity interests in corporations and partnerships listed in Annex 11.4, in each case including their respective subsidiaries, from the transfer to Mercedes-Benz AG. Annex 11.4 also applies to the Trucks & Buses Hive-down Assets, with the consequence that Clause 30.4 refers to Annex 11.4 and also excludes the equity interests listed therein from the transfer to Daimler Truck AG.

10. Receivables (Clauses 12 and 31)

835 Pursuant to Clause 12.1, all receivables recognized in the Cars & Vans Accounting Groups or otherwise to be allocated to the Cars & Vans Division form part of the Cars & Vans Hive-down Assets, unless they are expressly excluded from the transfer elsewhere in the Hive-down Agreement. Subject to the same reservation, Clause 31.1 stipulates accordingly that all receivables recognized in the Trucks & Buses Accounting Groups or otherwise to be allocated to the Trucks & Buses Division form part of the Trucks & Buses Hive-down Assets. Clauses 12.1 and 31.1 each contain a non-exhaustive list of transferred receivables, such as all operating trade receivables attributable to the Cars & Vans and Trucks & Buses Divisions, including receivables from affiliated companies and from companies in which an interest is held, receivables from tax authorities arising from wage and church taxes on the respective wages and salaries of the Transferred and Former Employees Cars & Vans and the Transferred and Former Employees Trucks & Buses, respectively, cash in hand and balances on Industrial Accounts Cars & Vans or on Industrial Accounts Trucks & Buses, respectively, as well as letters of credit, bills of exchange, cheques and other payment instruments in favor of Daimler AG. The receivables to be hived down pursuant to Clauses 12.1 and 31.1 also include credit balances resulting from, inter alia, the netting of receivables and liabilities prematurely fulfilled in December 2018 which are to be allocated to the Cars & Vans Division or the Trucks & Buses Division, respectively, and which would

have been transferred to Mercedes-Benz AG or Daimler Truck AG, respectively, as part of the Hive-down if they had not been fulfilled before the Hive-down Effective Date. These credit balances serve the fulfillment of obligations arising from Derivatives transferred economically to Mercedes-Benz AG or Daimler Truck AG, respectively, pursuant to Clauses 16.11 and 35.11.

836 This includes, in particular, the accounts receivable booked on the accounts listed in Annexes 12.1 and 31.1 from the NACOS Accounting System. The account numbers stated in Annexes 12.1 and 31.1 serve to specify the receivables forming part of the respective Hive-down Assets. Clauses 12.1 and 31.1 also clarify that any security is also transferred which has been granted for an account receivable forming part of the respective Hive-down Assets.

837 In continuation of the exception with regard to Assets managed by the Group Treasury function (see Section II.1 above in this respect), Clauses 12.2(a) and 31.2(a) exclude from the transfer all receivables resulting from the agreements excluded under Clauses 3.6 and 22.6, respectively. In addition, pursuant to 12.2(b) and 31.2(b), all other tax receivables (i.e. those which are not receivables from wage and church taxes of the Transferred Employees) are not transferred.

11. Inventories and other current assets and prepaid expenses (Clauses 13 and 32)

838 Clauses 13 and 32 govern the transfer of inventories and other current assets as well as the legal relationships underlying the prepaid expenses.

839 Pursuant to Clause 13, all inventories and other current assets recognized in the Cars & Vans Accounting Groups or otherwise to be allocated to the Cars & Vans Division form part of the Cars & Vans Hive-down Assets, unless expressly provided otherwise elsewhere in the Hive-down Agreement. Subject to the same reservation, Clause 32 stipulates accordingly that all inventories and other current assets recognized in the Trucks & Buses Accounting Groups or otherwise to be allocated to the Trucks & Buses Division form part of the Trucks & Buses Hive-down Assets. In this regard, Clauses 13 and 32 each contain a list of assets derived from the items of the commercial law balance sheet. In Annexes 13 and 32, a further specification is made by reference to the account numbers from the NACOS Accounting System, which also includes prepaid expenses.

12. Liabilities and obligations, risks and burdens (Clauses 14 and 33)

840 Clauses 14 and 33 concern the liabilities and obligations to be transferred or excluded from the transfer as well as other risks and burdens of Daimler AG.

841 Pursuant to Clause 14.1, all liabilities and obligations recognized in the Cars & Vans Accounting Groups or otherwise to be allocated to the Cars & Vans Division form part of the Cars & Vans Hive-down Assets, unless they are expressly excluded from the transfer elsewhere in the Hive-down Agreement. Subject to the same reservation,

Clause 33.1 stipulates accordingly that all liabilities recognized in the Trucks & Buses Accounting Groups or otherwise to be allocated to the Trucks & Buses Division form part of the Trucks & Buses Hive-down Assets. Clauses 14.1 and 33.1 also include uncertain liabilities, contingent liabilities and future liabilities of Daimler AG whose legal basis has already been established, irrespective of whether or not these liabilities are eligible for recognition in the balance sheet. Clauses 14.1 and 33.1 each contain a non-exhaustive list of transferred liabilities and obligations, such as all operating trade payables attributable to the Cars & Vans and Trucks & Buses Divisions, including payables to affiliated companies and to companies in which an interest is held, payables to tax authorities arising from wage and church taxes on the respective wages and salaries of the Transferred and Former Employees Cars & Vans and the Transferred and Former Employees Trucks & Buses, respectively, as well as liabilities arising from withholding taxes and uncertain liabilities, obligations and burdens underlying the provisions. The uncertain liabilities also include liabilities and obligations from existing Performance Phantom Share Plans of Daimler AG to the employee groups and company pensioners specified in Clauses 14.1(d) and 33.1(d), respectively.

842 The provisions in Clauses 14.1 and 33.1 apply, in particular, to the liabilities and deferred income booked in the accounts from the NACOS Accounting System listed in Annexes 14.1a and 33.1a and the uncertain liabilities and obligations listed in Annexes 14.1b and 33.1b with a reference to the account numbers applicable to the relevant provisions. By way of clarification, Clauses 14.1 and 33.1 also stipulate the transfer of further risks and burdens to be allocated to the Cars & Vans and Trucks & Buses Divisions. Risks from legal proceedings inter alia in connection with diesel exhaust gas emissions are thus allocated to Mercedes-Benz AG, while risks from legal proceedings inter alia following the settlement decision by the European Commission adopted in July 2016 concluding the trucks antitrust proceedings are allocated to Daimler Truck AG.

843 In continuation of the exception with regard to Assets managed by the Group Treasury function (see Section II.1 above in this respect), Clauses 14.2(a) and 33.2(a) exclude from the transfer all liabilities resulting from the agreements excluded under Clauses 3.6 and 22.6, respectively. In addition, Clauses 14.2 and 33.2 contain further exceptions to the transfer in respect of pension obligations to employees who remain with Daimler AG, as well as certain and uncertain tax liabilities with the exception of those specified in Clauses 14.1(b) and 33.1(b). Furthermore, pursuant to Clauses 14.2 and 33.2, uncertain liabilities and obligations as well as risks and burdens in connection with allegedly incorrect capital market information provided by Daimler AG are excluded from the transfer since only the shares of Daimler AG are listed on the stock exchange.

844 In addition, Clauses 14.3 and 33.3 stipulate that Mercedes-Benz AG and Daimler Truck AG, respectively, shall assume the debt in a discharging manner in the event that the transfer of liabilities forming part of the respective Hive-down Assets by way of a hive-down is not permitted or not possible. As a result of an indemnification of Daimler AG in the internal relationship by Mercedes-Benz AG or Daimler Truck AG, respectively, the liability is recognized exclusively at Mercedes-Benz AG or Daimler Truck AG.

845 Further information on the certain and uncertain liabilities transferred to Mercedes-Benz AG and Daimler Truck AG, respectively, can be found in Section G.I.1 b), which describes the accounting effects of the Hive-down on the balance sheet of Daimler AG according to the German Commercial Code (HGB).

13. Liabilities from company pensions, partial retirement and long-term accounts, insolvency protection (Clauses 15 and 34)

846 Clauses 15 and 34 govern the treatment of Daimler AG's liabilities from company pensions, partial retirement and long-term accounts as well as the transfer of securities created for insolvency protection by means of CTA Trust Agreements and of beneficial ownership in respect of the coverage assets of the trust assets.

Overview

847 Pursuant to Clauses 15.1 and 34.1, notwithstanding the consequences of the Hive-down for the employees, the respective Hive-down Assets include all pension obligations existing at Daimler AG (consisting of pension obligations and future entitlements) towards those employees who are transferring to Mercedes-Benz AG or Daimler Truck AG, respectively, including those vis-à-vis surviving dependants entitled under the pension obligations and persons entitled to compensation, and any rights relating thereto. Clauses 15.1 and 34.1 sent. 1 clarify in this context that this includes pension obligations from deferred compensation resulting from the general works agreement on company pensions from deferred compensation – "Future Capital", as well as those resulting from the pension provisions on company pensions from deferred compensation for senior executives of Daimler AG – "Future Capital LFK".

848 Clauses 15.1 and 34.1, in their sub-clauses 2 to 4, refer to the security in the form of trust assets established by the CTA Trust Agreements 'old bAV', 'new bAV' and 'Future Capital', which the respective trustee holds in trust on behalf of the secured pension beneficiaries. Sub-clause 5 provides that the security created by the Trust Agreements 'old BAV', 'new BAV' and 'Future Capital' is to be transferred to Mercedes-Benz AG and Daimler Truck AG, respectively, in accordance with the provisions in Clauses 15 and 34.

849 The obligation to fulfill certain direct benefit commitments vis-à-vis Daimler AG's company pensioners who had already received company pension benefits from Daimler AG as of the relevant date of 31 October 2018, was transferred to Daimler Pensionsfonds AG prior to the Hive-down Effective Date (see Section I.IV.2 above). In accordance with the pension fund agreement for the Daimler Pensionsfonds AG 2018 Group Pension Plan concluded between Daimler Pensionsfonds AG and Daimler AG on 7 December 2018, Daimler Pensionsfonds AG undertook to implement certain benefit commitments pursuant to § 1 para. 1 sent. 1 or para. 2 no. 1 BetrAVG, which were granted by Daimler AG as direct commitments and which are to be fulfilled by Daimler Pensionsfonds AG after payment of the December 2018 pension from the previous implementation route. The transfer of deferred claims of the company pension beneficiaries whose pension obligations were transferred to Daimler Pensionsfonds AG

against Daimler AG is governed by Clauses 15.6 and 34.6. In addition, Clauses 15.7 and 34.7 contain provisions on the exemption of Daimler AG from any obligations to make additional contributions to Daimler Pensionsfonds AG and on the procedure to be followed in the event of overfunding.

Transfer of the security from the Trust Agreements 'old bAV', 'new bAV' and 'Future Capital' for transferred pension obligations to Transferred Employees

850 Clauses 15.2 and 34.2 regulate and describe the transfer of the security from the Trust Agreement 'old bAV' (i.e. the Trust Assets 'old BAV') of such pension obligations which are transferred to Mercedes-Benz AG or Daimler Truck AG, respectively, pursuant to Clauses 15.1 and 34.1 and which are secured by the Trust Agreement 'old bAV'. The transfer is based on an agreement between Daimler AG, Daimler Pension Trust e.V. (DPT) as trustee and Mercedes-Benz AG or Daimler Truck AG, respectively (Agreement for the Partial Assumption of the Trust Agreement 'old bAV'). By means of this Agreement for the Partial Assumption of the Trust Agreement 'old bAV', Mercedes-Benz AG or Daimler Truck AG, respectively, assume the rights and obligations of Daimler AG under the Trust Agreement 'old bAV' with discharging effect, subject to the condition precedent of the Hive-down taking effect, to the extent these rights and obligations relate to the pension obligations transferred to Mercedes-Benz AG or Daimler Truck AG, respectively (the agreement between Mercedes-Benz AG and DPT or between Daimler Truck AG and DPT, respectively, resulting from the Agreement for the Partial Assumption of the Trust Agreement 'old bAV' by means of the agreed assumption of the rights and obligations with discharging effect is hereinafter also referred to as the "**Trust Agreement Mercedes-Benz AG 'old bAV'**" or "**Trust Agreement Daimler Truck AG 'old bAV'**", respectively).

