Daimler-Benz Annual Report 1982

Daimler-Benz Worldwide – Highlights

	1982	1981	82 to 81 in %
Sales (millions of DM)	38,905	36,661	+ 6.1
Domestic	13,316	13,577	− 1.9
Foreign	25,589	23,084	+10.9
Production			
Cars	458,345	440,778	+ 4.0
Commercial Vehicles	250,079	275,380	− 9.2
Domestic plants	187,044	196,076	− 4.6
Cross-country Vehicles	6,566	6,455	+ 1.7
Foreign plants	56,469	72,849	−22.5
Employees (at year-end)	185,687	188,039	− 1.3
Domestic	149,118	149,096	+ 0
Foreign	36,569	38,943	− 6.1
Personnel Expenses[1])	10,712	9,993	+ 7.2
Investments	3,626	3,114	+16.4
Depreciation	2,273	1,688	+34.7
Net Income	921	826	+11.5
Dividends[2])	350	304	+15.1
Dividend + Bonus Dividend per Share of DM 50 (in DM)[2])[3])	10.50 + 1	10	

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

[1]) Information hereafter in millions of DM.
[2]) Proposed or paid.
[3]) Plus DM 6.47 (last year DM 5.62) tax credit for our Stockholders who are subject to income tax in the Federal Republic of Germany.

Daimler-Benz
Aktiengesellschaft
Stuttgart

Annual Report
1982

Table of Contents

Agenda

for the 87th Stockholders' Meeting

being held on Wednesday July 6, 1983 at 10 a.m. in the company museum, Mercedesstraße, Stuttgart-Untertuerkheim.

1. **Presentation of the audited financial statements as of December 31, 1982, the reports of the Board of Management and the Supervisory Board together with the consolidated financial statements and the consolidated annual report for the year 1982.**

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

Board of Management and Supervisory Board propose to distribute the unappropriated surplus of		DM	349,767,297
as follows:			
3¹/₃%	dividend on the eligible preferred share capital of DM 1,921,500	DM	64,050
DM 10.50	dividend for each eligible common share of DM 50 par value	DM	319,294,269
DM 1	bonus dividend for each eligible common share of DM 50 par value	DM	30,408,978
Unappropriated surplus		DM	349,767,297

3. **Ratification of the Board of Management's actions.**
   Board of Management and Supervisory Board propose ratification.

4. **Ratification of the Supervisory Board's actions.**
   Board of Management and Supervisory Board propose ratification.

5. **Election of auditors for the business year 1983.**
   The Supervisory Board proposes to elect Deutsche Treuhand-Gesellschaft AG, Wirtschaftspruefungsgesellschaft, Frankfurt (Main), as independent auditor for the business year 1983.

6. Election of the Supervisory Board.

Pursuant to Section 102 of the Aktiengesetz (Company Act), the tenure of the present Supervisory Board ends with the completion of the Stockholders' Meeting on July 6, 1983. The Supervisory Board - in accordance with Section 96, Subsection 1, Section 101, Subsection 1 of the Company Act and Section 7, Subsection 1, File 1 No. 3 of the Codetermination Law - is comprised often supervisory board members representing shareholders and ten representing employees, respectively.

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

The Supervisory Board proposes to elect the following gentlemen as supervisory board members representing the shareholders:

Dr. phil. Dr. rer. oec. h. c. Marcus Bierich, Muenchen
Chairman of the Supervisory Board, Mercedes-Automobil-Holding AG

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

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

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

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

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

Dr. jur. Roland Schelling, Stuttgart
Attorney at law

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

Diplom-Kaufmann Guenter Vogelsang, Duesseldorf

Prof Dr. jur. Joachim Zahn, Muenchen

The electors, chosen by the employees, vote on May 25, 1983 for the employee representatives on the Supervisory Board. The results of the voting will be published in the Bundesanzeiger (Federal Register) pursuant to Section 19 of the Codetermination Law.

The tenure of all supervisory board members will end with the completion of the Stockholders' Meeting which ratifies the actions and results of the 1987 business year.

