



Daimler-Benz  
Aktiengesellschaft  
Stuttgart

Annual Report  
**1979**

# Daimler-Benz Worldwide<sup>1)</sup>

## Highlights

	1979	1978	Change 79 to 78 in %
Number of Employees (at year-end)	174.431	167.165	+ 4,3
Domestic	142.164	135.275	+ 5,1
Foreign	32.267	31.890	+ 1,2
Personnel costs (in millions of DM)	7.574	6.722	+ 12,7
Production			
Cars	422.159	393.203	+ 7,4
Commercial Vehicles	256.467	239.702	+ 7,0
Domestic	188.772	173.101	+ 9,1
Foreign	67.695	66.601	+ 1,6
Net Sales <sup>2)</sup>	27.367	24.236	+ 12,9
Domestic	12.938	11.539	+ 12,1
Foreign	14.429	12.697	+ 13,6
Capital Investments	1.969	1.498	+ 31,4
Depreciation	1.342	1.013	+ 32,5
Net Income	638	593	+ 7,6
Dividends <sup>3)</sup>	270	243	+ 11,1
Dividend per Share of DM 50 (in DM) <sup>3) 4)</sup>	10,—	9,—	+ 11,1

1) Worldwide comprises Daimler-Benz AG and those domestic and foreign companies in which Daimler-Benz AG' share interest, directly or indirectly, is more than 50%, and which are consolidated.

2) The following figures are in millions of DM.

3) Proposed or paid.

4) Plus DM 5.62 (last year 5.06) tax credit for our stockholders who are subject to income tax in Germany.

Daimler-Benz  
Aktiengesellschaft  
Stuttgart

Annual Report  
**1979**



In fond memory  
of all our employees  
and pensioners  
who passed away  
last year.



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# Agenda

## for the 84<sup>th</sup> Stockholders' Meeting

taking place on Wednesday July 2, 1980 at 10 o'clock in the museum building of the company at Mercedes Street, Stuttgart-Untertuerkheim.

- 1. Presentation of the audited financial statements as of December 31, 1979, the reports of the Board of Management and of the Board of Directors together with the consolidated financial statements and the consolidated annual report.**

2. Resolution for the disposition of unallocated income.

Board of Management and Board of Directors propose to distribute the unallocated income of		DM	270,321,890
as follows:			
3 1/3 %	dividend on the eligible preferred share capital of DM 1,921,500	DM	64,050
DM 10.—	dividend for each eligible common share of DM 50.— par value	DM	270,257,840
	Total	DM	270,321,890

- 3. Ratification of the actions of the Board of Management.**

Board of Management and Board of Directors propose to resolve ratification.

- 4. Ratification of the actions of the Board of Directors.**

Board of Management and Board of Directors propose to resolve ratification.

- 5. Election of auditors for the year 1980.**

The Board of Directors proposes to elect Deutsche Treuhand-Gesellschaft AG, Wirtschaftsprüfungsgesellschaft Frankfurt (Main), as independent auditor for 1980.

- 6. Election to fill vacancies on the Board of Directors.**

Dr. jur. Roland Schelling resigned from the Board with the conclusion of the Stockholders' Meeting on July 2, 1980.

The Board of Directors proposes to elect in his place Professor Dr. jur. Joachim Zahn, Munich, chairman of the Board of Management of Daimler-Benz AG to December 31, 1979, as member of the Board of Directors representing Stockholders, and for the remaining term of office of the other Board members.

The Board of Directors comprises 10 members representing the Stockholders and 10 members representing labor according to Section 96 paragraph 1, Section 101 paragraph 1 of the Company Act and Section 7 paragraph 1 subsection 1 N° 3 of the Co-determination Law.

The Stockholders' Meeting is not bound by the election proposals.

# Board of Directors

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

Honorary Chairman

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

Chairman

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

Deputy Chairman

Karl Aspacher, Stuttgart\*)  
Member of the Labor Council, Untertuerkheim Plant and Main Office

Dr.-Ing. Hans Bacher, Stuttgart  
Member of the Board of Management, Robert Bosch GmbH

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

Robert Dhom, Frankfurt (Main)  
Member of the Board of Management, Commerzbank AG

Dr. rer. pol. Friedrich Karl Flick, Duesseldorf  
Managing Partner Friedrich Flick KG

Prof. Dr. jur. Gunther Hartmann, Cologne  
Member of the Board of Management, Mercedes-Automobil-Holding AG

Dr. rer. pol. Alfred Herrhausen, Duesseldorf  
Member of the Board of Management, Deutsche Bank AG

Erich Hirth, Gaggenau\*)  
Chairman of the Labor Council, Gaggenau Plant

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

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

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

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

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

Dr. jur. Roland Schelling, Stuttgart  
Lawyer

Franz Steinkuehler, Stuttgart\*)  
District Manager, Metal Workers' Union

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

Diplom-Kaufmann Guenter Vogelsang, Duesseldorf

Bernhard Wurl, Hofheim/Taunus\*) (since November 6, 1979)  
Deputy Departmental Manager within the Board of Management, Metal Worker's Union

## Retired from the Board of Directors on August 7, 1979:

Manfred Leiss, Frankfurt (Main\*)  
Departmental Manager within the Board of Management, Metal Workers' Union

\*) Elected by the employees.

# Board of Management

Dr. jur. Gerhard Prinz, Stuttgart

Chairman (since January 1, 1980)

Prof. Dipl.-Ing. Werner Breitschwerdt, Stuttgart

Research and Development

Heinz C. Hoppe, Stuttgart

Sales

Dr.-Ing. Eh. Werner Niefer, Stuttgart

Production

Dr. jur. Richard Osswald, Stuttgart

Personnel, Social Welfare and Administration

Edzard Reuter, Stuttgart

Finance

Walter Ulsamer, Stuttgart (deputy member)

(since November 1, 1979)

Purchasing

## Retired on December 31, 1979:

Prof. Dr. jur. Joachim Zahn, Munich

Chairman

Heinz Schmidt, Munich

Public Relations



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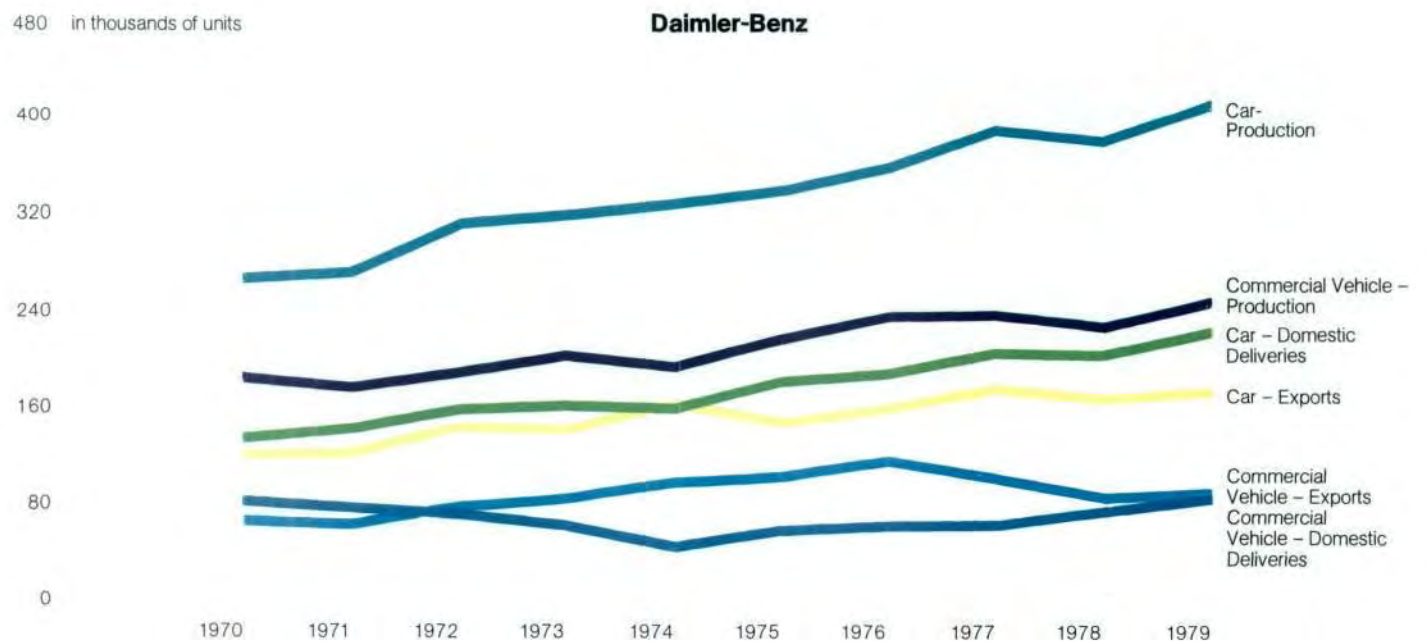
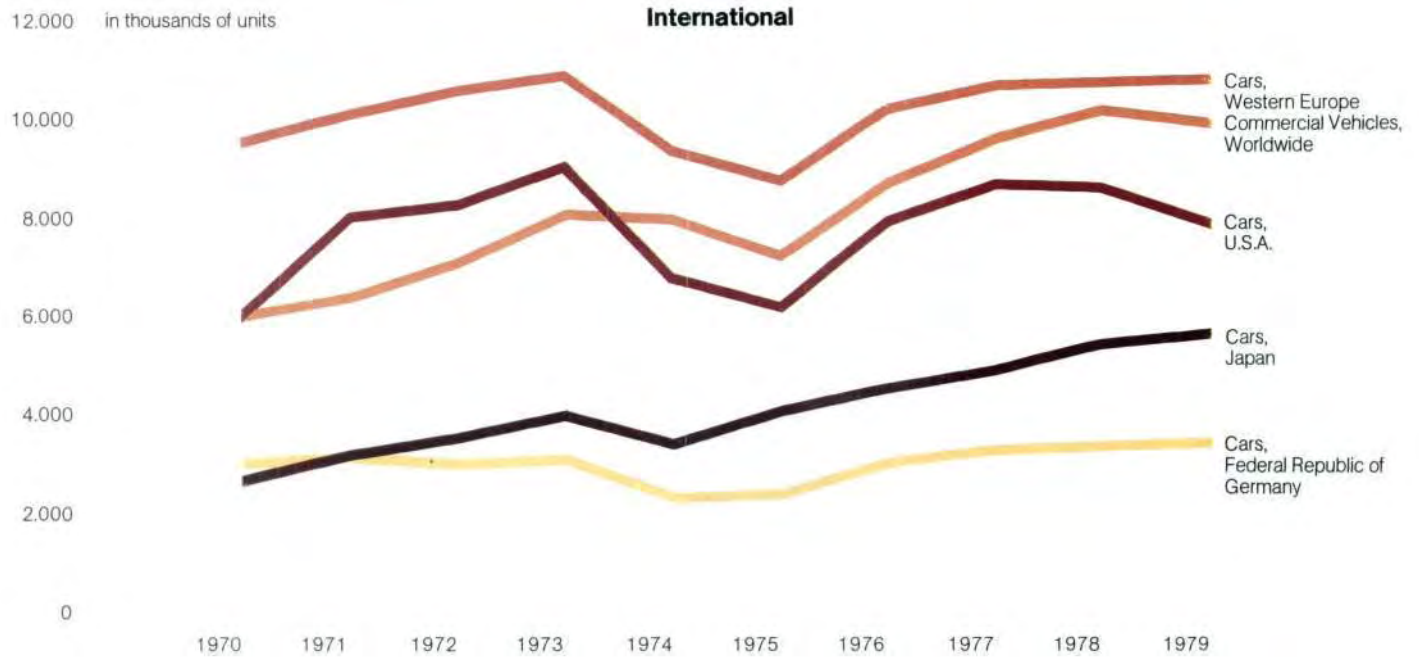
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# Automobile Production 1970-1979



Note: Daimler-Benz commercial vehicle-production worldwide.

# REPORT OF THE BOARD OF MANAGEMENT

to our shareholders

## Status Report

### Overview

In 1979, Daimler-Benz continued the steady growth it has enjoyed for many years. We managed again to improve the market position at home and abroad for the range of vehicles offered under our "Mercedes-Benz" nameplate. Consolidated sales\*) rose by more than 3.5 billion DM to 30.5 billion DM\*\*).

Earnings were favorably influenced especially by the large jump in production and the resulting high rate of capacity utilization in the car and commercial vehicle divisions. The improved profits enabled us to increase the dividend to our shareholders. For 1979 our proposal to the shareholders is for an increase of the dividend from DM 9.00 to DM 10.00 per common share of DM 50 par value. We were also able to allocate a larger amount to retained earnings than last year. We consider the resultant strengthening of our equity capital base especially important during a phase in which new technical demands, which require large capital expenditures, are placed on our Company and on the international automobile industry.

An event of particular significance was the launching of our new S-class in the autumn of 1979. This model, which combines the high level of Mercedes engineering with up-to-date economy, has met with a very favorable response in the press and in the market. Domestic orders, which in the first few months far exceeded planned output, and the positive echo in foreign markets lead us to expect a continuing success for the new S-class.

### World Trend of Car Business

In early 1979, in almost all industrial countries of Europe and in Japan, overall economic growth quickened, although in the United States there were already indications of a definite slowdown. As the year continued, the drastic price rise for energy and other raw materials and the unsolved problems of long-range oil supply dampened business prospects worldwide. The transfer of real purchasing power from the oil and raw material importing nations to the OPEC countries substantially curtailed the growth opportunities for the industrialized countries.

Demand for cars could not go unaffected by these structural changes. Added to this, the anticipated downturn of business in the high-volume markets took place following an unexpectedly long phase of steadily rising buyer demand.

These changes drastically affected the largest car market, namely that of the United States. The sudden shift of demand to compact, economical cars - and thus also to our Mercedes-Benz cars - drove up the sales of imported makes with higher fuel economy (+16% to 2.3 million units).

Sales of the Japanese mass producers, for example, increased 30% over 1978 to 1.8 million. On the other hand, domestic American manufacturers experienced an 11 % drop in sales to 8.3 million units.

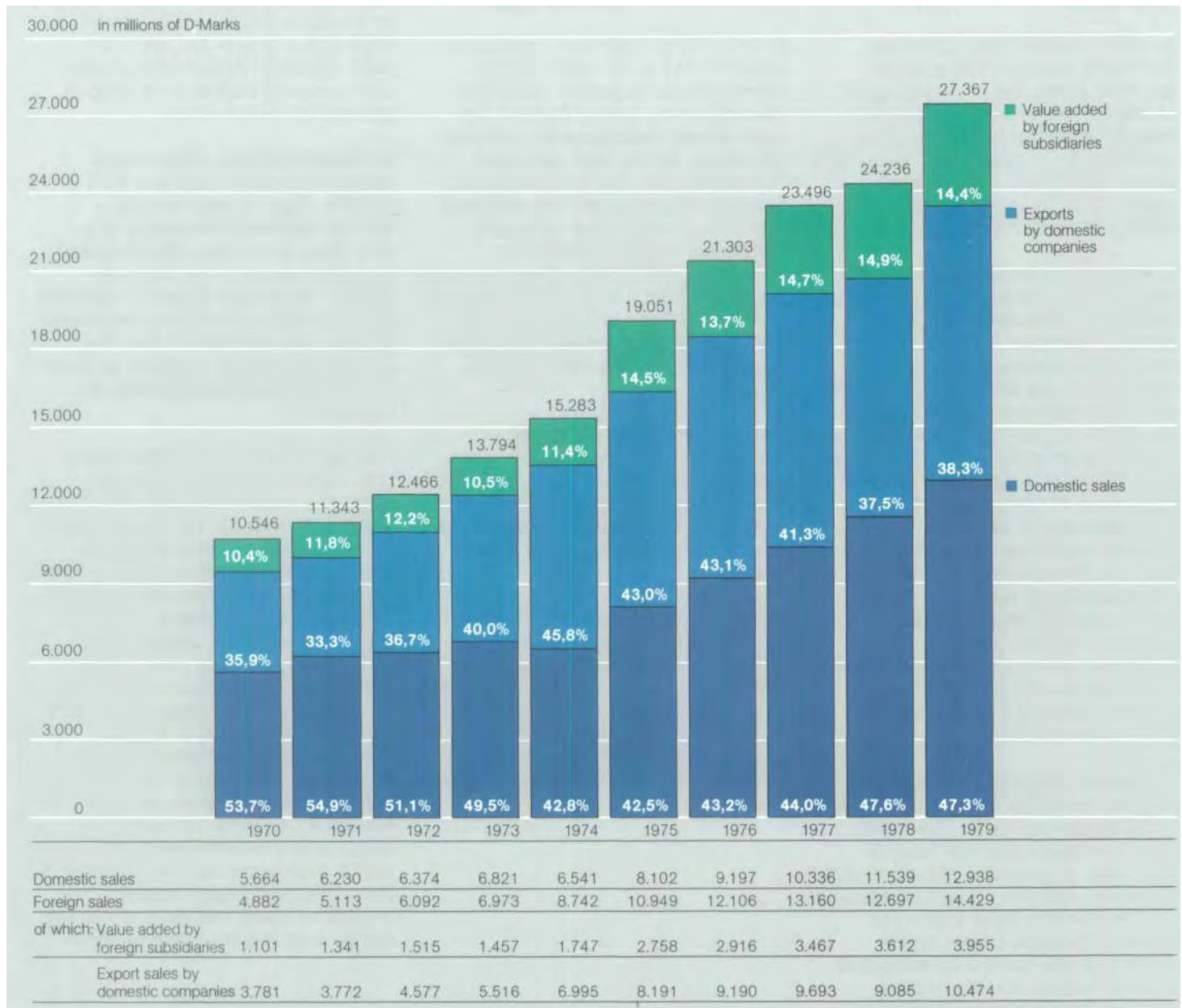
In Western Europe, where sales totaled 10.5 million cars (up 4%) in 1979, Japan's auto industry - with the additional advantage of a very weak yen - was able to extend its market share to 7.2 (last year 6.3)%. The market share of Japanese makes in some of the countries which have no auto industry of their own and are traditionally supplied by European factories is now between 20 and 25%.

The fast-growing penetration of the U.S. market by cars of Japanese origin has occasioned various American organizations to call for the establishment of Japanese factories in the U.S.A., or even for import restrictions upon Japan. Also, there is the danger that if export opportunities to the U.S.A. are curtailed, Japanese car-makers will turn even more to the West European markets to maintain employment of their huge production capacities. Therefore, in Europe, too, protectionist sentiments are on the increase. Both in the U.S.A. and Western Europe we observe this trend with great concern. We object to protectionist measures as a matter of principle but too, because the German auto industry depends on exports for about half of its production, and thus on the free trade of goods.

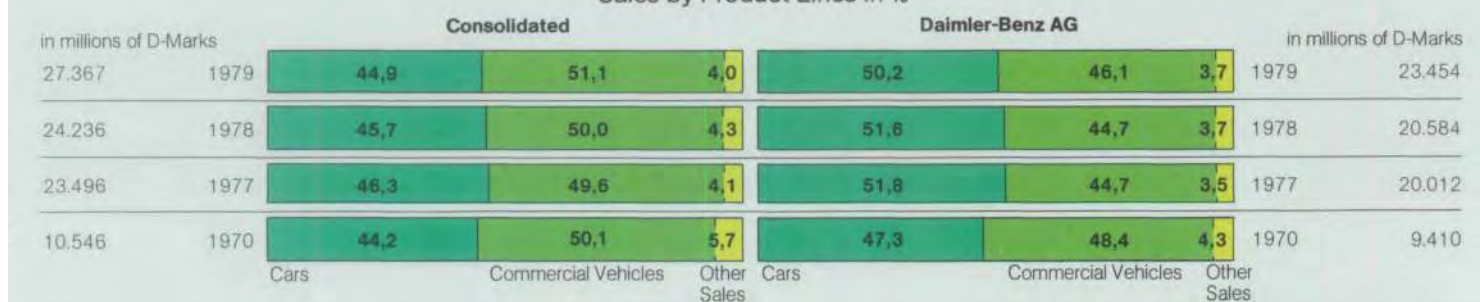
\*) This figure includes, in addition, half of the sales of companies in which we own a 50% share (Motoren- und Turbinen-Union, Munich/Friedrichshafen, Gelaendefahrzeug Gesellschaft mbH, Graz, and Merfag AG, Zurich).

\*\*) Inclusive of value-added tax.

# Consolidated Sales



## Sales by Product Lines in %





### German Car Industry

In the Federal Republic of Germany, the 2.62 million new car registrations in 1979 almost reached the high volume of last year. In the second half of 1979, demand slackened considerably, however, after clearly staying above medium-term sales expectations in the past few years. Intermediates with 1.5 to under 2.0 liter engines were particularly affected. However, cars under 1.5 liter and from 2 liter held or even expanded their position.

In 1979, after many years of declining market penetration, foreign manufacturers again increased their market share, from 21.9 to 23.1 %. The Japanese carmakers have more than doubled their share in the last two years - mainly at the cost of European importers-to 5.6%. In March of 1980, their share actually rose to about 9%. With 148,000 sales in 1979, Japanese cars took second place in the imports, behind the French.

In the foreign markets, German makers on the whole held their own. Car exports were up 5% to two million, more than compensating for the slight decline in domestic sales. German car output thus rose in the year under review by another 1 % to 3.9 million units, although certain companies were already forced to adjust to the receding demand with short-time work in the 4th quarter of 1979.

### Daimler-Benz: Car Output Up

Despite more difficult conditions, Daimler-Benz boosted car sales in 1979. Domestic new car registrations increased by 9.7% to 234,000 units so that our share of the slightly declining overall market advanced to 9.1 (last year 8.2) %. 162,154 units of the intermediate class were newly registered (+8%), with the preponderance of the increment accounted for by the "T" series introduced in 1978 (17,800 stationwagons). The "T" has given us a leading position in the high-quality stationwagon market.

We increased our exports by 3.6% to 183,000 units, almost half of which went to European countries. Our largest markets in Europe are France, Italy, Belgium, the Netherlands and Great Britain. Although we were not fully able to meet the keen demand due to limited availability, our sales in the U.S. market were good; 53,000 cars or 13% more than last year. The enlarged line of diesel cars enjoys growing popularity.

Altogether, we raised our output by 7.4% over last year to 422,159 cars, including diesel cars accounting for more than 200,000 units for the first time.

### Good Commercial Vehicle Market

Output and sales of commercial vehicles rose in most West European countries as a result of the capital goods boom. Nevertheless, competition has further stiffened in many parts of the industry. In the American market, the demand fell sharply in the lighter vehicle classes 1 to 5, which use mostly components from large-scale car manufacture. There was, however, great demand for heavy-duty class 8 trucks. The majority of trucks in class 6 and 7 offered in the U.S.A. still have gasoline engines. This market structure offers interesting potential for fuel-saving diesel commercial vehicles as built by us. But competition can also be expected to grow in this area in the future.

### German Commercial Vehicle Industry

In 1979, commercial vehicle sales in the Federal Republic of Germany also benefited from the growth in the capital goods industry and especially in the construction industry. New registrations were up 9% to 170,000 units. The German makers continued to prevail against strong foreign competition. The market share of foreign-built trucks over 6 tons GVW declined to 8.2 (last year 9.0)% in 1979.

German commercial vehicle exports rose by 5.4% to 178,170 units after falling the two previous years. Overall output in the year under review grew by 7.1 % to 317,169 units, but was still below the volume of 1976.

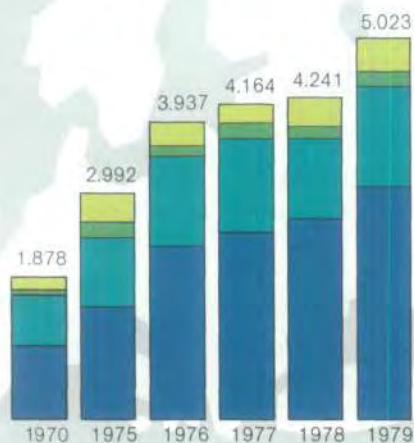
# Consolidated Foreign Sales

in millions of D-Marks	1970	1975	1976	1977	1978	1979
Foreign sales	4.882	10.949	12.106	13.160	12.697	14.429
of which:						
■ <b>Export sales by domestic companies</b>	<b>3.781</b>	<b>8.191</b>	<b>9.190</b>	<b>9.693</b>	<b>9.085</b>	<b>10.474</b>
■ Value added by foreign subsidiaries	1.101	2.758	2.916	3.467	3.612	3.955

## Share of Foreign Sales

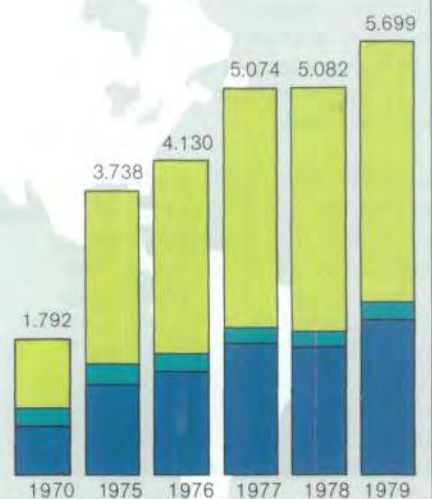
### Europe

– exclusive of Federal Republic of Germany –



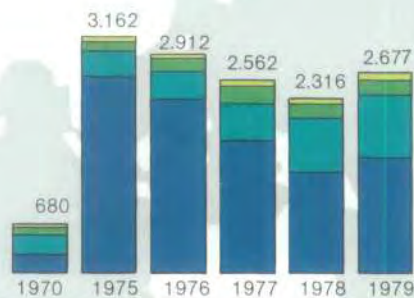
Value added by foreign subs.	174	392	333	246	358	438
Export sales domestic cos.	1.704	2.600	3.604	3.918	3.883	4.585
Domestic companies' share of export sales						
■ COMECON	1,8%	2,6%	1,3%	1,9%	1,6%	1,9%
■ Rest of Europe	17,4%	11,0%	13,0%	13,2%	12,1%	12,5%
■ EC	25,9%	18,1%	24,9%	25,3%	29,0%	29,4%

### America



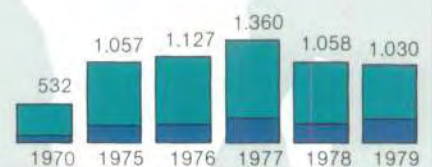
Value added by foreign subs.	896	2.301	2.535	3.148	3.198	3.421
Export sales domestic cos.	896	1.437	1.595	1.926	1.884	2.278
Domestic companies' share of export sales						
■ Latin America	6,4%	3,4%	2,7%	2,3%	2,4%	2,4%
■ North America	17,3%	14,2%	14,7%	17,6%	18,3%	19,3%

### Asia and Australia



Value added by foreign subs.	31	65	48	73	56	96
Export sales domestic cos.	649	3.097	2.864	2.489	2.260	2.581
Domestic companies' share of export sales						
■ Australia	3,0%	1,6%	1,8%	2,4%	2,3%	2,0%
■ Rest of Asia	7,5%	4,3%	4,2%	5,2%	7,7%	8,0%
■ Near East	6,6%	31,9%	25,1%	18,1%	14,9%	14,7%

### Africa



Value added by foreign subs.	532	1.057	1.127	1.360	1.058	1.030
Export sales domestic cos.	532	1.057	1.127	1.360	1.058	1.030
Domestic companies' share of export sales						
■ Rest of Africa	11,7%	10,2%	9,6%	10,7%	8,9%	6,8%
■ North Africa	2,4%	2,7%	2,7%	3,3%	2,8%	3,0%

### **256,000 Mercedes-Benz Commercial Vehicles Worldwide**

In the German market, Daimler-Benz boosted sales by 9.3% to 91,000 commercial vehicles. We consolidated our position particularly in the heavy-duty truck market (16 tons and up) and in the 2 to 4 ton GVW van category.

Our exports went up 4.1 % to 97,000 units. Deliveries to the hotly contested European markets posted a better than average increase of 15.7% to 61,500 units in all. Remarkable growth rates were achieved in Great Britain (up 55% to 7,400 units), Switzerland (up 30% to 2,900), Austria (up 18% to 4,600), Belgium (up 11 % to 4,000), France up 9% to 13,700) and Italy (up 9% to 4,900).

In Western Europe we are the largest manufacturers of trucks over 6 tons GVW. Our German plants raised output in 1979 by 9.1 % to 188,772 vans, trucks, buses and Unimog/MB-trac. Our South American subsidiaries turned out 67,695 units (+1.6%), although a labor dispute stopped production in Brazil for over two weeks. Daimler-Benz manufactured 256,000 (last year 240,000) commercial vehicles worldwide, up 7%.

### **Sales Upsurge at Home and Abroad**

Consolidated sales rose by 12.9% to 27.4 billion DM in 1979, almost doubling in the last six years. Of the sales total, almost 13 billion DM (+ 12.1 %) were accounted for by the domestic market, while foreign sales - exports from the Federal Republic of Germany plus the value added by our foreign production and distribution companies - accounted for 14.4 billion DM (+13.6%).

Daimler-Benz AG alone ran up sales of 23.5 billion DM, the 13.9% increase mostly attributable to the real growth of business volume. The commercial vehicle division increased its share of sales owing to the above-average expansion of its business (see chart on page 14).

The exports of Daimler-Benz AG rose by 15.5% to 10.5 billion DM. Inclusive of domestic sales, three quarters of our sales were in the European market. There was an extraordinary increase of car sales to North America (+21.4% to 2 billion DM). Commercial vehicle deliveries to Neareast countries and North Africa, which had declined since the phenomenal increases of 1974 and 1975, rose again for the first time. Export sales to these regions were up 15.5% to 1.8 billion DM (see chart on page 16). The establishment of credit facilities is taking on growing significance for our business in developing countries which are especially hard-hit by the rising price of oil.

### **Worldwide Capital Spending 1.9 Billion DM**

We continued our capital spending program as planned. Worldwide capital spending was 1.9 (last year 1.4) billion DM, the major portion of which - 1.7 (last year 1.2) billion DM - was accounted for by domestic companies. The bulk went to the car division, primarily for the continuous expansion of capacities, the production start-up of the new S-class and the introduction of new engines and other components. This underscores our confidence in the future of our products. With our investments in the area of commercial vehicles we have supplemented our model line and further improved the production structure by even more systematic concentration of similar tasks. The efficiencies thus gained also help to safeguard employment in our plants.