851 Lit. (a) of Clauses 15.2 and 34.2 provides that the parties to the Agreement for the Partial Assumption of the Trust Agreement 'old bAV' will put each other in such position therein as if the security for the pension obligations transferred to Mercedes-Benz AG or Daimler Truck AG, respectively, had been transferred with economic effect from the Hive-down Effective Date. Lit. (b) and (c) describe the value and subject matter of the security to be transferred by the Agreement for the Partial Assumption of the Trust Agreement 'old bAV'. With regard to the Trust Assets 'old bAV', lit. (d) describes those assets which as of the Hive-down Effective Date are allocated to the respective Trust Assets 'old bAV' under the Trust Agreement Mercedes-Benz AG 'old bAV' or the Trust Agreement Daimler Truck AG 'old bAV', respectively. In the event that assets held as trust assets are not divisible, they may be allocated to one of the Trust Assets. With regard to Daimspain S.L., that portion is allocated to the trust assets under the Trust Agreement Mercedes-Benz AG 'old bAV' or Daimler Truck AG 'old bAV', respectively, which, at the Hive-down Effective Date, corresponds to the respective portion of the obligation value of the respective Transferred Pension Obligations as defined in § 5 Trust Agreement 'old bAV' in respect of the respective total obligation value as defined in § 11 (2) Trust Agreement 'old bAV'. To the extent the required coverage ratio is not achieved, a fractional settlement is conducted in the form of divisible assets or in cash. The assets thus allocated are listed in Annexes 15.2 and 34.2. The list in Annexes 15.2 and 34.2 is updated until the Consummation Date. It will then in-

clude, to the extent possible, the assets of the Trust Assets 'old bAV' which are to be allocated to the respective trust assets under the Trust Agreement Mercedes-Benz AG 'old bAV' or the Trust Agreement Daimler Truck AG 'old bAV', respectively, at the Consummation Date and which are required under the Trust Agreement 'old BAV' for securing the Transferred Pension Obligations Cars & Vans or Trucks & Buses, respectively. With respect to these assets and any fractional settlement in divisible assets or in cash required at the Consummation Date, Daimler AG, DPT and Mercedes-Benz AG or Daimler Truck AG, respectively, shall each put each other in such position as if the security for the respective Transferred Pension Obligations existed from the Hive-down Effective Date. Lit. (e) clarifies that until the Consummation Date, Daimler AG may instruct DPT to divide, replace or restructure in any other suitable form the items of the respective Trust Assets 'old bAV' under the Trust Agreement Mercedes-Benz AG 'old bAV' or Daimler Truck AG 'old bAV', respectively, for the purpose of, but not limited to, transferring them at the Consummation Date, taking into account not only the security to be transferred to Mercedes-Benz AG, but also the security to be transferred to Daimler Truck AG and the security remaining with Daimler AG.

852 Clauses 15.3 and 34.3 regulate and describe the transfer of the security from the Trust Agreement 'new bAV' (i.e. the Trust Assets 'new bAV') of such pension obligations which are transferred to Mercedes-Benz AG or Daimler Truck AG, respectively, pursuant to Clauses 15.1 and 34.1. This is done largely in the same way as under the provisions governing the Trust Assets 'old bAV' (Clauses 15.2 and 34.2). However (in contrast to the provisions in Clauses 15.2 and 34.2), the pension assets allocated to the respective individual pension accounts of the Transferred Pension Obligations Cars & Vans or Trucks & Buses are allocated to the Trust Assets under the Trust Agreement Mercedes-Benz AG 'new bAV' or Daimler Truck AG 'new bAV'; to the extent that the Trust Assets 'new bAV' contain divisible assets that are not allocated to individual pension accounts, that portion which corresponds to the portion of the obligation value of the Transferred Pension Obligations Cars & Vans or Trucks & Buses, respectively, as defined in § 5 Trust Agreement 'new bAV' in relation to the total obligation value as defined in § 11 (2) Trust Agreement 'new bAV' is allocated to the respective trust assets under the Trust Agreement Mercedes-Benz AG 'new BAV' or Daimler Truck AG 'new bAV', respectively. The assets thus allocated are listed in Annexes 15.3 and 34.3. The list in Annexes 15.3 and 34.3 is updated until the Consummation Date. It will then include the assets of the Trust Assets 'new bAV' which are to be allocated to the respective trust assets under the Trust Agreement Mercedes-Benz AG 'new bAV' or the Trust Agreement Daimler Truck AG 'new bAV', respectively, at the Consummation Date and which are required under the Trust Agreement 'new BAV' for securing the Transferred Pension Obligations Cars & Vans or Trucks & Buses, respectively.

853 Clauses 15.4 and 34.4 stipulate that for the transfer of the security for the Transferred Pension Obligations Cars & Vans created by means of the Trust Agreement 'Future Capital', which are secured by the Trust Agreement 'Future Capital', Mercedes-Benz AG and Daimler Truck AG, respectively, are each to conclude new trust agreements with Allianz Treuhand GmbH until the Consummation Date in accordance with the Trust Agreement 'Future Capital' and for the creation of an equivalent security as defined in the Trust Agreement 'Future Capital' and are to instruct Allianz Treuhand

GmbH in writing to allocate in each case – in accordance with § 12 (1) of the Trust Agreement 'Future Capital' – that portion of the Trust Assets 'Future Capital' to the new Trust Agreements as of the Consummation Date which secures the Transferred Pension Obligations Cars & Vans or Trucks & Buses, respectively. Daimler AG, Mercedes-Benz AG and Daimler Truck AG agree that in this respect they shall put each other in such positions as if the security had been transferred with economic effect as of the Hive-down Effective Date. The portion of the Trust Assets 'Future Capital' that secures the respective Transferred Pension Obligations is shown in Annexes 15.4 and 34.4 as of the Hive-down Effective Date. The list in Annexes 15.4 and 34.4 is updated until the Consummation Date. It will then include, to the extent possible, the assets of the Trust Assets 'Future Capital' which are to be allocated to the respective trust assets under the Trust Agreement Mercedes-Benz AG 'Future Capital' or the Trust Agreement Daimler Truck AG 'Future Capital', respectively, at the Consummation Date and which are required under the Trust Agreement 'Future Capital' for securing the Transferred Pension Obligations Cars & Vans or Trucks & Buses, respectively.

Other pension obligations transferred to Mercedes-Benz AG or Daimler Truck AG

854 Pursuant to Clauses 15.5 and 34.5, the respective Hive-down Assets also include all pension obligations existing at Daimler AG (consisting of pension obligations and future entitlements) vis-à-vis the Employees Cars & Vans or the Employees Trucks & Buses, respectively, and the New Employees Cars & Vans or the New Employees Trucks & Buses, respectively, as defined in Clause 20.1 of the Hive-down Agreement, whose employment relationships have ended or will end in the period between the Hive-down Effective Date and the Consummation Date and which in each case were allocated to the Cars & Vans or Trucks & Buses Division, respectively, at the time of their leaving the company, including such rights and obligations vis-à-vis surviving dependants entitled under the pension obligations and persons entitled to compensation and including those from deferred compensation (Future Capital and Future Capital LFK), and any rights relating thereto. With regard to the transfer to Mercedes-Benz AG or Daimler Truck AG, respectively, of the security existing in this respect, which has been created for these Transferred Pension Obligations on the basis of the Trust Agreement 'old bAV', the Trust Agreement 'new bAV' and the Trust Agreement 'Future Capital', the analogous application of Clauses 15.2 to 15.4 and 34.2 to 34.4, respectively, is provided for.

855 Pursuant to Clauses 15.6 and 34.6, the respective Hive-down Assets further include all pension obligations existing at Daimler AG vis-à-vis company pensioners who already left the company before the Hive-down Effective Date and vested pension expectants who left the company before the Hive-down Effective Date (including such rights and obligations vis-à-vis surviving dependants entitled under the pension obligations and persons entitled to compensation, including those from deferred compensation (Future Capital and Future Capital LFK) and including those from deferred claims, e.g. Pursuant to § 1 para. 1 sent. 3 BetrAVG) who were allocated to the Cars & Vans Division or to the Trucks & Buses Division, respectively, at the time of their leaving the company, as well as any rights relating thereto, namely with regard to the company pensioners

who already left the company before the Hive-down Effective Date in the following cases:

- where the pension obligations vis-à-vis the beneficiary company pensioners have not been transferred to Daimler Pensionsfonds AG, i.e. to the extent that Daimler Pensionsfonds AG has not undertaken to implement benefit commitments pursuant to § 1 para. 1 sent. 1 or para. 2 no. 1 BetrAVG that were granted by Daimler AG as direct commitments;

- if the pension obligations vis-à-vis the beneficiary company pensioners have been transferred to Pensionsfonds AG by agreement dated 7 December 2018 (Pension Fund Agreement) (assumption of the implementation of benefit commitments pursuant to § 1 para. 1 sent. 1 or para. 2 no. 1 BetrAVG which were granted by Daimler AG as direct commitments), to the extent, if any, that (deferred) claims of the beneficiary company pensioners exist against Daimler AG (e.g. under § 1 para. 1 sent. 3 BetrAVG).

These company pensioners, vested pension expectants and other beneficiaries are listed in Annexes 15.6a and 15.6b and 34.6a and 34.6b, respectively. These lists are updated until the Consummation Date. Also with regard to the transfer to Mercedes-Benz AG or Daimler Truck AG, respectively, of the security existing in this respect, which has been created for these Transferred Pension Obligations on the basis of the Trust Agreement 'old bAV', the Trust Agreement 'new bAV' and the Trust Agreement 'Future Capital', the analogous application of Clauses 15.2 to 15.4 and 34.2 to 34.4, respectively, is provided for.

Indemnification of Daimler AG against obligations vis-à-vis Daimler Pensionsfonds AG

856 Clauses 15.7 and 34.7 govern the legal relationships of the Parties in connection with the provision of the funds necessary for Daimler Pensionsfonds AG to implement the benefit commitments.

857 To the extent that Daimler Pensionsfonds AG asserts claims against Daimler AG in respect of pension obligations to be performed by Daimler Pensionsfonds AG pursuant to Clause 2.1 of the Pension Fund Agreement, Mercedes-Benz AG and Daimler Truck AG, respectively, are obliged pursuant to Clauses 15.7 and 34.7 to indemnify Daimler AG in respect of such claim to the extent that the claim relates to company pensioners who left the company before the Hive-down Effective Date (including surviving dependants entitled under the pension obligations and persons entitled to compensation) and who were allocated to the Cars & Vans or Trucks & Buses Division, respectively, at the time of the transfer of their pension obligations to Daimler Pensionsfonds AG pursuant to Clauses 15.6(b) and 34.6(b), respectively. This claim will be deemed to have been satisfied to the extent that, in order to fulfil the obligation to make subsequent contributions, amounts from the trust assets administered under the Trust Agreement Mercedes-Benz AG 'old bAV' or the Trust Agreement Daimler Truck AG 'old bAV', respectively, are made available.

858 In this regard, Clauses 15.7 and 34.7 provide that Daimler AG is entitled to require Mercedes-Benz AG or Daimler Truck AG, respectively, to demand from DPT to provide the amount required to meet the subsequent funding obligation from the trust assets which are administered under the Trust Agreement Mercedes-Benz AG 'old bAV' or the Trust Agreement Daimler Truck AG 'old bAV', respectively, in the amount resulting from the ratio of the benefit commitments vis-à-vis retired employees of the Cars & Vans Division or the Trucks & Buses Division, respectively, assumed by Daimler Pensionsfonds AG to the total benefit commitments assumed by Daimler Pensionsfonds AG as at the cut-off date of the Closing Balance Sheet. Furthermore, Daimler AG and Mercedes-Benz AG or Daimler Truck AG, respectively, undertake in Clauses 15.7 and 34.7 to enter into an agreement to this effect in the Agreement for the Partial Assumption of the Trust Agreement 'old bAV'. If this agreement is not concluded because DPT does not agree to it, Mercedes-Benz AG and Daimler Truck AG, respectively, are obliged to put Daimler AG in a position as if the agreement had been concluded.

859 If there is a surplus cover at Daimler Pensionsfonds AG which allows for a (re)transfer of assets by Daimler Pensionsfonds AG pursuant to § 3b (1) Trust Agreement 'old bAV', Daimler AG is obliged under Clauses 15.7 and 34.7 to ensure that Daimler Pensionsfonds AG transfers the assets to be released directly to DPT for the account of Mercedes-Benz AG or for the account of Daimler Truck AG, respectively, and for the purpose of financing and securing the pension obligations secured under the Trust Agreement Mercedes-Benz AG 'old bAV' or the Trust Agreement Daimler Truck AG 'old bAV', respectively, in the amount of the portion paid by Mercedes-Benz AG or Daimler Truck AG, respectively, to Daimler Pensionsfonds AG in relation to all amounts paid by Mercedes-Benz AG, Daimler Truck AG and Daimler AG to Daimler Pensionsfonds AG as a subsequent contribution.

860 If beyond this there is a surplus cover at Daimler Pensionsfonds AG which allows for a (re)transfer of assets by Daimler Pensionsfonds AG to Daimler AG which exceeds the retransfer obligation described above, Daimler AG is obliged pursuant to Clauses 15.7 and 34.7 to ensure that Daimler Pensionsfonds AG transfers a portion of the assets to be released directly to DPT for the account of Mercedes-Benz AG or for the account of Daimler Truck AG, respectively; this portion is to be calculated based on the relation of the obligation value of the pension obligations transferred to Daimler Pensionsfonds AG, which were allocated to the Cars & Vans or the Trucks & Buses Division, respectively, to the obligation value of all pension obligations transferred to Daimler Pensionsfonds AG as at the cut-off date of the Closing Balance Sheet.

Obligations from partial retirement accounts and long-term accounts as well as agency agreements transferred to Mercedes-Benz AG or Daimler Truck AG

861 Pursuant to Clauses 15.8 and 34.8, the respective Hive-down Assets include all obligations of Daimler AG under partial retirement and long-term accounts vis-à-vis the Transferred Employees Cars & Vans and the Transferred Employees Trucks & Buses, as well as any rights relating thereto. Clause 15.8 sent. 2 refers to and defines the CTA Time Accounts Trust Agreement by which Daimler AG secures its obligations from

partial retirement and long-term accounts against insolvency. Sentence 3 refers to the Time Account Agency Agreements which three companies affiliated with Daimler AG have concluded with Daimler AG and under which – by virtue of the CTA Time Accounts Trust Agreement – Daimler AG also protects the obligations of these three companies affiliated with Daimler AG vis-à-vis their employees from partial retirement and long-term accounts against insolvency. Under Clause 15.8 sent. 4, both the CTA Time Account Trust Agreement and the Time Account Agency Agreements form part of the Cars & Vans Hive-down Assets, i.e. they are transferred to Mercedes-Benz AG.