Supervisory Board (Aufsichtsrat)

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

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

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

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

Dr.-Ing. Hans Bacher, Stuttgart
(deceased October 30, 1982)
Member of the Board of Management, Robert Bosch GmbH

Dr. phil. Dr. rer. oec. h. c. Marcus Bierich, Muenchen
(since December 30, 1982)
Chairman of the Supervisory Board, Mercedes-Automobil-Holding AG

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

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

Prof. Dr. jur. Gunther Hartmann, Koeln
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, Muenchen
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. Walter Seipp, Frankfurt (Main)
Chairman of the Board of Management, Commerzbank AG

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

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

Diplom-Kaufmann Guenter Vogelsang, Duesseldorf

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

Prof. Dr. jur. Joachim Zahn, Muenchen

*) Elected by the employees.

Board of Management (Vorstand)

Dr. jur. Gerhard Prinz, Stuttgart
Chairman

Prof. Dipl.-Ing. Werner Breitschwerdt, Stuttgart
Research and Development

Heinz C. Hoppe, Stuttgart
(retired December 31, 1982)
Sales

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

Dr. jur. Richard Osswald, Stuttgart
(retired March 31, 1983)
Personnel and Social Welfare, Administration

Edzard Reuter, Stuttgart
Finance

Walter Ulsamer, Stuttgart
Purchasing

Dr. jur. Manfred Gentz, Stuttgart (deputy member)
(since April 1, 1983)
Personnel and Social Welfare, Administration

Hans-Juergen Hinrichs, Stuttgart (deputy member)
Sales

Dr. rer. pol. Gerhard Liener, Stuttgart (deputy member)
(since March 1, 1982)
Subsidiary and Affiliated Companies

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Report of the Board of Management

Status Report

OVERVIEW

General Economic Situation

In 1982, the recessionary economic trend in most industrial countries continued unchecked. Rising unemployment and increasing budget deficits, as well as growing financing problems in many threshold and developing countries, resulted in substantial burdens. It was not until the end of the year that distinctly lower inflation rates - particularly in the U.S.A. - allowed more latitude for interest rate and money supply policies, and thus for a stimulation of economic growth.

In the Federal Republic of Germany, the downturn largely paralleled the world trend. Consumer restraint and a slackening of investment activity, along with a decline from mid-1982 of the initially very high export volume, caused a drop in the gross national product during the year.

For the first time in three years, a current account surplus was achieved. This also shows the improving competitive strength of German exporters; it was helped on the price side by a D-Mark that is still slightly undervalued in terms of purchasing power in relation to major foreign currencies.

The German motor vehicle industry, through strongly higher exports, contributed substantially to improve the foreign trade position of the Federal Republic of Germany. The motor vehicle industry became the country's largest revenue-producing exporter. It alone attained a trade surplus of about DM 58 billion in 1982 (last year DM 47 billion), approximately equivalent to the value of all German oil imports. In the second half of the year, however, motor vehicle manufacturers were affected by slackening export demand so that, with domestic sales declining further, several companies were required to take steps to adjust to reduced capacity utilization, in some cases even introducing short-time work.

Daimler-Benz, on the other hand, was able to maintain its high level of employment, despite the more difficult conditions, and continue the steady growth of the past years. We succeeded in consolidating our market position at home and abroad.