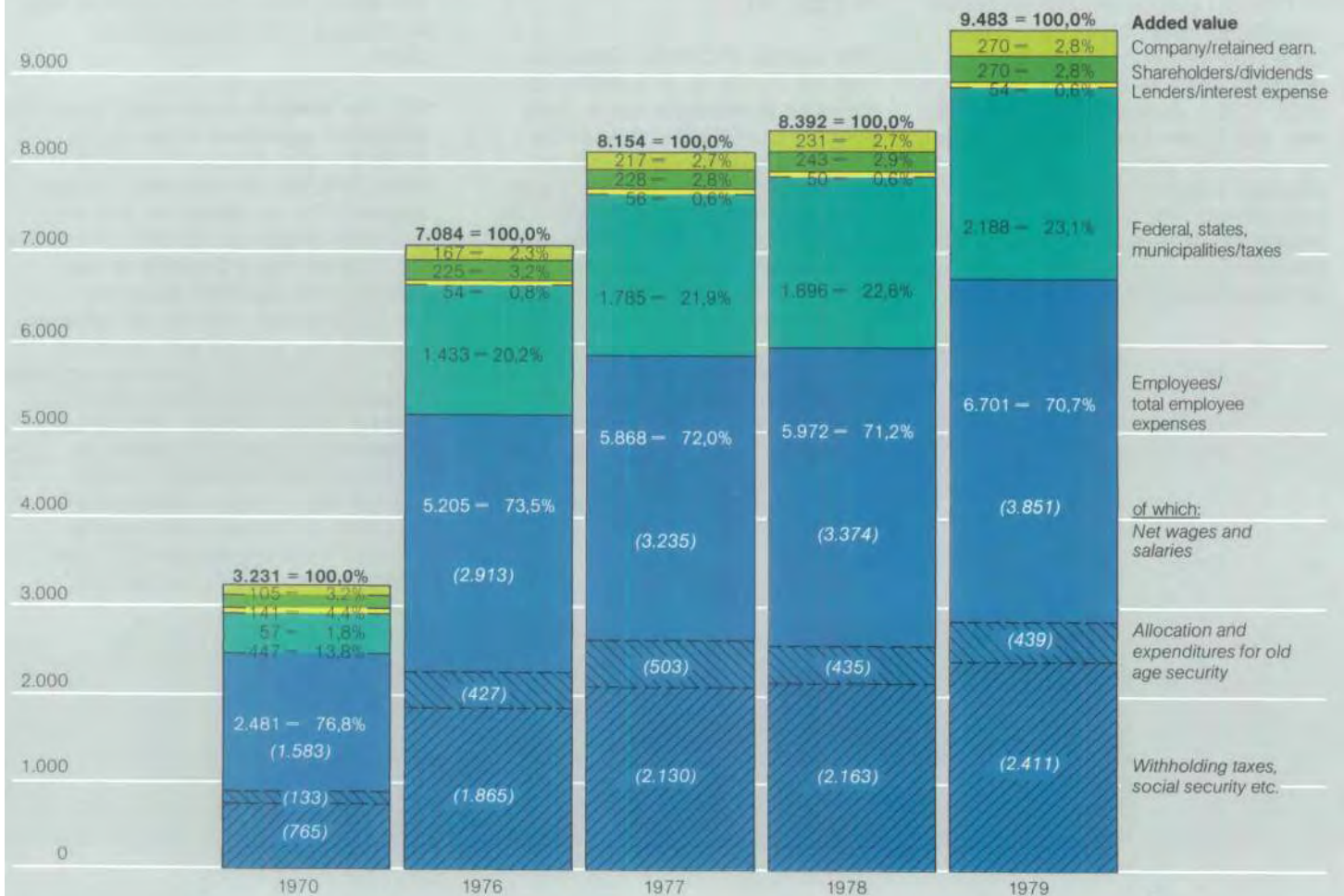
With our medium-term capital spending program - approved in the spring of 1979 - at a volume of over 10 billion DM, we will meet the changed demands for our products. The program will enable us not only to improve the engineering and quality of our vehicles, but also their economy. For this purpose, we will add another model to our car line and introduce new conceptions for almost all engines, transmissions and axles. In the commercial vehicle division, the planned investments serve the further improvement and expansion of our product lines. These measures are designed to maintain and improve the high technical standards of our products even under substantially changed conditions.



# Added Value Statement Daimler-Benz AG

	1970 in millions of DM	1976 in millions of DM	1977 in millions of DM	1978 in millions of DM	1979 in millions of DM
<b>Total revenue from manufacturing</b>	<b>9.571</b>	<b>18.312</b>	<b>20.407</b>	<b>20.645</b>	<b>23.736</b>
Less:					
Suppliers/expenditures for materials	5.251	9.080	10.278	10.055	11.748
Other expenditures/administration and selling, rents and leases etc. (less other income)	627	1.323	1.211	1.371	1.383
Depreciation	462	825	764	827	1.122
<b>Added value</b>	<b>3.231</b>	<b>7.084</b>	<b>8.154</b>	<b>8.392</b>	<b>9.483</b>
Applied to:					
Company/retained earnings	105	167	217	231	270
Shareholders/dividends	141	225	228	243	270
Lenders/interest expense	57	54	56	50	54
Federal, states, municipalities/taxes	447	1.433	1.785	1.896	2.188
Employees/total employee expenses	2.481	5.205	5.868	5.972	6.701
of which: <i>Net wages and salaries</i>	1.583	2.913	3.235	3.374	3.851
<i>Allocation and expenditures for old age security</i>	133	427	503	435	439
<i>Withholding taxes, social security etc.</i>	765	1.865	2.130	2.163	2.411

10.000 in millions of D-Marks



### **Earnings Satisfactory**

Worldwide net income rose from 593 to 638 million DM, while increasing from 474 to 540 million DM for Daimler-Benz AG alone. On a purely arithmetical basis, earnings did not keep pace with the growth of consolidated sales. This is due also to the fact that the upward trend of all our foreign subsidiaries is not reflected in the consolidated financial statements, which are stated in D-Marks, because the Brazilian cruzeiro was sharply devalued towards the end of the year.

The earnings of Daimler-Benz AG were favorably influenced by the growth of sales and the high rate of capacity utilization in the car and commercial vehicle sectors. An adverse factor was the high cost of labor and materials, which could not be completely offset by the price adjustments which became effective in 1979.

### **Net Product 9.5 Billion DM**

In 1979, Daimler-Benz AG had total revenues- net sales including changes in inventories plus capitalized in-house fixed assets - of 23.7 (last year 20.6) billion DM. The net product of the Company - total revenue less cost of materials, expenditures for selling and administration, rents and leases, and depreciation charges - increased by 13% to 9.5 billion DM. The breakdown is shown on page 18. A total of 270 (last year 231) million DM of net income was allocated to retained earnings.

In 1979, we again availed ourselves of the valuation and currency conversion opportunities permitted by conventional accounting methods to avoid overstatement of income through inflationary profits. Inflationary profits are the result of depreciation charges being allowed only on the lower acquisition costs, and not - as would be necessary to maintain the Company's equity value - on the higher replacement costs.



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# Outlook

## Changing Structure of the Automobile Industry

At the start of the eighties, the automobile industry is about to undergo a profound transformation because of changed economic and technical parameters. Most affected are the American auto companies, who until now - in contrast to European makers - have placed less emphasis on the fuel economy of their cars. They must, therefore, change over their car lines to smaller models in a minimum of time and on an incomparably large scale. But European makers must also adapt themselves and their products to the changed conditions. The necessity to develop new cars and make extensive investments in new production facilities place utmost demands on the productive capacity and financial resources of all companies. Meeting these demands is all the more important as the auto industry, despite immense difficulties, must also act as a mainstay of world economic growth in the years to come, because a recession in this industry could not be offset by any other industry.

The convergence of the model policies of the mass producers worldwide, caused by the rising cost of energy, means that, increasingly, cars designed on the same or similar principles compete in the marketplace. Production costs and volume thus attain an ever growing significance. In addition to high volume, the Japanese auto industry has the very big advantage of lower employment costs and an undervalued yen. The American makers, who have been favored by relatively lower raw material and energy prices, should have an improved competitive stance with their new models and modern, highly productive plants after weathering the changeover phase.

## New Opportunities Through Innovation

Though in 1979 the German automobile industry, as already mentioned, managed a slight increase in output over last year, this cannot gloss over the fact that it has lost shares in export markets for several years running. The German industry has admittedly succeeded, in part, in compensating for the high cost of labor and energy with exacting technical standards both in car design and manufacture as well as in the service field. But that makes it all the more necessary to increase awareness of the fact that there are nevertheless limitations set by production cost and price for a product which is so indispensable to Germany's exports and thus to employment. The more manufacturers in other countries emphasize the engineering and quality of their cars, the narrower these limits will be.

The German automobile industry views fuel economy as an essential element of competition, and a large portion of its extensive investment programs is directed towards this goal. The seriousness of this effort can also be concluded from the voluntary pledge of all companies to the Federal Minister of Economic Affairs to reduce fuel consumption of their model lines by at least 10 to 12% by 1985. Since making that pledge, they have indicated the possibility of their achieving the promised reduction in consumption even earlier. Therefore, there is no need for imposing drastic measures in this area, which would, as the American example shows, overstrain the financial capabilities of even the largest and healthiest companies or weaken the international competitiveness of the German automobile industry. As the experience of 1973/74 and also 1979 has shown, free-market solutions in a system of competition among producers promote targeted goals more effectively than any government actions.

## Overall Energy Plan Needed

We consider a long-range, clear-cut energy policy of the various governments no less important than auto industry efforts to conserve energy. This policy must aim at using crude oil and its derivatives only where other sources of primary energy cannot be substituted or can be substituted only at the cost of reduced efficiency. As much as possible, crude oil should be reserved for use as a raw material for chemicals and as a power source for vehicles.

## German Automobile Industry in 1980

The German auto industry's domestic sales will drop in 1980, demand having already fallen off noticeably last year. At the moment, however, there are still no indications that there will be a setback as drastic as in 1974/75. Foreign sales though, which are still good at present, are expected to offset only part of the decline in domestic demand, so that in 1980 a slight drop in car production overall has to be anticipated.

The commercial vehicle capacities will probably be well employed throughout 1980, as demand still runs strong. For the future, however, it must be taken into account that the generally good order inflow of the very recent past is also the result of pent-up demand in some countries.

**Daimler-Benz:  
Upward Trend also in 1980**

During the first three months of 1980, Daimler-Benz sold 116,000 cars at home and abroad (+ 4%). Commercial vehicles rose by 12% to 51,000 units. To this must be added 1,200 Mercedes-Benz cross-country vehicles and 16,000 trucks and buses of our subsidiaries in Brazil and Argentina. During the same period, our worldwide sales increased by 12% to 7.5 billion DM.

We expect to increase our business volume in 1980 even under less favorable conditions, assuming that external events and government actions impose no additional burdens.

On the car side, we are planning an output of more than 430,000 units for 1980. Market demand and the large order backlog continue to ensure full employment of our plants. Because of the trend to the economical quality car with advanced engineering and high utility value, we see good sales opportunities for Mercedes-Benz cars over the long term.

We view fuel economy as a particularly significant objective, but not as our primary research and development goal. Our endeavor, which we have repeatedly stated, is not to neglect the progress achieved in other important areas, such as safety, environmental compatibility, utility value, superior workmanship, durability and high resale value. Rather, we will systematically work to offer our customers cars of mature overall design. We consider the new S-class a significant example of our striving to develop more refined automobiles, balanced in every respect, because this model is not only characterized by a more than 10% cut in fuel consumption (development of the model, begun in 1974, took early account of the experience of the first oil price rise), but also demonstrates systematic development and improvement of the above-mentioned "classic" qualities of our Mercedes products. For this reason, we consider ourselves well equipped and well prepared for the keener competition expected.

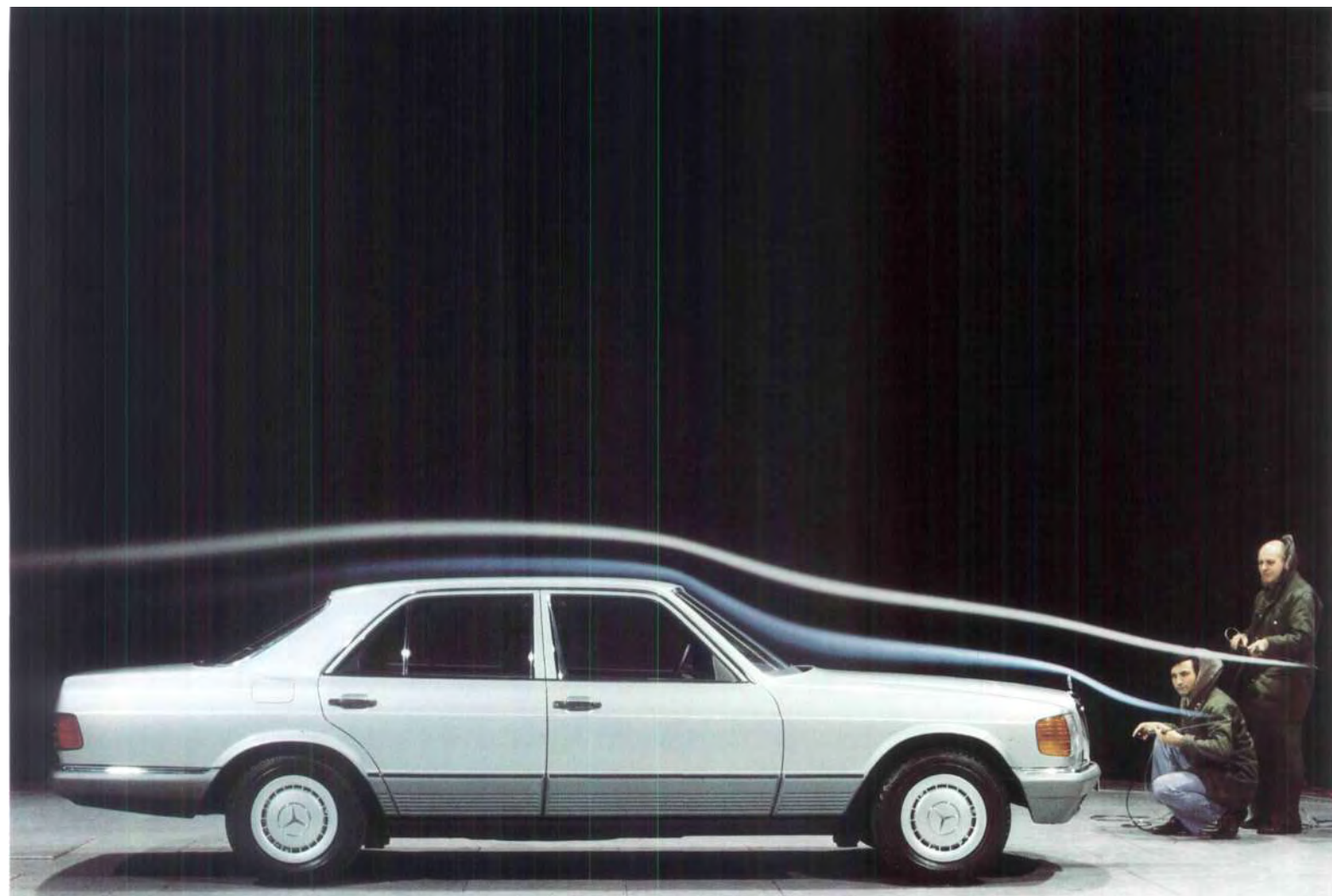
In our engine line-up, a test-proven "cylinder cut-off" and an "anti-knock control" will enable even greater fuel savings for our gasoline engines. These innovations will especially benefit the fuel economy of our eight-cylinder light-alloy engines. A major object within our development effort has traditionally been our highly economical diesel engines. The diesel engine, which, augmented by exhaust-gas turbocharging, attains performance and efficiency which cannot be matched by other engine types, will take on even greater significance in the future. On the basis of the high level which our diesel technology has already achieved, we will undertake every effort to maintain and enlarge our technological lead. This is all the more important since almost all carmakers today have included diesel cars in their model lines or in their product planning.

We consider this a vindication of our persistent diesel development work over many decades; on the other hand, the increasing competition must be an additional incentive to increase our own capabilities in the diesel field.

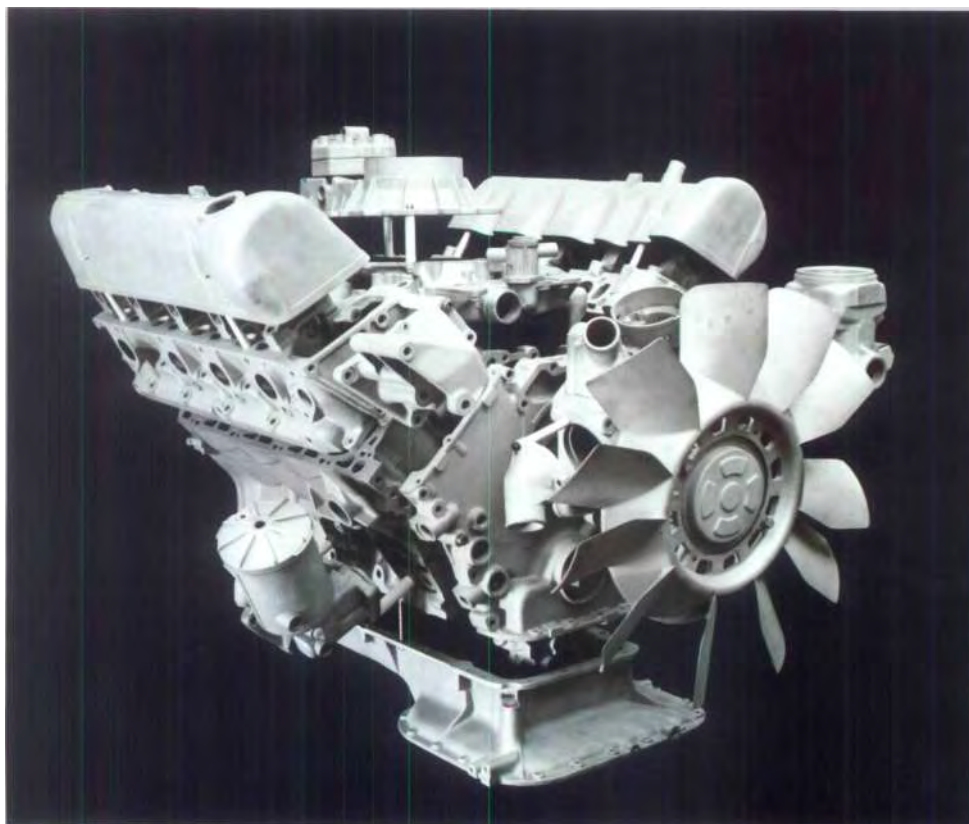
On the commercial vehicle side, for 1980 we expect output and sales to top the volume of the good year 1979. We introduced important new products at the Frankfurt International Auto Show (IAA), including a new engine generation within our "400" series and a jumbo cab for long-haul trucking. We also view our full-line truck program from vans to heavy-duty trucks, which allows volume production for each model, and our efficient service to customers based on a closely-knit system of service facilities, as factors which give us a tremendous competitive advantage.

Building on our strong position in cars and commercial vehicles and our sound financial position, we enter the coming years absolutely confident of our ability to keep our company on a course of steady growth.





*The air resistance of the new S-Class models was reduced through optimal aerodynamic design to extremely low levels for production sedans.*



*The new V-8 engines for the models 380 SE and 500 SE are made of light alloy. Because of substantial weight reduction (up to 617 pounds) and favorable aerodynamic body design, the new models average 10% lower fuel consumption than their predecessors.*



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# Cars

Car sales rose by 11 % in 1979 to 12.3 billion DM. Domestic and export sales increased in equal degrees. The trend to well-equipped cars, which has been apparent for years, is continuing. In 1979, for example, we delivered 90% (last year 83%) of our cars with power steering, and 43% with automatic transmission.

Car output during the year under review increased by 7.4% to 422,159 units. With overtime and a number of special measures, we were able to compensate for production bottlenecks in certain areas.

Output of the Mercedes-Benz intermediate and upper-intermediate class increased by 3.1 % to 308,797 units. The millionth car of this highly successful series came off the assembly line at the Sindelfingen plant more than three years after launching.

To satisfy the large demand which arose after the first introduction of a stationwagon, we manufactured 28,405 units in 1979 as compared to 10,581 the year before. We will supplement this series with a new, economical version in the higher performance range - a 300 TD with a turbocharged diesel engine.

Despite the model change, production of hi-line models (280 S and upwards) was raised by 2.2% to 84,957 units, which testifies to the success of this series which was introduced in 1972. During a transition period, the old models will continue to be built for certain countries alongside the new S-class, series production of which started at the beginning of 1980. We take it as a proof of the confidence in all our products that we have not run into any sales problems with parallel models being offered.

## Car program:

Our new S-class from the 280 S to 500 SEL has been very well received by the public. These models combine advanced technology with up-to-date economy and increased safety, environmental compatibility and ease of maintenance. New light-alloy engines (3.8 and 5 liter V-8's), a windtunnel-developed body with particularly low aerodynamic drag, plus the use of weight-saving materials (we were able to cut weight by up to 617 pounds) combined to make possible a reduction of fuel consumption by more than 10% over the predecessor models. Just shortly after launching, our new models took top honors in reader surveys conducted by major motoring magazines.

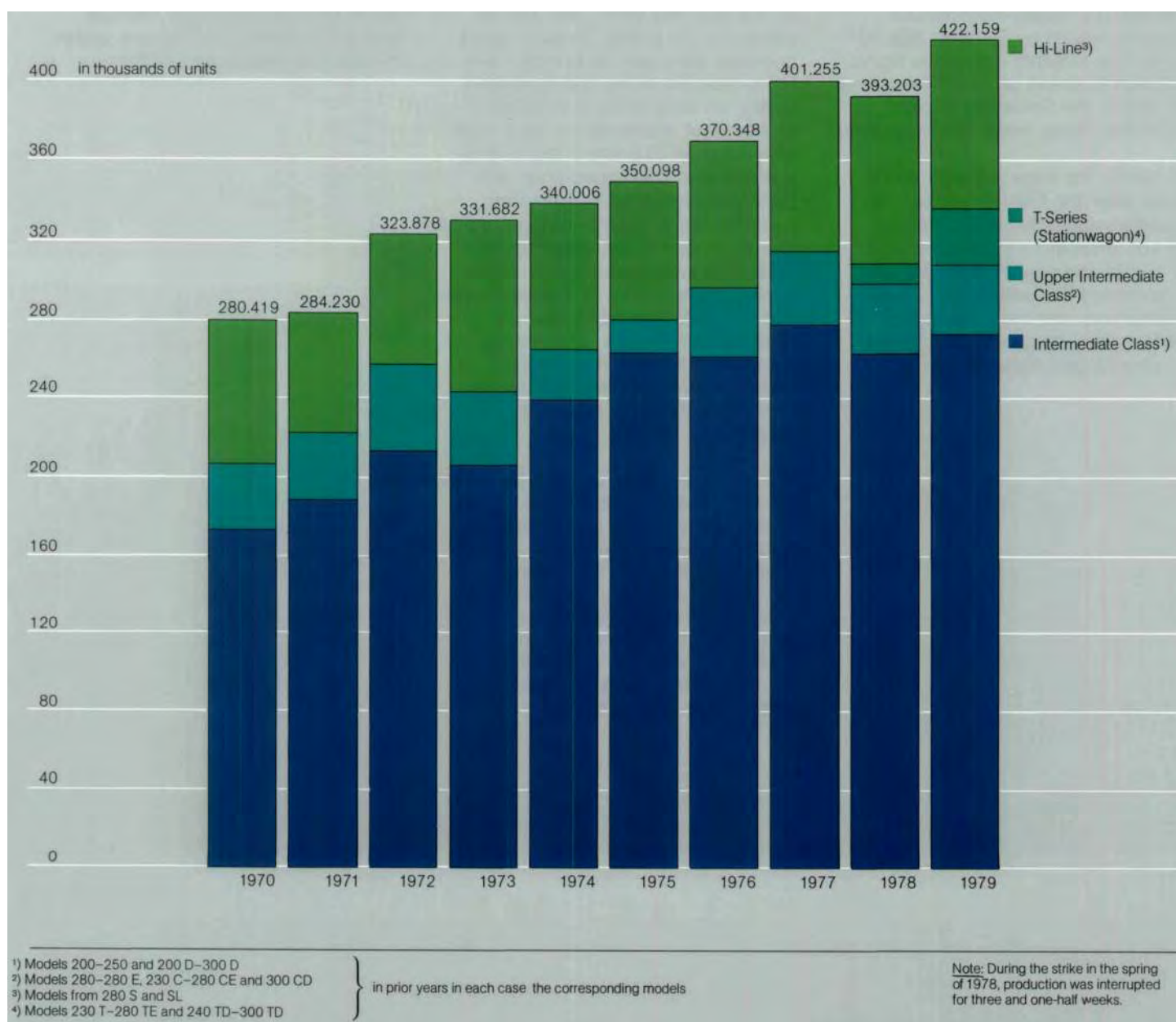
We also improved economy by extending maintenance intervals. We have attached such great importance to balanced design, safety and stress-reducing comfort in the S-class successor generation because our customers rely on their cars to give extraordinary all-round performance, both with respect to annual mileage driven and the average number of passengers in the car.

The new 4-speed automatic transmission - standard on all models with V-8 engines - selects the best speed range for each situation and thus makes for economical fuel consumption. An "econometer" (fuel consumption trend indicator) tells the driver how he can adapt his driving style for greater economy.

At the Geneva Auto Show in March 1980, we introduced our improved SL and SLC models - the roadsters (280 SL to 500 SL) and coupes (280 SLC to 500 SLC). Through numerous refinements we were also able to reduce the fuel consumption of these cars (as compared to the previous sportscar models), and at the same time improve performance and passenger comfort.

# Car Production

	1970	1975	1976	1977	1978	1979	1979 to 1970 in %
<b>Total Production</b>	<b>280.419</b>	<b>350.098</b>	<b>370.348</b>	<b>401.255</b>	<b>393.203</b>	<b>422.159</b>	<b>+ 50,5</b>
Change in % to prior year	+9,2	+ 3,0	+ 5,8	+ 8,3	- 2,0	+ 7,4	
of which:							
Intermediate Class <sup>1)</sup>	173.792	262.966	262.062	278.411	262.773	273.055	+ 57,1
Upper Intermediate Class <sup>2)</sup>	33.631	17.375	35.188	37.736	36.742	35.742	+ 6,3
Hi-Line <sup>3)</sup>	72.996	69.757	73.098	85.108	83.107	84.957	+ 16,4
T-Series (Stationwagon) <sup>4)</sup>	—	—	—	—	10.581	28.405	+ -



Again in 1979, we continued to further develop our entire car line. Engine output of model 300 D was raised from 59 to 65 kW (88 DIN/hp), and of model 250 from 95 to 103 kW (140 DIN/hp). In the autumn of 1979, we introduced a new range of colors for our cars. All models are now fitted with seat belts, also for rear passengers, as standard equipment, in compliance with government regulations. Our complete car line is now equipped with the proven pneumatic headlamp range control which has proved itself so well in the S-class.

A major breakthrough in corrosion protection has been made through the use of new paint methods. After twelve months of intensive testing, we have now introduced the cathodic electro dip painting process, also called cathaphoretic dip painting, at the Sindelfingen plant for the complete car line, following good experience with this method in the different pilot series.

The electronically controlled anti-lock braking system ABS (jointly developed with Robert Bosch GmbH), which guarantees steerability even in panic-braking, was introduced by us with considerable success in 1978, in S-class models first. About every fourth customer chooses this option. It will be available for all Mercedes cars starting in the fall of 1980.



The main plant in Untertuerkheim, where our head office is also located, celebrated its 75th birthday in 1979. Today, 25,000 people are employed at this plant, which includes the sub-plants Hedelfingen, Mettingen, Bruehl, Zuffenhausen and Koengen. Engines, transmissions and axles for cars and vans are manufactured there.

In the last event of the 1979 World Rallye Championship, the "Rallye du Bandama" (Ivory Coast), which places extreme demands on cars and drivers, Mercedes-Benz cars scored an impressive victory. Four factory-prepared 450 SLC 5.0 took the first four places. We intend to participate in a number of World Championship rallyes in 1980.

In France, the "Comitee d'Excellence Europeene" awarded us the "Grand Prix Triomphe" for 1979. This committee, which includes personalities from business and public life, paid tribute to the "consistent high quality of the products of the German company and its extraordinary contribution in promoting the reputation of the European automobile industry in the world".



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# Commercial Vehicles

Worldwide commercial vehicle sales rose by 15% in 1979 to 14 billion DM, of which Daimler-Benz AG accounted for 10.8 billion DM (up 17%). Domestic sales were boosted by 14% to 5.7 billion DM. The sharp rise in export sales by 21 % to 5.1 billion DM reflects not only the marked rise in foreign demand, but also the above-average increase of heavy-duty trucks.

We raised worldwide output in 1979 by 7% to 256,467 Mercedes-Benz commercial vehicles. The domestic plants manufactured 188,772 vans, trucks, buses and Unimog/MB-trac (+9.1 %). Our plants in Brazil and Argentina, which are not dependent on deliveries from the German plants, together accounted for 67,695 units or about one fourth of our worldwide commercial vehicle output.

In the domestic plants, the share of vans (2-4 tons) and heavy-duty trucks (from 16 tons) has increased in terms of overall output. The Bremen plant turned out 51,815 vans of up to 4 tons GVW (+9.5%). Heavy-duty truck output (16 tons and up) also increased faster than overall production, by 24% to 48,625 units, resulting in a substantial improvement of employment at the Woerth plant with

commensurate effect on employment in Gaggenau, Kassel, Mannheim, Berlin and Harburg. These plants supply the assembly plant in Woerth with components such as engines, transmissions and axles plus large and small individual parts. The 1.5 millionth commercial vehicle diesel engine since 1949 left the Mannheim plant in 1979.

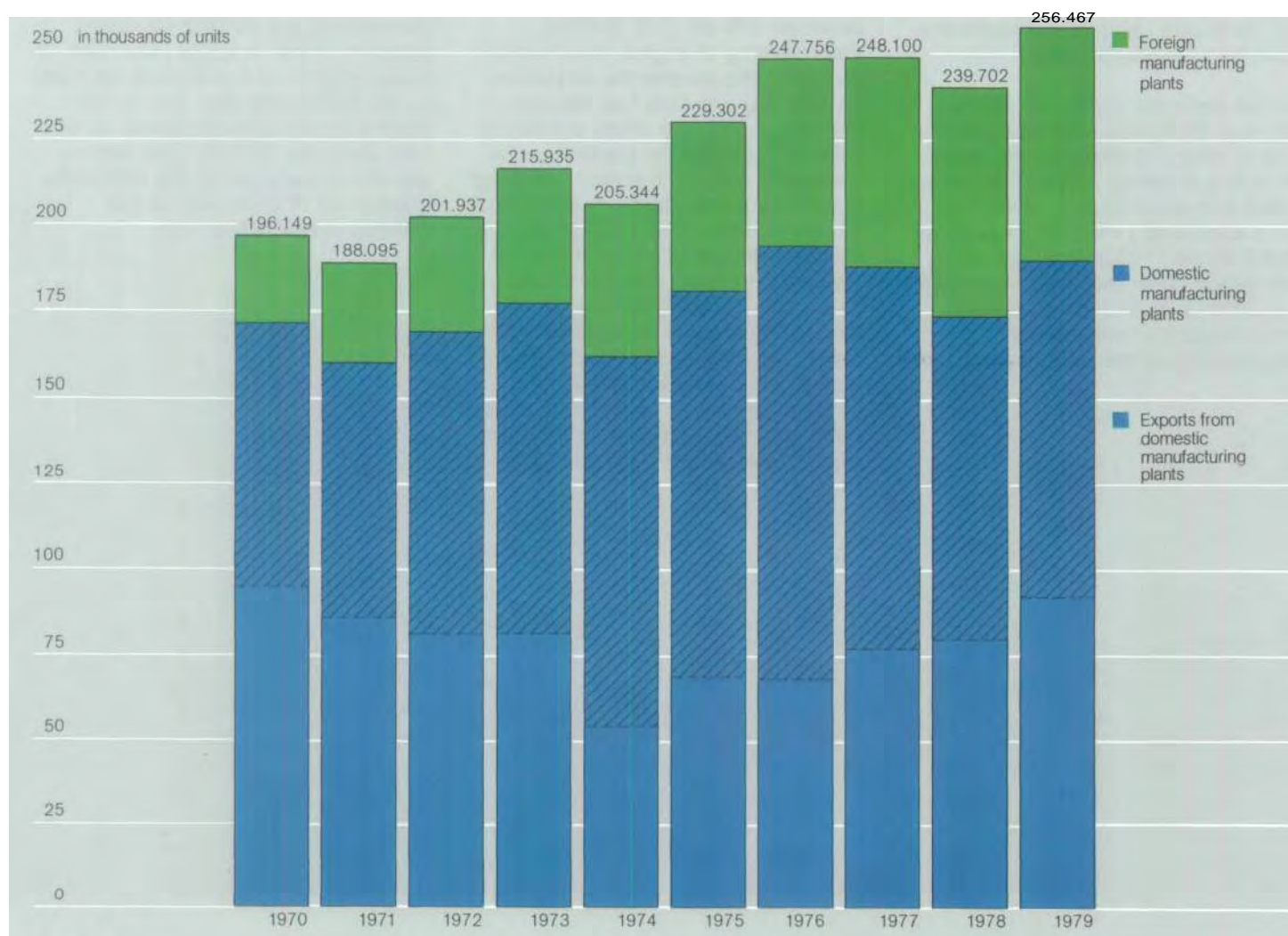
Our truck program was expanded in 1979 in the area of heavy-duty models. Two new 8-cylinder series "400" engines with appreciably higher torque and larger displacement were introduced. The naturally aspirated engine develops 206 kW (280 DIN/hp), while the version with exhaust gas turbocharger and charge-air-cooling develops 276 kW (375 DIN/hp). The matching of engine, transmission and axle ratio creates the conditions for attaining excellent fuel mileage. Our new jumbo cab offers substantial improvements for the trucker's workplace with respect to space, operating convenience and safety. A new tractor design also provides a maximum of suspension comfort for container transport in future. In our endeavor as full-line manufacturers to meet the widest range of transport needs, we enlarged our 6 to 10-ton truck series, introducing an 11-ton truck at the beginning of 1979. Our Duesseldorf plant now offers a new large van with 706 cubic feet of cargo space.