862 Clause 15.9, to which Clause 34.8 refers, provides for the conclusion of agency agreements under which as of the Consummation Date or as of 1 January 2022, respectively, Mercedes-Benz AG will secure obligations of Daimler AG and Daimler Truck AG, respectively, arising from partial retirement and long-term accounts against insolvency. The agreement on the agency relationship under which Mercedes-Benz AG secures Daimler Truck AG's obligations from partial retirement and long-term accounts against insolvency between the Consummation Date and 31 December 2021, is concluded directly in Clause 15.9.

14. Agreements and other legal relationships (Clauses 16 and 35)

863 Clauses 16 and 35 address the transfer of agreements and other legal relationships and also govern the internal legal relationships of the Parties with regard to transferred agreements and agreements excluded from the transfer.

Agreements transferred to Mercedes-Benz AG or Daimler Truck AG

864 By means of a general clause, Clauses 16.1 and 35.1 describe the agreements to be transferred in general. Accordingly, all agreements, agreement offers and other obligatory and legal relationships, including the pertinent rights and obligations, to be allocated to the Cars & Vans Division or to the Trucks & Buses Division form part of the respective Hive-down Assets, unless expressly provided otherwise elsewhere in the Hive-down Agreement. Clauses 16.1 and 35.1 clarify that such transfer also includes legal relationships which are conditional, limited in time, not yet fully effective or have already been fulfilled, as well as those which supplement, change, extend, terminate or replace a legal relationship forming part of the respective Hive-down Assets. This further covers all ancillary agreements made or to be made prior to or in connection with the conclusion of the agreement in question, or agreements of any kind whatsoever made or to be made in connection with the performance of the agreements in question. This comprehensive wording is intended to initially allocate all agreements relating to the Cars & Vans and the Trucks & Buses Division to the respective Acquiring Entity. The following provisions of Clauses 16 and 35 modify and specify this broad coverage of agreements and other legal relationships.

865 Clauses 16.1 and 35.1 also regulate the general treatment of such agreements which relate to both the Cars & Vans and the Trucks & Buses Divisions and which are not already assigned to one of the Acquiring Entities by inclusion in the Annexes to the Hive-down Agreement (e.g. Annex 16.2/35.2 or 16.3/35.3) or by fulfilling the re-

quirements of a special case. Unless they have already been allocated elsewhere in the Hive-down Agreement to the Cars & Vans Hive-down Assets or to the Trucks & Buses Hive-down Assets or are expressly excluded from the transfer, such mixed agreements are to be transferred to that Acquiring Entity whose division they are to be allocated to according to the focus of their use. Like the general clause described in the preceding paragraph, this provision therefore only applies if the Hive-down Agreement does not contain a more specific allocation or exception.

866 To specify the agreements to be allocated to the Cars & Vans and Trucks & Buses Divisions, Clauses 16.2 and 35.2 each contain a non-exhaustive list of agreement categories describing some of the transferred agreements. The agreements falling under these agreement categories are also listed in Annex 16.2 and 35.2 by means of an individual agreement number from Daimler AG's central contract database, the Daimler Contract Repository (DCR). It is possible in this context that agreements to be transferred to Mercedes-Benz AG or Daimler Truck AG, respectively, are also listed in Annexes 16.2 and 35.2 which do not belong exclusively to the Cars & Vans Division or not exclusively to the Trucks & Buses Division. For such agreements, Clauses 16.2 and 35.2 clarify that the internal compensation provisions in Clauses 16.8(a) and 35.8(a) apply accordingly.

867 Clauses 16.3 and 35.3 govern the treatment of certain mixed agreements – i.e. agreements concerning both the Cars & Vans and Trucks & Buses Divisions – which are included in the DCR. Clauses 16.3 and 35.3 stipulate that all agreements listed in Annexes 16.3 and 35.3 with the agreement number assigned to them in the DCR, which, in addition to other divisions, also relate to the Cars & Vans Division or the Trucks & Buses Division, form part of the respective Hive-down Assets. With regard to these agreements, Clauses 16.8(a) and 35.8(a) both stipulate an internal compensation provision.

868 Clause 16.4 also contains an abstract description of (predominantly standardized) agreements which are not included in the DCR but of which all agreements covered by the description form part of the Cars & Vans Hive-down Assets if they are to be allocated exclusively – or according to the focus of their use – to the Cars & Vans Division. This includes, for example, all agreements for the sale of new or used vehicles sold to end customers under the brands specified in lit. E of the Preamble to the Hive-down Agreement, i.e. in particular agreements for the sale of passenger cars and vans of the Mercedes-Benz brand. A corresponding abstract description of agreements is included in Clause 35.4, according to which all agreements covered by the respective description form part of the Trucks & Buses Hive-down Assets if they are to be allocated exclusively or according to the focus of their use to the Trucks & Buses Division. This includes, for example, all agreements for the sale of new or used vehicles sold to end customers under the brands specified in lit. F of the Preamble to the Hive-down Agreement, i.e. in particular agreements for the sale of trucks and buses of the Mercedes-Benz brand. In the event that the respective categories also include agreements that do not relate exclusively to the Cars & Vans or Trucks & Buses Divisions, respectively, but are to be allocated to one of them according to their focus of use, Claus-

es 16.4 and 35.4 clarify that the internal compensation provision in Clauses 16.8(a) or 35.8(a), respectively, applies accordingly.

869 Pursuant to Clauses 16.5 and 35.5 – and in deviation from the general exception in Clauses 3.6 and 22.6 (see Section II.1 above in this respect) – certain agreements attributable to the Cars & Vans and Trucks & Buses Divisions, which are managed by the Group Treasury function, also form part of the respective Hive-down Assets. In this respect, Clauses 16.5 and 35.5 each contain a description of the individual agreement categories, with the agreements covered by them are listed in Annexes 16.5a or 35.5a, respectively for further specification. The Hive-down Agreement defines the agreements transferred to Mercedes-Benz AG pursuant to Clause 16.5 as Cars & Vans Treasury Agreements and the agreements transferred to Daimler Truck AG pursuant to Clause 35.5 as Trucks & Buses Treasury Agreements. These include EIB Loan Agreements, certain factoring agreements, collateral, legal relationships relating to trade credit insurance and export credit insurance, investment guarantees, Financial Services Risk Sharing Agreements and deferral agreements. In addition, Clauses 16.5 and 35.5 define the terms Cars & Vans Industrial Accounts and Trucks & Buses Industrial Accounts, respectively, and provide for the transfer of all rights and obligations arising from the corresponding bank and account agreements of the accounts listed in Annexes 16.5b or 35.5b, respectively, as part of the respective Hive-down Assets.

870 In addition, Clauses 16.6 and 35.6 stipulate the transfer of all legal interests to be allocated to the Cars & Vans Division or the Trucks & Buses Division, respectively, from procurement transactions that are governed by public procurement law to the relevant Acquiring Entity.

Assets excluded from transfer

871 In deviation from the above allocations to the respective Hive-down Assets, Clauses 16.7 and 35.7 expressly exclude certain agreements from transfer to Mercedes-Benz AG or Daimler Truck AG, respectively.

872 First, pursuant to Clauses 16.7(a) and 35.7(a), such agreements do not form part of the respective Hive-down Assets which, in addition to the Cars & Vans Division or the Trucks & Buses Division, also relate to business activities remaining with Daimler AG or which, for other reasons, are to continue to be managed by Daimler AG. These include rental and lease agreements for office space which are managed by the CBS Group function and which in accordance with the rental concept agreed between the Parties are to continue to be managed by CBS after the Hive-down takes effect. The essential agreements affected by this, which remain with Daimler AG, are listed in Annex 16.7(a). This Annex is equally applicable to the Trucks & Buses Hive-down Assets, for which reason Clause 35.7(a) refers to Annex 16.7(a). Annex 16.7(a) also lists agreements which, although allocable to the Cars & Vans Division and/or the Trucks & Buses Division, are to remain with Daimler AG and not to be transferred to Mercedes-Benz AG or Daimler Truck AG due to transfer restrictions. With regard to the agreements and other legal relationships excluded from transfer under Claus-

es 16.7(a) and 35.7(a), Clauses 16.8(b) and 35.8(b) in each case stipulate internal compensation provisions.

873 In addition, Clauses 16.7(b) and 35.7(b) expressly exclude Daimler AG's claims for damages against suppliers under antitrust law and related agreements, such as waiver of limitation or settlement agreements, from the transfer, including the further rights arising from such agreements. Therefore, these agreements, claims and further rights legally remain with Daimler AG even if the underlying supplier agreement forms part of the Hive-down Assets. With regard to the claims and other rights excluded from transfer under Clauses 16.7(b) and 35.7(b), Clauses 16.9 and 35.9 stipulate their economic transfer to Mercedes-Benz AG or Daimler Truck AG, respectively.

874 Clauses 16.7(c) to (f) and 35.7(c) to (f) provide for further exceptions to the transfer to Mercedes-Benz AG and Daimler Truck AG, respectively, for special agreements that, thus, remain with Daimler AG. These include, in particular, trust agreements between Daimler AG and DPT and Allianz Treuhand GmbH, D&O insurance policies of Daimler AG for the benefit of its executive bodies and executive employees as well as those of affiliated companies, memberships and other legal positions of Daimler AG in associations, groups and organizations, as well as all framework agreements, engagements and advisory relationships with attorneys.

General provisions regarding internal compensation

875 With regard to certain mixed agreements relating to both the Cars & Vans and Trucks & Buses Divisions and/or business activities remaining with Daimler AG, the Parties agree detailed provisions in Clauses 16.8 and 35.8 for the treatment of these agreements internally. These internal compensation provisions do not apply to rental and leasing agreements for which separate provisions are stipulated in Clauses 16.9 and 35.9.

876 Clauses 16.8(a) and 35.8(a) each contain the internal compensation provisions between the two Acquiring Entities in the event that mixed agreements are transferred to one of the Acquiring Entities. With regard to the agreements forming part of the Cars & Vans Hive-down Assets pursuant to Clauses 16.1 sent. 4 and 16.3 and with regard to the agreements forming part of the Trucks & Buses Hive-down Assets pursuant to Clauses 35.1 sent. 4 and 35.3, which concern both the Cars & Vans Division and the Trucks & Buses Division, Mercedes-Benz AG and Daimler Truck AG will agree on whether to work towards a separation or amendment of the relevant agreement so that in the future both are entitled and obliged under the relevant agreement or each solely under its own agreement. In addition, Mercedes-Benz AG and Daimler Truck AG will put each other in such positions internally that the rights and obligations arising from these agreements are allocated to both Acquiring Entities on a *pro rata* basis with effect as of the Hive-down Effective Date to the extent they are to be allocated to the respective Division, unless the circumstances indicate otherwise.

877 Clauses 16.8(b) and 35.8(b) each contain the internal compensation provisions between Daimler AG and the Acquiring Entities. With regard to the agreements not form-

ing part of the respective Hive-down Assets pursuant to Clauses 16.7(a) and 35.7(a) which remain with Daimler AG and are not rental or lease agreements, Daimler AG and Mercedes-Benz AG or Daimler AG and Daimler Truck AG, respectively, will agree on whether to work towards a separation or amendment of the relevant agreement so that in the future both are entitled and obliged under the relevant agreement or each solely under its own agreement. In addition, Daimler AG and Mercedes-Benz AG or Daimler AG and Daimler Truck AG, respectively, will put each other in such positions internally that the rights and obligations arising from these agreements are allocated to both Acquiring Entities on a *pro rata* basis with effect as of the Hive-down Effective Date to the extent they are to be allocated to the respective Division, unless the circumstances indicate otherwise.

878 Clauses 16.9 and 35.9 each contain provisions on the economic transfer of the respective claims for damages under antitrust law and other rights excluded from legal transfer pursuant to Clauses 16.7(b) and 35.7(b) from Daimler AG to Mercedes-Benz AG or Daimler Truck AG, respectively. With regard to these claims for damages under antitrust law and other rights, Daimler AG and Mercedes-Benz AG and Daimler AG and Daimler Truck AG, respectively, will put each other in such positions internally as if the claims and other rights, to the extent they are to be allocated to the respective Division, had been transferred with economic effect from the Hive-down Effective Date to Mercedes-Benz AG (to the extent they are to be allocated to the Cars & Vans Division) or to Daimler Truck AG (to the extent they are to be allocated to the Trucks & Buses Division) and Daimler AG will act on behalf of Mercedes-Benz AG or Daimler Truck AG, respectively. This means, in particular, that Mercedes-Benz AG and Daimler Truck AG alone are entitled to all proceeds generated in connection with these claims and other rights to be allocated to the respective Division, and Daimler AG will hold, manage and exploit these claims and other rights in its own name in relation to third parties, but exclusively on behalf of Mercedes-Benz AG and Daimler Truck AG, respectively. Mercedes-Benz AG and Daimler Truck AG, respectively, may terminate these provisions in writing at any time without notice.