Sales Increase DM 2.2 Billion to DM 38.9 Billion

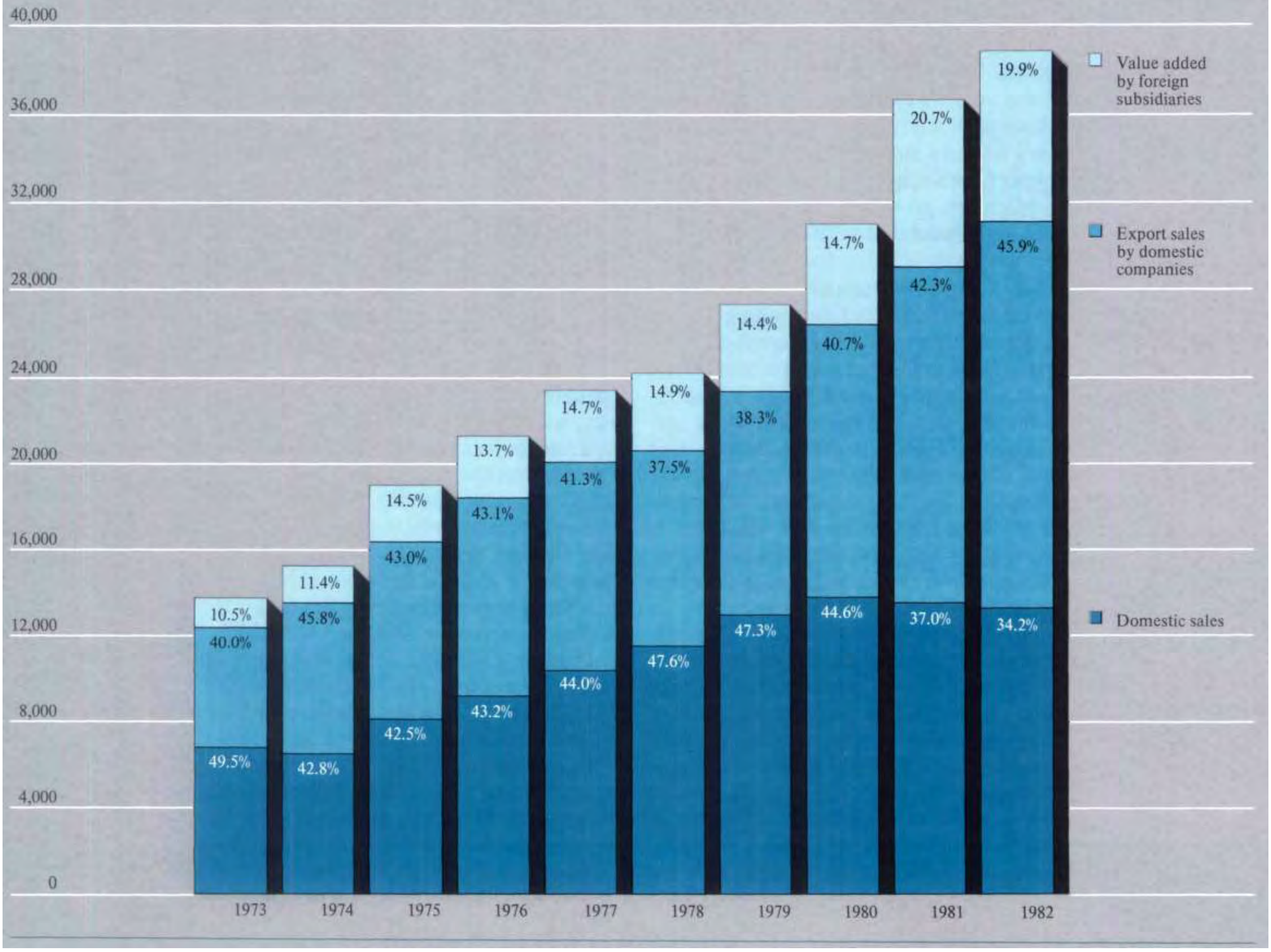
Consolidated sales rose DM 2.2 billion to DM 38.9 billion in 1982. As in the previous year, the growth stemmed solely from foreign business, whose share of sales increased to 65.8% (last year 63.0%). This again illustrates the importance of the foreign markets for maintaining production and employment at Daimler-Benz AG. Our foreign distribution companies proved to be indispensable for ensuring the sale of products from our domestic plants. Our foreign manufacturing subsidiaries, with minor exceptions, were able to hold or extend their market position under the curtailed market conditions everywhere.

Daimler-Benz AG alone succeeded in raising sales 7% to DM 31.1 billion in 1982. Respectable growth rates could be achieved in a number of important export markets. Europe, chiefly the European Community, continues to be our largest market for exports. Domestic sales included, European countries account for about two-thirds of our business volume. The main foreign markets for our heavy-duty trucks

The new Mercedes-Benz compact class 190/190E: spirited performance and highest technical standards in compact form.