Our far-flung service and advisory system helps the customer to put together and operate his fleet with optimum efficiency. We consider this service an especially strong competitive advantage of ours, because it is the overall economy of a commercial vehicle that is decisive, and operating expenses play a far more important role than, for example, the purchase price.

In 1979, the bus business was favored by increased demand from abroad. Exports rose by 26% to 6,189 buses and bus chassis, with the bulk heavy-duty units. In the domestic market, with 2,924 (last year 2,854) new registrations, Daimler-Benz again took a 45% share of the bus market. In the domestic plants Mannheim, Duesseldorf and Woerth we raised output by 3.9% to 8,529 units, with heavy buses and bus chassis accounting for 6,766 units (last year 6,553). Worldwide bus output came to 27,426 units (last year 30,586). The decline was due in particular to the temporary interruption of production at our affiliated companies in Iran.

# Commercial Vehicle-Production

	1970	1975	1976	1977	1978	1979	1979 to 1970 in %
<b>Total Production</b>	<b>196.149</b>	<b>229.302</b>	<b>247.756</b>	<b>248.100</b>	<b>239.702</b>	<b>256.467</b>	<b>+ 30,8</b>
Change in % to prior year	+15,0	+11,7	+8,0	+0,1	-3,4	+7,0	
Domestic manufacturing plants	171.362	180.005	193.204	187.298	173.101	188.772	+ 10,2
of which:							
Trucks	149.646	159.207	170.616	166.158	155.591	170.093	+ 13,7
Delivery vans Bremen (to 4 tons) <sup>1)</sup>	32.523	29.975	41.878	40.257	47.333	51.815	+ 59,3
Delivery vans Duesseldorf (over 4 to 6 tons) <sup>1)</sup>	45.622	25.470	29.906	30.358	26.481	28.270	- 38,0
Light-duty trucks (over 6 to 8 tons) <sup>1)</sup>	14.936	15.924	18.658	18.228	18.746	17.141	+ 14,8
Medium-duty trucks (over 8 to under 16 tons) <sup>1)</sup>	33.483	34.007	32.330	28.940	23.721	24.242	- 27,6
Heavy-duty trucks (16 tons and up) <sup>1)</sup>	23.082	53.831	47.844	48.375	39.310	48.625	+110,7
Buses	9.531	13.344	12.824	11.595	8.210	8.529	- 10,5
Unimog and MB-trac	12.185	7.454	9.764	9.545	9.300	10.150	- 16,7
Exports from domestic manufacturing plants	76.355	111.575	124.965	110.100	93.163	97.022	+ 27,1
Foreign manufacturing plants	24.787	49.297	54.552	60.802	66.601	67.695	+173,1



<sup>1)</sup> Gross vehicle weight.



We supplemented the Mannheim O 303 line of luxury touring coaches in 1979 with a coach having a raised floor and wraparound windshield, the RHS, and a high-deck bus, the RHD. The articulated pusher bus, specially designed for urban traffic, made a strong showing in the market in its first year of production. We have meanwhile manufactured the 10,000th standard commuter bus O 305, introduced ten years ago. The versatile minibus program based on the van series was enlarged by a 13-seater bus and a wide-body version of the O 309 for 25 passengers.

Unimog and MB-trac output rose by 9.1 % to 10,150 units. A substantial share of this increase was accounted for by the Unimog model 1300 L, which is part of a large order being delivered to the German Armed Forces over a period of several years. The Unimog program comprises seven basic models with engine outputs of 38 to 123 kW (52 to 168 DIN/hp). The farm tractor line, models MB-trac, is offered with engines of 48 to 92 kW (65 to 125 DIN/hp).

We were able to boost industrial engine and vehicle component sales by 24% in 1979 to 245 million DM, despite stiffer competition. Strong demand by domestic equipment manufacturers (special-purpose vehicles, agricultural and construction machinery) was largely responsible for the increment. Exports were on a level with the previous year.

Of the diesel engine line with outputs ranging from 17 kW (23 DIN/hp) to 404 kW (550 DIN/hp), engines with outputs over 150 kW (200 DIN/hp) showed the biggest rates of increase. We also stepped up sales of axles and automatic transmissions considerably.

## Material Supply

The prices of parts purchased from suppliers rose strongly in the second half of 1979. The abrupt rise in oil prices caused the prices of other energy sources and intermediate products to climb.

Increases in output and shifts within the commercial vehicle program, on very short notice in some cases (the consequence of customer demand), as well as the start-up of the new S-class required extraordinary flexibility on the part of our suppliers. The supply of materials, which was put to a particularly severe test by the strike in the iron and steel industry of North Rhine-Westphalia at the beginning of 1979 and in France in April and May of 1979, was continued at all times, while high quality standards were maintained. We wish to thank our suppliers also in this report for their continued dependable cooperation.

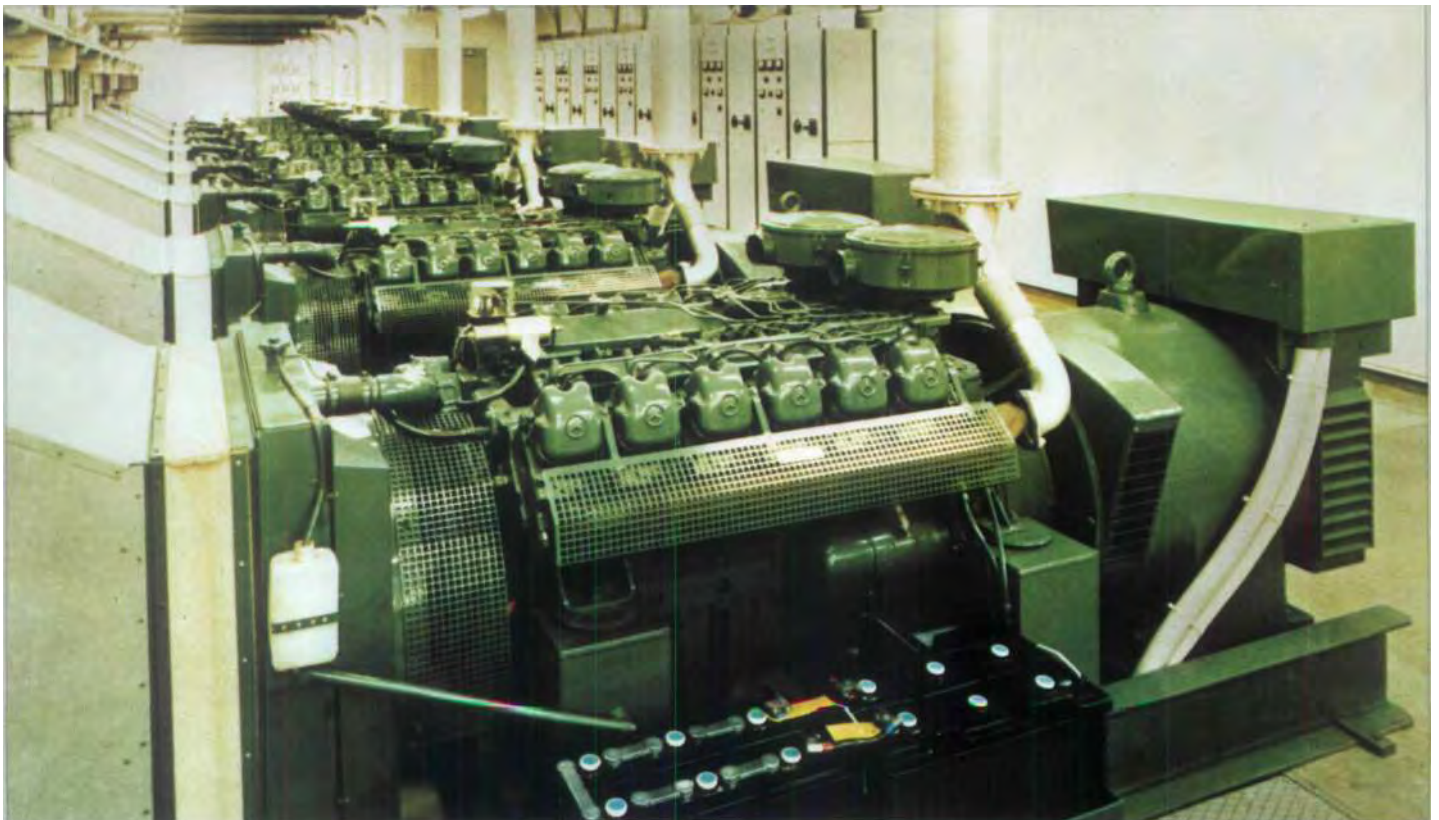
*Introduced in the spring of 1979: The Mercedes-Benz „G“, suitable for both on- and off-road use (foreground).*



*Mercedes-Benz 12-cylinder diesel engine OM 404 powering fully automatic emergency generators. This installation provides a large telephone exchange with dependable power supply under all conditions.*



*The Unimog U 1300 with shoulder and border mower, a multi-faceted helper for municipal and county use.*







*These flagships" of the Mercedes-Benz long-distance trucks have wider, higher and roomier cabs. Five basic models are offered with the new powerful and fuel efficient 276 KW/375 PS engine OM 422 LA with turbocharger and cargo space refrigeration.*



*The O 303 RHD, a new Mercedes-Benz touring bus. Because of the higher bus floor, luggage space was increased to 66 cubic feet. Further distinguishing features: greater safety, more comfort and more powerful engines.*





*A modern 67,800 square feet training center was opened in Esslingen-Bruehl in early 1979 for the training of service specialists, training managers and instructors.*



*From 74 rooms equipped with the most advanced teaching aids and technical equipment, approximately 100 experts from the central service organization spread practical knowledge throughout the world.*



# Sales and Service Organization

Tough competition in international markets and rapid changes in the demand and sales structure, particularly for commercial vehicles, have again placed heavy demands on our sales organization during the year under review.

The balance between factory-owned branches and independent dealerships at home and factory-owned distribution companies and independent distributors abroad once again proved its value. In addition, the linkage of car and commercial vehicle business in a largely homogeneous sales and service organization benefited us last year. Again, in order to consolidate our market position, we invested considerable sums in our factory-owned branches and distribution companies. Our domestic and foreign associates also made sizeable expenditures.

In the domestic market we currently have 96 factory-owned branches and sub-branches. Capital spending of 81 million DM served to replace production tools, modernize service facilities and build new showrooms and vehicle storage facilities. In addition to the extension of service intervals already mentioned, we further enlarged service and repair capacities. Both measures shorten the time customers' vehicles spend in the workshop.

Together with its independent dealers, Daimler-Benz has more than 1,200 sales and service points for cars and commercial vehicles in Germany, and another 550 for Unimog and MB-trac. Nationwide, some 60,000 people are employed in sales and service, 16,700 of them in the factory-owned branches.

The rental and vehicle sales revenue of our subsidiary "Mercedes-Leasing-GmbH," Stuttgart (previously "Mietanlagen Industrievertriebs-GmbH"), was up 50% from last year to 95 million DM. Twenty five percent more leasing vehicles were added for a total of nearly 3,400 units, tying up 149 million DM in funds (+ 69%). Favorites for leasing are commercial vehicles in the 2 to 8 ton category and buses of the Mannheim program. We expect substantial growth rates in the years to come, as well.

Abroad, our organization comprises over 4,250 sales and service points in some 170 countries. Our worldwide network of service facilities was further enlarged in close cooperation with our distributors. The European stations are supplemented by 38 mobile service units. This Mercedes-Benz "Trans-Europa-Service" provides road service and assists existing service facilities mainly in countries with heavy international traffic. The trend in the service field is characterized by an increasing need for direct support to municipal governments and fleet customers, and by the rising demand for qualified personnel. Intensive professional training for our service staff thus assumes growing importance. Today, 63,000 people work for Daimler-Benz in sales and service abroad, a large segment of whom are trained at the new central training facility in Esslingen-Bruehl, while others receive direct on-the-job training. In this way, some 37,000 employees received training from us or our general distributors in 1979.

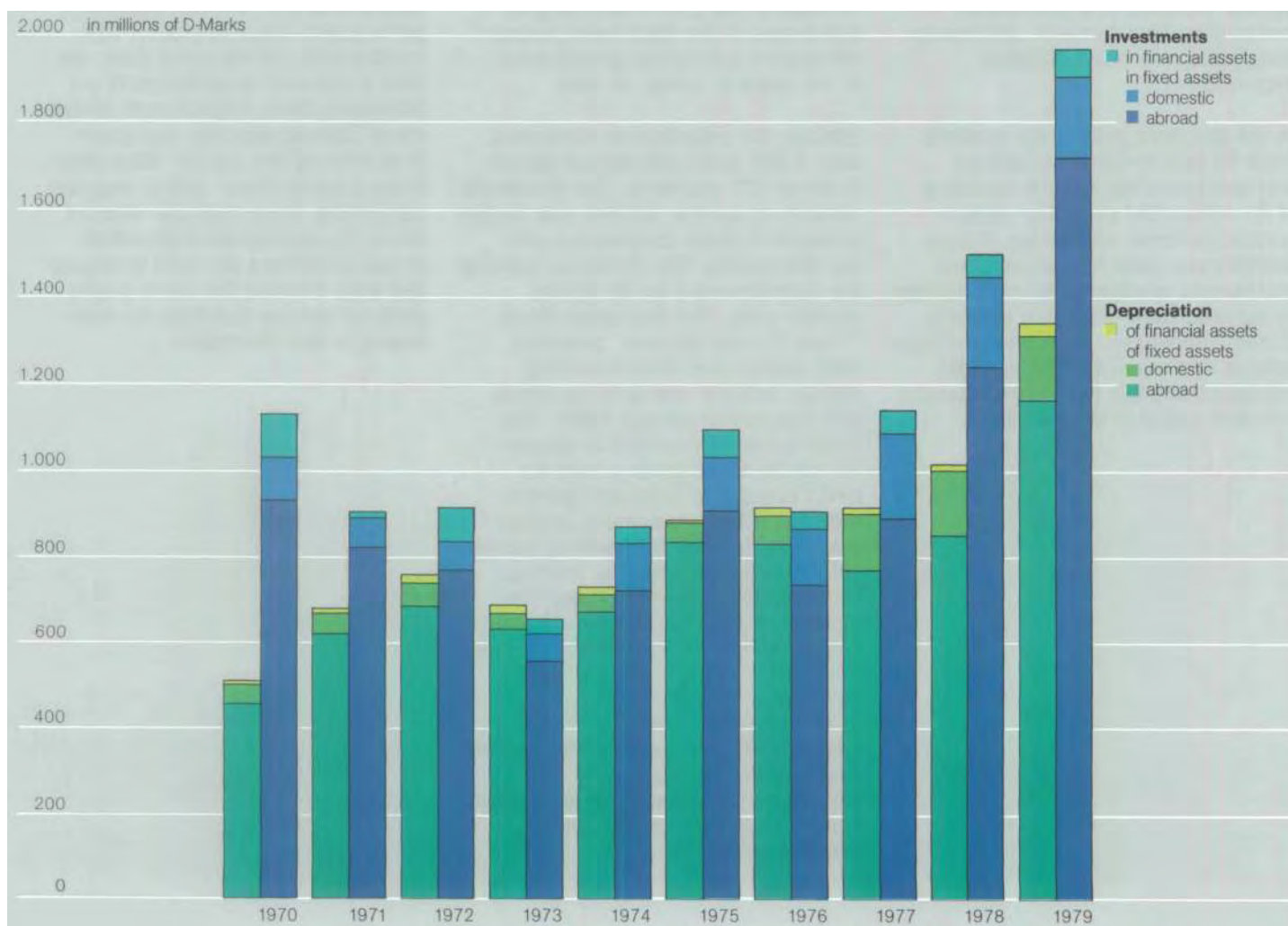
Parts supply, so essential to the service system and to the value retention of vehicles and components in operation, was further improved. The logistical systems for stock control, ordering and order processing, on the one hand, and warehousing and shipping techniques, on the other hand, have been constantly improved to provide maximum parts availability and, at the same time, optimum economic efficiency. The central parts depots in Woerth (commercial vehicles) and Sindelfingen (cars) can deliver any part within 24 hours in Europe.

The Mercedes-Benz exchange system in the repair business has now also been introduced in foreign markets. With this system we can guarantee parts quality equal to that for new components. At the same time, we offer a low-cost supplement to our Mercedes-Benz original parts assortment. Special attention was given to promoting the use of "Mercedes-Benz Original Parts" with a program comprising about 250,000 different items. By appropriate information to our customers we want to ensure that they demand the same quality parts for service that they do when buying a new Mercedes.



# Investments and Depreciation

in millions of D-Marks	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
<b>Total investments</b>	<b>1.130</b>	<b>906</b>	<b>915</b>	<b>654</b>	<b>871</b>	<b>1.096</b>	<b>908</b>	<b>1.140</b>	<b>1.498</b>	<b>1.969</b>
of which:										
in fixed assets										
domestic	931	822	772	555	724	911	740	892	1.239	1.718
abroad	98	70	63	65	109	120	124	195	207	187
in financial assets	101	14	80	34	38	65	44	53	52	64
<b>Total depreciation</b>	<b>507</b>	<b>677</b>	<b>760</b>	<b>688</b>	<b>731</b>	<b>884</b>	<b>917</b>	<b>918</b>	<b>1.013</b>	<b>1.342</b>
of which:										
of fixed assets										
domestic	452	618	684	631	673	834	830	772	850	1.162
abroad	49	50	56	38	41	47	68	129	151	151
of financial assets	6	9	20	19	17	3	19	17	12	29



# Capital Spending and Financing

In 1979, worldwide spending by Daimler-Benz was 2 billion DM (last year 1.5), of which 1.9 (last year 1.4) billion DM went for property, plant and equipment. The foreign subsidiaries and affiliates account for about 200 million DM of the total.

The rise in capital spending in Germany - Daimler-Benz AG including domestic realty and leasing companies - to 1.7 (last year 1.2) billion DM was mainly related to the start-up of production of the new S-class and the gradual expansion of car capacities.

In all projects we strive - also from an efficiency viewpoint - constantly to modernize production. New plants and equipment are designed to serve both the purpose of environmental protection and the improvement of general working conditions. This includes measures in the areas of job safety, noise abatement, ventilation on the production line and general social facilities.

Capital spending in the different areas was as follows:

	1979		1978	
	in mill. of DM	% of Total	in mill. of DM	% of Total
Cars	1,111	64	740	60
Commercial vehicles	346	20	321	26
Factory-owned branches	81	5	54	4
Engineering, testing	56	3	43	3
Leasing	149	8	88	7
	1,743	100	1,246	100

In the car division, investments at the Untertuerkheim plant were primarily for production of new components (light alloy 8-cylinder engines, manual and automatic transmissions). As part of the steps to reorganize the engine section, following completion of the engine testing area, we began with construction of a new, larger final assembly facility. At the Sindelfingen plant, we largely concluded the measures to increase capacity in the stamping, painting and final assembly facilities. Construction of the new central parts depot for cars and of the body shell facility have now been completed.

In the commercial vehicle division, investments were mainly for efficiency improvements as well as for restructuring and centralization of similar manufacturing operations. The production of textile parts and numerous foam parts, for example, was transferred from Sindelfingen to Mannheim and Woerth in 1979. The Gaggenau facility took over production of automatic commercial vehicle transmissions and of parts (torque converters) for automatic car transmissions from the Untertuerkheim plant; it turned over parts production for truck axles to the Kassel plant.

The higher investments in fixed and financial assets and the expansion of business volume were again financed with resources generated internally. Moreover, we were able to improve our liquidity, which will serve the growing financial needs of the years to come. Assets and capital structures continue to be balanced.





*Substantial investments in production technology make our Sindelfingen facility one of the most modern in the world. Computer controlled assembly lines help increase production, reduce heavy physical labor and assure continuous high quality.*



*Since mid-1978, passenger cars are again produced in Bremen; about 40,000 stationwagons have been produced to date.*





*Biological air cleaning systems in Mettingen. Every hour approximately 4.2 million cubic feet of foundry air is cleaned. Even the water required by the system is cleaned with the aid of micro organisms and is recirculated.*



*Investments for the protection of the environment. Careful treatment of a valuable raw material, water, by means of a modern water treatment system in Mettingen.*



*Investment in the Hamburg-Harburg facility as part of the effort to increase production efficiency. This is a building for component production.*



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# Research and Development

The changed economic conditions with their far-reaching effects for automotive technology further multiplied the demands in the area of research and development, where we spent more than 1 billion DM in 1979. Efforts centered on the continuing development of our car and commercial vehicle engineering, the reduction of fuel consumption and pollution, the systematic improvement of active and passive safety, and research into alternative power and transportation systems. Capital spending in the research and development area came to 56 million DM, and was earmarked above all for the replacement and expansion of testing facilities.

A large portion of our engineering capacity is still tied up because of the absence of internationally standardized regulations for the construction and registration of motor vehicles. Hardly any progress was achieved in this area in the Common Market in 1979. Efforts at harmonizing the tougher rules have had little success because of conflicting national interests.

In the U.S.A., the situation of car-makers has changed inasmuch as the time schedule for the tightening of regulations governing vehicle design has been slightly modified. Through systematic basic research we were able to prove that the original limits on NOx emissions of diesel cars are not presently economically feasible in connection with the particulate emissions standards for production cars, which are now mandatory. Therefore, the relevant government agency deferred the target date for the tightening of NOx standards. This action enables us to meet the mandatory U.S. fleet consumption averages with a wide range of diesel cars. Owing to the steadily increased share of Mercedes diesel cars as well as to significant engineering advances in all U.S. models developed by us, we have clearly exceeded the present fuel economy standard.

We want to make sure that our products continue to comply with requirements for fuel conservation and environmental protection as well as for safety, economy and durability. We pursue this goal with the most extensive development program in the history of our company, involving additional improvements to engines, transmissions and bodies. We call attention in this connection to a study published in 1979 - Daimler-Benz' contribution to the "Research Car" project of the Federal Minister for Research and Technology - in which the company suggests discussion of long-range approaches to motor vehicle construction. For Daimler-Benz it is important that the Ministry also takes into account vehicle classes in which we see our specific market segment. Contrary to previous projects centering on specialized areas of research such as safety or alternative power systems and fuels, the present project, which we have begun to implement, integrates forward-looking new technologies from all areas in an overall concept.

At the 1979 Frankfurt International Auto Show (IAA) we introduced to the public the "cylinder cut-off" and an "anti-knock control," an offshoot of our energy conservation research program. The "cylinder cut-off" - depending on the power requirement, as many as four cylinders are shut off during normal operation of V-8 engines - can save as much as 30% fuel in city traffic. Even under partial load conditions the V-8 engines fully retain their comfortable vibration-free running and their performance reserves. The "anti-knock control" monitors the combustion process in the cylinder by means of a sensor. Since the control continuously adjusts the ignition timing when critical engine conditions occur, compression can be increased, thus improving fuel efficiency. The engine is also less sensitive to poorer fuel qualities.

Daimler-Benz is participating in the demonstration and research project "Alternative energies for road traffic" initiated by the Federal Minister for Research and Technology. Daimler-Benz is the only manufacturer taking part in all divisions of the project (alcohol fuels, hydrogen technology, electric drive and hybrid technology), which is to run through 1982. The suitability of alternative fuels and drive systems for everyday operation will be studied under the research project. We will enter a total of 80 passenger cars, vans and buses in this test. Our Berlin branch and the research group located at the Berlin-Marienfelde plant will ensure careful monitoring of this project in cooperation with the main office in Stuttgart-Untertuerkheim.

We have developed an electronic-mechanical engine speed limiter to exploit fully the advantages of the new series "400" truck engines. It blocks operation in the upper engine speed range, which is less economical for internal combustion engines, and reduces fuel consumption and engine noise. When needed, the driver can avail himself of the full speed range at all times.

We systematically and successfully continued work on an anti-lock braking system (ABS) for commercial vehicles. Although the applicable basic principles are the same as for cars, the special requirements of commercial vehicles necessitate separate development.

At the 1979 IVA International Transportation Show in Hamburg, we showed to a broad public environmentally compatible and safe vehicles of the future. Our "O-way" concept for public transit particularly interested both German and foreign experts. A shuttle link between the exhibition halls and the open-air exhibition grounds was set up and operated with five O 305 city buses and one O 305 G articulated bus, all with mechanical track guidance. The buses carried some 300,000 passengers over the one mile route, including a 330 yard section with a special bus-way using a mechanical guidance system. The mechanical track guidance stood the test in its first practical application.

With the further developed C 111/IV we set four new world speed records at the high-speed track in Nardo, Italy, in 1979. For the trial runs, which served mainly to test aerodynamic measures to reduce air drag and increase operating safety at critical physical limits, the vehicle was equipped with a modified V-8 gasoline

engine with two turbochargers. Over the distances from 10 kilometers to 100 miles, average speeds between 199 and 220 miles per hour were attained. At 251 miles per hour, the experimental car also set an unofficial world record on the circular test track.

To ensure the continued improvement of vehicle engineering and to provide proof of compliance with the numerous government standards, Daimler-Benz needs a new testing track. After consultation with the ministries and communities involved, we purchased land for this purpose in the Boxberg region in Main/Tauber county, an area with a relatively weak economic structure. Once the necessary land consolidation is completed, we expect to be able to begin building the test track within reasonable time. Two thirds of the site will still be used for forestry and agriculture. To strengthen the economy of the Boxberg region we are increasingly providing, together with our suppliers, some of which are building factories there, job and training opportunities.





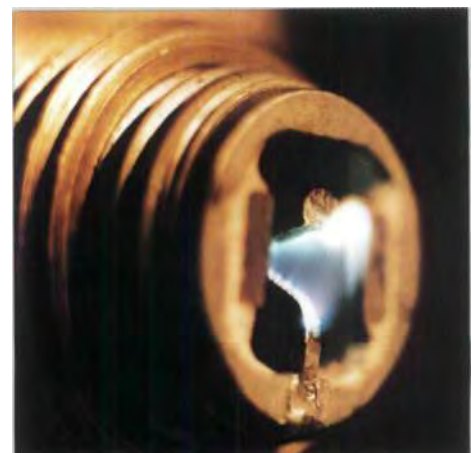
*Careful measuring of stress that occurs in actual operation is the basis for the development of sophisticated vehicles.*

*Travelling over the Trans-Sahara route with a tractor trailer, carrying a van equipped with measuring and recording devices.*



*Alternative propulsion systems such as methanol-ethanol, electric and stratified charge engines being tested. The goal of such intensive research and development efforts: less damage to the environment and less fuel consumption.*

*Further improvements to the internal combustion engine can also be achieved through research on „magnetic field“ spark plugs.*



## Subsidiaries and Affiliates

### Domestic

In 1979, consolidated sales of Motoren- und Turbinen-Union Munich GmbH and Motoren- und Turbinen-Union Friedrichshafen GmbH rose by 11 % to 1.2 (last year 1.1) billion DM, under generally favorable business conditions. The order backlog increased to 3 billion DM (last year 2.2 billion) due to several large orders for aircraft and other engines. The employees of the two companies totaled 12,369 (last year 11,945) at year-end.

Capital spending of the MTU Group increased to 71 (last year 46) million DM, of which 50 (last year 44) million DM were financed through depreciation. Profits came to 37.3 (last year 32.0) million DM. After due provision for corporate income taxes, the two shareholders, Daimler-Benz AG, and M.A.N. AG each received 6.6 million DM, the same as last year, in accordance with the income distribution agreement.

In 1979, Deutsche Automobilgesellschaft mbH, Hannover, a jointly owned subsidiary of Daimler-Benz AG and Volkswagenwerk AG, systematically carried on its research and development work in the field of electric power and storage systems within the scope of the tasks assigned by the parent companies. The results were equally shared by both partners in accordance with the income distribution agreement.

Hanomag-Henschel GmbH, Hannover, which has carried on the spare parts business for Hanomag-Henschel vehicles since the beginning of 1978, had 1979 sales of 76.7 (last year 86.6) million DM. The profits of 480,000 DM were transferred to Daimler-Benz AG.

### Foreign

The foreign subsidiaries included in the consolidated financial statements increased their sales in 1979 by a total of 13.4% to 7.9 billion DM, of which production companies accounted for 3.1 billion DM and distribution companies for 4.8 billion DM. At 4 billion DM, the values added by our foreign subsidiaries were 9.5% higher than last year (3.6 billion DM). However, the large sales increases in some instances (in terms of local currency) are not fully apparent upon conversion to D-Marks because of worsening exchange parities.

Our foreign subsidiaries again had satisfactory profits. Excluding intercompany profits, net earnings of the foreign subsidiaries came to 131 (last year 154) million DM. The decline is mainly due to the substantial devaluation of the Brazilian Cruzeiro at the end of the fiscal year, which had an income-dampening effect on the results of our Brazilian subsidiary when converted to D-Marks. As in the past, by far the greater part of these earnings were retained by the individual companies to strengthen their equity capital.

Mercedes-Benz do Brasil S.A., Sao Bernardo do Campo, further consolidated its leading position in the Brazilian commercial vehicle market. The share of the truck market (3 t GVW and up) was 51 %, the same as last year. The company again captured a 96% share of the market for buses and bus chassis. Exports increased by 19.5 % to 8,398 commercial vehicles. The chief export markets were the U.S.A., the neighboring South and Central American countries and Angola.

The output of 58,943 Mercedes-Benz trucks and buses was still slightly higher than last year even though a labor dispute crippled production for more than two weeks. To boost truck output and further expand bus manufacturing at the new Campinas plant, about 86 million DM was invested during the year under review.

Sales rose 58% to 29,1 billion Cr\$. Earnings in local currency were satisfactory. Due to the heavy devaluation of the Brazilian currency, sales converted in D-Marks were about 2.1 billion DM, only equalling last year's total.

The foundry SOFUNGE S.A., Sao Paulo, a subsidiary of Mercedes-Benz do Brasil S.A. which supplies castings to the parent company and other Brazilian auto makers, again had satisfactory profits despite the higher costs for labor and materials.