Conclusion of sub-lease agreements

879 Clauses 16.10 and 35.10 contain special provisions between the Parties for rental and lease agreements. According to these provisions, Daimler AG, Mercedes-Benz AG and Daimler Truck AG shall enter into the sub-lease agreements enclosed in the Annexes to Clauses 16.10 and 35.10. The conclusion of these sub-lease agreements is necessary, because the underlying principal lease agreements of Daimler AG are transferred in part to Mercedes-Benz AG and Daimler Truck AG, respectively, as part of the Hive-down (Clauses 16.3 and 35.3, respectively) and in part remain with Daimler AG (Clauses 16.7(a) and 35.7(a), respectively), so that the main lessee will not be the sole user of the respective areas subsequent to the Hive-down.

880 Depending on the allocation of the respective principal lease agreement pursuant to Clauses 16.3 or 35.3 and Clauses 16.7(a) or 35.7(a), Daimler AG, Mercedes-Benz AG and Daimler Truck AG will act as the main lessee or, respectively, as sub-lessor or sub-lessee.

- The sub-lease agreements enclosed in Annexes 16.10(a)/1 and 16.10(a)/2 relate to Daimler AG rental and lease agreements which form part of the Cars & Vans Hive-down Assets and are therefore transferred to Mercedes-Benz AG, but which (partially) cover areas which in future will be used either by Daimler AG (Annex 16.10(a)/1) or by Daimler Truck AG (Annex 16.10(a)/2) and are consequently sublet to them by Mercedes-Benz AG. In such cases, Mercedes-Benz AG thus acts as sub-lessor to Daimler AG or Daimler Truck AG as sub-lessee.

- Accordingly, the sub-lease agreements enclosed in Annexes 35.10(a)/1 and 35.10(a)/2 relate to the rental and lease agreements of Daimler AG which form part of the Trucks & Buses Hive-down Assets and are therefore transferred to Daimler Truck AG. These rental and lease agreements, which are transferred to Daimler Truck AG, (partially) cover areas which in future will be used either by Daimler AG (Annex 35.10(a)/1) or by Mercedes-Benz AG (Annex 35.10(a)/2) and are consequently sublet to them by Daimler Truck AG. In such cases, Daimler Truck AG thus acts as sub-lessor to Daimler AG or Mercedes-Benz AG as sub-lessee.

- In contrast, the sub-lease agreements enclosed in Annexes 16.10(b) and 35.10(b) relate to those rental and lease agreements of Daimler AG which do not form part of the Hive-down Assets and are therefore not transferred to either Mercedes-Benz AG or Daimler Truck AG. However, these Daimler AG rental and lease agreements (partially) cover areas which in future will be used by Mercedes-Benz AG or by Daimler Truck AG, respectively, and are consequently sublet to them. In such cases, Daimler AG thus acts as sub-lessor to Mercedes-Benz AG or Daimler Truck AG as sub-lessee.

881 The sub-lease agreements are concluded subject to the condition precedent of the Hive-down taking effect, with retroactive economic effect from 1 January 2019, and run for an indefinite term.

882 Clauses 16.10(c) and 35.10(c) clarify that the Hive-down Agreement does not prevent the Parties from amending the sublease agreements in the future or from regulating their relationships by means of other agreements.

883 Those sub-lease agreements concluded between the Parties in which Mercedes-Benz AG or Daimler Truck AG acts as sub-lessee are treated – as a matter of precaution – as post-formation transactions pursuant to § 52 AktG. Accordingly, these agreements will in particular be audited by KPMG AG Wirtschaftsprüfungsgesellschaft as the court-appointed auditor, submitted for approval to the General Meeting of Mercedes-Benz AG or Daimler Truck AG, respectively, and filed for entry in the commercial register.

884 The allocation of the rental and lease agreements to Daimler AG, Mercedes-Benz AG or Daimler Truck AG and the conclusion of the respective sub-lease agreements is based on a rental concept agreed between the Parties. This concept distinguishes, in particu-

lar, between the location categories Own Retail, office space and production/logistics locations managed by the CBS Group function as well as between Group-owned properties and properties owned by third parties. Depending on the location category, the rental or lease agreements were allocated either to Daimler AG or Mercedes-Benz AG or Daimler Truck AG, respectively. This allocation in connection with the actual or planned use results in the necessity to conclude the sublease agreements. They relate, in particular, to office space, production, workshop and warehouse areas, test stand areas and space in the sales area (Own Retail) and, in individual cases, outdoor areas and parking spaces.

885 The sub-lease agreements provide for the letting of rental space (excluding furniture), the letting of technical equipment and other movables (in particular operating and office equipment) located in the rented premises or on the rented areas as well as the rendering of rental and operationally related services, such as operating costs, by the respective sub-lessor to the sub-lessee. Several rental areas and locations are usually bundled in one sub-lease agreement and a uniform base rent is agreed for the bundled rental objects. The sub-lease agreements provide for a total monthly fee consisting of a monthly base rent for the space rented (excluding furniture), a monthly rent for furniture included in the lease and a monthly fee for the rendering of rental and operational services. The agreements between the Parties regarding the individual components of this total fee are in compliance with the transfer pricing methods laid down in the applicable transfer pricing guideline of Daimler Group. In economic terms, each sub-lease agreement on the whole is in compliance with arm's length conditions.

886 Apart from minor variations in individual cases, the sub-lease agreements essentially stipulate the following additional provisions:

- The monthly base rent for the rental areas is stated as a uniform amount per square metre of rental area. The individual rental areas are grouped into locations. In individual cases, a different rent per square metre applies to individual rental areas or locations. In the event that furniture is also the subject of a sub-lease agreement, a uniform amount per square metre of the rental area in question is provided for as an additional rent that is shown separately. The other rental and operational services to be rendered are selected from a fixed portfolio according to the specific needs of the respective sub-lessee and the rental objects, and the monthly fee for these services is shown separately.

- The respective sub-lease relationship may be terminated in whole or in respect of individual locations subject to a period of notice. A regular notice period of 12 months and in individual cases 24 months applies. In addition, the sub-lease agreements regularly provide for the possibility of terminating partial locations or individual rental areas of a location. It is stipulated in this respect that such a partial termination is only possible subject to further conditions, in particular the immediate possibility of other use of the rental objects concerned by the lessor as well as the fulfilment of maintenance and repair obligations. Where the sub-lease agreements provide for the possibility of partial termination, a four-week period of notice is stipulated. In individual cases, the parties

waive the possibility of partial termination. Each party is entitled to the right to termination for good cause.

- Each party is entitled – with the consent of the other party, which may only be withheld for good cause – to change the scope of the rental areas, the furniture and/or the agreed other services, in particular to exclude areas and premises as well as furniture from the sub-lease or to add new ones. These changes will be made by agreement on a supplement to the sub-lease agreement. Supplementary forms are enclosed with the sub-lease agreements, which are to be used for a change in the rental area and/or the furniture or other services to be rendered.

- If there is a change in the scope of the rental area, the furniture and/or the agreed other services, the sub-lease agreements contain the following provisions with regard to the corresponding adjustment of the total fee:

  Any addition of rental objects at a location already included in the original version of the sub-lease agreement will be made at the respective base rent. Any addition of rental objects at a location that is not already covered by the original version of the sub-lease agreement is made at a base rent that is fixed by the parties and is to be regarded as in line with arm's length conditions in accordance with the applicable transfer pricing guideline of Daimler Group. The addition of rental areas is limited to a certain area size, which as a rule does not exceed 10% of the original rental area covered by the agreement; this restriction automatically ceases to apply upon expiry of 15 August 2020. Any exclusion of rental objects will be made at the base rent applicable to these rental objects.

  Any addition of furniture or other services will be made at a rent (for furniture) or fee (for other services) that is fixed by the parties and is to be regarded as in line with arm's length conditions in accordance with the applicable transfer pricing guideline of Daimler Group. Any exclusion of furniture will be made at the respective rent applicable. The addition of any other services not initially agreed is limited to those or similar services included in a portfolio enclosed as an annex to the relevant sub-lease agreement. Any exclusion of other services will be made at the respective fee applicable.

- According to the sub-lease agreements, the parties are obliged to regularly review the rental amounts and fees to ensure that they are in line with arm's length conditions and, if necessary, to fix them anew. In the absence of such new fixing, in spite of compliance with arm's length conditions no longer existing, a rent or fee in line with arm's length conditions is automatically deemed to have been agreed.

- Further sub-letting by the sub-lessee requires the prior consent of the sub-lessor.

- The subleases contain further provisions under rental contract law with regard to the restriction of the purpose of the lease, the responsibility for obtaining and maintaining public law permits, return obligations at the end of the lease term as well as the general liability of the lessor and duties to maintain safety of the lessee. These other provisions are in line with common market practice and do not contain any economically relevant particularities.

Derivatives and Bank Guarantees

887 Clauses 16.11 and 35.11 contain specific provisions on the internal relationship with regard to Derivatives and rights and obligations under Bank Guarantees.

- With regard to Derivatives that do not form part of the respective Hive-down Assets pursuant to Clauses 3.6(a)(vii) and 22.6(a)(vii), respectively, Daimler AG and Mercedes-Benz AG or Daimler AG and Daimler Truck AG, respectively, agree pursuant to Clauses 16.11 and 35.11, respectively, that they should be transferred economically, but not legally, to Mercedes-Benz AG or Daimler Truck AG. In this regard, Annex 16.11, to which Clause 35.11 also refers, contains a list of the Derivatives concerned and defines the distribution key according to which the rights and obligations are transferred to Mercedes-Benz AG or Daimler Truck AG, respectively. Accordingly, Clauses 16.11 and 35.11 stipulate that Mercedes-Benz AG and Daimler AG or Daimler Truck AG and Daimler AG, respectively, will put each other in such positions in their internal relationship as if all rights and obligations arising from the Derivatives listed in Annex 16.11 had already been transferred to Mercedes-Benz AG or Daimler Truck AG, respectively, in accordance with the specified distribution key with effect as of the Hive-down Effective Date at the applicable fair value as at that date, which according to the Parties' intent is equal to the acquisition costs (with regard to the recognition of the Derivatives in the balance sheet see the statements in Section G.I.1 above).

- With regard to the rights and obligations of Daimler AG in connection with Bank Guarantees which do not form part of the respective Hive-down Assets pursuant to Clauses 3.6(a)(iv) and 22.6(a)(iv), but which relate to agreements or obligations of Daimler AG which are transferred to Mercedes-Benz AG or Daimler Truck AG, respectively, Daimler AG and Mercedes-Benz AG or Daimler AG and Daimler Truck AG, respectively, enter into a corresponding agreement in Clauses 16.10 or 35.10, respectively, according to which these rights and obligations are to be transferred economically, but not legally, to Mercedes-Benz AG or Daimler Truck AG, respectively, and the Parties put each other in such positions internally as if this had occurred as of the Hive-down Effective Date.

- In both cases, Clauses 16.11 and 35.11 stipulate that the provisions in Clause 42.1 are to apply accordingly.

Conflict rules

888 Clauses 16.12 and 35.12 are conflict rules that provide for the priority of the allocation of receivables and (certain as well as uncertain) liabilities to the respective Hive-down Assets over the allocation of the underlying contractual relationship. These rules are intended to ensure that receivables and certain as well as uncertain liabilities that are to be allocated economically to the Cars & Vans Division or the Trucks & Buses Division, respectively, are also transferred to Mercedes-Benz AG or Daimler Truck AG, respectively, irrespective of which division the other rights and obligations arising from the underlying contractual relationship are allocated. Conversely, the rules are intended to ensure that receivables and (certain as well as uncertain) liabilities that are to be allocated economically to the respective other Division are also transferred to the respective Acquiring Entity.

- Accordingly, Clause 16.12 provides, for one thing, that receivables and (certain as well as uncertain) liabilities recognized in the Cars & Vans Accounting Groups form part of the Cars & Vans Hive-down Assets even if the underlying contractual or other legal relationship does not form part of the Cars & Vans Hive-down Assets. Corresponding therewith, Clause 35.12 provides that receivables and (certain as well as uncertain) liabilities recognized in the Trucks & Buses Accounting Groups form part of the Trucks & Buses Hive-down Assets even if the underlying contractual or other legal relationship does not form part of the Trucks & Buses Hive-down Assets.

- Further, Clause 16.12 stipulates that receivables and (certain as well as uncertain) liabilities not recognized in the Cars & Vans Accounting Groups that are not be allocated to the Cars & Vans Division do not form part of the Cars & Vans Hive-down Assets even if the underlying contractual or other legal relationship forms part of the Cars & Vans Hive-down Assets. Corresponding therewith, Clause 35.12 provides that receivables and (certain as well as uncertain) liabilities not recognized in the Trucks & Buses Accounting Groups that are not be allocated to the Trucks & Buses Division do not form part of the Trucks & Buses Hive-down Assets even if the underlying contractual or other legal relationship forms part of the Trucks & Buses Hive-down Assets.

889 Since this different allocation allows receivables to be transferred separately from the underlying contractual relationship, Clauses 16.12 and 35.12 provide by way of supplement that the party to whom the contractual relationship is allocated will not modify the latter or exercise rights thereunder in a way that adversely affects the receivable allocated to the other party.

15. Public law authorizations (Clauses 17 and 36)

890 Clauses 17 and 36 determine which public law authorizations form part of the Cars & Vans Hive-down Assets, on the one hand, and of the Trucks & Buses Hive-down Assets, on the other hand, and also govern the internal legal relationships of the Par-

ties with regard to transferred public law authorizations and authorizations excluded from the transfer.