Group Sales

(in millions of DM)	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
Group Sales	**13,794**	**15,283**	**19,051**	**21,303**	**23,496**	**24,236**	**27,367**	**31,054**	**36,661**	**38,905**
Domestic sales	6,821	6,541	8,102	9,197	10,336	11,539	12,938	13,855	13,577	13,316
Foreign sales	6,973	8,742	10,949	12,106	13,160	12,697	14,429	17,199	23,084	25,589
of which: Value added by foreign subsidiaries	1,457	1,747	2,758	2,916	3,467	3,612	3,955	4,568	7,575	7,756
Export sales by domestic companies	5,516	6,995	8,191	9,190	9,693	9,085	10,474	12,631	15,509	17,833



continue to be the Middle East and North Africa. Our deliveries of commercial vehicles and cars to this region rose strongly again, by more than DM .6 million to DM 5.3 billion. We were able to increase the value of our exports to the U.S.A. by 31% to DM 3.2 billion due to the big demand for our cars. The U.S.A. remains our largest single export market by far.

The value added to overall sales by our foreign subsidiaries, after deducting intercompany sales, was DM 7.8 billion, slightly more than the year before (DM 7.6 billion). Sales at our South American companies were down 19% to the equivalent of DM 2.3 billion, which is in contrast to a growth of value added by our North American companies of 31 % to DM 3.5 billion. (Our U.S. subsidiary Freightliner, acquired in 1981, was consolidated for the first time for a full business year.) Currency-related influences also tended to increase the value of sales, but to a lesser degree than the year before.

A comparison of the sales of cars and commercial vehicles shows that in 1982 growth within the Group was generated solely by the car division, which increased sales by 13% to DM 18.7 billion. Commercial vehicle sales of DM 18.9 billion were on about the same level as in the previous year. In the years before - particularly in 1980 and 1981 - we were able to achieve stronger growth in commercial vehicles, both in exports and also at our foreign manufacturing subsidiaries, so that commercial vehicle sales within the Group thus exceeded car sales. In 1982 the trend reversed. Considerably higher car sales, with commercial vehicles about on par with last year, lead to a roughly balanced share between cars and trucks in terms of total sales. Thus, cars attained a 48.1% share of sales (last year 45.2%) and commercial vehicles 48.5% (last year 51.5%).

These structural shifts show the advantages of the flexibility which the Group has developed in its two main areas of business; it serves to adjust to changing trends of demand in the different markets. The opportunity of such compensation worked to our advantage once before, in the opposite direction, in the mid-seventies, when demand for cars in the domestic market declined.

Worldwide Capital Investment over DM 3 Billion

In 1982, we continued our medium-term investment program according to plan. Worldwide capital investments in fixed assets totalled DM 3.4 billion (last year DM 3.0 billion). We increased domestic investments DM .7 billion to DM 2.8 billion.

Domestic capital investments are allocated to the different divisions:

	1982 in millions of DM	1982 in %	1981 in millions of DM	1981 in %
Cars	1,808	64	1,315	64
Commercial vehicles	748	27	477	23
Retail branches	84	3	126	6
Engineering, experimental	163	6	140	7
	2,803	100	2,058	100
Leasing	219		196	
Total	3,022		2,254	

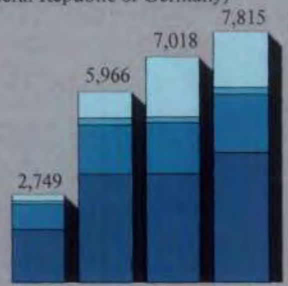
The bulk of our capital spending in the domestic plants was once again directed to the car division, mostly for the production start-up of new models and components. At the center of efforts was the production start-up of the 190/190E, at the end of 1982. We spent considerable sums

Noticeably improved appointments for the roomy models 200D to 280E. Because of their high value retention, they continue to be in great demand (see above).