# Principal Subsidiaries and Affiliates

## Manufacturing Companies

Manufacturing Companies		Sales <sup>1)</sup> in millions of D-Marks		Employees at year-end	
	Share in %	1979	1978	1979	1978
<b>Domestic</b>					
Motoren- and Turbinen-Union Munich GmbH, Munich	50,0	1.244,4	1.122,5	12.369	11.945
Motoren- and Turbinen-Union Friedrichshafen GmbH, Friedrichshafen (83,8%)					
Holzindustrie Bruchsal GmbH, Bruchsal	100,0	56,3	54,3	416	417
<b>Foreign</b>					
Mercedes-Benz do Brasil S.A., São Bernardo do Campo	100,0	2.055,0	2.043,3	18.059	18.412
Sociedade Técnica de Fundições Gerais S.A., São Paulo (100,0%)		111,2	109,5	3.471	3.471
Mercedes-Benz Argentina S.A., Buenos Aires	100,0	690,6	437,4	3.887	3.891
Euclid, Inc., Cleveland, Ohio/USA	100,0	443,6	431,2	1.431	1.470
Gelaendefahrzeug Gesellschaft mbH, Graz	50,0	76,5	–	889 <sup>2)</sup>	–
P.T. Star Motors Indonesia, Jakarta	49,0	123,0	133,4	282	281
P.T. German Motor Manufacturing, Jakarta	33,3	17,7	17,6	1.266	1.013
Compañía Hispano Alemana Mercedes-Benz Vehiculos y Motores S.A., Madrid	45,6	462,6	327,5	4.019	4.042
Otobüs ve Motorlu Araçlar Sanayii A.S., Istanbul	36,0	142,7	94,5	1.275	875
Iranian Diesel Engine Manufacturing Company, Tabriz	30,0	56,3	147,8	1.252	1.217
UCDD (Pty.) Ltd., Pretoria	26,7	550,1	540,3	2.640	2.584
Car Distributors Assembly (Pty.) Ltd., East London (100,0%)					
National Automobile Industry Company Ltd., Jeddah	26,0	349,9	210,8	470	416
Bajaj – Tempo Ltd., Poona	25,9	93,6	80,1	3.890	3.751
Tata Engineering and Locomotive Company Ltd., Bombay (Automobile Division)	11,9	883,0	679,9	7.583	7.009

## Distribution Companies

				Change of 1979 sales in compa- rison to prior year in %
<b>Foreign</b>				
Daimler-Benz of North America Inc., New York	100,0	2.463,4	2.163,4	+13,9
Mercedes-Benz of Canada Ltd., Toronto (100,0%)				
Mercedes-Benz of North America Inc., Montvale, N.J.	100,0			
Mercedes-Benz (Australia) Pty. Ltd., Mulgrave/Melbourne	100,0	279,5	246,4	+13,4
Mercedes-Benz (United Kingdom) Ltd., Hayes/London	100,0	630,5	449,5	+40,3
Sofidel S.A., Rocquencourt	96,3	1.249,8	1.135,8	+10,0
Mercedes-Benz France S.A., Rocquencourt (100%)				
Mercedes-Benz Italia S.p.A., Rom	75,0	215,7	148,7	+45,1
Merfag AG, Zurich	50,0	116,6	106,2	+ 9,8

<sup>\*)</sup> = Included in consolidated sales figures.

<sup>1)</sup> Foreign sales were converted at average annual exchange rates; changes in currency relations resulted in significant variances, sometimes preventing comparability.

<sup>2)</sup> Includes 849 employees from Steyr-Daimler-Puch which are employed for the Gelaendefahrzeug Gesellschaft mbH.



Sales of Mercedes-Benz Argentina S.A., Buenos Aires, increased in 1979 by 10% to 9,042 commercial vehicles in an encouragingly invigorated market. The model line was enlarged by inclusion of new chassis for city buses and heavy-duty trucks. Following removal of the 20-year old ban on imports, Mercedes-Benz passenger cars (463 units) were imported and sold again.

Profits were commensurate with the favorable trend of business. Despite a noticeable slowdown in the last quarter of 1979 the average annual inflation rate was 140%. The Argentinian currency, on the other hand, was only devalued by 42%. Considerable distortion thus resulted from converting the peso figures into D-Marks.

The foreign production and assembly companies with Daimler-Benz ownership manufactured and assembled Mercedes-Benz vehicles and engines in the following countries:

	1979 Units	1978 Units	Change in %
<b>Comercial Vehicles</b>			
Brazil*)	58,943	58,776	+ 0.3
Argentina*)	8,832	8,026	+ 10.0
Republic of South Africa	4,578	4,385	+ 4.4
Austria	2,812		+ .
Spain	14,596	14,490	+ 0.7
Turkey	919	696	+ 32.0
Indonesia	2,185	2,064	+ 5.9
Saudi-Arabia	4,785	3,204	+ 49.3
Total	97,650	91,641	+ 6.6

<b>Industrial Engines and Engines for Equipment Manufacturers</b>			
Brazil*)	29,455	25,708	+ 14.6
Argentina*)	2,125	2,584	- 17.8
Spain	11,397	11,075	+ 2.9
Iran	6,978	11,926	- 41.5
Total	49,955	51,293	- 2.6

\*) Wholly owned Daimler-Benz subsidiaries

To adjust for inflation, the company raised its share capital in two stages from 5.2 to 16 billion A\$ through charges to retained earnings.

Euclid, Inc., Ohio, U.S.A., sold 890 heavy-duty haulers in 1979 (last year 918). The general business climate and slower growth in mining, due to environmental regulations, have made things more difficult in the U.S. market. Nonetheless, the company (the six subsidiaries included) managed to boost sales by 12 % to 237 million dollars, or 444 million DM (last year 431), because of the larger proportion of sales in the heavy weight classes (payload 100 tons and more), an improved parts business and increased exports. Profits in local currency declined in 1979.

The company will continue renewing and supplementing its product line. An improvement in business is expected in coal strip mining. 1980 profits will largely depend on the overall business conditions in the U.S.A.

Following is a report on the production companies in which Daimler-Benz's ownership is up to 50% (see table page 45).

Gelaendefahrzeug Gesellschaft mbH, Graz, in which Daimler-Benz AG and Steyr-Daimler-Puch AG each hold a 50% interest, sold 2,800 cross-country vehicles in its first year of operation, including 2,500 under the Mercedes-Benz nameplate. Losses were incurred in the year under review because of high start-up costs. Production and model line of the cross-country vehicle series will be expanded in 1980. The company increased its share capital to 490 million Austrian schilling (68 million DM) at the end of 1979.

Business of Compania Hispano Alemana Mercedes-Benz Vehiculos y Motores S.A., Madrid, was satisfactory despite difficult conditions in the Spanish automobile market. Sales of the company's own output declined to 13,866 units (last year 14,817), but sales of imported vehicles rose to 2,899 units (last year 1,147) particularly as a result of the liberalization of imports in May of 1979. Large inflation-induced cost increases were offset by price adjustments. Operations were profitable on a 36% increase in sales to 17 billion Pts. (463 million DM).

Business at UCDD (Pty.) Ltd., Pretoria, was impaired mainly because South Africa experienced oil supply problems as a result of delivery stoppages.

The imposition of a special 10% tax on diesel cars and a temporary trend towards smaller cars also were aggravating factors. Under these market conditions, car sales of UCDD fell to 7,116 units (last year 9,028). The market in the sector in which we are active is again showing signs of improvement.

On the other hand, with sales of 4,626 commercial vehicles, the company did even better than last year (4,337 units). UCDD had positive results of operations on sales of 550 million DM (last year 540 million).

Otobus ve Motorlu Araclar Sanayii Anonim Sirketi, Istanbul, has again reverted to a two-shift operation in 1979, because the company was able to earn foreign currencies through exports, although Turkey's overall foreign currency situation continues to be precarious. Output rose 32% to 919 units in the bus models O 302 and O 309. Sales jumped 51 % to 143 million DM. Correspondingly, profits were favorable.

Business of Iranian Diesel Engine Manufacturing Company, Tabriz, was seriously impaired by the economic effects of internal political changes in Iran. Due to a temporary closing, a shortage of funds for procuring components and a decline in truck demand, only 7,379 engines were sold (down 43%). Sales were down about 60% from the previous year.

There is no way of telling whether business will recover substantially in 1980/81, but we hope that the consolidation of our nationalized customers, of the banks, and the government programs promoting public transportation and agriculture, will have favorable results in the long run.

The Indonesian companies, P. T. German Motor Manufacturing (assembly), Jakarta, and P. T. Star Motors Indonesia (import and marketing), Jakarta, were again able to expand business in 1979. Car sales declined by 13% to 471 units, but commercial vehicle sales rose by 44% to 2,416 units. The strong 46% rise in the distribution company's sales in local currency is not apparent upon conversion to D-Marks.

The enlargement of the Jakarta harbor necessitated moving the assembly plant. Bus production was taken up at the new location in Wanaherang at the end of 1979.

The National Automobile Industry Company Ltd., Jeddah, enlarged the truck program to 11 models in the year under review. In all, 4,785 Mercedes-Benz commercial vehicles were assembled in Saudi Arabia (+49%). Unit sales rose 59% to 4,865. With growth in sales revenue of 66% to 350 million DM, earnings also improved. Start-up losses were completely recouped in the second full year of operation.

Construction of the plant of Anambra Motor Manufacturing Co. Ltd. (ANAMMCO), Enugu, Anambra State, Nigeria, is proceeding on schedule. Assembly of Mercedes-Benz commercial vehicles will begin in mid-1980. The company, of which Daimler-Benz has a 40% interest, will supply the important West African market with about 7,500 commercial vehicles annually.

Our Yugoslavian partner FAP FAMOS, Belgrade, increased output 8% in 1979 to 6,829 commercial vehicles, 1,727 of which were Mercedes-Benz models (+38%). The build-up of production of additional models from our line is planned. Sales rose by 19% to the equivalent of 769 million DM.



In 1979, business of our foreign distribution companies was very good overall. Especially in North America and Western Europe some of the companies had substantial growth rates.

The demand for Mercedes-Benz cars in the North American market continued to be strong and steady even in 1979. Our distribution companies Mercedes-Benz of North America, Inc., New York, and Mercedes-Benz of Canada, Ltd., Toronto, boosted car sales in the U.S.A. and Canada by 12% to 54,624 units, of which fuel-efficient diesel models accounted for over 65%.

In 1979, we systematically continued extending our U.S. truck distribution organization. In the 9 to 15 t GVW truck class there has been a steady trend towards diesel engines since the mid-1970's. The share of diesels in this class went over the 20% mark in 1979. In these weight groups, in which we sell trucks from our Brazilian subsidiary, we continue to see very favorable market prospects for our diesel trucks. Despite keen competition, we improved our market position and raised 1979 sales by 50% to 3,950 units.

In the summer of 1980 we will begin operation at the assembly plant, currently under construction in Hampton, Virginia, U.S.A. It will have an initial annual capacity of 6,000 medium-duty trucks. The components will be supplied by our Brazilian subsidiary, U.S. companies and our German plants. The Hampton plant thus also contributes to the employment of our German plants now that the American market has for many years been out of reach for commercial vehicles manufactured in the Federal Republic of Germany owing to cost.

Sales of the North American distribution companies in 1979 rose by 14% to 2.5 billion DM. Earnings were satisfactory.

The favorable trend of overall business at Mercedes-Benz France S.A., Roquencourt, was highlighted by a surge in commercial vehicle sales of 17% to 14,536 units (total commercial vehicle market +5%). We captured a 17% share of the market for trucks over 6 tons GVW.

In the car business, competition in France was considerably keener. 13,868 (last year 14,535) Mercedes-Benz cars were sold in 1979. Sales increased by 10% to over 1.2 billion DM. Inflation and currency-conditioned cost rises could only partly be passed on to the customer so that earnings were impaired.

Mercedes-Benz (United Kingdom) Ltd., Hayes/London, sold 9,029 cars (+13%) and 6,842 commercial vehicles (+45%). Sales revenue rose by 40% to 630 million DM. Despite severe competition, particularly in the commercial vehicle market, results were again satisfactory.

Mercedes-Benz Italia S.p.A., Rome, was able to increase commercial vehicle sales by 17% to 5,175 units. Sales rose 45% to 216 million DM. The company had favorable results in spite of the substantial inflation and currency-related difficulties.

Special sales promotion measures contributed to the encouraging overall trend. These measures include the financing we offer our customers. Merfina S.p.A., Rome, established for this purpose in 1977, finances mainly the sale of heavy-duty Mercedes trucks. Both companies work closely together with the Italian general distributors for Mercedes-Benz cars, Autostar S.p.A. of Rome.

Business at Mercedes-Benz (Australia) Pty. Ltd., Mulgrave/Melbourne, was hurt by the announcement in the second half of 1979 that tax depreciation will be limited to a \$A 18,000 base. Car sales declined by 6% to 3,304 units. The full impact of the new regulations will be felt in 1980.

Our commercial vehicle sales increased by 22% to 762 units despite continued unfavorable changes in currency parities. The increment is essentially due to major orders for buses.

Total sales revenue increased 13% to 280 million DM. Earnings were again satisfactory.

Following a large increment in 1978, Merfag AG, Zurich, again increased sales in 1979 by 11 % to 2,456 (last year 2,210) commercial vehicles. Earnings on 10% higher sales of 117 million DM were satisfactory. The company became general distributor of Mercedes-Benz cars on January 1, 1980. It now trades under the name "Mercedes-Benz (Schweiz) AG" after Daimler-Benz AG increased its share of the company's capital stock to 51 %.

On January 1, 1980, we acquired the firm of AGAM/MEHACO and its branches. The company was our Dutch general distributor for cars and commercial vehicles and is based in Utrecht. In 1979 Daimler-Benz through its general distributor in the Netherlands sold 10,071 cars (+7%) and 10,636 commercial vehicles (+8%).

We also took over our Belgian general distributor (IMA/MATINAUTO) at the start of 1980. To these companies, which have been renamed "Mercedes-Benz Belgium S.A.", Brussels, Daimler-Benz delivered 10,252 cars (+10%) and 3,919 commercial vehicles (+ 12 %) in 1979.

"Daimler-Benz Oesterreich Vertriebsgesellschaft mbH", with head office in Salzburg, became general distributor of our cars and commercial vehicles in Austria on January 1, 1980. We acquired a 50% interest in this company, with which we intend to further strengthen our position in the Austrian market where we supplied 4,644 commercial vehicles and 7,718 cars in 1979.





*In Campinas, the new subplant of Mercedes-Benz do Brasil S.A., bus assembly has begun. Thus the first step of this large project has been completed.*



*In October 1979, after the first stage of construction was completed, the new assembly facility for German Motors in Wanaherang/Indonesia went into operation.*



*Cab assembly at the commercial vehicle facility of Mercedes-Benz Argentina S.A., Buenos Aires.*



*In Hampton, Virginia, an assembly facility for commercial vehicles is under construction. The first vehicles are scheduled to leave the assembly line sometime during mid-1980.*



# Daimler-Benz AG

## and its Principal Subsidiaries and Affiliates

### Daimler-Benz Aktiengesellschaft Stuttgart

Capital stock DM 1.358.955.500.–

#### Domestic

**Motoren- und Turbinen-  
Union Munich GmbH  
Munich**

DM 100.000.000.–  
50% owned

**Motoren- und Turbinen-  
Union Friedrichshafen GmbH  
Friedrichshafen**

DM 50.000.000.–  
83,8% owned

**Holzindustrie  
Bruchsal GmbH  
Bruchsal**

DM 5.000.000.–  
100% owned

**Maschinenfabrik  
Esslingen AG  
Esslingen a.N.**

DM 32.000.000.–  
96,3% owned

**Wuertt. Baumwoll-  
Spinnerei and -Weberei  
bei Esslingen am Neckar AG  
Esslingen a.N.**

DM 4.511.250.–  
82,3% owned

**Industrie- und  
Handelsbeteiligungen GmbH  
Stuttgart**

DM 7.500.000.–  
100% owned

**Hanomag-Henschel GmbH  
Hanover**

DM 4.000.000.–  
100% owned

**Mercedes-Leasing-GmbH  
Stuttgart**

DM 20.000.000.–  
100% owned

**Industriehandel  
Handels- und Industrie-  
ausrustungsgesellschaft mbH  
Frankfurt/M.**

DM 5.000.000.–  
100% owned

**Mercedes-  
Versicherungsdienst  
GmbH  
Stuttgart**

DM 20.000.–  
100% owned

**Chemie- und  
Textilgesellschaft mbH  
Friedrichshafen**

DM 4.000.000.–  
95% owned

**Maschinen-  
and Werkzeugbau  
Zuffenhausen AG  
Stuttgart-Zuffenhausen**

DM 4.000.000.–  
94,8% owned

**Porcher & Meffert GmbH  
Stuttgart**

DM 7.000.000.–  
100% owned

**Daimler-Benz  
Project Consult GmbH  
Stuttgart**

DM 10.000.000.–  
100% owned

**2 Daimler-Benz  
Grundstuecks-GmbH's  
Stuttgart**

DM 1.400.000.–  
95,4% owned

**Reparaturwerk  
Boeblingen GmbH  
Boeblingen**

DM 20.000.–  
100% owned

**Heizkraftwerk  
Stuttgart GmbH  
Stuttgart**

DM 9.000.000.–  
33,3% owned

**Rohtex AG  
fuer Textilrohstoffe  
Stuttgart**

DM 2.400.000.–  
100% owned

**Deutsche Automobil-  
gesellschaft mbH  
Hanover**

DM 5.000.000.–  
50% owned

**Entwicklungsgesellschaft  
fuer Turbomotoren mbH  
Munich**

DM 1.000.000.–  
50% owned

**15 Residential building  
companies  
among them:**

**Sindelfinger  
Wohnstaetten GmbH  
Sindelfingen**

DM 25.250.000.–  
50% owned

**Daimler-Benz-  
Wohnungsbau  
Gesellschaft mbH  
Stuttgart**

DM 8.500.000.–  
100% owned

**Wohnbau Gaggenau  
GmbH  
Gaggenau**

DM 2.500.000.–  
50% owned

**Wohnbau Woerth a. Rh.  
GmbH  
Woerth a. Rh.**

DM 3.500.000.–  
50% owned

**Esslinger Wohnungsbau  
GmbH  
Esslingen a. N.**

DM 9.000.000.–  
25% owned

- Manufacturing and assembly companies
- Real estate, finance and holding companies
- Sales and service companies
- Pooled operations
- Residential building companies








## Abroad

**Brasfinanz AG**  
Zurichsfr. 7.000.000.-  
(DM 7,6 million)  
100% owned**Mercedes-Benz  
do Brasil S. A.**  
São Bernardo do CampoCr \$ 5.000.000.000.-  
(DM 202,7 million)  
100% owned**Sociedade Técnica  
de Fundições Gerais S. A.**  
São Paulo (SOFUNGE)CR \$ 450.000.000.-  
(DM 18,2 million)  
100% owned**Mercedes-Benz  
Argentina S. A.**  
Buenos AiresSa 16.000.000.000.-  
(DM 17,0 million)  
100% owned**EUCLID, Inc.**  
Cleveland, OhioUS \$ 40.000.000.-  
(DM 69,3 million)  
100% owned**UCDD (Pty.) Ltd.**  
PretoriaR 1.500.000.-  
(DM 3,1 million)  
26,7% owned**Car Distributors  
Assembly (Pty.) Ltd.**  
East London (CDA)R 256.000.-  
(DM 0,5 million)  
100% owned**Anambra Motor  
Manufacturing Co. Ltd.**  
Enugu/Nigeria (ANAMMCO)N 20.000.000.-  
(DM 59,7 million)  
40% owned**Daimler-Benz  
Finanz-Holding S. A.**  
Luxemburgsfr. 25.000.000.-  
(DM 27,1 million)  
100% owned**Daimler-Benz  
Holding AG**  
Zurichsfr. 102.000.000.-  
(DM 110,6 million)  
100% owned**Daimler-Benz  
Finanz AG**  
Zurichsfr. 30.000.000.-  
(DM 32,5 million)  
100% owned**INVAL S.R.L.**  
Buenos AiresSA 9.283.790.-  
(DM 0,01 million)  
100% owned**SOFIDEL S.A.**  
RocquencourtFF 34.100.000.-  
(DM 14,6 million)  
96,3% owned**Merfina S. p. A.**  
RomeLit. 2.000.000.000  
(DM 4,3 million)  
70% owned**Compañía Hispano Alemana  
Mercedes-Benz Vehiculos  
y Motores S. A.**  
Madrid (MEVOSA)Ptas. 2.524.500.000.-  
(DM 66,1mill.)45,6% owned**Gelaendefahrzeug  
Gesellschaft mbH**  
GrazöS 490.000.000.-  
(DM 68,1 million)  
50% owned**Merfag AG**  
Zurichsfr. 6.000.000.-  
(DM 6,5 million)  
50% owned**Handelsgesellschaft  
fuer DB-Erzeugnisse AG**  
Zurichsfr. 3.000.000.-  
(DM 3,3 million)  
100% owned**Mercedes-Benz  
Italia S. p. A.**  
RomeLit. 900.000.000  
(DM 1,9 million)  
75% owned**Mercedes-Benz  
(United Kingdom) Ltd.**  
Hayes/London£ 4.500.000.-  
(DM 17,3 million)  
100% owned**Mercedes-Benz  
France S. A.**  
RocquencourtFF 50.000.000.-  
(DM 21,5 million)  
100% owned**Otobüs ve Motorlu  
Araçlar Sanayii Anonim  
Şirketi İstanbul (OTOMARSAN)**TL 26.500.000.-  
(DM 1,0 million)  
36% owned**Iranian Diesel  
Engine Manufacturing Company**  
Tabriz (IDEM)RI. 2.000.000.000.-  
(DM 48,4 million)  
30% owned**National Automobile  
Industry Company Ltd.**  
Jeddah (NAI)SR 30.000.000.-  
(DM 15,3 million)  
26% owned**Mercedes-Benz  
of North America Inc.**  
Montvale, N.J.US \$ 6.000.000.-  
(DM 10,4 million)  
100% owned**Daimler-Benz  
of North America Inc.**  
New YorkUS \$ 1.000.000.-  
(DM 1,7 million)  
100% owned**Mercedes-Benz  
of Canada Ltd.**  
TorontoCan. \$ 4.000.000.-  
(DM 5,9 million)  
100% owned**Mercedes-Benz  
(Australia) Pty. Ltd.**  
Mulgrave/MelbourneA\$ 1.200.000.-  
(DM 2,3 million)  
100% owned**P. T. Star Motors  
Indonesia**  
JakartaRupiahs 846.720.000.-  
(DM 2,3 million)  
49% owned**P. T. German Motor  
Manufacturing**  
JakartaRupiahs 1.275.743.196.-  
(DM 3,5 million)  
33,3% owned**Tata Engineering and  
Locomotive Company Ltd.**  
Bombay (TELCO)IR 315.088.700.-  
(DM 67,5 million)  
11,9% owned**Bajaj-Tempo Ltd.**  
Poona/IndienIR 32.016.080.-  
(DM 6,9 million)  
25,9% owned

# Daimler-Benz Throughout the World

## Daimler-Benz Domestic

	Scope of Activities, Principle Products	Number of Employees as of December 31, 1979
<b>Main Office Untertuerkheim</b>	Main Office Areas, Administration, Research and Development	8.180
<b>Manufacturing plants</b>		
Untertuerkheim area	Engine production, axle and transmissions fabrication, foundry, forge	25.054
Sindelfingen	Body and assembly plant for cars	36.551
Bad Homburg	Production of engine valve train components	814
Mannheim	Production of engines for trucks and industrial engines, body and assembly plant for buses, foundry	14.053
Gaggenau	Body and assembly plant for Unimog and MB-trac; production of commercial vehicle transmissions and planetary gear axles	9.177
Berlin-Marienfelde	Parts manufacture for car and commercial vehicle engines, production of discontinued engines and of exchange engines for trucks, production of heavy-duty drive shafts for trucks	3.191
Woerth	Truck assembly including cab construction, central spare parts depot for commercial vehicles	9.622
Duesseldorf	Assembly of vans and mini-buses, production of steering units for cars and commercial vehicles	4.954
Kassel	Production of commercial vehicle axles, assembly of hood trucks	4.086
Bremen	Body and assembly plant for vans up to 4 t GVW and "T"-series (stationwagons)	6.571
Hamburg-Harburg	Manufacture of chassis parts and small components for cars and commercial vehicles, production of medium-duty drive shafts for commercial vehicle	2.475
<b>Hanomag-Henschel GmbH, Hanover</b>	Spare parts depot	347
<b>Holzindustrie Bruchsal GmbH, Bruchsal</b>	Sawmill, wood processing	416
<b>96 branches and sub-branches</b>		16.673
<b>Engine plants*)</b>		
MTU Munich	Aircraft engines, gas turbines	6.398
MTU Friedrichshafen	High speed, high performance diesel engines	5.971

-  Production companies
-  Assembly companies
-  Distribution companies
-  EUCLID production,  
assembly and  
distribution companies
-  Licencees

\*) Daimler-Benz and M.A.N. each have a 50 % interest in MTU Munich, which itself owns 83,8 % of MTU Friedrichshafen.





## Daimler-Benz Abroad

### Production and Assembly Plants

Production	12
Licencees	2
Assembly	24

### Number of Mercedes-Benz Sales and Service Outlets

Europe	2.365
Africa	325
America	1.087
Asia	293
Australia	185
<b>Total</b>	<b>4.255</b>

of which:	
General Representatives	148
(among them 17 distribution companies with DB investments)	
Representatives	35
Dealers	3.266
Service Workshops	806



# Employment and Benefits

## Employment Trend

Worldwide employment at the end of 1979 was 174,431 (last year 167,165), of which 142,164 employees were in Germany (last year 135,275) and 32,267 abroad (last year 31,890).

Daimler-Benz AG also increased its work force in 1979 by about 7,000. In all, 13,914 new employees, including trainees, were hired, so that the total work force grew to 141,401 (last year 134,437).

The proportion of foreign workers on the work force declined slightly from 21.4% to 21.1 %. We assume that large numbers of foreign workers will be needed for a very long time to come and continue to make every effort to integrate them. Besides providing adequate information in their native languages, we offer German courses and undertake efforts to provide vocational training for the children of foreign employees. At the Untertuerkheim plant, for example, in cooperation with a youth welfare organization we began courses many years ago, preparing young people with no knowledge of German for regular vocational training.

## Structure of Work Force Daimler-Benz AG - at the End of 1979

	Male	Female	Total
Workers	91,059	7,649	98,708
Salaried employees	26,447	8,537	34,984
Trainees	6,764	945	7,709
Total work force	124,270	17,131	141,401
of which:			
foreign workers	27,840	1,925	29,765
disabled persons	6,326	860	7,186
management and supervisory personnel	10,277	189	10,466

## Labor Contracts

Wage and salary increases of 4.3% over 13 months and a gradual extension of annual vacation to 30 days by 1982 were agreed upon in the metalworking industry in January of 1979.

At the end of 1979, the Confederation of Employers' Associations in the metalworking industry and the National Metalworkers' Union came to terms on a new arbitration agreement. To speed up contract bargaining, the no-strike period was limited to four weeks following expiry of existing collective agreements. Thus, in early 1980 new negotiations began in all bargaining districts on wage and salary increases while the old contract was still in effect. At the beginning of February, wage and salary increases of 6.8% over a 12-month period plus one-time payments ranging from 165 to 30 DM for the lower wage groups had already been agreed upon for the metal-working industry of North Rhine/Westphalia. Comparable contracts were subsequently concluded in the other bargaining districts. In accordance with the plans agreed upon in previous years, employees of the metalworking industry will receive in 1980 an additional 1 or 2 days of vacation plus an increase in the contractual capital formation payments to 624 DM annually.

## Christmas Bonus and Special Remuneration

In view of the high rate of capacity utilization in all domestic plants and the favorable trend of business, the Christmas bonus and special remuneration were increased to a sum total of 280 (last year 232) million DM in 1979. Eligible employees received an average of 2,094 (last year 1,803) DM.

## Employee Capital Formation

All employees with at least one year of service in the company received a voluntary payment of 156 DM for capital-forming investments in addition to the contractual amount of 468 DM. They could again choose between conventional investment forms (for example, building society savings certificates, life insurance and premium savings certificates) and high interest-bearing company debt certificates. The company stock offered to our employees at a preferential price could be purchased either from the capital formation payment or the employees' own funds.

The demand for employee stock -37,914 shares were purchased in 1979 alone - is encouraging. Since the first issue in 1973, 44,010 employees, of whom 21,140 are blue collar workers, have purchased a total of 148,000 employee shares. Under the homebuilding promotion program, we extended loans totalling 24 million DM for the construction of 1,530 employee-owned apartments or homes in 1979.

## Labor Cost Trend

The labor agreement, in particular the vacation extension and the increase in the wage base for social security contributions, led to a further rise in the cost of labor - wages and salaries, including employee benefits - by 5.3% per productive man-hour in 1979 (see also table "Summary of Personnel Costs").

## Company Suggestion Program

5,900 employees submitted 12,000 suggestions for improvements under the program, for which awards totalling 3 million DM (last year 3.2) were paid. The largest single award was DM 60,000 for a suggestion enabling a substantial cost saving in hub cap production.

## Working Conditions

We continued to improve working conditions in a number of areas, mainly in conjunction with retooling and the start-up of production of new models and components. In the production operations for the new S-class, for example, through intensive research and development work, our production planners succeeded in reducing the proportion of "over head" work done by our workers - i.e. work done with the arms raised above the head - in comparison to the preceding car generation, and giving workers more freedom with regard to work rhythm. Another important goal of our efforts is to design workplaces as much as possible in keeping with employees' abilities and interests.

## Summary of Personnel Costs – Daimler-Benz AG

	1973		1978		1979		1979 to 1973
	millions of DM	in % of wages and salaries	millions of DM	in % of wages and salaries	millions of DM	in % of wages and salaries	Change in %
<b>Wages and salaries</b>	<b>2,273.1</b>	<b>100.0%</b>	<b>3,479.7</b>	<b>100.0%</b>	<b>3,884.1</b>	<b>100.0%</b>	+ 70.9%
<b>Total vacation and public holidays</b>	<b>402.0</b>	<b>17.7%</b>	<b>796.2</b>	<b>22.9%</b>	<b>938.2</b>	<b>24.1%</b>	+ 133.4%
Paid public holidays	93.7		135.5		169.1		
Paid vacations	238.8		441.5		511.6		
Vacation allowances	69.5		219.2		257.5		
<b>Contributions for employee benefits, wage and salary continuation during illness</b>	<b>560.0</b>	<b>24.6%</b>	<b>952.8</b>	<b>27.4%</b>	<b>1,081.8</b>	<b>27.9%</b>	+ 93.2%
Medical and social security contributions	371.7		650.7		730.4		
Contributions to employee trade associations	27.2		47.9		52.8		
Wage and salary continuation during illness	161.1		252.8		296.1		
Contribution to Pension Insurance Association	—		1.4		2.5		
<b>Other Employee benefit expenditures</b>	<b>376.2</b>	<b>16.6%</b>	<b>743.5</b>	<b>21.3%</b>	<b>796.9</b>	<b>20.5%</b>	+ 111.8%
Christmas and special remuneration	137.4		231.9		279.5		
Formation of personal capital	73.2		76.6		78.8		
Old age security	165.6		435.0		438.6		
<b>Total Personnel Costs</b>	<b>3,611.3</b>	<b>158.9%</b>	<b>5,972.2</b>	<b>171.6%</b>	<b>6,701.0</b>	<b>172.5%</b>	+ 85.6%

This applies particularly to our older workers and workers with reduced efficiency - a group of over 20,000 people which has steadily grown in the past. Here the emphasis is on personal dialogue and evaluation to get to know the problems of the individual better and provide effective help.