891 By means of a general clause, Clauses 17.1 and 36.1 describe the rights and obligations of Daimler AG from public law authorizations to be transferred in general. Accordingly, all public law authorizations to be allocated exclusively – or in addition to other divisions – to the Cars & Vans Division or to the Trucks & Buses Division form part of the respective Hive-down Assets, unless they are expressly excluded from the transfer elsewhere in the Hive-down Agreement. The Hive-down Agreement defines public law authorizations to mean in particular (i.e. not conclusively) such rights and obligations arising, for example, from approvals, permits, grantings, admissions, exemptions, certificates, concessions, allocations, notifications and similar authorizations as well as public law agreements and other public law orders, decrees, decisions, confirmations and other sovereign measures of any kind whatsoever. By way of supplement, Clauses 17.1 and 36.1 stipulate various specifications regarding the conceivable types of transferred public law authorizations, such as authorizations that are conditional, limited in time or not yet fully effective, as well as those which supplement, change, extend, terminate or replace an authorization forming part of the Cars & Vans Hive-down Assets or the Trucks & Buses Hive-down Assets, respectively.

892 In order to specify the public law authorizations to be allocated to the Cars & Vans Division or the Trucks & Buses Division, respectively, Clauses 17.2 and 36.2 contain a non-exhaustive list of five categories into which the rights and obligations of Daimler AG arising from public law authorizations relating to plants, machinery, items of plant and office equipment, products or components thereof and other property, plant and equipment can be classified. The public law authorizations falling under these categories are listed – also in a non-exhaustive manner – in Annexes 17.2 and 36.2 by means of an individual number in the form of the so-called DCR ID from Daimler AG's central contract database, the Daimler Contract Repository (DCR). It is possible that in Annexes 17.2 and 36.2 public law authorizations are also listed which do not relate exclusively to the Cars & Vans Division (Annex 17.2) or not exclusively to the Trucks & Buses Division (Annex 36.2), for example because they also serve another division or were previously used by two divisions. For such public law authorizations, Clauses 17.2 and 36.2 clarify that the internal compensation provisions in Clauses 17.5 or 36.5, respectively, apply accordingly.

893 Clauses 17.3 and 36.3 govern the treatment of public law authorizations which, in addition to the Cars & Vans Division or the Trucks & Buses Division, also concern the respective other Division and/or business activities remaining with Daimler AG and which are not already allocated to the respective Hive-down Assets or expressly excluded from the transfer elsewhere in the Hive-down Agreement. This concerns those public law authorizations which are not included in the DCR and are therefore not reflected in the Annexes to the Hive-down Agreement. To the extent that the relevant public law authorizations are to be allocated primarily to the Cars & Vans Division or primarily to the Trucks & Buses Division, the authorizations not included in the DCR therefore also form part of the authorizations transferred to Mercedes-Benz AG or Daimler Truck AG, respectively. Moreover, Clauses 17.3 and 36.3 clarify that these

public law authorizations are excluded from transfer to Mercedes-Benz AG or Daimler Truck AG if they do not primarily serve the Cars & Vans Division or the Trucks & Buses Division, respectively. Accordingly, these public law authorizations remain with Daimler AG if they primarily serve the business activities remaining with Daimler AG.

894 Clauses 17.4 and 36.4 contain a regulation of the internal legal relationships of the Parties with regard to transferred public law authorizations. According to these provisions, Daimler AG and Mercedes-Benz AG or Daimler AG and Daimler Truck AG, respectively, will agree on the necessary procedural steps for the implementation of the transfer of these authorizations and for the assumption of all associated obligations, and will agree on a procedure that in each case is economically acceptable and reasonable for both sides.

895 Clauses 17.5 and 36.5 contain provisions on internal compensation between the Parties with regard to transferred public law authorizations which, in addition to the Cars & Vans Division or the Trucks & Buses Division, respectively, also concern the respective other Division and/or business activities remaining with Daimler AG. According to these provisions, the rights and obligations arising from these public law authorizations are exercised externally by the Acquiring Entity to which they are transferred under the Hive-down Agreement. Internally, this Acquiring Entity will place the respective other Acquiring Entity and/or Daimler AG in such a position that the rights and obligations arising from these public law authorizations will accrue to the other Acquiring Entity or Daimler AG *pro rata*, i.e. to the extent attributable to the other Division or to the business activities remaining with Daimler AG.

896 Clauses 17.6 and 36.6 contain provisions on internal compensation between the Parties with regard to public law authorizations which, in addition to the Cars & Vans Division or the Trucks & Buses Division, respectively, primarily concern business activities remaining with Daimler AG. In this case, the authorizations will remain with Daimler AG and the rights and obligations arising therefrom will continue to be exercised externally by Daimler AG. In their internal relationship, pursuant to Clauses 17.6 and 36.6 Daimler AG and Mercedes-Benz AG or Daimler AG and Daimler Truck AG, respectively, shall put each other in such positions with regard to these public law authorizations remaining with Daimler AG that Mercedes-Benz AG or Daimler Truck AG, respectively, will be in a position in the future to assert the rights from the authorizations on a *pro rata* basis and to fulfil the obligations or bear the burdens. Accordingly, within the internal relationship, the rights and obligations arising from these authorizations accrue to Mercedes-Benz AG or Daimler Truck AG, respectively, on a *pro rata* basis, i.e. to the extent allocatable to the respective Division. Pursuant to sent. 5 of Clauses 17.6 and 36.6, this expressly does not apply to authorizations the holding of which is necessary for the operational functioning and legal permissibility of the economic operations of Mercedes-Benz AG or Daimler Truck AG, respectively, and which Mercedes-Benz AG or Daimler Truck AG, respectively, will therefore acquire or has acquired itself.

897 Clauses 17.7 and 36.7 describe the details of the public law authorizations expressly excluded from the Hive-down. This includes public law authorizations which relate to

an enterprise, are personal or activity-related as well as authorizations whose transfer is excluded by law. The authorizations of Daimler AG forming part of the category of public law authorizations that are not transferred are listed in a non-exhaustive manner in Annexes 17.7 and 36.7 by means of an individual number in the form of the so-called DCR ID. Sent. 2 of Clauses 17.7 and 36.7 each contains nine categories by way of example into which Daimler AG's rights and obligations under public law authorizations that are excluded from the Hive-down can be classified.

898 Clauses 17.8 and 36.8 contain provisions in the event that public law authorizations are necessary for the operational functioning and legal permissibility of the economic operations of Mercedes-Benz AG or Daimler Truck AG, respectively, but the relevant authorizations are not transferable by their nature, e.g. because they relate to a specific activity or person or the Daimler AG company, or the transfer of the authorizations is excluded by law. Such public law authorizations are not included in Cars & Vans Hive-down Assets or the Trucks & Buses Hive-down Assets. Due to the need to have these authorizations, the Hive-down Agreement stipulates that Daimler AG will support Mercedes-Benz AG and Daimler Truck AG in acquiring these authorizations themselves. Pursuant to sent. 2 of Clauses 17.8 and 36.8, Daimler AG will provide appropriate support if the public law authorizations necessary for operations do not primarily serve the Cars & Vans Division or the Trucks & Buses Division and therefore, pursuant to Clauses 17.3 and 36.3, in each case sent. 2, do not form part of the Cars & Vans Hive-down Assets or the Trucks & Buses Hive-down Assets.

16. Grants (Clauses 18 and 37)

899 Clauses 18 and 37 determine which grants form part of the Cars & Vans Hive-down Assets, on the one hand, and of the Trucks & Buses Hive-down Assets, on the other hand, and also govern the internal legal relationships of the Parties with regard to transferred grants and grants excluded from the transfer.

900 By means of a general clause, Clauses 18.1 and 37.1 describe the receivables, rights and obligations of Daimler AG from grants to be transferred in general. Accordingly, all grants to be allocated exclusively – or in addition to other divisions – to the Cars & Vans Division or to the Trucks & Buses Division form part of the respective Hive-down Assets, unless they are expressly excluded from the transfer elsewhere in the Hive-down Agreement. The Hive-down Agreement defines grants to mean in particular (i.e. not conclusively) receivables, rights and obligations arising from subsidies, state aid, sponsorship, financial aid, allowances, benefits and other state grants. By way of supplement, Clauses 18.1 and 37.1 stipulate various specifications regarding the conceivable types of transferred grants, such as grants that are conditional, limited in time or not yet fully effective, as well as those which supplement, change, extend, terminate or replace a grant forming part of the Cars & Vans Hive-down Assets or the Trucks & Buses Hive-down Assets, respectively.

901 In order to specify the grants to be allocated to the Cars & Vans Division or the Trucks & Buses Division, respectively, Clauses 18.2 and 37.2 contain a non-exhaustive list of three categories into which the receivables, rights and obligations of Daimler AG

arising from research funding or other grants can be classified. The grants falling under these categories are listed – also in a non-exhaustive manner – in Annexes 18.2 and 37.2 by means of an individual number in the form of the so-called DCR ID from Daimler AG's central contract database, the Daimler Contract Repository (DCR). It is possible that in Annexes 18.2 and 37.2 grants are also listed which do not relate exclusively to the Cars & Vans Division (Annex 18.2) or not exclusively to the Trucks & Buses Division (Annex 37.2), for example because they also serve another division or were previously used by two divisions. For such grants, Clauses 18.2 and 37.2 clarify that the internal compensation provisions in Clauses 18.5 and 37.5 apply accordingly.

902 Clauses 18.3 and 37.3 govern the treatment of grants which, in addition to the Cars & Vans Division or the Trucks & Buses Division, also concern the respective other Division and/or business activities remaining with Daimler AG and which are not already allocated to the respective Hive-down Assets or expressly excluded from the transfer elsewhere in the Hive-down Agreement. This concerns those grants which are not included in the DCR and are therefore not reflected in the Annexes to the Hive-down Agreement. To the extent that the relevant grants are to be allocated primarily to the Cars & Vans Division or primarily to the Trucks & Buses Division, the grants not included in the DCR therefore also form part of the grants transferred to Mercedes-Benz AG or Daimler Truck AG, respectively. Moreover, Clauses 18.3 and 37.3 clarify that these grants are excluded from transfer to Mercedes-Benz AG or Daimler Truck AG if they do not primarily serve the Cars & Vans Division or the Trucks & Buses Division, respectively. Accordingly, these grants remain with Daimler AG if they primarily serve the business activities remaining with Daimler AG.

903 Clauses 18.4 and 37.4 contain a regulation of the internal legal relationships of the Parties with regard to transferred grants. According to these provisions, Daimler AG and Mercedes-Benz AG or Daimler AG and Daimler Truck AG, respectively, will agree on the necessary procedural steps for the implementation of the transfer of these grants and for the assumption of all associated obligations, and will agree on a procedure that in each case is economically acceptable and reasonable for both sides.

904 Clauses 18.5 and 37.5 contain provisions on internal compensation between the Parties with regard to transferred grants which, in addition to the Cars & Vans Division or the Trucks & Buses Division, respectively, also concern the respective other Division and/or business activities remaining with Daimler AG. According to these provisions, the rights and obligations arising from these grants are exercised externally by the Acquiring Entity to which they are transferred under the Hive-down Agreement. Internally, this Acquiring Entity will place the respective other Acquiring Entity and/or Daimler AG in such a position that the receivables, rights and obligations arising from these grants will accrue to the other Acquiring Entity or Daimler AG *pro rata*, i.e. to the extent attributable to the other Division or to the business activities remaining with Daimler AG.

905 Clauses 18.6 and 37.6 contain provisions on internal compensation between the Parties with regard to grants which, in addition to the Cars & Vans Division or the

Trucks & Buses Division, respectively, primarily concern business activities remaining with Daimler AG. In this case, the grants will remain with Daimler AG and the rights and obligations arising therefrom will continue to be exercised externally by Daimler AG. In their internal relationship, pursuant to Clauses 18.6 and 37.6 Daimler AG and Mercedes-Benz AG or Daimler AG and Daimler Truck AG, respectively, shall put each other in such positions with regard to these grants remaining with Daimler AG that Mercedes-Benz AG or Daimler Truck AG, respectively, will be in a position in the future to assert the receivables and rights from the grants on a *pro rata* basis and to fulfil the obligations or bear the burdens. Accordingly, within the internal relationship, the receivables, rights and obligations arising from these grants accrue to Mercedes-Benz AG or Daimler Truck AG, respectively, on a *pro rata* basis, i.e. to the extent allocatable to the respective Division.

906 The Hive-down Agreement expressly excludes certain grants from the Hive-down. Pursuant to Clauses 18.7 and 37.7, this includes receivables, rights and obligations of Daimler AG arising from grants that are tied to personal conditions that Mercedes-Benz AG or Daimler Truck AG, respectively, do not fulfill.

17. Litigation and legal proceedings (Clauses 19 and 38)

907 Clauses 19.1 and 38.1 govern the treatment of litigation and other procedural relationships and stipulate that all litigation and procedural relationships relating to items of the Cars & Vans Hive-down Assets or otherwise exclusively attributable to the Cars & Vans Division are transferred to Mercedes-Benz AG and that all litigation and procedural relationships relating to items of the Trucks & Buses Hive-down Assets or otherwise exclusively attributable to the Trucks & Buses Division are transferred to Daimler Truck AG. Clauses 19.1 and 38.1 specify what is meant by litigation and procedural relationships. For further specification, Annexes 19.1 and 38.1 each contain a list of the essential litigation and procedural relationships that are transferred, which are listed therein according to the file number from the internal file management system of Daimler AG. These include for Mercedes-Benz AG inter alia legal proceedings in connection with diesel exhaust gas emissions and for Daimler Truck AG inter alia legal proceedings following the settlement decision by the European Commission adopted in July 2016 concluding the trucks antitrust proceedings.