Sales Structure

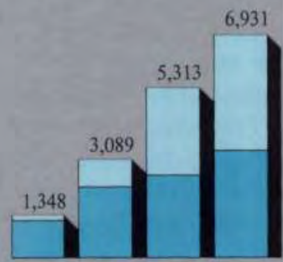
Foreign
(in millions of DM)

Europe
(exclusive of Federal Republic of Germany)



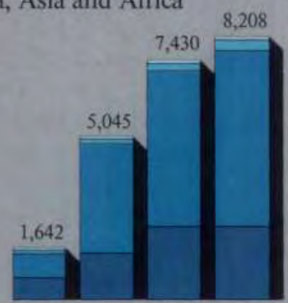
	1973	1980	1981	1982
Value added by foreign subs.	211	846	1,841	1,745
Export sales domestic co.s	2,538	5,120	5,177	6,070
Domestic companies' share of export sales:				
COMECON	1.4%	1.5%	1.1%	1.1%
Rest of Europe	14.5%	11.7%	10.2%	10.1%
EC	30.1%	27.3%	22.1%	22.8%

North America



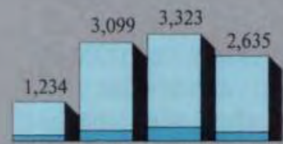
	1973	1980	1981	1982
Value added by foreign subs.	155	882	2,716	3,547
Export sales domestic co.s	1,193	2,207	2,597	3,384
Domestic companies' share of export sales:				
North America	21.6%	17.5%	16.8%	19.0%

Australia, Asia and Africa



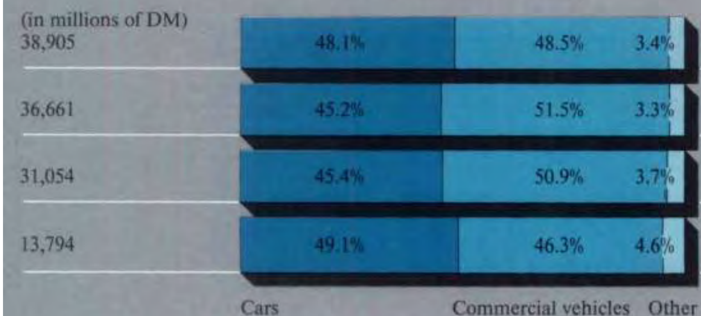
	1973	1980	1981	1982
Value added by foreign subs.	52	55	117	115
Export sales domestic co.s	1,590	4,990	7,313	8,093
Domestic companies' share of export sales:				
Australia	2.0%	1.2%	1.4%	1.8%
Asia	14.0%	26.6%	30.9%	30.7%
Africa	12.8%	11.7%	14.8%	12.9%

Latin America

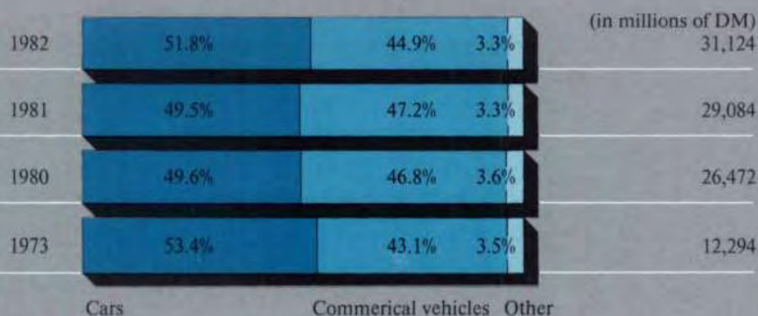


	1973	1980	1981	1982
Value added by foreign subs.	1,039	2,785	2,901	2,349
Export sales domestic co.s	195	314	422	286
Domestic companies' share of export sales:				
Latin America	3.6%	2.5%	2.7%	1.6%

Daimler-Benz-Group



Daimler-Benz AG



to further improve product quality and production flow.