### Leadership and Cooperation

After thorough discussions with more than 1,500 members of our management staff, the "Principles of Management and Cooperation at Daimler-Benz AG" were drawn up and approved by the Board of Management in March of 1979. The concept underlying these principles is that of cooperative management and trustful cooperation between supervisors and employees and between individual departments: "Cooperative management is characterized, on the one hand, by the striving to actively involve employees in company affairs, promote their professional development, and also give them the opportunity to develop their personality while working; on the other hand, cooperative management shows itself in a responsive approach to the tasks and goals of other departments and in the willing-

ness to cooperate with them on a businesslike basis." The recognition of an independent personality, which our employees may rightfully expect even in the work place, means for management that it must deal more extensively with the interests of its employees and constantly review its own conduct.

### Workers' Opportunities for Development

Product quality depends primarily on the devotion and energy of our qualified workers. To offer them opportunities for personal advancement, we began putting experienced skilled workers on monthly pay, under certain conditions, back in 1961. In 1979, an agreement was reached with the General Works Council on the further development of the "monthly pay status." The agreement takes account of sociopolitical trends of the last two decades. The new arrangement is, among other things, a step towards standardization of the personnel policies for workers and salaried employees at Daimler-Benz. More so than before, we can now demonstrate, in special ways, our recognition of workers with skilled jobs and long seniority.

### Health Service, Safety-on-the-Job

Twenty-three physicians were in our employ at year-end. They advise in matters of industrial health and accident prevention and perform the medical examinations required by law. The sickness level for wage earners - in relation to hours worked - rose to 9.7% last year 9.2%. The figure for salaried employees was unchanged at 5.0%. Despite a high level of production, much construction work and numerous production changeovers and relocations, the accident rate and the percentage of serious accidents declined further due to our long years of effort in this field.

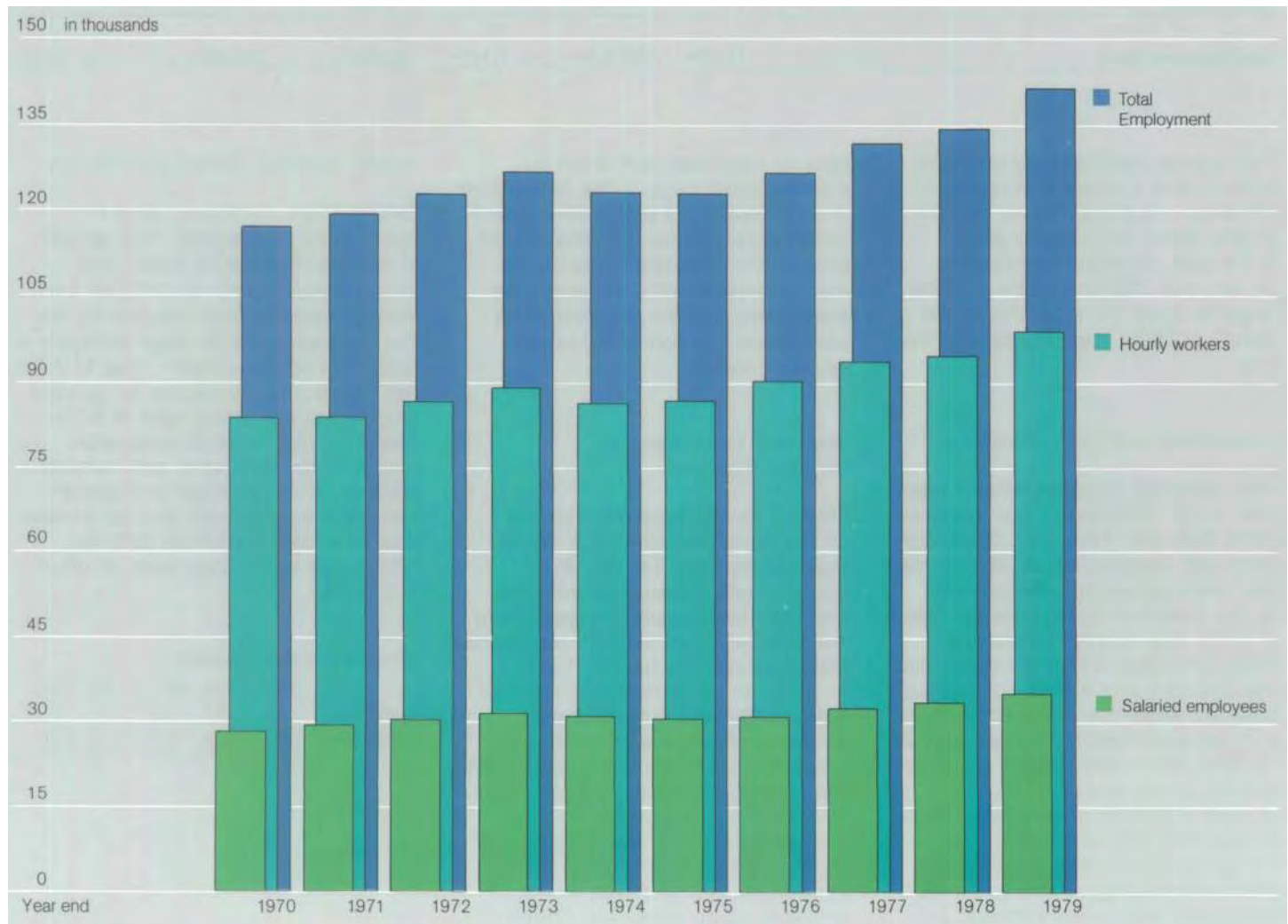
Per million productive man-hours:

	1975	1976	1977	1978	1979
Accidents	81	77	76	71	71
Lost workdays	746	729	737	720	719



# Employees Daimler-Benz AG

	1970	1975	1976	1977	1978	1979
<b>Total number of employees (at year-end)</b>	<b>116.985</b>	<b>122.775</b>	<b>126.652</b>	<b>131.807</b>	<b>134.437</b>	<b>141.401</b>
of which:						
Main Office Untertuerkheim (including research and development)	5.613	6.533	6.728	7.220	7.649	8.180
Untertuerkheim Plant (including experimental)	20.663	22.095	22.950	24.115	24.495	25.054
Sindelfingen Plant	26.440	30.955	33.232	34.359	34.558	36.551
Bad Homburg Plant	613	692	715	736	767	814
Mannheim Plant	12.322	12.900	12.901	13.383	13.584	14.053
Gaggenau Plant	9.020	8.680	8.608	8.696	8.860	9.177
Berlin-Marienfelde Plant	2.522	2.886	2.895	3.065	3.054	3.191
Woerth Plant	6.952	8.687	8.430	8.853	8.774	9.622
Duesseidorf Plant	4.932	4.401	4.572	4.664	4.621	4.954
Kassel Plant	5.663	3.838	3.931	4.089	3.969	4.086
Bremen Plant	3.924	4.099	4.293	4.727	5.994	6.571
Hamburg-Harburg Plant	2.184	1.736	2.184	2.265	2.385	2.475
Hanover	1.078	568	520	478	—*)	
Branches and Sub-branches in the Federal Republic	15.059	14.705	14.693	15.157	15.727	16.673



\*) Employees taken over by the newly founded subsidiary Hanomag-Henschel GmbH, Hanover.

## Social Security

The Daimler-Benz Provident Fund disbursed 97 (last year 90) million DM for current pension benefits to 28,177 (last year 27,601) pensioners, widows and children. In addition, Daimler-Benz AG paid 20.7 million DM on the basis of direct pension promises. The assistance payments to employees who retired in 1979 averaged 471 (last year 405) DM a month. At the end of 1979, 1,187 former employees, 49% of them foreign, had vested pension rights.

Transition payments totaling 10.7 million DM were made to retired employees or their survivors. Moreover, we were able to assist 5,373 employees with one-time payments in individual cases.

One hundred and fifty million DM was paid into the Daimler-Benz Provident Fund, as permitted by tax laws, for the purpose of covering current monthly payments and ensuring future payments. The assets of the Provident Fund totaled about 2 billion DM at the end of 1979.

## Training and Education

By using all available capacities, and by additional measures, the training activities of Daimler-Benz AG were expanded once again.

In 1979, 2,554 youths in all-114 more than 1978 - were recruited, an increase of 57% over 1975. By doing this, we have substantially contributed to providing sufficient training positions for age groups from years with high birth rates. This required considerable investments and the employment of additional instructors.

Growth of Work Force of Daimler-Benz AG from 1975 to 1979



We opened new training centers in Kassel and Bremen in 1979. In the coming years, construction of additional facilities is planned mainly at the Gaggenau, Mannheim and Harburg plants. The annex of our Haus Laemmerbuckel training center will be finished in 1980. There, an appreciable number of the courses for management staff and the classes in instructional techniques for our trainers are held. With these measures we want to ensure the quality of our training work, both the initial vocational training and continuing training.

Rapid technological change, which is also increasingly penetrating the administrative sphere, puts added requirements on the company's training work, which must equip employees to meet the changing demands placed upon them. We are therefore improving our training methods and course content in a continuous process of critical examination and innovation.

In this connection, continuing professional training for our employees, especially those in management positions, has become more and more important in recent years.

For example, we have carried out promotion programs designed to impart qualifications to workers through assignment of special duties to make them eligible for better positions. In 1979, some 27,000 employees took part in in-house, and about 4,800 in outside business-related courses. This does not include the training activities of the marketing divisions.

## Labor-Management Relations

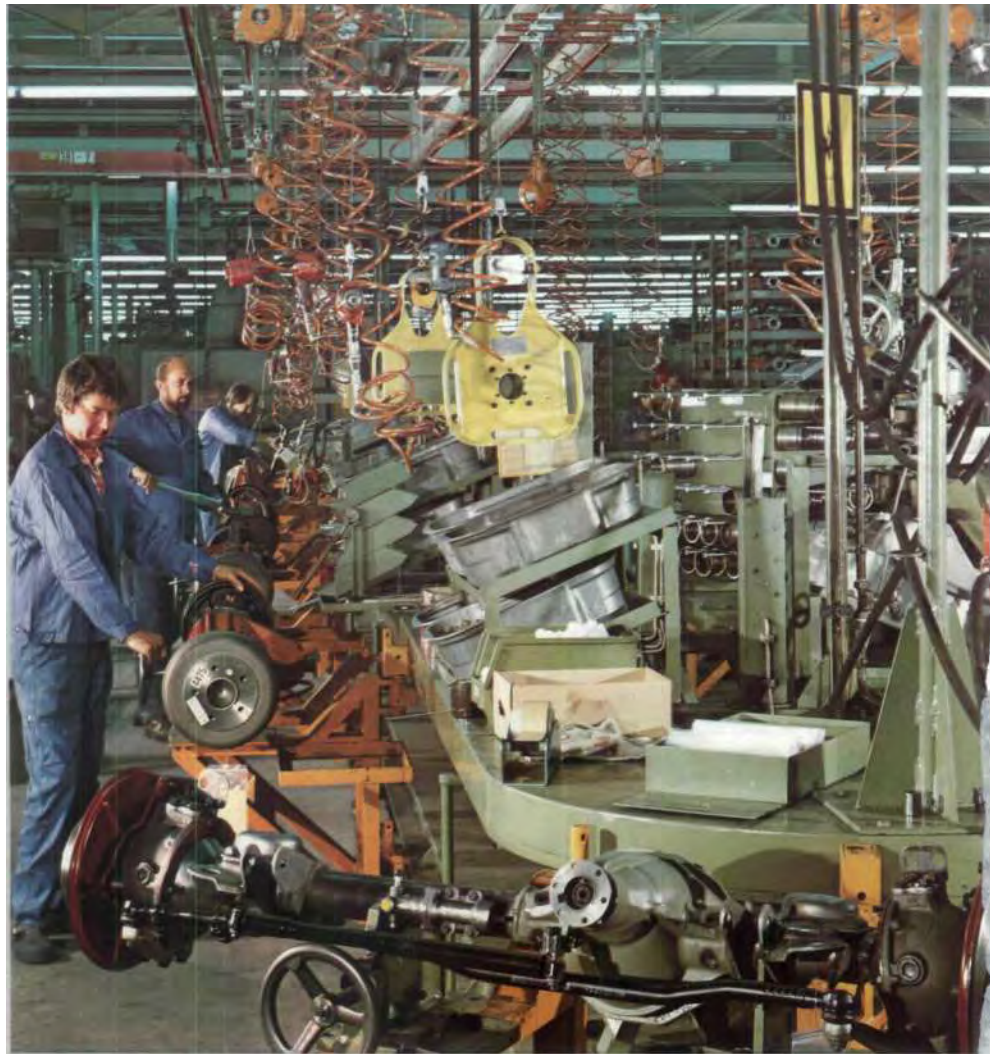
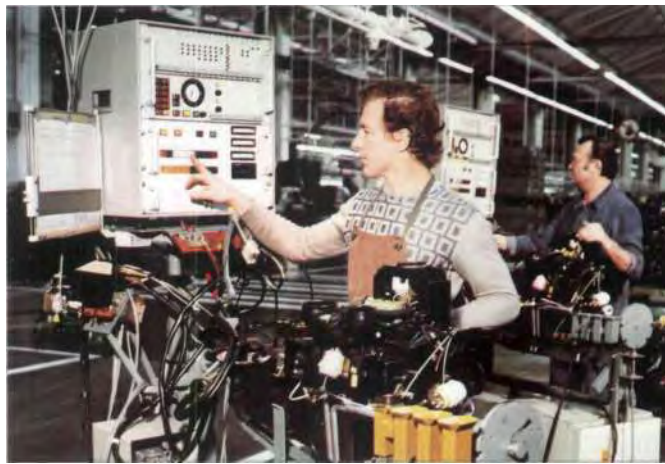
Negotiations on difficult matters with the general works council and the plant works councils were continued by both sides in an atmosphere of trust and cooperation.

## A Word of Gratitude to Our Employees

We would like to thank all employees and their representatives on the plant and general works councils for their cooperation. For many, 1979 was again a difficult year, placing great demands on their willingness to perform and on their morale. This deserves our particular recognition in this report.



*Sophisticated test and measuring equipment helps guarantee the reliability and quality of our products. Long years of experience prepare our older employees for responsible test and measurement activities.*



*Assembly of the new automatic transmission in Hedelfingen. Labor saving assembly methods and the use of most modern assembly technology assure high quality.*

*Since 1979, axles for the Mercedes-Benz cross-country vehicle have been produced at the Kassel plant. The assembly sequence is such that each worker can more or less establish his own pace.*



*At the end of the year more than 17,000 women were employed at Daimler-Benz. The expansion of the textile finishing facilities in Bremen and Mannheim provided more workplaces for women.*

*Modern precision work at the Bad-Homburg plant. Valve blanks are placed in a press (right).*





**Computers using special programs free the designer from routine work during the development of components and complete vehicles.**

**The transfer of „know-how“ contributes to development. Passing on practical and theoretical knowledge through training the youth of many countries. In the new training centers established in the developing countries, approx. 2,200 youths are being trained currently.**



**An increase in training capacity requires extensive investment. In the last 5 years, 37 million DM were invested for new buildings and equipment for training purposes at different facilities. On March 7, 1980, the new training center at the Bremen facility opened its doors.**

**Approximately 7,200 youths are presently being trained in the technical and administrative disciplines at the various plants and subsidiaries of Daimler-Benz.**







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# Notes to Financial Statements Daimler-Benz AG

## BALANCE SHEET

On the asset side of the balance sheet, property, plant and equipment increased by 458.8 to 3,215.5 million DM. We invested 1,614.0 million DM in long-term financial assets. In terms of total assets of 11,149.4 million DM, property, plant and equipment increased to 28.8% from 27.3% last year. Current assets rose by 589.2 to 7,933.9 million DM. Inventories increased by 319.5 million DM, liquid assets, securities and other current assets by 363.1 million DM. In contrast, receivables decreased by 94.9 million DM. Current assets decreased to 71.2 (last year 72.7)% in terms of total assets.

On the liability side of the balance sheet, shareholders' equity (capital, retained earnings, special equity reserves) rose by 295.4 million DM to 3,306.0 million DM. Out of net income for the year, we transferred 269.8 million DM to retained earnings. Shareholders' equity amounts to almost 30% in terms of the balance sheet total and is unchanged from last year. Within the external capital, reserves increased by 476.7 to 4,114.1 million DM. Its share of the balance sheet total of 36.9% remained about the same as last year. The increase of "Other Liabilities" by 266.1 to 2,707.8 million DM was mostly in trade payables.

The ratio of fixed assets to stockholders' equity amounted to 102.8 (last year 109.2)%. Inventories and portions of other current assets are also financed on a long- and medium-term basis.

### ASSETS

#### Property, Plant and Equipment 2,657.2 (last year 2,222.3) million DM

As in previous years, property, plant and equipment was valued at acquisition cost and manufacturing cost respectively, less regular and accelerated depreciation. The manufacturing costs of capitalized in-house output include materials, labor and manufacturing overhead (excluding depreciation and administrative expenses).

The useful lives used in calculating the regular depreciation were largely:

20 to 30 years for buildings
8 to 15 years for site improvements
3 to 10 years for machinery and plant equipment
2 to 10 years for plant and office equipment

Movable equipment with a useful life of more than four years is depreciated on a reducing-charge method (accelerated depreciation). Machines used in several shifts are depreciated in proportion to the use made of the asset. Assets with a minimal value are expensed in the year of acquisition.

The opportunity of accelerated tax depreciation in 1979 has been fully taken advantage of:

	in millions of DM
for investments in Berlin (Section 14 of the Berlin Assistance Act)	28.3
investments serving environmental protection (Section 7 of the Income Tax Act)	32.5
investments in border areas (Section 3 of the Border Area Assistance Act)	7.9
others in accordance with Section 6 b of the Income Tax Act	9.4
	78.1

Additions and transfers in 1979 were depreciated as follows:

	Additions inclusive of transfers in millions of DM	Deprecia- tion in millions of DM
Land and land rights with office, plant and other buildings	309.9	46.9
with residential buildings	3.3	0.2
Buildings on leased land	2.0	0.2
Machinery and plant fixtures	694.2	253.9
Plant and office equipment	530.2	349.6
Construction in progress and construction advances	20.8	9.4
	1,560.4	660.2

On December 31, the company had four (last year three) leases for buildings and building equipment; rental expenses for the year amounted to 5.4 (last year 5.5) million DM.

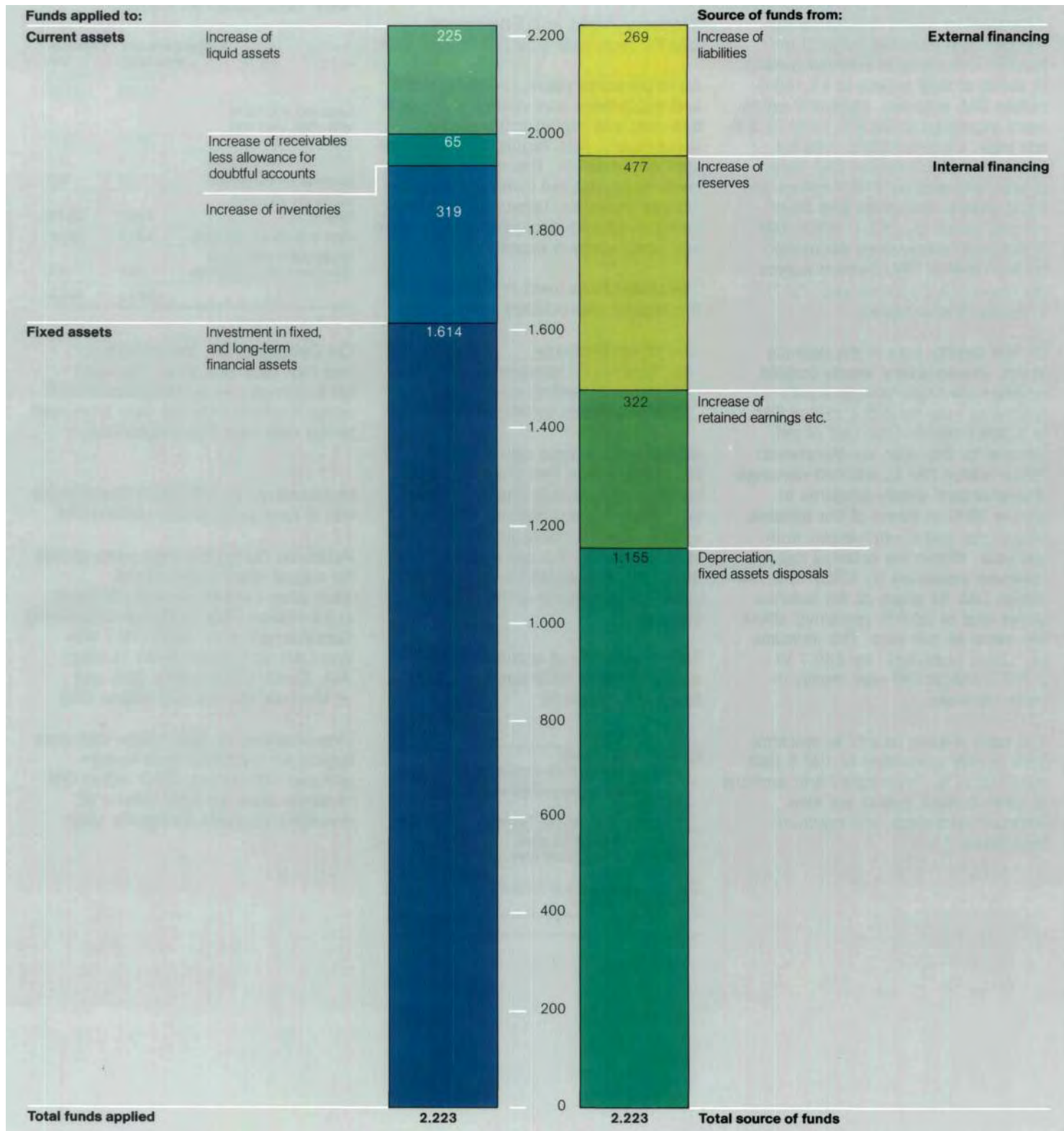
#### Investments in Affiliated Companies 461.9 (last year 441.3) million DM

Additions during the year were mostly for capital stock increases at Mercedes-Leasing GmbH, Stuttgart (12.0 million DM), at Gelaendefahrzeug Gesellschaft mbH, Graz (16.7 million DM), at Daimler-Benz Holding AG, Zurich (10.8 million DM) and at Mevosa, Madrid (9.7 million DM).

Depreciations of 26.8 million DM were largely for investments in foreign affiliated companies; 23.0 million DM of which were for write-downs of investments made during the year.

# Statement of Source and Application of Funds Daimler-Benz AG

- for the Year ended December 31, 1979 (in millions of D-Marks) -



**Inventories****2,535.6 (last year 2,216.1) million DM**

The inventory increase is mostly due to the higher business volume. Moreover, the model changeover to the new S-class was also a factor, as inventories were built up for delivery in the early part of 1980.

The valuation method was unchanged from previous years. Raw materials and supplies were valued at cost. Finished goods include materials, labor and manufacturing overhead (excluding depreciation and administrative expenses). Reasonable deductions were made for obsolete items after long storage or after design changes.

**Trade Accounts Receivable****1,252.4 (last year 1,368.3) million DM****Notes Receivable****201.9 (last year 281.3) million DM****Receivable from****Affiliated Companies****415.3 (last year 314.9) million DM**

Total receivables decreased by 94.9 to 1,869.6 million DM. Contributing to this was a shift of sales to the domestic market and - within foreign markets - from near Eastern countries to Europe and North America. The domestic share of trade accounts and notes receivable has increased to nearly 48 (last year 43)%. The increase in receivables from affiliated companies was largely with regard to Mercedes-Leasing GmbH, Stuttgart, whose business volume continued to expand.

Receivables - if non-interest bearing - are stated at present value and all known risks have been taken into account.

**Cash****1,025.7 (last year 987.4) million DM****Securities****1,009.8 (last year 1,014.5) million DM**

Despite higher capital investments, cash and securities, totalling approx. 2 billion DM, remained practically unchanged from last year. They represent - together with other short-term liquid assets which are shown under "other assets" - a solid basis for the financing of future investments.

**Treasury Stock****13.6 (last year 16.1) million DM**

During the year, 47,998 common shares (nominal value 2.4 million DM = 0.18% of total common stock) were purchased at an average price of DM 273.50 a share for the purpose of issuing shares under the employee stock purchase plan. During the year, 37,914 shares (nominal value 1.9 million DM = 0.14% of total common stock) were sold to employees at a preferential purchase price of DM 156 a share.

The 111,946 shares of treasury stock on hand (nominal value 5.6 million DM = 0.41% of total common stock) - of which 63,948 were on hand last year - were valued at the average preferential purchase price to employees as in the past.

**Other Assets****1,452.0 (last year 1,122.5) million DM**

The increase by 329.5 million DM was mainly for investments of liquid assets in time deposits and similar debt instruments; they represent a major portion of other assets. Moreover, as heretofore, claims for value-added tax paid to suppliers, interest receivables, receivables arising from income distribution agreements are included under this caption.

**STOCKHOLDERS' EQUITY, LIABILITIES, etc.****Capital Stock and Retained Earnings**

Total capital stock remains unchanged and amounted to 1,359.0 million DM.

Retained earnings increased by 269.4 to 1,826.4 million DM. Unallocated retained earnings were increased by 269.8 million DM by transfer from net income for the year. In connection with the last installment payment for the "Equalization of Burden Levy", 0.5 million DM was transferred from "Retained Earnings Allocated for Equalization of Burden Levy" to income.

According to the information received by us under Section 20 Sub-section 1 of the Company Act, "Deutsche Bank Aktiengesellschaft", Frankfurt (Main), and "Mercedes Automobile Holding Aktiengesellschaft", Frankfurt (Main), each owns more than 25% of the stock of our company.

**Special Equity Reserves****120.6 (last year 94.6) million DM**

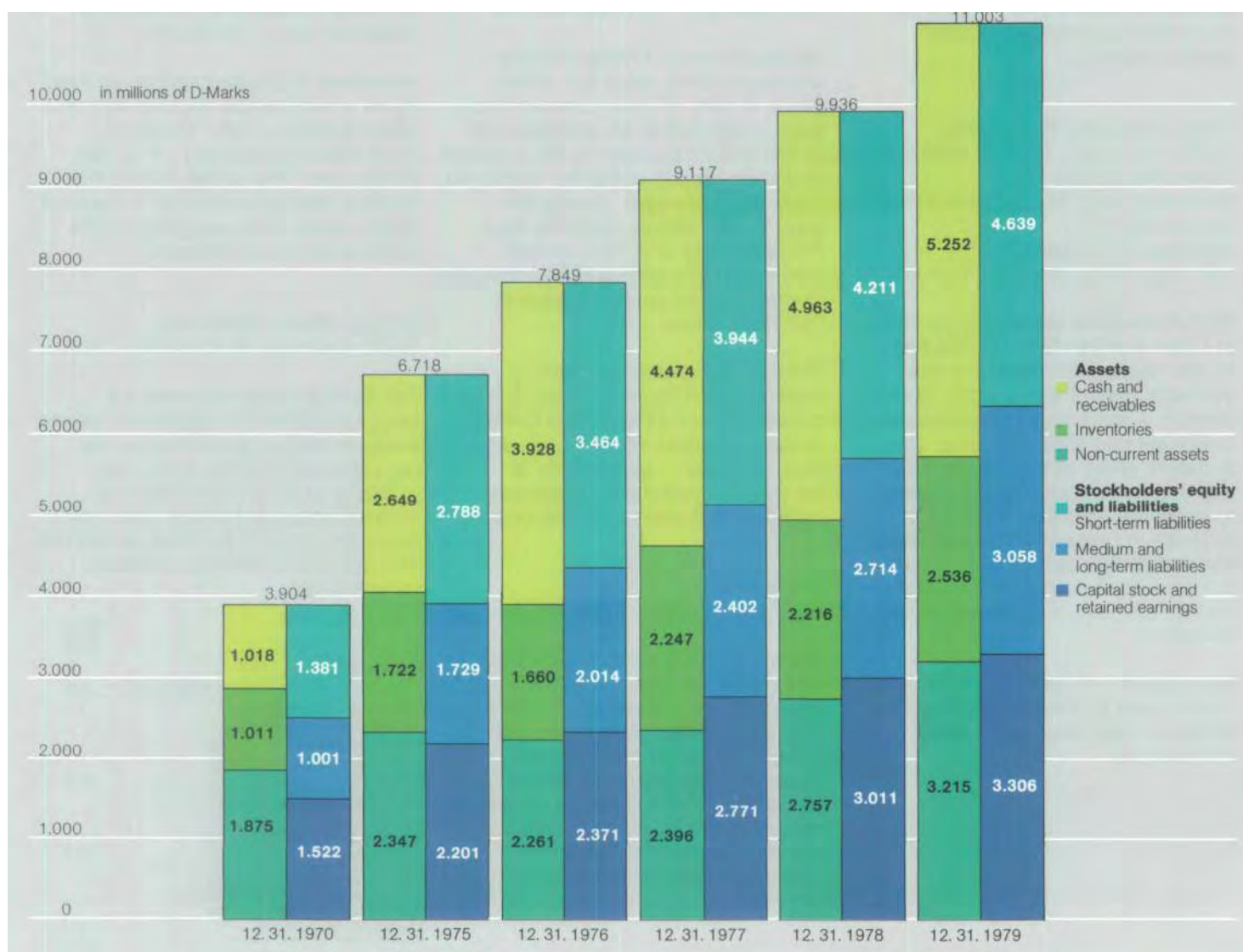
The special equity reserves are being established or dissolved respectively, according to the income tax regulation valid at the time. After additions of 34.0 million DM and dissolutions of 8.0 million DM, they increased by 26.0 to 120.6 million DM. This balance sheet item is made up as follows:

	in millions of DM
Reserve for price increase (Section 74 of the Income Tax Regulation)	43.8
Reserve for investment in underdeveloped countries (Section 1 Sub-section 1 of the Income Tax Act for developing countries)	51.6
Reserve for losses of foreign subsidiaries (Section 3 Sub-section 1 of the Foreign Investment Act)	22.8
Reserve for transfer of certain capital assets to companies abroad (Section 1 Sub-section 1 of the Foreign Investment Act)	2.4
	120.6



# Balance Sheet Structure Daimler-Benz AG

Share in % of balance sheet total	1970 in %	1975 in %	1976 in %	1977 in %	1978 in %	1979 in %
<b>Assets</b>						
Cash and receivables	26,1	39,4	50,1	49,1	49,9	47,8
Inventories	25,9	25,6	21,1	24,6	22,3	23,0
Non-current assets	48,0	35,0	28,8	26,3	27,8	29,2
<b>Stockholders' equity and liabilities</b>						
Short-term liabilities	35,4	41,5	44,1	43,3	42,4	42,2
Medium and long-term liabilities	25,6	25,7	25,7	26,3	27,3	27,8
Capital stock and retained earnings	39,0	32,8	30,2	30,4	30,3	30,0



Note - In the exhibit, "Cash and Receivables" were reduced by the allowance for doubtful accounts shown on the liability side of the balance sheet.

**Allowance for Doubtful Accounts**  
**145.9 (last year 165.9) million DM**

The allowance for doubtful accounts represents 10% of trade receivables, notes receivable and advance payments to suppliers. It covers the general risk of credit at home and abroad. Because of lower receivables, the allowance for doubtful accounts declined accordingly.

**Reserve for Old-Age Pensions**  
**1,399.0 (last year 1,138.5) million DM**

The increase amounted to 260.5 million DM, of which 125.0 million DM was provided to cover vested benefits of our present work force under the Daimler-Benz Provident Fund.

Provisions totalling 135.5 million DM were required for increased obligations for pension promises and assistance payments to retiring employees. The provisions were determined actuarially using the individual level cost method.