908 Clauses 19.2 and 38.2 stipulate an obligation of the Parties to agree whether they will endeavor to bring about a change of the party or participants in the litigation and procedural relationships forming part of the respective Hive-down Assets and to obtain any necessary approvals from third parties or to work towards the occurrence of other requirements.

909 In the event of the absence of a change of party or participant, Daimler AG will initially continue to conduct all litigation and procedural relationships pursuant to Clauses 19.3 and 38.3. In this case, the Parties will put each other in such positions internally as if the litigation and procedural relationships had been transferred to the respective Acquiring Entity on the Hive-down Effective Date. Daimler AG must take the interests of Mercedes-Benz AG and Daimler Truck AG into account when conducting the proceed-

ings and may not take any procedural steps (in particular settlement, waiver, acknowledgement, confession, withdrawal of action or amendment of action) without the prior consent of Mercedes-Benz AG or Daimler Truck AG, respectively. This shall not affect Daimler AG's right to issue instructions under the control and profit and loss transfer agreement concluded between Daimler AG and Mercedes-Benz AG and between Daimler AG and Daimler Truck AG, respectively. Finally, Mercedes-Benz AG and Daimler Truck AG, respectively, must indemnify Daimler AG against liabilities and costs arising from the proceedings and reimburse expenses.

18. Personal assets (Clauses 20 and 39)

910 Clauses 20 and 39 contain provisions on the transfer of personal assets. These provisions have no influence on the transfer of employment relationships within the framework of the transfers of (partial) establishments pursuant to § 613a BGB which occur by operation of law. They supplement the statutory regulation and govern the legal relationships of the Parties with regard to personal assets to the extent that the statutory legal regime is not applicable. Accordingly, Clauses 20 and 39 govern, in particular, the transfer of rights and obligations from employment relationships in the internal relationship with economic effect as of the Hive-down Effective Date as well as from (terminated) employment relationships which are not covered by the transfers of (partial) establishments.

911 Clauses 20.1 and 39.1 define the terms of Employees Cars & Vans or Employees Trucks & Buses and New Employees Cars & Vans or New Employees Trucks & Buses, respectively. Employees Cars & Vans and Employees Trucks & Buses are those employees who were allocated to the Cars & Vans and Trucks & Buses Divisions, respectively, on the Hive-down Effective Date. These employees are listed individually and anonymously with their Group identification number in Annexes 20.1 and 39.1. New Employees Cars & Vans and New Employees Trucks & Buses are those that were allocated to the respective Division in the period from the Hive-down Effective Date to the Consummation Date. Clauses 20.1 and 39.1 stipulate that the employment relationships of these two groups of employees, including all rights and obligations resulting therefrom, form part of the respective Hive-down Assets, provided they continue to be allocated to the respective Division at the Consummation Date and do not object to the transfer of their employment relationship pursuant to § 613a para. 6 BGB. All these employees are collectively referred to in the Hive-down Agreement as Transferred Employees Cars & Vans or Transferred Employees Trucks & Buses.

912 Clauses 20.1 and 39.1 further provide that the lists in Annexes 20.1 and 39.1 are to be updated up to the Consummation Date and are then to contain the group identification numbers of the Transferred Employees Cars & Vans and of the Transferred Employees Trucks & Buses, respectively, as at the Consummation Date – subject to any objections validly declared thereafter pursuant to § 613a para. 6 BGB. In the event of an employee's objection pursuant to § 613a para. 6 BGB and in the event that employees change between the Divisions in the period from the Hive-down Effective Date to the Consummation Date, Clauses 20.1 and 39.1 make reference to the provisions on internal compensation in Clause 48 (see Section III.8 below in this respect).

913 Pursuant to Clauses 20.2 and 39.2, the respective Hive-down Assets also include all rights and obligations arising from terminated employment relationships with Employees Cars & Vans and New Employees Cars & Vans and with Employees Trucks & Buses and New Employees Trucks & Buses whose employment relationships end in the period between the Hive-down Effective Date and the Consummation Date and which were allocated to the Cars & Vans Division or to the Trucks & Buses Division, respectively, at the time of their leaving the company. These employees are defined in Clauses 20.2 and 39.2 as Former Employees Cars & Vans or as Former Employees Trucks & Buses, respectively.

914 In addition, pursuant to Clauses 20.3 and 39.3, the respective Hive-down Assets also include all rights and obligations from terminated employment relationships with employees who left the company before the Hive-down Effective Date and who were allocated to the Cars & Vans Division or the Trucks & Buses Division, respectively, at the time of their leaving the company.

915 Clauses 20.4 and 39.4 supplement the above provisions with regard to all other agreements and other legal relationships connected with the employment relationships of the Transferred Employees and with the terminated employment relationships of the Former Employees, which are also transferred to the respective Acquiring Entity. This ensures that the legal relationships associated with the employment relationship are not separated.

916 Clauses 20.5 and 39.5 clarify the priority of the provisions in Clauses 15 and 34 on the transfer of pension obligations and obligations from partial retirement and long-term accounts and the transfer of the related security (see Section II.13 above in this respect).

19. Other assets of the Cars & Vans Division and of the Trucks & Buses Division (Clauses 21 and 40)

917 Clauses 21 and 40 govern the transfer of the Assets of the Mercedes-Benz Classic Archive. Pursuant to Clause 21.1, the entire operating and office equipment of the Mercedes-Benz Classic Archive department will be transferred to Mercedes-Benz AG, as the archive will in future be managed by the latter.

918 In addition, pursuant to Clause 21.1, the items from the vehicle collection are transferred to Mercedes-Benz AG which are booked to the accounts of the Cars & Vans Accounting Groups specified in Annex 9.1.

919 Pursuant to Clause 40.1, the items from the vehicle collection are transferred to Daimler Truck AG which are booked to the accounts of the Trucks & Buses Accounting Groups specified in Annex 28.1.

920 In contrast, pursuant to Clauses 21.2 and 40.2 the other Assets of the Mercedes-Benz Classic Archive do not form part of the Hive-down Assets. According to these provisions, Daimler AG retains all company- and product-related archival records.

921 However, with regard to the company- and product-related archival records that do not form part of the Hive-down Assets, Mercedes-Benz AG and Daimler Truck AG are granted rights of inspection and use, to the extent that they require these within the scope of their business activities and Daimler AG's legitimate interests do not contradict the inspection and use by Mercedes-Benz AG or Daimler Truck AG, respectively.

III. Modalities and further agreements in connection with the transfer of the Hive-down Assets

922 The provisions of the Hive-down Agreement explained below relate to modalities and further agreements in connection with the transfer of the Hive-down Assets and apply equally to the Cars & Vans Hive-down Assets and to the Trucks & Buses Hive-down Assets.

1. Consummation (Clause 41)

923 Clause 41.1 stipulates that the transfer of the Cars & Vans Hive-down Assets and of the Trucks & Buses Hive-down Assets to Mercedes-Benz AG and Daimler Truck AG, respectively, takes place with effect *in rem* at the point in time of the registration of the Hive-down in the commercial register of Daimler AG. This date of the transfer *in rem* of the respective Hive-down Assets is referred to in the Hive-down Agreement as the Consummation Date. The determination of the Consummation Date already follows from statutory law pursuant to §§ 130 para. 1 sent. 1, 131 para. 1 no. 1 UmwG, according to which the entry of the Hive-down in the register of the registered office of the transferring entity results in the transfer of the transferred portion of the Assets of the transferring entity, including the liabilities, as a whole to the Acquiring Entities in accordance with the allocation provided for in the Hive-down Agreement. At the Consummation Date, the transfer of Assets agreed in the internal relationship with economic effect from the Hive-down Effective Date (1 January 2019) thus also becomes effective in the external relationship.

924 Pursuant to Clause 41.2, at the Consummation Date, in addition to the rights *in rem* in respect of the Hive-down Assets, possession and claims to the surrender of movable and immovable property forming part of the respective Hive-down Assets are also transferred to Mercedes-Benz AG and Daimler Truck AG, respectively.

925 By way of supplement, Clause 41.3 stipulates that, at the Consummation Date, Mercedes-Benz AG and Daimler Truck AG also receive all Business Documents attributable to or kept by Daimler AG in connection with the Cars & Vans Division and the Trucks & Buses Division, as well as all deeds required for the assertion of the rights transferred to them. In addition, this Clause sets forth provisions on storage and mutual inspection rights between Daimler AG, Mercedes-Benz AG and Daimler Truck AG.

2. Additions and retirements before the Consummation Date (Clause 42)

926 Clause 42.1 contains a so-called surrogation clause, which provides for the treatment of additions and retirements of Assets in the period between the Hive-down Effective

Date and the Consummation Date. This takes account of the fact that the Hive-down Assets are not a fixed group of Assets with the same content on the Consummation Date as on the Hive-down Effective Date. Rather, the Hive-down Assets are a flexible group of Assets that will change significantly in the course of business operations between the Hive-down Effective Date and the Consummation Date. Therefore, Clause 42.1 clarifies, first of all, that the extent of the asset transfer is determined by the scope of the Hive-down Assets at the Consummation Date.

927 Accordingly, pursuant to Clause 42.1, those Assets to be allocated to the Cars & Vans Division or the Trucks & Buses Division, respectively, that were acquired by the Cars & Vans Division or the Trucks & Buses Division in the period up to the Consummation Date or that have arisen in the respective Division – e.g. as a result of acts by employees or other legal acts conducted for the Cars & Vans Division or the Trucks & Buses Division – are also included in the respective Hive-down Assets.

928 Conversely, Clause 42.1 stipulates that those Assets to be allocated to the Cars & Vans Division or the Trucks & Buses Division under the Hive-down Agreement that were sold or otherwise transferred in the period up to the Consummation Date or no longer exist at that point in time are not transferred to Mercedes-Benz AG or Daimler Truck AG, respectively. In their place, the surrogates *in rem* or under the law of obligations existing at the Consummation Date form part of the Hive-down Assets.

929 Finally, by way of clarification, Clause 42.1 stipulates that surrogates *in rem* or under the law of obligations of such Assets that do not form part of the Hive-down Assets under the Hive-down Agreement are not transferred to Mercedes-Benz AG or Daimler Truck AG, respectively.

930 Clause 42.2 describes the cash pooling mechanism for the period between the Hive-down Effective Date and the Consummation Date, which means that additions and retirements during this period are credited or debited to the respective Acquiring Entity.

931 For the purpose of facilitating evidence of the scope of the Hive-down Assets at the Consummation Date, Clause 42.3 provides that the Parties are to update the Annexes to the Hive-down Agreement between the Hive-down Effective Date and the Consummation Date and update them with regard to additions, retirements and surrogates. In addition, the Cars & Vans Accounting Groups and the Trucks & Buses Accounting Groups are to be updated until the Consummation Date. This provision makes it easier to verify the legal requirements set out in Clause 42.1.

932 Where the extent of use by the Cars & Vans Division or the Trucks & Buses Division is relevant for the allocation of Assets, Clause 42.4 stipulates the analogous application of the surrogation clause, meaning that changes in the allocation of Assets are also reflected in this respect.

3. Expectant rights, claims for surrender and joint ownership (Clause 43)

933 Clause 43 contains a legal technical provision according to which in the case of items to be transferred which at the Consummation Date are subject to a retention of title or are the property of a third party as security, the rights and obligations to which Daimler AG is entitled in this respect, including expectant rights and claims for surrender, also form part of the Hive-down Assets. In addition, Clause 43 stipulates that if co-ownership exists at the Consummation Date, the respective co-ownership share of Daimler AG forms part of the Hive-down Assets.

4. Obstacles to transfer and fall-back clauses (Clause 44)

934 Clause 44.1 contains a provision on dealing with transfer obstacles that result in Assets that are to be transferred to Mercedes-Benz AG or Daimler Truck AG, respectively, under the Hive-down Agreement not being transferred to Mercedes-Benz AG or Daimler Truck AG or not being transferred to the extent provided for by operation of law in the course of the partial universal succession upon entry of the Hive-down in the commercial register of Daimler AG. Such obstacles to transfer may arise, for example, from the fact that strictly personal legal positions are affected by the Hive-down or an Asset to be hived down is subject to a foreign legal system (e.g. because it is located abroad or the application of foreign law was agreed in contracts) and the respective jurisdiction does not recognize the partial universal succession under the German Transformation Act or only recognizes it subject to additional conditions. In such cases, Clause 44.1 stipulates that Daimler AG is to transfer such Assets to Mercedes-Benz AG or Daimler Truck AG, respectively, by way of individual succession and that Mercedes-Benz AG or Daimler Truck AG undertake to agree to this individual transfer of rights. Pursuant to Clause 44.1, this separate transfer is to be made subject to the proviso that the Parties put each other in such positions internally as if the Assets had already been transferred with effect from the Hive-down Effective Date. In cases where in the external relationship a separate transfer to Mercedes-Benz AG or Daimler Truck AG, respectively, is not possible or only possible with disproportionately high efforts or not appropriate, pursuant to Clause 44.1 the Parties will put each other in a position in the internal relationship as if the transfer had also taken place as of the Hive-down Effective Date. In each case, Mercedes-Benz AG or Daimler Truck AG, respectively, shall bear the economic burden and receive the economic benefit of the respective item from the Hive-down Effective Date. Clause 44.1 provides for the legally necessary procedures for this purpose.