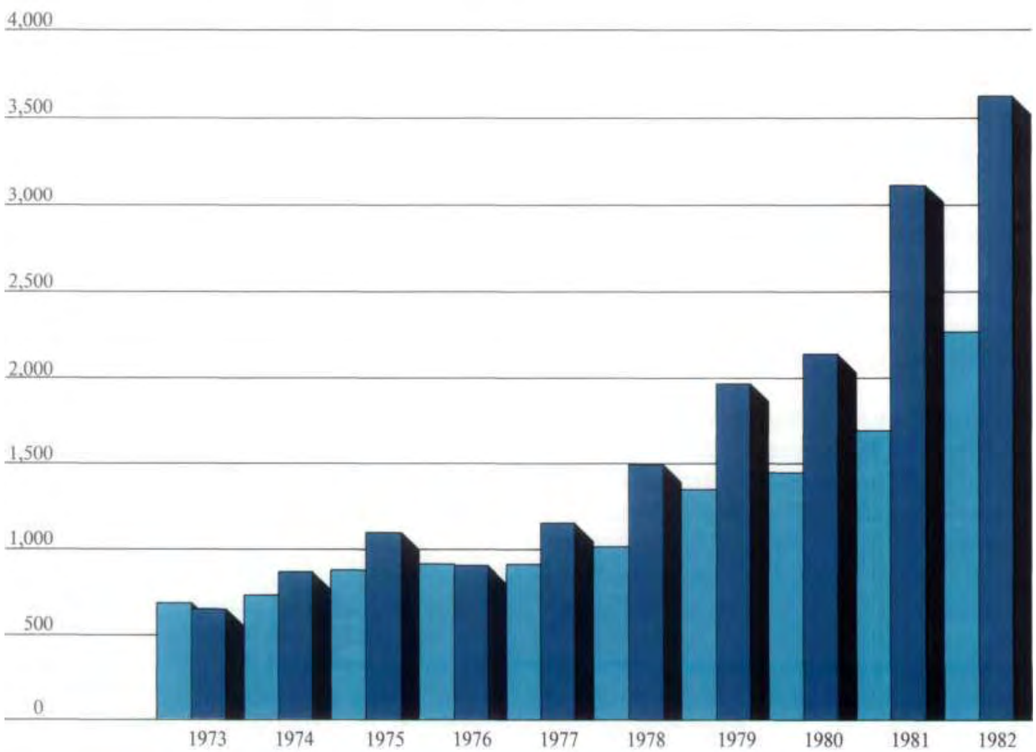
In the commercial vehicle division, the investments served mainly to supplement and modernize our vehicle range, to further streamline production and to intensify the production pooling system. By integrating similar component manufacturing operations at one location, we want to continue making use of specialization in production and of the corresponding know-how, to cut costs further and so safeguard jobs. We pursue this objective, among other ways, through the concentration of van production at the Duesseldorf plant.

As in the years before, in the new facilities we endeavored to design work places according to modern ergonomic principles and to free our employees from heavy, manual and monotonous labor as much as possible. With our investments in the infrastructure and the production arrangement of the plants, we placed increasing emphasis on the requirements of environmental protection.

Capital investment abroad totalled DM .4 billion (last year DM .8 billion). The capital spending programs of our subsidiaries in Brazil and Argentina had to be adjusted to the difficult market situation in these countries. (Last year, the relatively large additions to fixed assets were primarily in connection with the takeover of the plants and facilities of the U.S. heavy-duty truck maker Freightliner.)

Investments and Depreciation – Group

(in millions of DM)	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
Investments	654	871	1,096	908	1,140	1,498	1,969	2,140	3,114	3,626
Depreciation	688	731	884	917	918	1,013	1,342	1,447	1,688	2,273



Financing of Investments

In 1982, we were again able to fully finance our investments in fixed and financial assets with funds generated internally. The sharply higher capital outlays, despite higher depreciation charges, resulted in the book value of fixed assets increasing more than the balance sheet equity, which had been strengthened through allocations from net income to retained earnings. Nonetheless, a balanced, healthy ratio of fixed assets to stockholders' equity continued to be ensured. This becomes even more evident when the amount of long-term provisions is taken into account.

High Level of Domestic Employment

At the end of 1982, Daimler-Benz had 149,118 employees (last year 149,096). In the last five years, we created 17,000 new jobs in the domestic plants. We increased the number of openings for trainees again in 1982, to a total of 8,500. In the Fall, more than 2,600 trainees - the largest number in any one year - were hired.

Due to the necessary adjustment of work forces to the drastically lowered capacity utilization at our North and South American subsidiaries, worldwide employment declined to 185,687 (last year 188,039).