**Liabilities to the Daimler-Benz Provident Fund GmbH**  
**353.8 (last year 355.9) million DM**

The Daimler-Benz Provident Fund GmbH, which continues to provide the major portion of old-age security for our employees, has received 150.0 (last year 190.0) million DM from Daimler-Benz AG utilizing maximum tax allowances. Of this amount 6.7 (last year 71.1) million DM are in connection with benefits to retired employees whose pensions have been raised.

**Reserves for Deferred Maintenance**  
**81.0 (last year 65.4) million DM**

Because of the high utilization of capacity, a portion of the maintenance planned for 1979 could not be carried out. Therefore, a provision of 81.0 million DM was made to perform this maintenance in 1980.

**Other Reserves**  
**2,634.1 (last year 2,433.5) million DM**

Other reserves rose by 200.6 million DM. They refer - as heretofore - particularly to our warranty obligations existing worldwide, legal and litigation risks, liabilities in the social area, risk of losses in existing orders and risks for taxes not as yet assessed.

**Liabilities with a Term of more than Four Years**  
**251.5 (last year 246.6) million DM**

During the year, we obtained a loan in the amount of 23.6 million DM, which amount was used almost exclusively for the financing of capital investments in Berlin. The scheduled repayment amounted to 18.7 million DM; this will be about the same in 1980.

**Other Liabilities**  
**2,707.8 (last year 2,441.7) million DM**

The increase totalling 266.1 million DM is principally due to higher trade liabilities in connection with the increased business volume. The trade liabilities increased by 174.3 million DM.

**Contingent Liabilities**

Notes payable amounted to 64.3 (last year 81.0) million DM.

Pledges totalled 145.4 (last year 150.2) million DM; they were given for domestic and foreign subsidiaries.

The payment guarantee in favor of bondholders of 90.0 million DM relates to the 8%-DM-bonds issued by Daimler-Benz Finanz-Holding S.A., Luxemburg in 1970.

Obligations for assessments and legal liabilities pursuant to Section 24 of the Limited Liability Company Law and pledged amounts of cooperatives owned by subsidiaries amount to 36.3 million DM.

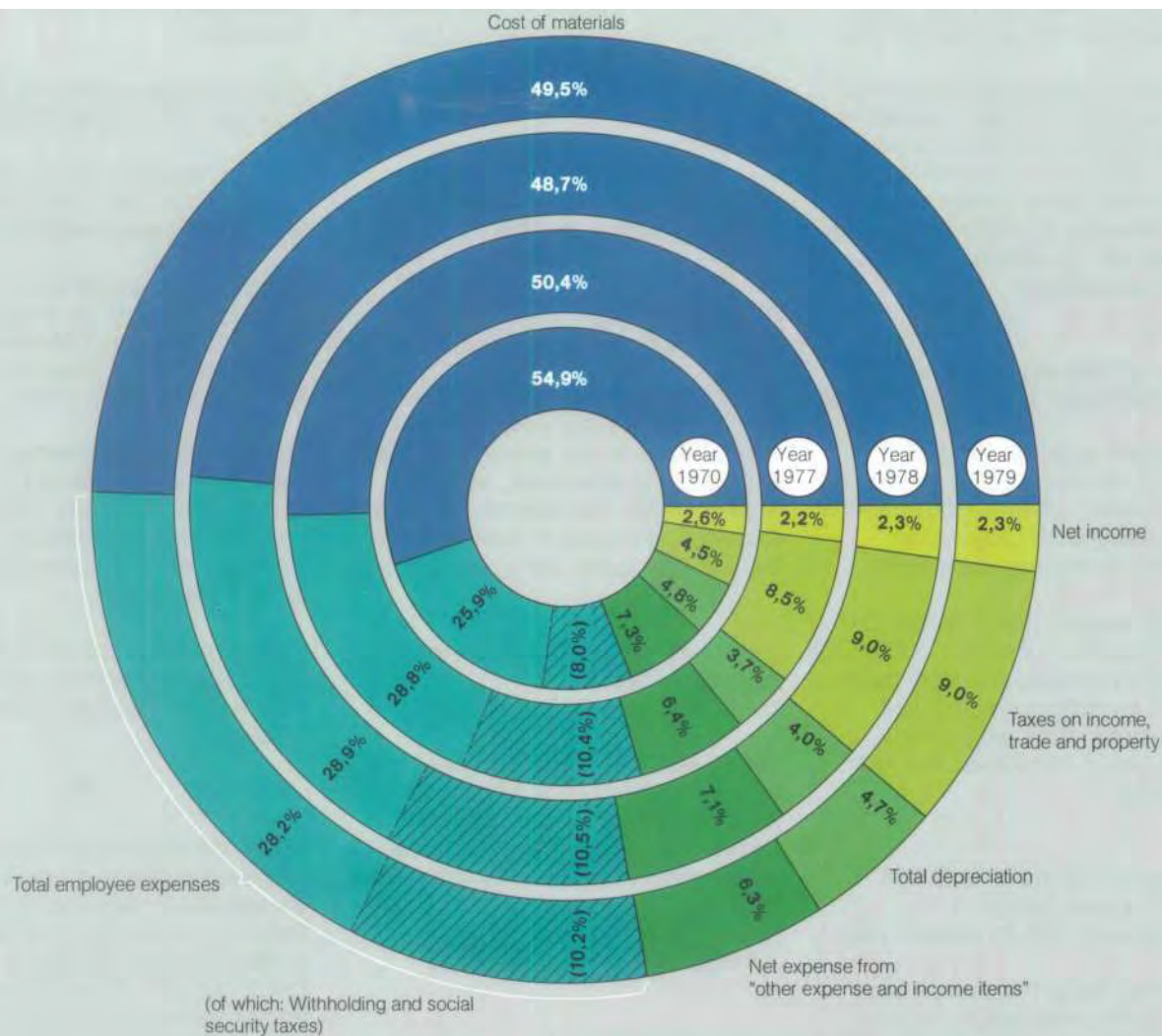
For two companies which have income distribution agreements with subsidiaries we are liable jointly and severally.

\*

Under the assumption that the proposed dividend is ratified at the shareholders' meeting, the remunerations for the members of the Board of Management amount to DM 6,762,261. Disbursements to former members of the Board and their survivors and to members of the Board of Directors totalled DM 2,418,646 and 1,091,890 (including value-added tax) respectively.

\*

# Expenditures in Terms of Total Revenue Daimler-Benz AG



	1970 in millions of DM	1977 in millions of DM	1978 in millions of DM	1979 in millions of DM	Change 1979 to 1970 in %
<b>Total Revenue</b> (excluding value-added tax)	<b>9.571</b>	<b>20.407</b>	<b>20.645</b>	<b>23.736</b>	<b>+148,0</b>
■ Cost of materials	5.251	10.278	10.055	11.748	+123,7
■ Total employee expenses	2.481	5.868	5.972	6.701	+170,1
of which:					
Net wages and salaries	(1.583)	(3.235)	(3.374)	(3.851)	(+143,3)
Expenditures for old age security	(133)	(503)	(435)	(439)	(+230,1)
■ Withholding and social security taxes	(765)	(2.130)	(2.163)	(2.411)	(+215,2)
■ Net expense from "other expense and income items"	700	1.318	1.465	1.482	+111,7
■ Depreciation	462	764	827	1.122	+142,9
■ Taxes on income, trade and property	431	1.734	1.852	2.143	+397,2
■ Net income	246	445	474	540	+119,5
of which:					
Additions to retained earnings	(105)	(217)	(231)	(270)	(+157,1)
Dividends	(141)	(228)	(243)	(270)	(+ 91,5)



# STATEMENT OF INCOME

## Total Revenue

23,736.3 (last year 20,644.6)  
million DM

Total revenue increased by 15% and is largely the result of higher sales. Car and commercial vehicle sales rose by 24,800 and 11,600 units respectively. Moreover, the increase in car inventories was also a factor.

## Expenditures for Raw Materials, Supplies, Other Materials and Purchased Goods

11,747.8 (last year 10,054.8)  
million DM

The somewhat disproportionate rise by 16.8% in comparison to total revenue is due to the substantially increased output of material-intensive heavy-duty trucks.

## Other Interest and Similar Income 295.5 (last year 207.2) million DM Interest and Similar Charges 54.3 (last year 50.4) million DM

The interest income less interest expense rose by 84.4 to 241.2 million DM. While interest income clearly increased as a result of generally higher interest levels and partially higher liquidities during the course of the year, interest expenses — on account of fixed rates for the largely unchanged long-term liabilities — did not change materially.

## Other Income

102.8 (last year 61.6) million DM

The increase by 41.2 million DM was principally the result of some dissolutions of provisions for doubtful accounts owing to decreased trade and notes receivables, particularly individual adjustments for foreign receivables. Included in other income are investment tax credits, administrative expenses charged to non-consolidated companies etc.

## Excess Income from Affiliated Companies

30.9 (last year 37.3) million DM

The decline in the excess of income over expenses from affiliates by 6.4 million DM was caused primarily by the higher loss of Daimler-Benz Wohnungsbau GmbH, Stuttgart, which loss we assumed, and the omission of dividends by our Iranian affiliate (IDEM):

	1979 in mill. of DM	1978 in mill. of DM
<u>Earnings from income distribution agreements</u>		
Motoren- und Turbinen-Union Muenchen GmbH, Muenchen	05	06
Hanomag-Henschel GmbH, Hannover	05	(15)
Daimler-Benz Project Consult GmbH, Stuttgart	0.5	0.4
Other	02	-
	<u>+ 7.7</u>	<u>+ 7.5</u>
<u>Losses from income distribution agreements</u>		
Daimler-Benz Wohnungsbau GmbH, Stuttgart	3.3	0.9
Other	05	01
	<u>- 3.8</u>	<u>- 1.0</u>
<u>Dividends received</u>		
Mercedes-Benz do Brasil SA, Sao Bernardo do Campo	12.7	14.0
Maschinenfabrik Esslingen AG, Esslingen a.N.	3.9	3.9
FAP FAMOS, Beograd	2.2	3.3
Mercedes-Versicherungsdienst GmbH, Stuttgart	2.0	2.0
IDEM, Tabriz	-	2.5
Other	6.2	5.1
	<u>+ 27.0</u>	<u>+ 30.8</u>
<u>Excess income</u>	<u>+ 30.9</u>	<u>+ 37.3</u>

## Personnel Costs

6,701.0 (last year 5,972.2) million DM

Because of the favorable capacity utilization, personnel costs (wages, salaries, mandatory social benefits, old-age pension and assistance) increased by only 12.2% in comparison to total revenue (+15%). The increase totalling 728.8 million DM resulted from higher union wages, Christmas and special remuneration and a growing number of employees. More information is given under "Employment and Benefits" (see page 54).

## Losses from Reduction in Value of, or from Sales of Current Assets Excluding Inventories and Addition to Allowance for Doubtful Accounts

51.5 (last year 65.8) million DM

Of this amount more than one third each was due to the write-down of non-interest bearing receivables to present value, and to the write-down of securities and treasury stock.

## Taxes on Income, Trade and Property (after Charges to Subsidiary Companies)

2,130.1 (last year 1,840.0) million DM

The tax increase by 15.8% is comparable to the gain in total revenue and net income. When judging tax expenses, consideration has to be given — as in prior years — to the fact that the necessary non-tax provisions, which were charged to operations, are only partially allowed for tax purposes. Tax back-payments totalling 167.8 million DM were covered by other reserves.

## Other Expenses

1,843.9 (last year 1,658.5) million DM

These expenses, which increased by 185.4 million DM, include administrative and selling expenses including sales commissions (the latter increased more because of the shift in sales to the domestic market), rental expenses and additions to reserves inasmuch as they have to be shown here.

## Net Income

539.7 (last year 473.9) million DM

Net income rose by 13.9% to 539.7 million DM. The return on net sales was unchanged from last year at 2.3%.



# Proposal for the Application of Unappropriated Income

The financial statements as of December 31, 1979, which have been confirmed jointly by the Board of Directors and the Board of Management, show unappropriated income of DM 270,321,890.

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

3 1/3 %	dividend on the eligible preferred stock of DM 1,921,500.—	DM	64,050.—
DM 10.—	dividend per eligible common share of DM 50.— par value	DM	270,257,840.—
<b>Total</b>		DM	270,321,890.—

Stuttgart-Untertuerkheim, March 28, 1980

**The Board of Management**

*Witz*      *Thümmel*      *Moser*

*Nieper*      *Grunert*

*Leute*      *Stamm*

# REPORT OF THE BOARD OF DIRECTORS

Covering the Business Year January 1 to December 31, 1979.

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

We have examined the financial statements, the annual report, and the recommendations for the payment of dividends. The financial statements as of December 31, 1979, the annual report, and the accounting principles used were verified by the Deutsche Treuhand-Gesellschaft, Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, and have been found to be in accordance with the books and with the pertinent legal requirements. The Board of Directors has approvingly noted the results of this audit.

The results of the examinations made by the Board of Directors and the auditors have shown no cause for questions. The Board of Directors has reviewed the consolidated financial statements, the consolidated annual report, and the report of the auditors.

The financial statements of the corporation as submitted by the Board of Management are hereby ratified and approved, and we concur with the recommendations of the Board of Management regarding the payment of dividends.

Mr. Otto Jacob, member of the Board of Management from 1948 to 1974 passed away on October 5, 1979. Mr. Jacob had actively managed the purchasing department for 25 years; with this outstanding achievement, he significantly influenced the development of the company.

Professor Dr. Zahn, after 21 years as a member of the Board of Management at Daimler-Benz AG, 14 years of which chief executive, retired effective December 31, 1979. During these years, Professor Zahn gave all his energy to our company. With his great sense of responsibility, clearheadedness, courage and power of assertion, he decisively influenced the development of Daimler-Benz AG during the past two decades, and together with his colleagues he put into practice a corporate policy which yielded great success. In this report, the Board of Directors wishes to express to Professor Zahn its especial gratitude and recognition.

Mr. Heinz Schmidt, after 18 years of service to Daimler-Benz, including 13 as a member of the Board of Management for public relations, retired at the end of the year. During those years, he helped to portray the public image of the company and increased the company's standing with great ability. We would like to thank him here again.

Effective January 1, 1980, Dr. jur. Gerhard Prinz was appointed chairman of the Board of Management.

Mr. Walter Ulsamer was appointed deputy member of the Board of Management effective November 1, 1979, taking charge of purchasing.

On August 7, 1979, Mr. Manfred Leiss retired from the Board of Directors of Daimler-Benz AG, to which he had belonged as representative of labor since June 21, 1978. For his effective cooperation, we wish to express our thanks. Mr. Bernhard Wurl, Hofheim/Taunus, deputy manager of the Board of the Metal Workers' Union, has been appointed to the Board of Directors of Daimler-Benz AG, replacing Mr. Leiss.

Stuttgart-Untertürkheim, April 1980

The Board of Directors



Chairman

# Balance Sheet of Daimler-Benz Aktiengesellschaft as of December 31, 1979

## Assets

	Balance Jan. 1, 1979	Additions	Transfers	Deductions	Depreciation expense	Balance Dec. 31, 1979	Balance Dec. 31, 1978 in thousands of DM
	DM	DM	DM	DM	DM	DM	
<b>Fixed assets</b>							
<b>Property, plant, equipment and intangible assets</b>							
Land and land rights							
with office, plant and other buildings	906.252.410	124.328.809	+ 185.628.371	3.018.635	147.319.294	1.065.871.661	906.252
with residential buildings	8.772.570	3.030.184	+ 174.669	605.391	642.383	10.729.649	8.773
without buildings	2.867.175	—	—	2.513.150	—	354.025	2.867
Buildings on leased land	14.453.080	1.126.926	+ 929.784	1.142.620	2.323.382	13.043.788	14.453
Machinery and plant fixtures	496.253.594	480.600.245	+ 213.555.054	2.749.075	474.126.674	713.533.144	496.254
Plant and office equipment	220.438.055	476.624.589	+ 53.653.487	3.087.370	460.477.358	287.151.403	220.438
Construction in progress and construction advances	573.285.369	474.700.637	— 453.941.365	18.064.974	9.427.655	566.552.012	573.285
	2.222.322.253	1.560.411.390	—	31.181.215	1.094.316.746	2.657.235.682	2.222.322
<b>Long-term financial assets</b>							
Investments in affiliated companies	441.320.990	49.608.231	—	2.200.001	26.787.336	461.941.884	441.321
Investments in long-term securities	92.162.415	3.977.566	—	7.297	415.237	95.717.447	92.163
Receivables maturing							
after four years	886.070	17.456	—	256.411	—	647.115	886
of which secured by mortgages							
DM 505.378 (last year DM 722.204)	534.369.475	53.603.253	—	2.463.709	27.202.573	558.306.446	534.370
	2.756.691.728	1.614.014.643	—	33.644.924	1.121.519.319	3.215.542.128	2.756.692
<b>Current assets</b>							
<b>Inventories</b>							
Raw materials and supplies						740.589.852	607.765
Work in process						624.080.539	566.507
Finished goods						762.124.781	676.822
Spare parts						408.761.982	364.994
						2.535.557.154	2.216.088
<b>Other current assets</b>							
Advance payments to suppliers						26.284.533	22.241
Trade accounts receivable						1.252.418.920	1.368.335
of which due beyond one year		DM 20.537.627 (last year DM	7.187.160)				
Notes receivable						201.900.567	281.262
of which: discountable at German Federal Bank		DM 23.676.037 (last year DM	16.314.656)				
export related notes receivable due beyond one year		DM 23.724.850 (last year DM	25.728.292)				
from affiliated companies		DM 116.909.931 (last year DM	198.971.254)				
Checks						318.505	4.137
Cash on hand, in German Federal Bank and in post office checking accounts						2.470.246	4.634
Cash in banks						1.022.908.857	978.672
Securities						1.009.765.564	1.014.516
Treasury stock of the parent company	Par value DM	5.597.300 (last year DM	5.093.100)			13.601.439	16.145
Receivables from affiliated companies						415.342.811	314.890
Receivables from members of the Board of Management (Section 89 of the Company Act)						218.692	395
Other current assets						1.451.990.971	1.122.459
						5.397.221.105	5.127.686
<b>Prepaid and deferred charges</b>						1.030.313	982
<b>Total assets</b>						11.149.350.700	10.101.448



## Stockholders' Equity, Liabilities etc.

		Balance Dec. 31, 1979	Balance Dec. 31, 1978 in thousands of DM
	DM	DM	
<b>Capital stock</b>			
Common stock	27 140 680 votes	1.357.034.000	1.357.034
Preferred stock	38 430 votes	1.921.500	1.922
in special cases of Section 17 of the bylaws	1 152 900 votes		
		<b>1.358.955.500</b>	<b>1.358.956</b>
<b>Retained earnings, as allocated</b>			
Allocated under statute		136.142.067	136.142
Allocated for Equalization of Share-of-Burden Levy			
Beginning balance	460.000		
Deduction	460.000	—	460
Allocated for branch extension		20.000.000	20.000
Allocated for plant modernization		59.400.000	59.400
Unallocated			
Beginning balance	1.340.993.355		
Addition (from "Statement of Income")	269.841.510	1.610.834.865	1.340.993
		<b>1.826.376.932</b>	<b>1.556.995</b>
		<b>120.616.389</b>	<b>94.645</b>
<b>Special equity reserves</b>			
Reserves in accordance with Sections 1 and 3 of the foreign investment law, Section 1 of the tax law for developing countries, Section 74 of the income tax directives			
		<b>145.940.000</b>	<b>165.881</b>
<b>Allowance for doubtful accounts</b>			
<b>Reserves</b>			
Old-age pensions		1.399.041.581	1.138.511
Maintenance deferred		81.000.000	65.420
Other		2.634.049.300	2.433.512
		<b>4.114.090.881</b>	<b>3.637.443</b>
<b>Liabilities with a term of more than four years</b>			
Liabilities to banks		241.779.606	234.964
of which secured by mortgages	DM 141.779.606 (last year DM 134.963.662)		
Other liabilities		9.765.277	11.671
of which secured by mortgages	DM 8.345.955 (last year DM 10.574.998)		
Due within four years	DM 80.516.465 (last year DM 75.900.614)		
		<b>251.544.883</b>	<b>246.635</b>
		<b>353.747.361</b>	<b>355.849</b>
<b>Liabilities to the Daimler-Benz Provident Fund GmbH, Stuttgart</b>			
<b>Other liabilities</b>			
Accounts payable-trade		1.233.806.818	1.059.496
Notes payable		2.361.000	4.604
Advance payments from customers		76.965.652	89.443
Accounts payable to affiliated companies		81.745.403	86.431
Other liabilities		1.312.877.991	1.201.767
		<b>2.707.756.864</b>	<b>2.441.741</b>
		<b>270.321.890</b>	<b>243.303</b>
<b>Unappropriated income proposed for dividend distribution</b>			
	1979	1978	
	DM	DM	
Contingent liabilities from:			
Trade acceptances	64.252.712	81.023.611	
of which to affiliated companies	( 36.447.408)	( 43.420.663)	
Guarantees	145.358.733	150.165.069	
of which to affiliated companies	(—)	( 8.184.000)	
Payment guarantee for DM-Bond of the			
Daimler-Benz Finanz-Holding-S.A., Luxemburg	90.000.000	104.475.000	
Property levy (Equalization of Share-of-Burden Levy Law)			
Current amount	—	460.000	
Quarterly amount	—	462.499	
<b>Total stockholders' equity, liabilities etc.</b>		<b>11.149.350.700</b>	<b>10.101.448</b>



# Statement of Income Daimler-Benz Aktiengesellschaft for the Year Ended December 31, 1979

	1979		1978
	DM	DM	in thousands of DM
Gross sales	25,055,597,314		21,952,752
Value-added tax	1,601,664,438		1,368,267
<b>Net sales</b>	<b>23,453,932,876</b>		<b>20,584,485</b>
Increase of work in process and finished goods inventories including spare parts	186,644,556	23,640,577,432	10,545
Other capitalized in-house output		95,695,890	49,594
<b>Total revenue</b>		<b>23,736,273,322</b>	<b>20,644,624</b>
Expenditures for raw materials, supplies, other materials and purchased goods		11,747,800,296	10,054,830
<b>Excess of total revenue over expenditures for raw materials etc.</b>		<b>11,988,473,026</b>	<b>10,589,794</b>
Income from profit distribution agreements with affiliated companies	7,701,073		7,481
Income from investments in affiliated companies	27,045,773		30,831
Income from other financial investments	6,389,002		6,156
Other interest and similar income	295,461,187		207,184
Gain from disposal of fixed assets	18,271,548		13,228
Gain from reduction of allowance for doubtful accounts	19,941,000		—
Gain from dissolution of reserves	54,768,362		16,884
Gain from dissolution of special equity reserves	7,968,671		31,629
Other income	102,754,203		61,551
of which extraordinary	DM 22,019,029 (last year DM 20,572,099)	540,300,819	374,944
		12,528,773,845	10,964,738
Wages and salaries	5,476,655,631		4,837,173
Mandatory employee benefits	785,752,607		700,030
Expenditures for old-age pension and assistance	438,576,646		434,976
Depreciation of fixed assets	1,094,316,746		803,914
Write-down of financial assets	27,202,573		7,325
Losses from reduction in value of or from sales of current assets excluding inventories			
and addition to allowance for doubtful accounts	51,488,223		65,786
Losses from sale of fixed assets	4,147,430		7,721
Interest and similar charges	54,326,256		50,353
Taxes			
a) on income, trade and property	DM 2,310,947,707		
of which back-payments covered by other reserves	DM 167,804,156		
	DM 2,143,143,551		
of which charges to subsidiary company	DM 13,057,529	2,130,086,022	1,840,031
b) other	44,463,644		41,588
Equalization of Share-of-Burden Levy	462,499		1,850
Losses from income distribution agreements with affiliated companies	3,761,539		1,048
Additions to special equity reserves	33,940,477		40,501
Other expenses	1,843,890,152	11,989,070,445	1,658,509
<b>Net income</b>		<b>539,703,400</b>	<b>473,933</b>
Transfer from reserve for Equalization of Share-of-Burden Levy		460,000	1,790
		540,163,400	475,723
Transfer to unallocated retained earnings		269,841,510	232,420
<b>Unappropriated income proposed for dividend distribution</b>		<b>270,321,890</b>	<b>243,303</b>

In 1979, pension payments to retirees and payments to the Daimler-Benz Provident Fund GmbH for current obligations amounted to DM 119,399,143. In the following five years payments will in all likelihood be made amounting to 108, 116, 126, 136, 148% of this amount. In 1979, a further contribution of 52,8 million D-Marks was made to the Daimler-Benz Provident Fund.

The accounting; the annual financial statements and the management report, which we have examined with due care, comply with the statutory requirements and the company's by-laws.

Stuttgart-Untertuerkheim, March 28, 1980

**Daimler-Benz Aktiengesellschaft**  
**Board of Management**

Prinz Breitschwerdt Hoppe  
Niefer Osswald  
Reuter Ulsamer

Frankfort (Main), April 17, 1980

**Deutsche Treuhand-Gesellschaft**  
Wirtschaftsprüfungsgesellschaft

Dr. Goerdeler Dr. Koschinsky  
Wirtschaftsprüfer Wirtschaftsprüfer  
(independent auditors)

# CONSOLIDATED ANNUAL REPORT

# Consolidated Financial Statements

## COMPANIES INCLUDED IN THE CONSOLIDATION

Consolidated financial statements include domestic and foreign companies, in which Daimler-Benz AG<sup>1)</sup> has a direct or indirect interest of more than 50%. Besides the Daimler-Benz AG 19 domestic and 46 foreign affiliates were consolidated.

### Domestic Companies

Daimler-Benz Aktiengesellschaft, Stuttgart  
 Maschinenfabrik Esslingen Aktiengesellschaft, Esslingen a.N.<sup>2)</sup>  
 Wohnungsbau GmbH Weinstraße Mettingen, Esslingen a. N.  
 Mercedes-Leasing-GmbH, Stuttgart<sup>2)</sup>  
 Daimler-Benz Project Consult GmbH, Stuttgart  
 Daimler-Benz Wohnungsbau GmbH, Stuttgart  
 Industrie- und Handelsbeteiligungen GmbH, Stuttgart  
 Porcher & Meffert GmbH, Stuttgart  
 Wuertembergische Baumwoll-Spinnerei und -Weberei bei Esslingen am Neckar Aktiengesellschaft, Esslingen a.N.<sup>2)</sup>  
 Hanomag-Henschel GmbH, Hannover  
 Maschinen- und Werkzeugbau Zuffenhausen Aktiengesellschaft, Stuttgart  
 Holzindustrie Bruchsal GmbH, Bruchsal  
 Industriehandel Handels- und Industrieausruestungsgesellschaft mbH, Frankfurt (Main)  
 Chemie- und Textilgesellschaft mbH Friedrichshafen, Friedrichshafen  
 Rohtex Aktiengesellschaft fuer Textilrohstoffe, Stuttgart  
 Daimler-Benz Grundstuecksgesellschaft Hamburg mbH, Sitz Stuttgart  
 Daimler-Benz Grundstuecksgesellschaft Bremen mbH, Sitz Stuttgart  
 Reparaturwerk Boeblingen GmbH, Boeblingen  
 Mercedes-Versicherungsdienst GmbH, Stuttgart<sup>2)</sup>

### Foreign Companies

Mercedes-Benz do Brasil S.A., Sao Bernardo do Campo/Brazil  
 Sociedade Tecnica de Fundigoes Gerais S.A., Sao Paulo, Brazil  
 Euclid Inc., Cleveland/U.S.A.  
 Euclid Canada Ltd., Guelph/Canada  
 Euclid International Sales Corporation, Cleveland/U.S.A.  
 Euclid Australia Pty. Ltd., Brisbane/Australia  
 Euclid Parts Sales Company, Cleveland/U.S.A.  
 Euclid Belgium S.A., Brussels/Belgium  
 Euclid (South Africa) (Proprietary) Limited, Johannesburg/South Africa  
 Mercedes-Benz Argentina S.A., Buenos Aires/Argentina  
 Circulo Cerrado S.A. de Ahorro para Fines Determinados, Buenos Aires/Argentina  
 INVAL S.R.L., Buenos Aires/Argentina  
 Daimler-Benz Holding AG, Zurich/Switzerland  
 Daimler-Benz Finanz AG, Zurich/Switzerland  
 Daimler-Benz Finanz-Holding S.A., Luxemburg/Luxemburg  
 Brasfinanz AG, Zurich/Switzerland  
 Merfina S.p.A., Rome/Italy  
 Handelsgesellschaft fur Daimler-Benz Erzeugnisse AG, Zurich/Switzerland  
 Société Immobilière du 83 Boulevard Gambetta à Nice, Rocquencourt/France<sup>3)</sup>  
 Sofidel S.A., Rocquencourt/France  
 Mercedes-Benz France S.A., Rocquencourt/France  
 Sorevit-Metz S.A., Metz/France<sup>3)</sup>  
 Société Immobilière Grande Arme Brunei S.A., Rocquencourt/France

Omnium Lyonnais de Vehicules Industriels S.A., St. Genis-Laval/France  
 Fechtig Diesel S.A., Fenouillet/France  
 Longchamp Rond-Point S.A., Paris/France  
 Geneve de Pressense S.C.I., St. Denis/France  
 La Fontaine aux Bretons S.C.I., La Courneuve/France  
 Sorevit-Bourges S.A., Bourges/France<sup>3)</sup>  
 Comptoir de Vehicules Industriels S.A., St. Georges de Reneins/France<sup>3)</sup>  
 L'Etang du Parc de Rocquencourt S.C.I., Rocquencourt/France  
 Le Val du Parc de Rocquencourt S.C.I., Rocquencourt/France  
 Les Hauts du Parc de Rocquencourt S.C.I., Rocquencourt/France  
 La Commanderie S.C.I., Bourges/France<sup>3)</sup>  
 Rafic S.A., Rocquencourt/France  
 Mercedes-Benz of North America, Inc., Montvale/U.S.A.  
 Mercedes-Benz Service Corporation, Wilmington/U.S.A.  
 Daimler-Benz of North America Inc., New York/U.S.A.  
 Mercedes-Benz of Canada Ltd., Toronto/Canada  
 Mercedes-Benz (United Kingdom) Ltd., Hayes/Great Britain  
 Woking Motors Ltd., Brentford/Great Britain  
 Mercedes-Benz Commercial G.B. Ltd., Hayes/Great Britain  
 Daimler-Benz (Australia) Pty. Ltd., Mulgrave/Australia  
 Mercedes-Benz (Australia) Pty. Ltd., Mulgrave/Australia  
 Mercedes-Benz Italia S.p.A., Rome/Italy

<sup>1)</sup> Henceforth DBAG

<sup>2)</sup> Change of company name in 1979

<sup>3)</sup> Added to consolidation in 1979



Some foreign subsidiaries with no business functions or with negligible business volume were not consolidated. As in previous years, companies providing only payments for old-age security were not consolidated as they are not considered subsidiaries under the law. The following companies fall under this category:

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

All the companies not consolidated during the year had no transactions which would have materially affected the company's financial position.

## PRINCIPLES OF CONSOLIDATION

The domestic financial statements were prepared and audited in compliance with the German Company Act. The individual foreign financial statements - which had been prepared and audited in accordance with the laws of the respective countries - have been adjusted to conform to the presentation and valuation requirements of the German Company Act.

Currency conversions of our foreign subsidiaries' financial statements were done for fixed assets on the basis of historical exchange rates (rates in effect at the time of acquisition), at year-end rates for current assets, liabilities and unappropriated income proposed for dividend distribution; stockholders' equity is the remaining difference. Income and expenses are converted at average annual exchange rates. Excepted therefrom are depreciation expenses and profits or losses from sale of fixed assets; they were calculated on the basis of historical exchange rates.