935 Clause 44.2 stipulates that the Parties are to endeavor to procure any third-party consents or public law approvals required for the transfer of individual Assets. In all other respects, with regard to the relationship between the Parties Clause 44.2 provides for the analogous application of the provisions governing the internal relationship in Clause 44.1 sent. 3 to 6 if such consent or approval cannot be obtained or can only be obtained at a disproportionately high expense.

936 Clause 44.3 imposes a re-transfer and indemnification obligation on Mercedes-Benz AG or Daimler Truck AG, respectively, in favor of Daimler AG in the event that

certain Assets are not intended to be transferred under the Hive-down Agreement but are transferred for legal reasons upon the Hive-down taking effect. Pursuant to Clause 44.3, Daimler AG is obliged to agree to such re-transfer or to indemnify Mercedes-Benz AG or Daimler Truck AG, respectively. In order to implement this re-transfer, Clause 44.3 requires the Parties to take all necessary or appropriate measures. In addition, the Parties may, by mutual agreement, correct an inadvertent misallocation discovered before the Consummation Date. In any case, the Parties have to put each other in such positions internally as if the Assets in question had not been transferred.

937 Clause 44.4 contains a provision on the handling of Assets which should have been transferred to Mercedes-Benz AG or Daimler Truck AG, respectively, but which were mistakenly allocated to the other Acquiring Entity or which were transferred to the wrong Acquiring Entity for other legal reasons. In such cases, the provisions of Clause 44.3 are to apply accordingly, so that the item is first to be re-transferred to Daimler AG. Clause 44.4 further stipulates the application of Clause 44.1 to such items, meaning that the item is to be transferred by Daimler AG to the Acquiring Entity to which the item in question should correctly have been assigned. In this case, too, the Parties are to put each other in such positions internally as if the item had been transferred to the "correct" Acquiring Entity with effect as of the Hive-down Effective Date.

938 Clause 44.5 provides for a right of determination within the meaning of § 315 BGB in favor of Daimler AG in the event that it is not possible to determine to which party an Asset is to be allocated by interpreting the Hive-down Agreement, including its Annexes. The purpose of this catch-all clause is to ensure that the conditions for a tax-neutral transfer are met when Daimler AG exercises its right of determination.

939 In connection with these catch-all provisions, Clause 44.6 once again clarifies that the preceding provisions in Clause 44 serve to secure the transfer of economic ownership of the objects of the Hive-down Assets within the meaning of § 39 para. 2 no. 1 sent. 1 AO.

5. General duties to cooperate (Clause 45)

940 Clause 45.1 stipulates that the Parties have a mutual obligation to take all actions that may still be necessary or expedient in connection with the transfer of the Hive-down Assets to Mercedes-Benz AG or Daimler Truck AG, respectively.

941 Clause 45.2 stipulates duties to cooperate in official proceedings as well as in tax and other legal disputes relating to the Hive-down Assets. In addition, Clause 45.2 stipulates that certain information and documents, in particular, are to be made available within the framework of the above duties to cooperate and that the Parties shall cause their employees to render appropriate support.

6. Future intra-group relationships (Clause 46)

942 Clause 46 concerns the principles of future relationships for the supply of goods and the provision of services between the Parties from the Hive-down Effective Date.

943 Pursuant to Clause 46.1, Daimler AG will continue to provide the goods and services previously provided within Daimler AG for the Mercedes-Benz Cars and Mercedes-Benz Vans divisions and for the Daimler Trucks and Daimler Buses divisions – to the extent they have not already been discontinued by mutual consent – with economic effect from the Hive-down Effective Date. If the relevant goods and services are provided by subsidiaries of Daimler AG, Daimler AG will ensure pursuant to Clause 46.1 that the subsidiaries continue to provide the relevant goods and services. Mercedes-Benz AG and Daimler Truck AG shall accept the goods and services.

944 Sections 46.2 and 46.3 contain a corresponding description of future goods and services with economic effect from the Hive-down Effective Date by Mercedes-Benz AG and Daimler Truck AG, respectively. Pursuant to Clauses 46.2 and 46.3, the respective Acquiring Entity will continue to provide those goods and services which have so far been provided within Daimler AG by the departments of the Mercedes-Benz Cars and Mercedes-Benz Vans or Daimler Trucks and Daimler Buses divisions forming part of the respective Hive-down Assets to other divisions or functional departments, unless they have already been terminated by mutual agreement. To complete the picture, the areas to which goods and services are provided in future by Mercedes-Benz AG and Daimler Truck AG also include those that are allocated to the Cars & Vans Division and the Trucks & Buses Division for the first time as part of the Hive-down.

945 Clause 46.4 concerns the implementation of the agreement and clarifies that the Parties will agree on provisions for the supply and service relationships by concluding appropriate agreements in accordance with the requirements applicable within Daimler Group. The background to this is the fact, in particular, that the intra-group exchange of services will take place on uniform terms throughout the Group. In this regard, the Parties are explicitly not be prevented from making further arrangements in the future regarding the structure of their supply and service relationships.

946 If individual supply and/or service agreements to be concluded between the Parties are to be regarded as post-formation transactions pursuant to § 52 AktG, these agreements will be audited by KPMG AG Wirtschaftsprüfungsgesellschaft as the court-appointed auditor, submitted for approval to the General Meeting of Mercedes-Benz AG or of Daimler Truck AG, respectively, and filed for entry in the commercial register.

7. Protection of creditors and internal compensation (Clause 47)

947 Clause 47.1 first of all stipulates that the provisions in Clauses 47.2 to 47.4 governing internal compensation between the Parties are to apply only to the extent that no other allocation of burdens and liabilities applies as a result of the Hive-down Agreement.

948 Pursuant to § 133 para. 1, para. 3 UmwG, Daimler AG, Mercedes-Benz AG and Daimler Truck AG, as the legal entities involved in the Hive-down, are jointly and severally liable for the liabilities of Daimler AG incurred prior to the Hive-down taking effect for a period of five years from the publication of the entry of the Hive-down in the commercial register of Daimler AG (or ten years in the case of pension obligations under the German Company Pensions Act).

949 Clause 47.2 provides in this context that Mercedes-Benz AG and Daimler Truck AG, respectively, have to indemnify Daimler AG upon first demand against claims arising from obligations which are to be transferred to Mercedes-Benz AG or Daimler Truck AG pursuant to the Hive-down Agreement if and to the extent that claims are asserted against Daimler AG by creditors for such obligations on the basis of § 133 UmwG or other provisions. Mercedes-Benz AG and Daimler Truck AG, respectively, also have a corresponding indemnification obligation if Daimler AG is held liable for obligations arising from future statutory obligations in connection with the past and future business activities of the Cars & Vans Division and the Trucks & Buses Division, including any liability on the part of Daimler AG as a quasi-manufacturer for the products manufactured by Mercedes-Benz AG and Daimler Truck AG, respectively. The same applies in case Daimler AG is held liable for granting security by creditors of the obligations described above.

950 As a reverse image of Clause 47.2, Clause 47.3 provides for an indemnification obligation of Daimler AG for the benefit of Mercedes-Benz AG and Daimler Truck AG, respectively, if and to the extent that it is held liable based on § 133 UmwG or other provisions for obligations which are not to be transferred in accordance with the Hive-down Agreement. A corresponding indemnification obligation of Daimler AG also applies where Mercedes-Benz AG or Daimler Truck AG, respectively, is held liable for obligations arising from future statutory obligations in connection with the past and future business activities of the functional areas remaining with Daimler AG, including any liability for allegedly incorrect capital market information by Daimler AG in connection with information relating to the Cars & Vans Division or the Trucks & Buses Division, respectively. The same applies in the event that Mercedes-Benz AG or Daimler Truck AG, respectively, is held liable by such creditors for granting security.

951 Clause 47.4 further provides for mutual indemnification claims of Mercedes-Benz AG and Daimler Truck AG, if and to the extent they are held liable on the basis of § 133 UmwG or other provisions for obligations that in accordance with the Hive-down Agreement are intended to be transferred to the respective other Acquiring Entity, or if an Acquiring Entity is held liable for obligations arising from future statutory obligations that arise in connection with the past or future business activities of the respective other Acquiring Entity.

952 The provisions in Clause 47 correspond to the procedure customary in hive-down agreements for regulating the internal compensation between the legal entities involved in the Hive-down and constitute a permissible internal contractual agreement in compliance with § 133 para. 1 and para. 3 UmwG. This does not affect external liabil-

ity. Clause 47 ensures that the respective obligations are borne by the legal entity to which they are economically allocated in the course of the Hive-down.

8. Economic compensation in the case of objecting employees as well as of changing employee allocations (Clause 48)

953 Clause 48 contains a provision for the event that employees object to the transfer of their employment relationship pursuant to § 613a para. 6 BGB. In addition, Clause 48 contains provisions for the event that employees transfer between the Divisions or a functional area remaining with Daimler AG in the period from the Hive-down Effective Date to the Consummation Date.

954 Pursuant to Clause 48.1, Daimler AG is entitled to an indemnification claim against Mercedes-Benz AG or Daimler Truck AG, respectively, for all reasonable costs and expenses incurred by Daimler AG for objecting employees whose employment relationship – but for the objection – would have been transferred to Mercedes-Benz AG or Daimler Truck AG, respectively, as part of the transfer of (partial) establishments. This indemnification claim extends to the remuneration, all other personnel expenses relating to the objecting employees as well as to the costs and expenses of an early termination of the employment relationship and applies as long as the employees concerned continue to work for Mercedes-Benz AG or Daimler Truck AG, respectively.

955 Clause 48.2 stipulates, in addition to the indemnity provided for in Clause 48.1, that Mercedes-Benz AG and Daimler Truck AG are to indemnify Daimler AG also with regard to the payment to DPT of the funds provided under the Trust Agreement 'old bAV' to further secure the pension obligations of the objecting employees specified in Clause 48.1, to the respective extent to which Daimler AG increases the securities and thus the coverage ratio under the Trust Agreement 'old bAV' of Daimler AG, provided that and for as long as such objecting employees continue to work for Mercedes-Benz AG or Daimler Truck AG, respectively, or have retired in this working capacity, and for as long as they continue to receive pension benefits from Daimler AG thereunder. To the extent that Mercedes-Benz AG and Daimler Truck AG pay funds to DPT for the Trust Assets 'old bAV' due to the obligation to indemnify Daimler AG, and to the extent that these funds are definitely not required to meet the pension obligations of the objecting employees, these funds shall be returned by Daimler AG to Mercedes-Benz AG and Daimler Truck AG, provided that Daimler AG has a retransfer claim against DPT and this retransfer claim has been fulfilled by DPT.

956 Clauses 48.3 to 48.5 provide for differentiated rules for the allocation of the economic burdens in the event of a transfer of employees between the Divisions or a functional area remaining with Daimler AG in the period from the Hive-down Effective Date to the Consummation Date. As all employees remain those of Daimler AG during this period and are only transferred to one of the Acquiring Entities from the Consummation Date as part of the transfer of (partial) establishments, the rights and obligations as well as the economic burdens arising from the employment relationship have to be borne by Daimler AG externally until the Consummation Date. Pursuant to the provisions in Clauses 20 and 39, the rights and obligations as well as any economic burdens apply

internally to the legal entity to which the employment relationship is transferred at the Consummation Date with effect from the Hive-down Effective Date for the entire period up to the Consummation Date. Without an additional provision in the Hive-down Agreement governing the event of a change, either Daimler AG or one of the Acquiring Entities would therefore bear all economic burdens for the period from the Hive-down Effective Date, irrespective of the period during which the employee actually worked for a functional area remaining with Daimler AG or another division. The purpose of the provisions in Clauses 48.3 to 48.5 is therefore to ensure that the economic burden of an employment relationship is always borne internally by the legal entity for whose division the employee actually worked during the relevant period.

957 It follows from this, first of all that, pursuant to Clause 48.3, if an Employee Cars & Vans or an Employee Trucks & Buses transfers to a functional area remaining with Daimler AG, the Parties will put each other in such positions internally as if the employment relationship had initially existed with Mercedes-Benz AG or Daimler Truck AG, respectively, as of the Hive-down Effective Date and only existed with Daimler AG again as of the time of the transfer. Thus, Mercedes-Benz AG and Daimler Truck AG are therefore deemed in the internal relationship with Daimler AG to be a party to the employment relationship for the period between the Hive-down Effective Date and the change of the employee and must, in particular, reimburse Daimler AG for the personnel expenses incurred during this period or indemnify Daimler AG against such expenses. The same also applies in the reverse case, in which employees are initially employed in a functional area remaining with Daimler AG from the Hive-down Effective Date, but are transferred to the Cars & Vans Division or the Trucks & Buses Division, respectively, before the Consummation Date. In this situation, too, the Parties will put each other in such positions internally as if the employment relationship had existed with Mercedes-Benz AG or Daimler Truck AG (only) from the time of the change. Finally, Clause 48.3 clarifies that these principles also apply to employees who join Daimler AG after the Hive-down Effective Date or whose employment relationship is transferred to Daimler AG after the Hive-down Effective Date.