Upon comparison with last year, a reduction of net equity results from the devaluation of some currencies in relation to the DM. This occurs in the event net equity is higher than the fixed and long-term financial assets, which are converted into D-Marks at historical rates. Because the majority of foreign subsidiaries also finance a portion of current assets with equity capital, there was a conversion difference which was charged off to profit and loss. The effects of inflationary profits are thus eliminated; they show up in the high amount of excess interest income over interest expense at our South American subsidiaries, particularly at Mercedes-Benz do Brasil. The difference resulting from conversion of the individual items in the consolidated statements of income at average annual exchange rates and the individual balance sheet items at the rates in effect on December 31 was also reflected in the income statement.

Despite the above mentioned exchange difference, the foreign subsidiaries have maintained their equity capital overall; they show net income for the year ended December 31, 1979 of 131.2 (last year 153.7) million DM. The decline by 22.5 million DM was essentially caused by the extraordinary, roughly 30% devaluation of the Brazilian cruzeiro in December of 1979.

The capital consolidation was effected in accordance with the principle of "First Consolidation". Thus, in the year of acquisition the relevant share capital and retained earnings of the subsidiary are eliminated against the parent's investment account, and the difference - which is reflected as a component of equity - is shown as "Cost of Investments in Consolidated Subsidiaries in Excess of or Below Book Value at Acquisition".

Profits earned by foreign subsidiaries in subsequent years - excluding minority interests - were added to retained earnings. The amount allocated in 1979 for dividends to shareholders in the amount of 270.3 million DM is thus the same in the consolidated financial statements and those of DBAG.

Intercompany receivables and payables have been eliminated. Intercompany sales and intercompany profits from sales of fixed assets and inventories were likewise eliminated.

## CONSOLIDATED BALANCE SHEET

Fixed assets rose by 548.5 to 3,846.4 million DM and current assets by 707.1 to 10,270.1 million DM. The fixed asset portion of total assets increased to 27.3 (last year 25.6)%.

Stockholders' equity<sup>1)</sup> amounted to 4,680.6 million DM; out of net income for the year, a total of 367.7 million was added to retained earnings. Liabilities and reserves increased by 869.6 to 9,227.3 million DM. The proportion of stockholders' equity to liabilities and reserves (about one third to two thirds) remained nearly unchanged from last year.

The ratio of fixed assets to equity has declined from last year as a result of the large capital spending volume, as might have been expected; this ratio amounted to 121.7 (last year 129.7)%. Because DBAG leaves the largest portion of the subsidiaries' earnings in these companies to strengthen their equity base, the ratio of fixed assets to equity in the consolidated balance sheet is better than that of DBAG.

The major balance sheet items and their changes in comparison to last year are explained hereunder; approximately three quarters of the balance sheet items are accounted for by DBAG (also see "Comparison of Balance Sheets as of December 31, 1979", page 76).

<sup>1)</sup> Capital stock, retained earnings, minority interests in subsidiaries and special equity reserves.

# Comparison of Balance Sheets as of December 31, 1979

(in condensed form)

	Consolidated Balance Sheet	Daimler- Benz AG Balance Sheet	Daimler- Benz AG in % of Consolidated Balance Sheet
	in millions of DM	in millions of DM	
<b>ASSETS</b>			
<b>Fixed assets</b>	<b>3,846.4</b>	<b>3,215.5</b>	<b>84</b>
Property plant and equipment	3,556.2	2,657.2	
Investment in affiliated companies	122.1	461.9	
Other long-term financial assets	168.1	96.4	
<b>Current assets</b>	<b>10,270.1</b>	<b>7,933.9</b>	<b>77</b>
Inventories	3,452.9	2,535.6	
Receivables	1,950.3	1,869.7	
Cash and marketable securities	3,052.9	2,035.5	
Other current assets	1,814.0	1,493.1	
<b>Total assets</b>	<b>14,116.5</b>	<b>11,149.4</b>	<b>79</b>

## STOCKHOLDERS' EQUITY, LIABILITIES ETC.

<b>Stockholders' equity</b>	<b>4,680.6</b>	<b>3,306.0</b>	<b>71</b>
Capital stock (DBAG)	1,359.0	1,359.0	
Unallocated retained earnings	3,102.2	1,826.4	
Other allocated retained earnings and minority interests	42.8	—	
Special equity reserves	176.6	120.6	
<b>Allowance for doubtful accounts</b>	<b>208.6</b>	<b>145.9</b>	<b>70</b>
<b>Liabilities</b>	<b>9,227.3</b>	<b>7,697.5</b>	<b>83</b>
Reserves	4,540.9	4,114.1	
Long-term liabilities	418.7	251.5	
Liabilities to Provident Funds	424.0	353.8	
Other liabilities and deferred credits	3,573.4	2,707.8	
Income proposed for dividend distribution	270.3	270.3	
<b>Total stockholders' equity, liabilities etc.</b>	<b>14,116.5</b>	<b>11,149.4</b>	<b>79</b>

## ASSETS

**Property, Plant and Equipment**  
**3,556.2 (last year 3,022.5) million DM**

Capital investments amounted to 1,905.1 million DM as contrasted with disposals and depreciation expenses of 58.1 and 1,313.3 million DM respectively. These investments were made primarily by DBAG (81.9%) and by Mercedes-Leasing-GmbH (7.8%) as a result of expanded business volume, and by Mercedes-Benz do Brasil S.A. (4.5%). The major portion of depreciation was accounted for by DBAG and Mercedes-Benz do Brasil (1,094.3 and 99.9 million DM respectively).

**Investment in Affiliated Companies**  
**122.1 (last year 126.0) million DM**

Under this heading are shown investments in affiliated companies which are not consolidated. They are mostly for investments in Motoren- und Turbinen-Union Muenchen GmbH, Muenchen, in Gelaendefahrzeug Gesellschaft mbH, Graz, and in Merfag AG, Zuerich.

**Inventories**  
**3,452.9 (last year 3,094.4) million DM**

They increased by 358.5 million DM; DBAG alone increased inventories by 319.5 million DM. DBAG accounted for 73.4%, our distribution companies for 14.7% and our manufacturing companies in North and South America for 11.4 % of the balance sheet total for inventories.

**Accounts Receivable - Trade**  
**1,748.3 (last year 1,859.6) million DM**  
**Notes Receivable**  
**189.2 (last year 182.7) million DM**  
**Receivables from Non-Consolidated Companies**  
**12.8 (last year 7.7) million DM**

The decline of total receivables by 99.7 million DM occurred mostly at DBAG. Notes receivable from consolidated companies in the amount of 204.8 (last year 296.4) million DM and intercompany receivables and payables of consolidated companies totalling 734.2 (last year 665.6) million DM have been eliminated in consolidation.

**Cash**  
**1,812.5 (last year 1,862.6) million DM**  
**Securities**  
**1,240.4 (last year 1,156.4) million DM**

These items totalling approx. 3 billion DM are nearly unchanged from last year; foreign subsidiaries accounted for about one third of the total.

**Other Assets**  
**1,726.6 (last year 1,332.0) million DM**

The rise by 394.6 million DM was largely the result of increases of 329.5 million DM at DBAG. Just as last year, they represent primarily liquidity investments in the form of short-term debt instruments.

STOCKHOLDERS' EQUITY,  
LIABILITIES, etc.**Capital and Retained Earnings**

The capital stock of 1,359.0 million DM in the consolidated balance sheet is identical with the capital stock in the Daimler-Benz AG balance sheet and is unchanged from last year.

In retained earnings of 3,135.0 (last year 2,759.7) million DM are included "capital surplus", "cost of investments in consolidated subsidiaries below book value at acquisition", and "unallocated retained earnings".

The capital surplus represents the difference between par value and amounts paid in for new shares as a result of the capital increase in 1977.

The cost of investments in consolidated subsidiaries below book value at acquisition in the amount of 30.4 (last year 22.0) million DM is the net difference between debit balances of 60.5 (last year 67.8) million DM and credit balances of 90.9 (last year 89.8) million DM. The debit balances represent cost of investments in excess of book value at time of acquisition. The credit balances arose in connection with the purchase of our South American subsidiaries in the fifties when portions of the contractual purchase price were paid for with machinery and equipment.

The decrease of the debit balances - resulting in an increase in the net credit balance shown in the balance sheet - is largely caused by a partial write-off of a Mercedes-Benz do Brasil subsidiary.

Unallocated retained earnings are comprised of "open retained earnings" of DBAG (excluding capital surplus which is shown separately) and income earned subsequent to the acquisition date of subsidiaries. Profits or losses as a result of consolidation measures are credited or debited here.

**Minority Interests in Subsidiaries**  
**10.0 (last year 9.9) million DM**

This item is nearly unchanged from last year and represents third party minority interests in stockholders' equity and retained earnings of consolidated subsidiaries.

**Special Equity Reserves**  
**176.6 (last year 147.0) million DM**

They represent mostly items shown in DBAG's balance sheet and amounted to 120.6 (last year 94.6) million DM; moreover, they include a reserve for price increases at Mercedes-Benz France amounting to 50.3 (last year 49.0) million DM.

**Allowance for Doubtful Accounts**  
**208.6 (last year 227.6) million DM**

The decrease of 19.0 million DM resulted from lower receivables at the end of 1979. The write-down to uniformly 10% of total receivables recognizes the general credit risk inherent in receivables.

**Reserves**  
**4,540.9 (last year 4,057.7) million DM**

They increased by 483.2 million DM as compared to last year. The relatively large share of DBAG (90.6%) can mostly be attributed to the fact that warranty obligations, guarantee and litigation risks are primarily borne by DBAG.

**Liabilities With a Term of More Than Four Years**  
**418.7 (last year 420.0) million DM**

These liabilities are mostly those of DBAG amounting to 251.5 million DM and of Daimler-Benz Finanz-Holding S.A., Luxemburg, amounting to 90.0 million DM for a 8% Luxemburg bond issued in 1970 and maturing in 1985.

**Liabilities to Provident Funds of DBAG and Subsidiary Companies**  
**424.0 (last year 414.0) million DM**

These are mostly for borrowings by DBAG and Daimler-Benz Wohnungsbau GmbH from the Daimler-Benz Provident Fund GmbH.

**Other Liabilities**  
**3,572.3 (last year 3,219.7) million DM**

The increase by 352.6 million DM is mainly in trade payables, mostly at DBAG as a result of the higher volume of business, and in other liabilities. Moreover, in order to finance the increased current assets, particularly of some of our European distribution companies, we have obtained additional bank credits in 1979.

## CONSOLIDATED STATEMENT OF INCOME

**Net Sales**  
**27,367.4 (last year 24,235.9)**  
**million DM**

The increase amounted to 3,131.5 million DM. The German and foreign markets accounted for 47.3% and 52.7% respectively of total net sales.

**Expenditures for Raw Materials, Supplies, Other Materials, Purchased Goods**  
**14,176.7 (last year 12,212.2)**  
**million DM**

The rise in expenditures for materials by 1,964.5 million DM resulted primarily from production increases at DBAG and at our South American companies. The larger percentage increase in comparison to sales revenue is also the consequence of the changed manufacturing structure in favor of the more material-intensive heavy-duty trucks.

**Other Interest and Similar Income**  
**641.4 (last year 521.6) million DM**  
**Interest and Similar Charges**  
**133.5 (last year 139.5) million DM**

The excess of interest income over interest expenses rose by 125.8 to 507.9 million DM as compared to last year. Our foreign subsidiaries accounted for 263.6 million DM of that total. Investments of liquid assets - particularly of our foreign subsidiaries - resulted in high interest income commensurate with the inflation-caused high interest rates in effect. They did not, however, compensate for the loss of purchasing power of cash assets. The fictitious profit resulting from the interest income is offset in the income statement by charges for the losses from currency translations, as has been mentioned before in another part of the report.



**Other Income****278.4 (last year 164.0) million DM**

The increase by 114.4 million DM occurred largely at DBAG and at Mercedes-Benz do Brasil. Export sales by this subsidiary resulted in additional exchange profits.

**Personnel Costs****7,574.2 (last year 6,721.6) million DM**

Personnel Costs increased by 852.6 million DM (12.7%). They are attributed to higher employment levels and union wage increases. The share of personnel costs in terms of total revenue has declined slightly to 26.9 (last year 27.4)% on account of the favorable capacity utilization, particularly at DBAG.

**Taxes on Income, Trade and Property****2,378.0 (last year 2,101.0) million DM**

The increase by 277.0 million DM is exclusively attributed to domestic companies. Foreign subsidiaries account for about 10% of the total tax expenses.

**Other Expenses****2,816.7 (last year 2,355.4) million DM**

The expenses combined here increased by 461.3 million DM over last year, of which 185.4 million DM are attributed to DBAG. Also included in this item - apart from administrative and selling expenses including sales commissions, and expenses for leased property - is the reduction of the equity capital as a result of currency translations of the individual financial statements of foreign subsidiaries.

**Net Income****637.8 (last year 592.8) million DM**

	1979 in mill. of DM	1978 in mill. of DM
Net income of DBAG after elimination of intercompany dividends of 19.1 (last year 20.6) million DM	520.6	453.3
Net income of domestic subsidiaries	9.0	4.0
Net income of foreign subsidiaries after elimination of intercompany profits	131.2	153.7
Charges to income as a result of consolidation measures	— 23.0	— 18.2
	<b>637.8</b>	<b>592.8</b>

The increase by 45.0 million DM resulted from higher earnings of 72.3 million DM at DBAG and domestic subsidiaries; in contrast thereto, earnings of our foreign subsidiaries declined by 22.5 million DM. Charges to income as a result of consolidation eliminations increased by 4.8 million DM.

**Status of Guarantees Not Evident in Consolidated Financial Statements**

In addition to the contingent liabilities shown on the DBAG balance sheet, there were other obligations with respect to subsidiaries included in the consolidation totalling DM 23,000. They comprise liabilities for stock subscriptions, joint and several liability in accordance with Section 24 of the Limited Liability Company Act, and guarantees for cooperatives owned by consolidated companies. One foreign subsidiary pledged 4.5 million DM in inventories as security for a bank loan.

# Consolidated Balance Sheet as of December 31, 1979

Assets	Balance Jan. 1, 1979 DM	Additions DM	Transfers DM	Deductions DM	Depreciation expense DM	Balance Dec. 31, 1979 DM	Balance Dec. 31, 1978 in thousands of DM
<b>Fixed assets</b>							
<b>Property, plant, equipment and intangible assets</b>							
Land and land rights							
with office, plant and other buildings	1.306.902.472	163.345.369 +	209.631.424	3.327.427	182.402.511	1.494.149.327	1.306.903
with residential buildings	24.650.399	3.030.644 +	294.582	688.702	1.399.769	25.887.154	24.650
without buildings	33.884.655	1.388.308 +	372.029	5.056.241	–	30.588.751	33.885
Buildings on leased land	11.626.435	15.659.856 +	596.574	1.096.148	2.853.106	23.933.611	11.626
Machinery and plant fixtures	623.028.988	491.813.998 +	280.670.830	4.836.772	555.640.628	835.036.416	623.029
Plant and office equipment	383.656.447	661.491.530 +	70.425.329	22.901.278	561.380.389	531.291.639	383.657
Construction in progress and construction advances	638.663.350	568.216.406 –	561.990.768	20.147.321	9.511.377	615.230.290	638.663
Licenses, trademarks and similar rights	65.000	119.448	–	–	119.443	65.005	65
	3.022.477.746	1.905.065.559	–	58.053.889	1.313.307.223	3.556.182.193	3.022.478
<b>Long-term financial assets</b>							
Investments in affiliated companies	126.030.124	31.454.247	–	8.877.722	26.456.927	122.149.722	126.030
Investments in long-term securities	92.821.039	10.863.150	–	186.588	2.369.825	101.127.776	92.821
Receivables maturing after four years	56.581.820	21.285.768	–	10.724.295	155.310	66.987.983	56.582
of which secured by mortgages							
DM 51.844.507 (last year DM 44.499.046)							
	275.432.983	63.603.165	–	19.788.605	28.982.062	290.265.481	275.433
	3.297.910.729	1.968.668.724	–	77.842.494	1.342.289.285	3.846.447.674	3.297.911
<b>Current Assets</b>							
<b>Inventories</b>						3.452.904.417	3.094.428
<b>Other current assets</b>							
Advance payments to suppliers						52.720.983	37.279
Trade accounts receivable						1.748.278.151	1.859.645
of which due beyond one year		DM 51.386.973 (last year DM 20.824.638)					
Notes receivable						189.166.324	182.693
of which: discountable at German Federal Bank		DM 24.323.153 (last year DM 16.314.656)					
export related notes due beyond one year		DM 23.724.850 (last year DM 38.189.825)					
Checks						8.515.095	13.890
Cash on hand, in German Federal Bank and in post office checking accounts						3.741.572	6.927
Cash in banks						1.800.295.710	1.841.809
Securities						1.240.390.668	1.156.413
Treasury stock of the parent company		Par value DM 5.597.300 (last year DM 5.093.100)				13.601.439	16.145
Receivables from affiliated companies						12.814.260	7.680
Receivables from members of the Board of Management (Section 89 of the Company Act)						1.807.900	1.706
Other current assets						1.726.633.991	1.332.019
						6.797.966.093	6.456.206
<b>Prepaid and deferred charges</b>							
Bond discount						1.397.650	1.100
Other						17.804.295	11.308
						19.201.945	12.408
<b>Total assets</b>						14.116.520.129	12.860.953



# Stockholders' Equity, Liabilities etc.

		Balance Dec. 31, 1979 DM	Balance Dec. 31, 1978 in thousands of DM
<b>Capital stock</b>			
Common stock	27 140 680 votes	1.357.034.000	1.357.034
Preferred stock	38 430 votes	1.921.500	1.922
in special cases of Section 17 of the bylaws	11 529 900 votes		
		<b>1.358.955.500</b>	<b>1.358.956</b>
<b>Surplus and retained earnings</b>			
Capital surplus <sup>1)</sup>		2.364.325	2.364
Cost of investments in consolidated subsidiaries below book value at acquisition		30.445.494	21.983
Retained earnings <sup>1)</sup>		3.102.155.198	2.734.884
Retained earnings allocated for Equalization of Share-of-Burden Levy		—	515
		<b>3.134.965.017</b>	<b>2.759.746</b>
<b>Minority interests in subsidiaries</b>			
		<b>9.967.801</b>	<b>9.897</b>
of which: share in profits	DM 1.208.855 (last year DM 1.410.766)		
share in losses	DM 356.103 (last year DM 40.883)		
<b>Special equity reserves</b>			
		<b>176.639.601</b>	<b>147.003</b>
Reserves in accordance with Sections 1 and 3 of the foreign investment law, Section 1 of the tax law for developing countries, Section 74 of the income tax regulation, Section 6 b of the Income Tax Act, Section 35 of the income tax directives, French and Italian regulations			
<b>Allowance for doubtful accounts</b>			
		<b>208.657.001</b>	<b>227.633</b>
<b>Reserves</b>			
Old-age pensions		1.475.766.435	1.211.103
Maintenance deferred		90.195.592	69.114
Other		2.974.949.864	2.777.525
		<b>4.540.911.891</b>	<b>4.057.742</b>
<b>Liabilities with a term of more than four years</b>			
Bonds		90.000.000	105.000
Liabilities to banks		299.960.594	289.257
of which secured by mortgages	DM 145.358.211 (last year DM 148.206.284)		
Other liabilities		28.729.168	25.728
of which secured by mortgages	DM 11.855.301 (last year DM 17.883.130)		
Due within four years	DM 193.426.879 (last year DM 155.137.671)		
		<b>418.689.762</b>	<b>419.985</b>
<b>Liabilities to Provident Funds of Daimler-Benz AG and subsidiary companies</b>			
		<b>424.044.279</b>	<b>414.009</b>
<b>Other liabilities</b>			
Accounts payable-trade		1.584.720.954	1.427.095
Notes payable		37.669.332	46.954
Bank loans		296.809.676	213.728
Advance payments from customers		122.154.939	143.388
Accounts payable to non-consolidated companies		1.022.227	8.509
Other liabilities		1.529.930.746	1.380.026
		<b>3.572.307.874</b>	<b>3.219.700</b>
<b>Deferred credits</b>			
		<b>1.059.513</b>	<b>2.979</b>
<b>Unappropriated income proposed for dividend distribution</b>			
		<b>270.321.890</b>	<b>243.303</b>
	1979	1978	
	DM	DM	
Contingent liabilities from:			
Trade acceptances	117.939.011	77.746.012	
Assignment of trade receivables	19.086.509	15.411.318	
Guarantees	162.261.336	166.992.266	
Property levy (Equalization of Share-of-Burden Levy Law)			
Current amount	—	642.714	
Quarterly amount	—	646.166	
<b>Total stockholders' equity, liabilities etc.</b>			
		<b>14.116.520.129</b>	<b>12.860.953</b>

1) The "Capital Surplus" and "Retained Earnings" respectively are inclusive of the "Statutory Retained Earnings" of Daimler-Benz AG in the unchanged amount of DM 136.142.067.



# Consolidated Statement of Income for the Year Ended December 31, 1979

	1979		1978	
	DM	DM	in thousands of DM	in thousands of DM
Gross sales	29.797.368.601		26.351.231	
Value-added tax	2.429.973.724		2.115.330	
<b>Net sales</b>	<b>27.367.394.877</b>		<b>24.235.901</b>	
Increase of work in process and finished goods inventories including spare parts	520.020.029	27.887.414.906	172.220	24.408.121
Other capitalized in-house output		260.275.830		141.752
<b>Total revenue</b>		<b>28.147.690.736</b>		<b>24.549.873</b>
Expenditures for raw materials, supplies, other materials and purchased goods	14.176.688.318		12.212.152	
<b>Excess of total revenue over expenditures for raw materials etc.</b>	<b>13.971.002.418</b>		<b>12.337.721</b>	
Income from profit distribution agreements with affiliated companies	6.737.200		6.589	
Income from investments in affiliated companies	5.065.859		7.229	
Income from other financial investments	6.773.514		6.452	
Other interest and similar income	641.377.826		521.637	
Gain from disposal of fixed assets	24.078.363		34.332	
Gain from reduction of allowance for doubtful accounts	18.976.403		-	
Gain from dissolution of reserves	129.199.560		82.642	
Gain from dissolution of special equity reserves	12.019.719		32.658	
Other income	278.354.329		163.965	
of which extraordinary	DM 28.169.523 (last year DM 44.456.877)	1.122.582.773		855.504
		<b>15.093.585.191</b>		<b>13.193.225</b>
Wages and salaries	6.151.296.747		5.419.391	
Mandatory employee benefits	958.023.257		849.539	
Expenditures for old-age pension and assistance	464.835.346		452.679	
Depreciation of fixed assets and amortization of intangible assets	1.313.307.223		1.001.315	
Write-down of financial assets	28.982.062		11.640	
Amortization of cost of investments in consolidated subsidiaries in excess of book value at acquisition	7.345.193		86	
Losses from reduction in value of or from sales of current assets excluding inventories and addition to allowance for doubtful accounts	81.467.180		126.456	
Losses from sale of fixed assets	19.415.457		22.001	
Interest and similar charges	133.488.502		139.550	
Taxes				
a) on income, trade and property	DM 2.556.802.736			
of which back-payments covered by other reserves	DM 167.804.156			
	DM 2.388.998.580			
of which charged to a non-consolidated subsidiary company	DM 11.023.000	2.377.975.580	2.100.991	
b) other	59.711.869		61.370	
Equalization of Share-of-Burden Levy	646.166		2.585	
Losses from income distribution agreements with affiliated companies	-		41	
Additions to special equity reserves	42.560.536		57.394	
Other expenses	2.816.681.023	14.455.736.141	2.355.385	12.600.423
<b>Net income</b>		<b>637.849.050</b>		<b>592.802</b>
Transfer from reserve for Equalization of Share-of-Burden Levy		515.000		1.790
		<b>638.364.050</b>		<b>594.592</b>
Changes in retained earnings:				
Deductions	472.039		4.154	
Additions	367.661.447	367.189.408	354.073	349.919
Income applicable to minority shareholders	1.208.855		1.411	
Losses applicable to minority shareholders	356.103	852.752	41	1.370
<b>Unappropriated income proposed for dividend distribution</b>		<b>270.321.890</b>		<b>243.303</b>

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

Stuttgart-Untertuerkheim, March 28, 1980

**Daimler-Benz Aktiengesellschaft**  
**Board of Management**

Prinz      Breitschwerdt      Hoppe  
Niefer      Osswald  
Reuter      Ulsamer

Frankfort (Main), April 17, 1980

**Deutsche Treuhand-Gesellschaft**  
Wirtschaftspruefungsgesellschaft

Schnicke      Dr. Koschinsky  
Wirtschaftspruefer      Wirtschaftspruefer  
(independent auditors)



## APPENDIX

# Daimler-Benz Highlights 1970-1979

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
<b>Number of employees</b> (at year-end)										
<b>Total company<sup>1)</sup></b>	<b>144.372</b>	<b>146.996</b>	<b>149.799</b>	<b>155.973</b>	<b>154.865</b>	<b>155.543</b>	<b>160.863</b>	<b>169.165</b>	<b>173.201</b>	<b>180.704</b>
<b>Consolidated</b>	<b>138.861</b>	<b>141.083</b>	<b>143.793</b>	<b>150.014</b>	<b>149.175</b>	<b>149.742</b>	<b>155.003</b>	<b>163.302</b>	<b>167.165</b>	<b>174.431</b>
of which: Domestic	119.719	121.478	124.295	128.376	124.040	123.145	127.018	132.214	135.275	142.164
Foreign	19.142	19.605	19.498	21.638	25.135	26.597	27.985	31.088	31.890	32.267
<b>Daimler-Benz AG</b>	<b>116.985</b>	<b>119.029</b>	<b>122.601</b>	<b>126.855</b>	<b>122.899</b>	<b>122.775</b>	<b>126.652</b>	<b>131.807</b>	<b>134.437</b>	<b>141.401</b>

## Production (in units)

<b>Cars</b>	<b>280.419</b>	<b>284.230</b>	<b>323.878</b>	<b>331.682</b>	<b>340.006</b>	<b>350.098</b>	<b>370.348</b>	<b>401.255</b>	<b>393.203</b>	<b>422.159</b>
of which: Intermediate Class <sup>2)</sup>	173.792	189.076	214.317	206.549	239.668	262.966	262.062	278.411	262.773	273.055
Upper Intermediate Class <sup>3)</sup>	33.631	34.452	44.170	37.071	25.536	17.375	35.188	37.736	36.742	35.742
Hi-Line <sup>4)</sup>	72.996	60.702	65.391	88.062	74.802	69.757	73.098	85.108	83.107	84.957
T-Series <sup>5)</sup> (stationwagon)	-	-	-	-	-	-	-	-	10.581	28.405
<b>Mercedes-Benz Cross Country Vehicles</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.508</b>
<b>Commercial vehicles</b> (excl. major components)	<b>196.149</b>	<b>188.095</b>	<b>201.937</b>	<b>215.935</b>	<b>205.344</b>	<b>229.302</b>	<b>247.756</b>	<b>248.100</b>	<b>239.702</b>	<b>256.467</b>
of which: Domestic plants	171.362	159.677	168.482	177.061	161.400	180.005	193.204	187.298	173.101	188.772
Foreign plants	24.787	28.418	33.455	38.874	43.944	49.297	54.552	60.802	66.601	67.695

Values in millions of D-Marks

## Sales

<b>Total company</b> (including value-added tax)	<b>11.675</b>	<b>12.740</b>	<b>13.951</b>	<b>15.450</b>	<b>16.958</b>	<b>21.008</b>	<b>23.503</b>	<b>25.864</b>	<b>26.954</b>	<b>30.484</b>
<b>Consolidated</b> (excl. value-added tax)	<b>10.546</b>	<b>11.343</b>	<b>12.466</b>	<b>13.794</b>	<b>15.283</b>	<b>19.051</b>	<b>21.303</b>	<b>23.496</b>	<b>24.236</b>	<b>27.367</b>
of which: Domestic sales	5.664	6.230	6.374	6.821	6.541	8.102	9.197	10.336	11.539	12.938
Foreign sales	4.882	5.113	6.092	6.973	8.742	10.949	12.106	13.160	12.697	14.429
in % of consolidated sales	46,3	45,1	48,9	50,5	57,2	57,5	56,8	56,0	52,4	52,7
of which: Export sales by domestic companies	3.781	3.772	4.577	5.516	6.995	8.191	9.190	9.693	9.085	10.474
in % of consolidated sales	35,9	33,3	36,7	40,0	45,8	43,0	43,1	41,3	37,5	38,3
Value added by foreign subsidiaries <sup>6)</sup>	1.101	1.341	1.515	1.457	1.747	2.758	2.916	3.467	3.612	3.955
in % of consolidated sales	10,4	11,8	12,2	10,5	11,4	14,5	13,7	14,7	14,9	14,4
<b>Daimler-Benz AG</b>	<b>9.410</b>	<b>9.968</b>	<b>10.909</b>	<b>12.294</b>	<b>13.489</b>	<b>16.258</b>	<b>18.353</b>	<b>20.012</b>	<b>20.584</b>	<b>23.454</b>
of which: Domestic sales	5.630	6.196	6.332	6.780	6.496	8.070	9.169	10.321	11.522	12.987
Export sales	3.780	3.772	4.577	5.514	6.993	8.188	9.184	9.691	9.062	10.467
Export share in %	40,2%	37,8%	42,0%	44,9%	51,8%	50,4%	50,0%	48,4%	44,0%	44,6%

## Capital investments and depreciation

<b>Investments in fixed assets</b>	<b>932</b>	<b>827</b>	<b>672</b>	<b>545</b>	<b>703</b>	<b>884</b>	<b>718</b>	<b>849</b>	<b>1.158</b>	<b>1.594</b>
of which: Daimler-Benz AG	809	731	636	503	672	869	697	832	1.133	1.560
Real estate companies	123	96	36	42	31	15	21	17	25	34
Investment in subsidiaries and affiliates (net)	35	69	9	11	35	9	26	104	48	47
<b>Total Investments</b>	<b>967</b>	<b>896</b>	<b>681</b>	<b>556</b>	<b>738</b>	<b>893</b>	<b>744</b>	<b>953</b>	<b>1.206</b>	<b>1.641</b>
<b>Depreciation of fixed assets</b>	<b>443</b>	<b>607</b>	<b>678</b>	<b>620</b>	<b>659</b>	<b>816</b>	<b>810</b>	<b>748</b>	<b>820</b>	<b>1.110</b>
of which: Daimler-Benz AG	417	574	633	573	629	786	785	726	804	1.094
Real estate companies	26	33	45	47	30	30	25	22	16	16
Depreciation in % of investments in fixed assets	47,5%	73,4%	100,9%	113,8%	93,7%	92,3%	112,8%	88,1%	70,8%	69,6%

<sup>1)</sup> "Total company" comprises consolidated companies – Daimler-Benz AG plus domestic and foreign companies in which Daimler-Benz's direct or indirect investment is more than 50 % – and the figures of Motoren- und Turbinen-Union, Munich/Friedrichshafen of Geländefahrzeug Gesellschaft mbH, Graz, and of Merfag AG, Zurich, which are included each with 50 % in accordance with our ownership interest therein.

<sup>2)</sup> Models 200–250 and 200 D–300 D.

<sup>3)</sup> Models 280–280 E, 230 C–280 CE and 300 CD.

<sup>4)</sup> Models 280 S–450 SEL 6.9 and 280 SL–450 SLC 5.0.

<sup>5)</sup> Models 230 T–280 TE and 240 TD–300 TD.

<sup>6)</sup> Conversion to D-Marks.

} in prior years in each case the corresponding models.



in millions of D-Marks	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
<b>Daimler-Benz Consolidated</b>										
Fixed assets	1.876	2.263	2.250	2.174	2.223	2.348	2.261	2.873	3.298	3.846
Current assets	2.088	2.256	2.723	3.444	3.824	4.513	5.745	9.035	9.563	10.271
Capital stock	761	761	951	951	1.189	1.189	1.189	1.359	1.359	1.359
Retained earnings	761	988 <sup>1)</sup>	906	1.011	897	1.012	1.182	2.575	2.917	3.322
<b>Shareholders' equity</b>	<b>1.522</b>	<b>1.749</b>	<b>1.857</b>	<b>1.962</b>	<b>2.086</b>	<b>2.201</b>	<b>2.371</b>	<b>3.934</b>	<b>4.276</b>	<b>4.681</b>
in % of fixed assets	81,1%	77,3%	82,6%	90,3%	93,8%	93,7%	104,9%	136,9%	129,7%	121,7%
Long and medium-term liabilities <sup>2)</sup>	1.001	991	1.091	1.299	1.463	1.729	2.014	2.810	3.156	3.508
<b>Stockholders' equity plus long and medium-term liabilities</b>	<b>2.523</b>	<b>2.740</b>	<b>2.948</b>	<b>3.261</b>	<b>3.549</b>	<b>3.930</b>	<b>4.385</b>	<b>6.744</b>	<b>7.432</b>	<b>8.189</b>
in % of fixed assets	134,5%	121,1%	131,0%	150,0%	159,6%	167,4%	193,9%	234,7%	225,3%	212,9%
Balance sheet total	3.964	4.519	4.973	5.618	6.047	6.861	8.006	11.908	12.861	14.117

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

## Daimler-Benz AG

Total revenue	9.571	10.003	11.041	12.629	13.656	16.414	18.312	20.407	20.645	23.736
Cost of materials and services	5.251	5.368	5.698	6.437	7.187	8.523	9.080	10.278	10.055	11.748
<b>Payroll and employee benefits</b>	<b>2.481</b>	<b>2.676</b>	<b>3.099</b>	<b>3.611</b>	<b>4.117</b>	<b>4.632</b>	<b>5.205</b>	<b>5.868</b>	<b>5.972</b>	<b>6.701</b>
Average cost per employee (DM)	21.712	23.470	25.876	29.201	33.395	38.108	41.833	45.183	46.765	48.679
Sales per employee average for the year (DM)	82.348	87.424	91.097	99.416	109.416	133.756	147.506	154.091	161.181	170.381
Taxes on income, trade and property	431	337 <sup>3)</sup>	497	618	661	927	1.392	1.734	1.852	2.143
Net income for the year	246	207	275	277	269	310	392	445	474	540
in % of sales of Daimler-Benz AG	2,6%	2,1%	2,5%	2,3%	2,0%	1,9%	2,1%	2,2%	2,3%	2,3%
Included in payroll and employee benefits:										
Christmas and special bonus	81	85	104	137	144	146	176	213	232	280
Payments for employee capital formation <sup>4)</sup>	29	30	65	73	74	73	73	73	77	79
Payments for old age security	133	115	164	166	238	340	427	503	435	439
<b>Total expenditures to employees for special social purposes</b>	<b>243</b>	<b>230</b>	<b>333</b>	<b>376</b>	<b>456</b>	<b>559</b>	<b>676</b>	<b>789</b>	<b>744</b>	<b>798</b>
Dividends (paid or proposed)	141	162	171	171	178	202	225	228	243	270
in % of sales of Daimler-Benz AG	1,5%	1,6%	1,6%	1,4%	1,3%	1,2%	1,2%	1,1%	1,2%	1,2%
Dividend per share (DM)	8,50	8,50 <sup>5)</sup>	9,—	9,—	7,50 <sup>5)</sup>	8,50	9,50	9,— <sup>7)</sup>	9,—	10,—
Income tax credit (DM) <sup>8)</sup>								5,06	5,06	5,62

<sup>1)</sup> Including additions to retained earnings as resolved by the annual meeting.

<sup>2)</sup> Comprising: Liability reserves of a long and medium-term nature, long-term liabilities to banks and to Daimler-Benz - Provident Fund GmbH

<sup>3)</sup> Including additional taxes as a result of resolution by the General Meeting.

<sup>4)</sup> Effective July 1, 1970, actual and not provisions are shown.

<sup>5)</sup> Retroactive dividend entitlement of new shares from capital increase out of retained earnings (4 to 1) in 1972.

<sup>6)</sup> Full dividend entitlement of new shares from capital increase out of retained earnings (4 to 1).

<sup>7)</sup> 50% dividend entitlement of the new common shares as a result of the December capital increase (7 to 1 to par value).

<sup>8)</sup> For our stockholders who are liable for income taxes in the Federal Republic of Germany.



# Production and Sales Data

in thousands of units	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
<b>Cars</b>										
<b>Production</b>										
Federal Republic	3.528	3.697	3.522	3.650	2.840	2.908	3.547	3.791	3.890	3.933
Daimler-Benz AG	280	284	324	332	340	350	370	401	393	422
<b>New car registrations</b>										
Federal Republic	2.107	2.152	2.143	2.031	1.693	2.106	2.312	2.561	2.664	2.623
of which: Domestic products	1.633	1.609	1.581	1.506	1.241	1.584	1.812	2.019	2.079	2.017
Daimler-Benz AG	145	156	168	173	170	191	197	214	214	234
Imports	474	543	562	525	452	522	500	542	585	606
Import share in %	22,5	25,2	26,2	25,9	26,7	24,8	21,6	21,1	21,9	23,1
<b>Exports</b>										
Federal Republic	1.947	2.146	2.027	2.173	1.707	1.476	1.837	1.939	1.904	1.997
Daimler-Benz AG	131	132	155	153	172	159	170	185	177	183
<b>Export share of total production in %</b>										
Federal Republic	55,2	58,1	57,6	59,5	60,1	50,8	51,8	51,2	49,0	50,8
Daimler-Benz AG	46,9	46,4	47,9	46,0	50,5	45,5	45,9	46,0	44,9	43,4
<b>Commercial Vehicles*)</b>										
<b>Production</b>										
Federal Republic	314	286	294	299	260	278	321	314	296	317
Daimler-Benz AG	171	160	168	177	161	180	193	187	173	189
Consolidated	196	188	202	216	205	229	248	248	240	256
<b>New vehicle registrations</b>										
Federal Republic	165	163	149	138	108	109	137	138	156	170
Daimler-Benz AG	87	90	78	73	53	58	69	69	80	88
<b>Exports</b>										
Federal Republic	157	147	161	174	174	178	206	189	169	178
Daimler-Benz AG	76	74	87	96	107	112	125	110	93	97
<b>Export share of total production in %</b>										
Federal Republic	50,1	51,3	54,7	58,3	66,7	63,8	64,2	60,1	57,1	56,2
Daimler-Benz AG	44,6	46,1	51,9	54,0	66,6	62,0	64,7	58,8	53,8	51,4

\*) Figures of Daimler-Benz including all Unimog vehicles and MB-trac.

# Percentage Changes in Production and Sales

Changes compared to prior year in %											Change	Average
	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1979 to 1970 in %	yearly change in %
<b>Cars</b>												
<b>Production</b>												
Federal Republic	+ 6,5	+ 4,8	- 4,7	+ 3,6	-22,2	+ 2,4	+22,0	+ 6,9	+ 2,6	+ 1,1	+11,5	+ 1,2
Daimler-Benz AG	+ 9,2	+ 1,4	+13,9	+ 2,4	+ 2,5	+ 3,0	+ 5,8	+ 8,3	- 2,0	+ 7,4	+50,5	+ 4,7
<b>New car registrations</b>												
Federal Republic	+14,5	+ 2,1	- 0,4	- 5,2	-16,6	+24,4	+ 9,8	+10,8	+ 4,0	- 1,9	+24,5	+ 2,5
of which: Domestic products	+11,5	- 1,5	- 1,7	- 4,8	-17,5	+27,7	+14,3	+11,5	+ 3,0	- 3,0	+23,5	+ 2,4
Daimler-Benz AG	+14,3	+ 7,2	+ 8,0	+ 2,5	- 1,7	+12,3	+ 3,6	+ 8,5	- 0,3	+ 9,7	+61,4	+ 5,5
Imports	+26,0	+14,5	+ 3,5	- 6,3	-14,2	+15,4	- 4,1	+ 8,3	+ 7,9	+ 3,8	+27,8	+ 2,8
<b>Exports</b>												
Federal Republic	+ 2,3	+10,3	- 5,6	+ 7,2	-21,5	-13,5	+24,5	+ 5,6	- 1,8	+ 4,9	+ 2,6	+ 0,3
Daimler-Benz AG	+ 5,1	+ 0,4	+17,6	- 1,6	+12,6	- 7,2	+ 6,6	+ 8,6	- 4,3	+ 3,6	+39,3	+ 3,8
<b>Commercial Vehicles*)</b>												
<b>Production</b>												
Federal Republic	+ 7,7	- 9,0	+ 3,0	+ 1,6	-13,0	+ 7,0	+15,4	- 2,3	- 5,6	+ 7,1	+ 0,9	+ 0,1
Daimler-Benz AG	+17,3	- 6,8	+ 5,5	+ 5,1	- 8,8	+11,5	+ 7,3	- 3,1	- 7,6	+ 9,1	+10,2	+ 1,1
Consolidated	+15,0	- 4,1	+ 7,4	+ 6,9	- 4,9	+11,7	+ 8,0	+ 0,1	- 3,4	+ 8,3	+32,1	+ 3,1
<b>New vehicle registrations</b>												
Federal Republic	+13,3	- 1,1	- 8,5	- 7,4	-21,9	+ 1,2	+26,0	+ 0,4	+13,2	+ 9,0	+ 3,0	+ 0,3
Daimler-Benz AG	+27,2	+ 4,0	-13,1	- 6,2	-27,4	+ 9,5	+17,9	- 0,2	+16,3	+10,1	+ 1,1	+ 0,1
<b>Exports</b>												
Federal Republic	+ 3,5	- 6,8	+ 9,7	+ 8,3	- 0,5	+ 2,2	+16,2	- 8,6	-10,4	+ 5,4	+13,2	+ 1,4
Daimler-Benz AG	+10,0	- 3,6	+18,9	+ 9,3	+12,4	+ 3,8	+12,0	-11,9	-15,4	+ 4,1	+27,1	+ 2,7

\*) Figures of Daimler-Benz including all Unimog vehicles and MB-trac.



# Car Industry of Leading Countries

	in thousands of units						Change compared to prior year in %					
	1974	1975	1976	1977	1978	1979*)	1974	1975	1976	1977	1978	1979*)
<b>Worldwide production</b>	25.874	25.234	29.152	30.729	31.652	31.516	-13	- 3	+16	+ 5	+ 3	- 0
<b>Federal Republic of Germany</b>												
Production	2.840	2.908	3.547	3.791	3.890	3.933	-22	+ 2	+22	+ 7	+ 3	+ 1
Imports	584	761	845	949	1.054	1.060	-23	+30	+11	+12	+11	+ 1
Exports	1.707	1.476	1.837	1.939	1.904	1.997	-22	-14	+25	+ 6	- 2	+ 5
of which: to Europe	816	955	1.318	1.303	1.289	1.491	-29	+17	+38	- 1	- 1	+16
to U.S.A.	654	374	344	466	412	331	-17	-43	- 8	+35	-12	-20
New car registrations	1.693	2.106	2.312	2.561	2.664	2.623	-17	+24	+10	+11	+ 4	- 2
<b>France</b>												
Production	2.699	2.546	2.980	3.092	3.111	3.220	- 6	- 6	+17	+ 4	+ 1	+ 4
Imports	375	399	604	582	572	604	-19	+ 6	+51	- 4	- 2	+ 6
Exports	1.418	1.363	1.504	1.621	1.579	1.698	- 2	- 4	+10	+ 8	- 3	+ 8
of which to Europe	1.096	1.112	1.247	1.330	1.290	1.407	-10	+ 2	+12	+ 7	- 3	+ 9
New car registrations	1.525	1.482	1.858	1.907	1.945	1.976	-13	- 3	+25	+ 3	+ 2	+ 2
<b>Great Britain</b>												
Production	1.534	1.268	1.333	1.316	1.223	1.070	-12	-17	+ 5	- 1	- 7	-12
Imports	375	449	534	698	802	1.061	-26	+20	+19	+31	+15	+33
Exports	565	516	496	475	466	410	- 6	- 9	- 4	- 4	- 2	-12
of which of Europe	212	164	185	183	150	161	-29	-23	+13	- 1	-18	+ 7
New car registrations	1.271	1.196	1.288	1.326	1.594	1.718	-24	- 6	+ 8	+ 3	+20	+ 8
<b>Italy</b>												
Production	1.631	1.349	1.471	1.440	1.509	1.481	-11	-17	+ 9	- 2	+ 5	- 2
Imports	335	379	487	464	516	650	-20	+13	+29	- 4	+11	+26
Exports	686	661	696	644	640	647	+ 5	- 4	+ 5	- 8	- 1	+ 1
of which to Europe	432	466	536	512	483	480	-14	+ 8	+15	- 5	- 6	- 1
New car registrations	1.281	1.051	1.188	1.219	1.194	1.369	-12	-18	+13	+ 3	- 2	+15
<b>Sweden</b>												
Production	327	316	317	235	254	297	- 4	- 3	+ 0	-26	+ 8	+17
Imports	179	205	242	173	132	138	+24	+15	+18	-29	-24	+ 5
Exports	230	217	202	181	207	238	- 6	- 6	- 7	-11	+14	+15
of which to Europe	128	107	128	105	110	131	-16	-17	+20	-18	+ 5	+19
New car registrations	260	285	313	241	200	215	+15	+10	+10	-23	-17	+ 7
<b>Spain</b>												
Production	705	696	753	989	986	966	- 0	- 1	+ 8	+31	- 0	- 2
Exports	134	145	166	314	373	397	-15	+ 8	+15	+89	+19	+ 6
<b>U.S.S.R.</b>												
Production	1.119	1.201	1.239	1.280	1.312	1.314	+22	+ 7	+ 3	+ 3	+ 3	+ 0
Exports	302	310	360	362	387	393	+22	+ 3	+16	+ 1	+ 7	+ 2
<b>Japan<sup>1)</sup></b>												
Production	3.932	4.568	5.028	5.431	5.748	6.176	-12	+16	+10	+ 8	+10	+ 7
Imports	42	45	40	41	55	63	+14	+ 8	-11	+ 1	+32	+16
Exports	1.727	1.827	2.539	2.959	2.819	3.102	+19	+ 6	+39	+17	+ 3	+10
of which: to Europe	340	483	633	661	648	806	- 5	+42	+31	+ 5	- 2	+25
to U.S.A.	704	728	1.081	1.375	1.440	1.588	+17	+ 3	+48	+27	+ 5	+10
New car registrations	2.286	2.738	2.449	2.500	2.857	3.037	-22	+20	-11	+ 2	+14	+ 6
<b>U.S.A.</b>												
Production	7.324	6.717	8.498	9.214	9.176	8.434	-24	- 8	+27	+ 8	- 0	- 8
Imports	2.573	2.075	2.537	2.791	3.025	3.006	+ 6	-19	+22	+10	+ 8	- 1
Exports <sup>2)</sup>	610	640	660	688	672	741	+ 5	+ 5	+ 3	+ 4	- 2	+10
of which to Europe	21	20	24	26	42	50	+42	- 4	+21	+ 9	+59	+19
New car registrations	8.701	8.262	9.751	10.826	10.946	10.335	-23	- 5	+18	+11	+ 1	- 6

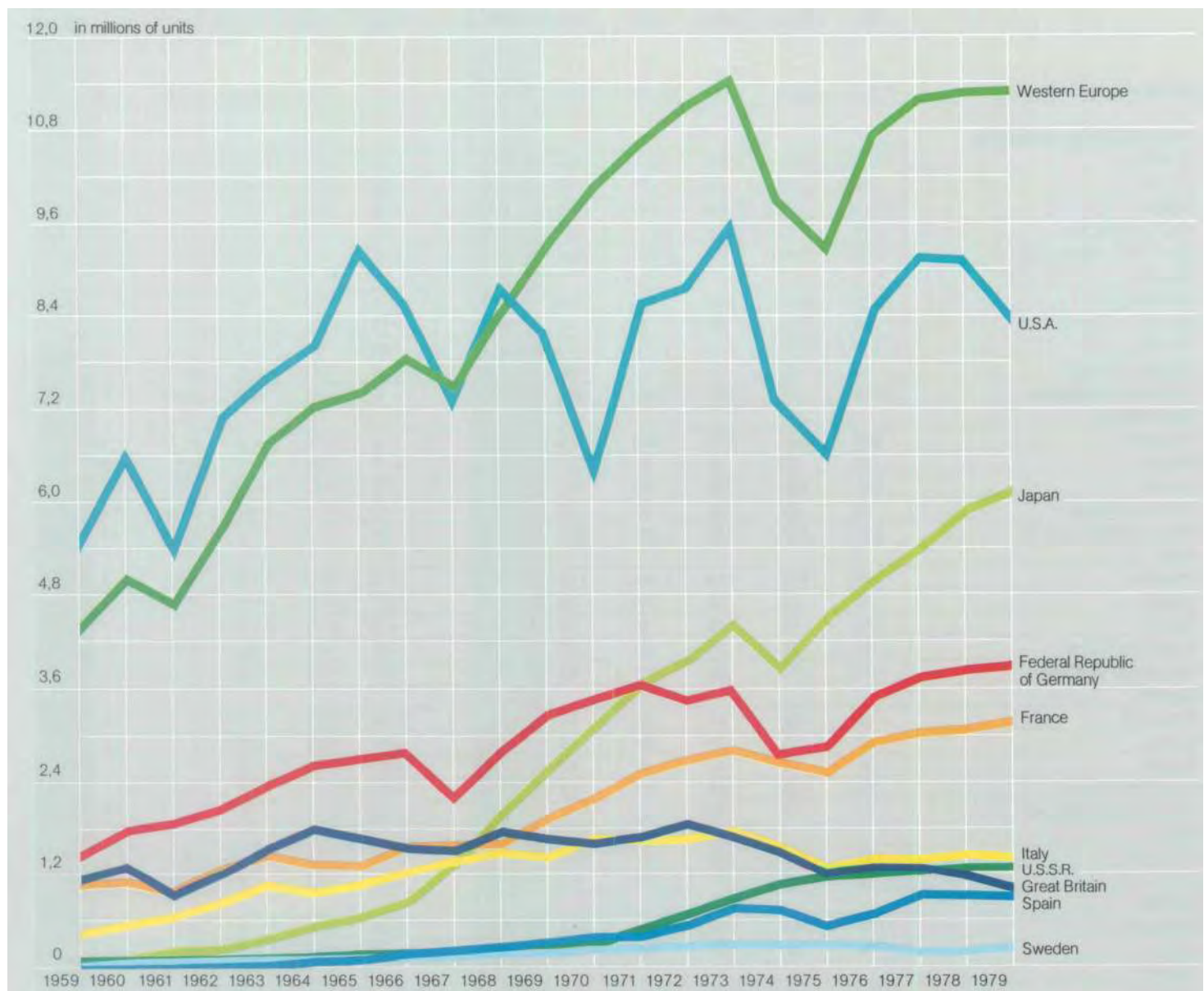
\*) Figures are partly estimated.

1) From 1978 on, actual figures excluding major component sets.

2) Including exports to Canada.



# Car Production Trends of Leading Countries 1959-1979



Export Share of Total Production in %

50,4	47,6	46,5	48,8	50,4	52,0	51,9	54,2	59,3	62,4	57,5	55,2	58,1	57,6	59,5	60,1	50,8	51,8	51,2	49,0	50,8	Fed. Rep. of Germany
49,8	44,7	40,8	37,2	35,6	36,1	37,0	33,6	37,5	42,3	44,6	52,6	51,0	50,7	50,4	52,5	53,5	50,5	52,4	50,8	52,7	France
47,8	42,1	36,9	43,6	38,3	36,4	36,4	34,7	32,4	37,3	44,9	42,1	41,4	32,7	34,3	36,8	40,7	37,2	36,1	38,1	38,3	Great Britain
46,1	33,2	33,9	34,8	26,4	30,4	28,2	29,0	28,1	36,1	40,2	36,8	37,6	38,0	36,0	42,1	49,0	47,3	44,7	42,4	43,7	Italy
45,2	44,7	40,9	41,2	43,0	45,2	46,3	60,3	63,0	62,1	58,4	66,9	73,9	61,4	71,6	70,3	68,7	63,8	76,7	81,3	80,3	Sweden
		21,5	23,9	20,6	24,0	24,2	28,9	27,4	30,5	27,1	26,7	29,6	27,9	27,0	27,0	25,8	29,1	28,3	29,5	29,9	Spain
6,2	4,2	4,6	6,0	7,7	11,6	14,5	17,4	16,2	19,8	21,5	22,8	34,9	35,0	32,5	43,9	40,0	50,5	54,5	49,0	50,2	U.S.S.R.
2,1	2,2	2,5	2,6	2,5	2,6	2,2	3,0	4,9	4,7	5,1	5,5	5,4	5,3	6,0	8,3	9,5	7,8	7,5	7,3	8,8	U.S.A.

# Commercial Vehicle Industry of Leading Countries

	in thousands of units							Change compared to prior year in %					
	1974	1975	1976	1977	1978	1979*)		1974	1975	1976	1977	1978	1979*)
<b>Worldwide production</b>	8.553	7.783	9.236	10.138	10.752	10.475		- 1	- 9	+19	+10	+ 6	- 3
<b>Federal Republic of Germany</b>													
Production	260	278	321	314	296	317		-13	+ 7	+15	- 2	- 6	+ 7
Imports	18	23	26	29	35	40		-31	+28	+17	+10	+21	+14
Exports	174	178	206	189	169	178		- 1	+ 2	+16	- 9	-10	+ 5
of which to Europe	94	78	108	110	99	119		-20	-17	+39	+ 2	-10	+20
New vehicle registrations	108	109	137	138	156	170		-22	+ 1	+26	+ 0	+13	+ 9
<b>France</b>													
Production	376	315	423	415	397	393		+ 7	-16	+34	- 2	- 5	- 1
Imports	54	40	92	99	87	108		+14	-25	+129	+ 8	-12	+24
Exports	142	137	144	148	153	162		+33	- 4	+ 5	+ 3	+ 3	+ 6
of which to Europe	60	52	69	71	80	87		+ 6	-14	+32	+ 3	+13	+ 9
New vehicle registrations	253	206	293	298	300	315		- 6	-18	+42	+ 2	+ 0	+ 5
<b>Great Britain</b>													
Production	403	381	372	398	385	408		- 3	- 5	- 2	+ 7	- 3	+ 6
Imports	40	26	27	37	47	68		+ 7	-35	+ 7	+35	+28	+45
Exports	161	180	188	192	142	141		- 2	+12	+ 5	+ 2	-26	- 1
of which to Europe	58	59	84	92	75	73		- 2	+ 1	+41	+10	-19	- 2
New vehicle registrations	242	225	215	231	262	306		-21	- 7	- 5	+ 8	+14	+17
<b>Italy</b>													
Production	142	110	119	143	148	151		+ 5	-22	+ 8	+20	+ 3	+ 2
Imports	31	32	55	59	58	62		+22	+ 2	+71	+ 7	- 2	+ 7
Exports	48	49	49	70	75	78		- 3	+ 4	- 1	+43	+ 7	+ 5
of which to Europe	27	23	34	50	60	68		-21	-14	+50	+46	+20	+14
New vehicle registrations	101	73	95	112	93	112		+21	-28	+30	+18	-17	+20
<b>Sweden</b>													
Production	42	50	51	52	51	58		+14	+21	+ 0	+ 2	- 0	+14
Imports	13	16	20	21	18	18		+20	+28	+24	+ 2	-15	+ 1
Exports	35	40	42	41	42	51		+20	+16	+ 6	- 4	+ 4	+22
of which to Europe	24	22	24	27	28	32		+11	- 7	+ 8	+14	+ 3	+14
New vehicle registrations	17	17	19	20	17	17		+ 4	- 4	+14	+ 4	-15	+ 1
<b>Spain</b>													
Production	133	118	113	141	158	157		+15	-11	- 4	+24	+12	+ 0
Exports	19	15	10	29	45	49		+30	-22	-29	+180	+55	+ 9
<b>U.S.S.R.</b>													
Production	727	763	786	800	839	859		+ 6	+ 5	+ 3	+ 2	+ 5	+ 2
Exports	38	38	37	43	50	55		- 4	+ 2	- 3	+15	+16	+10
<b>Japan<sup>1)</sup></b>													
Production	2.620	2.374	2.814	3.084	3.186	3.460		+ 0	- 9	+19	+10	+ 7	+ 9
Imports	1	1	1	1	1	2		+26	-52	- 8	+71	+ 4	+69
Exports	891	850	1.171	1.394	1.451	1.461		+44	- 5	+38	+19	+12	+ 1
of which to Europe	47	45	72	95	95	146		+ 7	- 3	+59	+32	- 0	+54
New vehicle registrations	1.563	1.572	1.655	1.694	1.825	2.117		-21	+ 1	+ 5	+ 2	+ 8	+16
<b>U.S.A.</b>													
Production	2.747	2.270	3.000	3.489	3.723	3.047		- 9	-17	+32	+16	+ 7	-18
Imports	145	124	164	226	370	276		- 6	-14	+32	+38	+63	-25
Exports <sup>2)</sup>	258	269	245	263	291	296		+34	+ 5	- 9	+ 7	+11	+ 2
of which to Europe	5	7	7	8	14	16		+25	+35	- 4	+20	+81	+14
New vehicle registrations	2.657	2.397	3.058	3.509	3.963	3.468		-12	-10	+28	+15	+13	-13

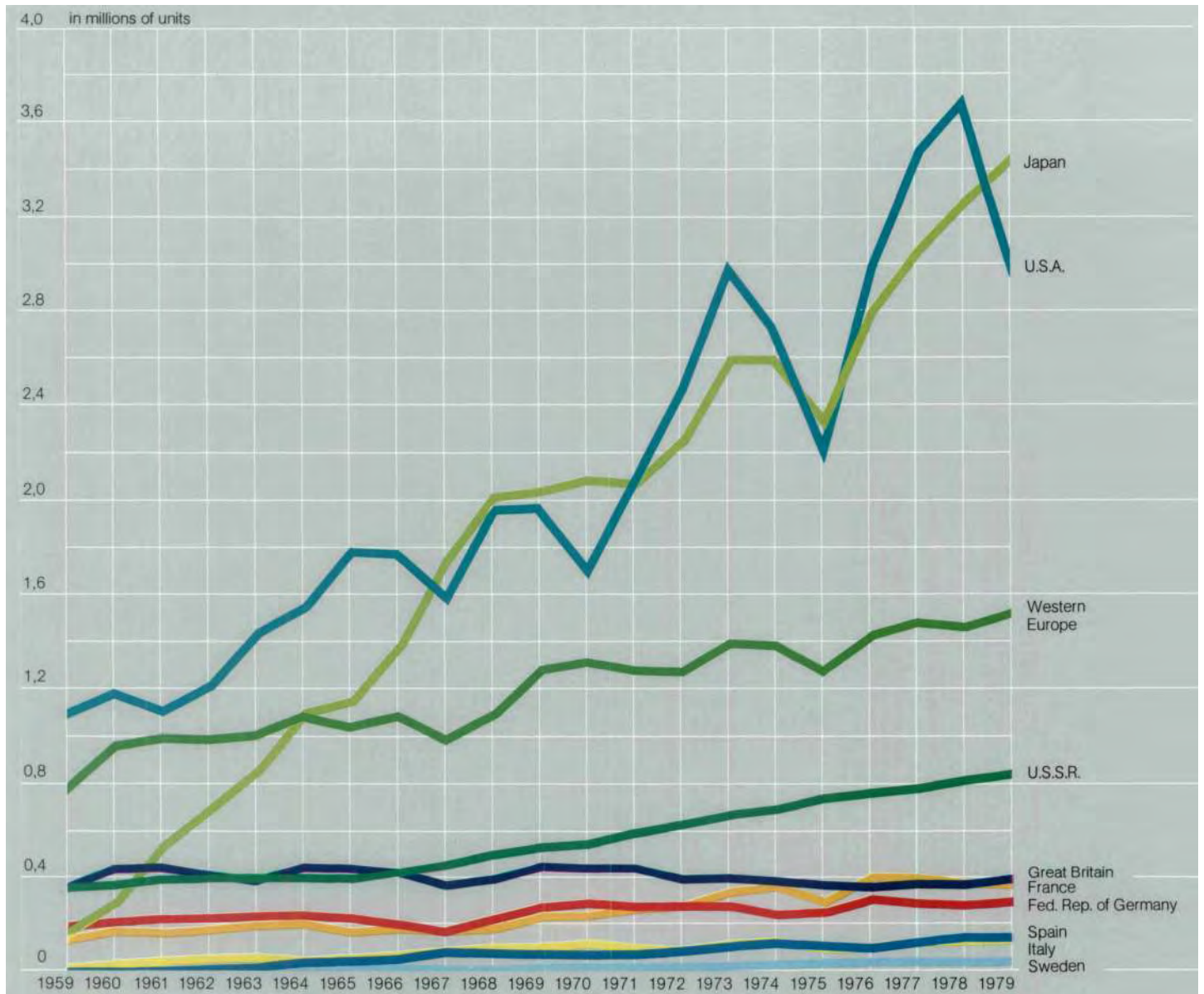
\*) Figures are partly estimated.

1) From 1978 on, actual figures excluding major component sets.

2) Including exports to Canada.



# Commercial Vehicle Production Trends of Leading Countries 1959-1979



Export Share of Total Production in %

52,6	49,3	49,5	46,7	45,2	46,7	44,5	47,3	54,1	54,6	52,1	50,1	51,3	54,7	58,3	66,7	63,8	64,2	60,1	57,1	56,2	Fed. Rep. of Germany
27,0	29,0	27,6	27,6	29,3	29,1	22,7	22,8	23,7	24,6	27,9	37,6	39,1	27,0	30,4	37,7	43,4	34,0	35,7	38,7	41,2	France
34,6	31,9	36,5	35,3	39,4	36,3	36,5	37,8	35,1	34,7	38,9	37,7	42,7	34,3	39,2	39,9	47,2	50,6	48,2	36,9	34,5	Great Britain
14,3	12,3	15,5	19,8	17,8	29,5	26,8	26,3	21,7	24,8	29,9	28,9	34,8	37,8	36,4	33,5	44,7	40,9	48,8	50,4	51,6	Italy
61,9	61,8	66,9	63,9	58,6	65,7	57,5	62,7	74,6	71,5	67,3	76,3	78,4	71,7	78,8	83,1	79,2	83,2	78,7	82,3	88,1	Sweden
.	.	.	.	.	.	.	.	.	.	.	11,3	9,6	9,7	12,5	14,1	12,4	9,2	20,8	28,7	31,5	Spain
.	.	4,7	5,3	5,6	5,8	4,1	7,7	8,1	6,7	6,9	6,9	6,4	6,4	5,8	5,2	5,0	4,7	5,4	6,0	6,4	U.S.S.R.
7,8	10,0	8,1	7,0	7,7	7,4	7,9	7,3	7,8	10,2	14,4	17,1	22,9	24,6	23,6	34,0	35,8	41,6	45,2	45,5	42,2	Japan
17,4	18,0	18,5	11,0	10,0	10,4	7,5	7,0	7,8	6,6	7,2	7,3	6,6	6,1	6,4	9,4	11,9	8,2	7,5	7,8	9,7	U.S.A.





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