958 Clause 48.4 relates to the relationship between Mercedes-Benz AG and Daimler Truck AG and stipulates that in the event of an employee transferring from one Division to the other between the Hive-down Effective Date and the Consummation Date, the Acquiring Entities will put each other in such positions internally as if the employment relationship had existed initially with one Acquiring Entity and with the other Acquiring Entity from the date of the transfer. Pursuant to Clause 48.3, this also applies to new employees and to those whose employment relationship is transferred to Daimler AG after the Hive-down Effective Date. As a result, this internal compensation regime between the Acquiring Entities leads to that legal entity always being charged for which the employee actually worked in the relevant period.

959 By way of clarification, Clause 48.5 stipulates that the principles described above also apply if employees transfer several times between the functional areas remaining with Daimler AG, the Cars & Vans Division and/or the Trucks & Buses Division during the period from the Hive-down Effective Date to the Consummation Date. As explained above, this is intended to ensure in the internal relationship between the Parties that

the rights and obligations or the economic burdens are always allocated to the legal entity for which the employee actually worked in the relevant period.

9. Exclusion of claims (Clause 49)

960 In Clause 49, the Parties agree on the exclusion of any claims and rights of Mercedes-Benz AG and Daimler Truck AG against Daimler AG based on the condition and existence of the items transferred by Daimler AG pursuant to the Hive-down Agreement as well as of the Hive-down Assets as a whole, regardless of their nature and regardless of the legal basis, to the extent legally permissible.

IV. Consideration and capital measures

1. Granting of no-par value shares and capital measures (Clause 50)

961 Clause 50 specifies the consideration for the transfer of the respective Hive-down Assets and governs the capital increases to be carried out by the Acquiring Entities in connection therewith.

962 Clause 50.1 stipulates the consideration for the transfer of the Cars & Vans Hive-down Assets. According to this provision, Daimler AG, as the sole shareholder of Mercedes-Benz AG, will receive 999,950,000 new registered no-par value shares of Mercedes-Benz AG. In addition, Clause 50.1 stipulates the way the shares that are to be granted to Daimler AG will be created. In order to implement the Hive-down, Mercedes-Benz AG will increase its share capital by EUR 999,950,000 by means of the issue of the New Mercedes-Benz shares. Each New Mercedes-Benz Share will thus represent a portion of EUR 1.00 of the increased share capital. For each of the Equity Interests in Corporations Cars & Vans and for each of the Equity Interests in Partnerships Cars & Vans, at least one New Mercedes-Benz Share will be issued (in each case in the amount of the equity interests held at the Consummation Date). Pursuant to Clause 50.1, this also applies to the surrogate within the meaning of Clause 42.1, if the equity interest no longer exists or no longer exists in full by the Consummation Date.

963 Clause 50.2 stipulates the consideration for the transfer of the Trucks & Buses Hive-down Assets. According to this provision, Daimler AG, as the sole shareholder of Daimler Truck AG, will receive 299,950,000 new registered no-par value shares of Daimler Truck AG. In addition, Clause 50.2 stipulates the way the shares that are to be granted to Daimler AG will be created. In order to implement the Hive-down, Daimler Truck AG will increase its share capital by EUR 299,950,000 by means of the issue of the New Daimler Truck shares. Each New Daimler Truck Share will thus represent a portion of EUR 1.00 of the increased share capital. For each of the Equity Interests in Corporations Trucks & Buses and for each of the Equity Interests in Partnerships Trucks & Buses, at least one New Daimler Truck Share will be issued (in each case in the amount of the equity interests held at the Consummation Date). Pursuant to Clause 50.2, this also applies to the surrogate within the meaning of Clause 42.1, if

the equity interest no longer exists or no longer exists in full by the Consummation Date.

964 The reason for granting at least one new share of Mercedes-Benz AG or Daimler Truck AG, respectively, for each of the Equity Interests in Corporations and Partnerships listed in Annexes 11.1 and 11.2 or Annexes 30.1 and 30.2a, respectively, is that under transformation tax law these equity interests are contributed by means of separate contribution processes pursuant to § 20 or § 21 UmwStG, respectively.

965 Clause 50.3 stipulates in accordance with the requirement in § 126 para. 1 no. 5 UmwG that the shares to be granted to Daimler AG by Mercedes-Benz AG or Daimler Truck AG, respectively, are entitled to dividends for the financial years starting 1 January 2019 (inclusive). In addition, Clause 50.3 stipulates that in the event of a postponement of the Hive-down Effective Date, the beginning of the dividend entitlement from the new shares is postponed accordingly.

966 Clause 50.4 clarifies that the contribution in kind is made by transfer of the respective Hive-down Assets in accordance with the provisions of the Hive-down Agreement. Clause 50.4 also governs the accounting treatment of any difference between the value at which the contribution in kind made by Daimler AG is taken over by Mercedes-Benz AG or Daimler Truck AG, respectively, and the amount of the respective increase in the share capital. To the extent that the value at which the respective contribution in kind is acquired by Mercedes-Benz AG or Daimler Truck AG, respectively, exceeds the amount of the respective share capital increase, such amount will be transferred to the respective capital reserve of Mercedes-Benz AG or Daimler Truck AG pursuant to § 272 para. 2 no. 1 HGB.

2. Special rights and benefits (Clause 51)

967 Clause 51.1 clarifies that no rights or other measures are granted to individual shareholders or to holders of special rights within the meaning of § 126 para. 1 no. 7 UmwG, but points out – as a precaution – the existing Performance Phantom Share Plans of Daimler AG, the liabilities of which are transferred to Mercedes-Benz AG pursuant to Clause 14.1(d) or to Daimler Truck AG pursuant to Clause 33.1(d), respectively.

968 Clause 51.2 clarifies that, other than the circumstances described therein and in Clause 51.3 no special benefits within the meaning of § 126 para. 1 no. 8 UmwG will be granted to acting members of the Board of Management or of the Supervisory Board of the companies participating in the Hive-down or to any auditor of financial statements of one of the companies participating in the Hive-down.

969 The information in Clauses 51.2(a) to (c) relates to planned personnel measures at the level of the Supervisory Board and the Board of Management of Mercedes-Benz AG. Wilfried Porth as acting member of the Board of Management of Daimler AG and the Supervisory Board members of Daimler AG Dr. Manfred Bischoff, Petraea Heynike, Joe Kaeser, Dr. Bernd Pischetsrieder, Marie Wieck, Michael Brecht, Michael Häberle, Ergun

Lümali, Sibylle Wankel and Dr. Frank Weber are to be appointed to the Supervisory Board of Mercedes-Benz AG. Subject to the decision of the Supervisory Board of Mercedes-Benz AG, Dr. Manfred Bischoff is intended to serve as the Chairman of the Supervisory Board and to become a member of the Presidential Committee. Subject to the decision of the Supervisory Board of Mercedes-Benz AG, the current members of the Board of Management of Daimler AG, Ola Källenius, Renata Jungo Brüngger and Britta Seeger, are to be appointed to the Board of Management of Mercedes-Benz AG, and Ola Källenius is to be appointed Chairman of the Board of Management.

970 The information in Clauses 51.2(d) to (f) relates to planned personnel measures at the level of the Supervisory Board and the Board of Management of Daimler Truck AG. The current members of the Board of Management of Daimler AG Ola Källenius, Wilfried Porth and Hubertus Troska and the Supervisory Board members of Daimler AG Bader M. Al Saad, Sari Baldauf, Dr. Clemens Börsig, Dr. Jürgen Hambrecht, Michael Brecht, Ergun Lümali and Roman Zitzelsberger are to be appointed to the Supervisory Board of Daimler Truck AG. Subject to the decision of the Supervisory Board of Daimler Truck AG, Ola Källenius is intended to serve as the Chairman of the Supervisory Board and to become a member of the Presidential Committee. Subject to the decision of the Supervisory Board of Daimler Truck AG, Martin Daum, acting member of the Board of Management of Daimler AG, is to be appointed to the Board of Management of Daimler Truck AG and Chairman of the Board of Management.

971 Clause 51.3 contains information with regard to the remuneration for assuming the above board memberships at Mercedes-Benz AG and Daimler Truck AG. Pursuant to lit. (a), the members of the Board of Management of Daimler AG will not receive any additional remuneration for assuming one or more board memberships with Mercedes-Benz AG and/or Daimler Truck AG as long as they are members of the Board of Management of Daimler AG. In addition, it is clarified that no alteration of the remuneration of the Board of Management at Daimler AG has occurred in connection with the hive-down. With regard to the assumption of Supervisory Board memberships at Mercedes-Benz AG and Daimler Truck AG by acting members of the Supervisory Board of Daimler AG, lit. (b) contains information on the remuneration for this activity. With regard to the amount of such remuneration, which is also disclosed in Clause 51.3(b) of the Hive-down Agreement, reference is made to the relevant explanations in Sections F.III.3 b) and F.III.4 b).

972 Clause 51.4 contains a list of circumstances which, in the opinion of the Boards of Management of Daimler AG, Mercedes-Benz AG and Daimler Truck AG, do not constitute special benefits within the meaning of § 126 para. 1 no. 8 UmwG, but are merely disclosed for reasons of legal precaution. The circumstances stated under lit. (a) to (c) are personnel matters at the level of Daimler AG, which are not related to the Hive-down in terms of content, but are merely coinciding in terms of time. Finally, as a matter of precaution, it is pointed out in lit. (d) that the currently acting members of the Boards of Management of Mercedes-Benz AG and Daimler Truck AG have received – like many other Daimler AG employees – a variable remuneration in the 2018 financial year in recognition of their commitment to the project. The members of the Boards of Management of Mercedes-Benz AG and Daimler Truck AG received the re-

muneration, which is in compliance with the remuneration rules of Daimler Group, in their capacity as executive employees of Daimler AG and not in their capacity as board members of the Acquiring Entities.

V. Consequences of the Hive-down for the employees and their representative bodies (Clauses 52 to 58)

973 Section VI (Clauses 52 to 58) contains the information prescribed in § 126 para. 1 no. 11 UmwG regarding the consequences of the Hive-down of the Cars & Vans Division and the Trucks & Buses Division for employees and their representatives. These Clauses do not contain any contractual agreements between the Parties, but merely a description of the consequences of the Hive-down. Reference is made to the explanations in Section I and in Clauses 52 to 58 of the Hive-down Agreement.

VI. Miscellaneous

1. Costs (Clause 59)

974 Clause 59.1 governs the bearing of the costs incurred in connection with the Hive-down. According to this provision, the costs arising from the conclusion of the Hive-down Agreement and its execution (including the costs of preparing the Hive-down Agreement, in particular advisory and notary fees, the auditing services performed in connection with the hive-down and acquisition as well as the binding rulings in this regard) are to be borne by Daimler AG.

975 Clause 59.1 stipulates that Mercedes-Benz AG and Daimler Truck AG are to bear the costs of the respective capital increase. In addition, each party is to bear itself the costs of its respective general meeting and the entries in its respective commercial register.

2. Withdrawal (Clause 60)

976 Clause 60 contains a withdrawal provision according to which Daimler AG may withdraw from the Hive-down Agreement by written declaration vis-à-vis Mercedes-Benz AG and Daimler Truck AG if the Hive-down has not become effective by 29 February 2020. The provision is intended to enable Daimler AG to terminate the implementation of the Hive-down if unforeseen obstacles prevent the effectiveness of the Hive-down which significantly delay its effectiveness.

3. Concluding provisions (Clause 61)

977 Clause 61.1 clarifies that the Hive-down Agreement requires the approval of the respective General Meeting of the Parties to the Agreement in order to become effective and thus reflects the legal requirement of approval of the shareholders of the legal entities involved set forth in §§ 125 sent. 1, 13 para. 1 UmwG. Pursuant to § 133 para. 1 AktG, the respective approval resolution requires a simple majority of the votes and

pursuant to §§ 125 sent. 1, 65 para. 1 UmwG a majority of at least three quarters of the share capital represented for the adoption of the resolution.

978 Clause 61.2 contains a standard choice of law clause according to which the Hive-down Agreement is governed by German law.

979 Clause 61.3 documents the general intention of the Parties to amicably settle all disputes arising from or in connection with the Hive-down Agreement. In addition, Clause 61.3 stipulates Stuttgart as the place of jurisdiction for all disputes arising from the Hive-down Agreement.

980 Clause 61.4 clarifies that the Annexes to the Hive-down Agreement form an integral part of the Agreement.

981 Clause 61.5 contains a standard written form clause.

982 Clause 61.6 contains a customary so-called severability clause for maintaining the validity of the Hive-down Agreement in the event of individual provisions being invalid and for the analogous replacement of any invalid or unenforceable provisions.

Daimler AG

The Board of Management

26 March 2019

[*Signature*]
Dr. Dieter Zetsche

[*Signature*]
Martin Daum

[*Signature*]
Renata Jungo Brüngger

[*Signature*]
Ola Källenius

[*Signature*]
Wilfried Porth

[*Signature*]
Britta Seeger

[*Signature*]
Hubertus Troska

[*Signature*]
Bodo Uebber

Mercedes-Benz AG

The Board of Management

26 March 2019

[*Signature*]
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Petra Marita Meiser

[*Signature*]
_____
Dr. Florian Hofer

Daimler Truck AG

The Board of Management

26 March 2019

[*Signature*]
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Petra Marita Meiser

[*Signature*]
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Dr. Florian Hofer

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