A Word of Gratitude to Our Employees

We thank our employees and their representatives on the plant and general labor councils and in the executive committees of the general labor council and the management employees for their receptiveness and help. Their great dedication and efforts, as well as their trustful cooperation based on mutual understanding, again enabled us to mutually master the difficult tasks in 1982.

Gratifying Earnings

Earnings were influenced by contradictory factors. Increases in wages and salaries, and higher prices for purchased materials affected income; the latter increases - directly and indirectly - were mainly due to the sharp rise in steel prices. Moreover, because of partially inadequate selling prices and an unsatisfactory capacity utilization in the commercial vehicle division - particularly in the area of buses and vans and at our foreign manufacturing subsidiaries - Group earnings were affected negatively. The very good utilization level in the car division, the gratifying proportional increase of higher-priced cars and, in addition, the continuing favorable demand for our heavy-duty trucks from the Near East, positively influenced earnings in 1982. Non-operating results were once more favorably affected by the unusually high interest rate levels in 1982, in addition to higher gains from the dissolution of provisions. Net interest income (excess interest income over interest expense) before taxes rose to DM 610 million (last year DM 554 million) at Daimler-Benz AG. For the Group, net interest income was DM 896 million (last year DM 804 million). However, the interest income earned by our Brazilian subsidiary in large part merely compensates for inflation-induced erosion of purchasing power in monetary assets. Net income at Daimler-Benz AG rose 13% to DM 687 million (last year DM 608 million). The combined net income of all foreign subsidiaries increased 4% to DM 202 million (last year DM 194 million). Worldwide net income rose 11.5% to DM 921 million (last year DM 826 million).

Proposal to the Shareholders

The gratifying trend overall and the interaction of the profit-raising factors and the special influences described above have caused us to propose to our shareholders for the year 1982 a DM .50 higher dividend, i.e. DM 10.50 for each common share of DM 50 par value, plus a bonus dividend of DM 1 for each common share of DM 50 par value. This would increase the total dividend payout to DM 350 million (last year DM 304 million). To further strengthen the equity capital base and with the approval of the Supervisory Board, we shall increase our capital stock at a ratio of 1 for 9 to DM 1,699 million, using a partial amount of DM 170 million of the authorized share capital. The new shares, which will be offered to the shareholders at the end of 1983 at a price of DM 50 per common share of DM 50 par value will be fully eligible for dividends covering the year 1983.

CARS

World Car Demand Shrinks

In 1982, demand for cars worldwide was recessionary; however, trends differed in important markets. World output declined in 1982 by 3% to 27.2 million units, almost exclusively due to a drop in production in the U.S.A. and Japan, and is now 14% off the previous high of 31.7 million units in 1978.

In 1982, the American auto industry did not succeed in overcoming its severest structural crisis to date. The newly developed U.S. compact cars were not as successful against the competing import models as their makers had hoped. With the overall market declining by 6.5% to 8 million cars, foreign makes boosted their market share from 27.3% to 27.9%. The domestic manufacturers were unable to react sufficiently to the demand for larger cars which rose during the course of the year as fuel prices dropped. With 5.8 million cars sold, they had to accept a sales decline of 7.2%. Production was cut 18.9% to 5.1 million units, the lowest level of the past twenty years. This resulted in mass layoffs and plant closings.

The Japanese car industry was able to post an increase of 6% to 3 million units in the domestic market in 1982, but exports declined 4% to 3.8 million. Deliveries to the U.S. were subject to the self-restraint agreement which limits Japanese imports to 1.68 million cars annually.

In contrast, European demand for Japanese cars was leveling off, largely due to market conditions. The receptive capacity of markets in the threshold and developing countries decreased. Production declined 1% to 6.9 million units because of the reduced opportunities for exports. For the time being, the heavy expansion of the past years has thus come to a halt. Nevertheless, Japan remains the largest producer of cars - measured in units - ahead of the U.S.A.

In Western Europe, car sales rose slightly in 1982 to 10.2 million units. The market share of Japanese makes, which increased very quickly at the end of the seventies, declined for the second year in a row. In all, West European manufacturers produced 10.3 million cars (up 5%). Their share of world output went from 35.1% to 37.8%.

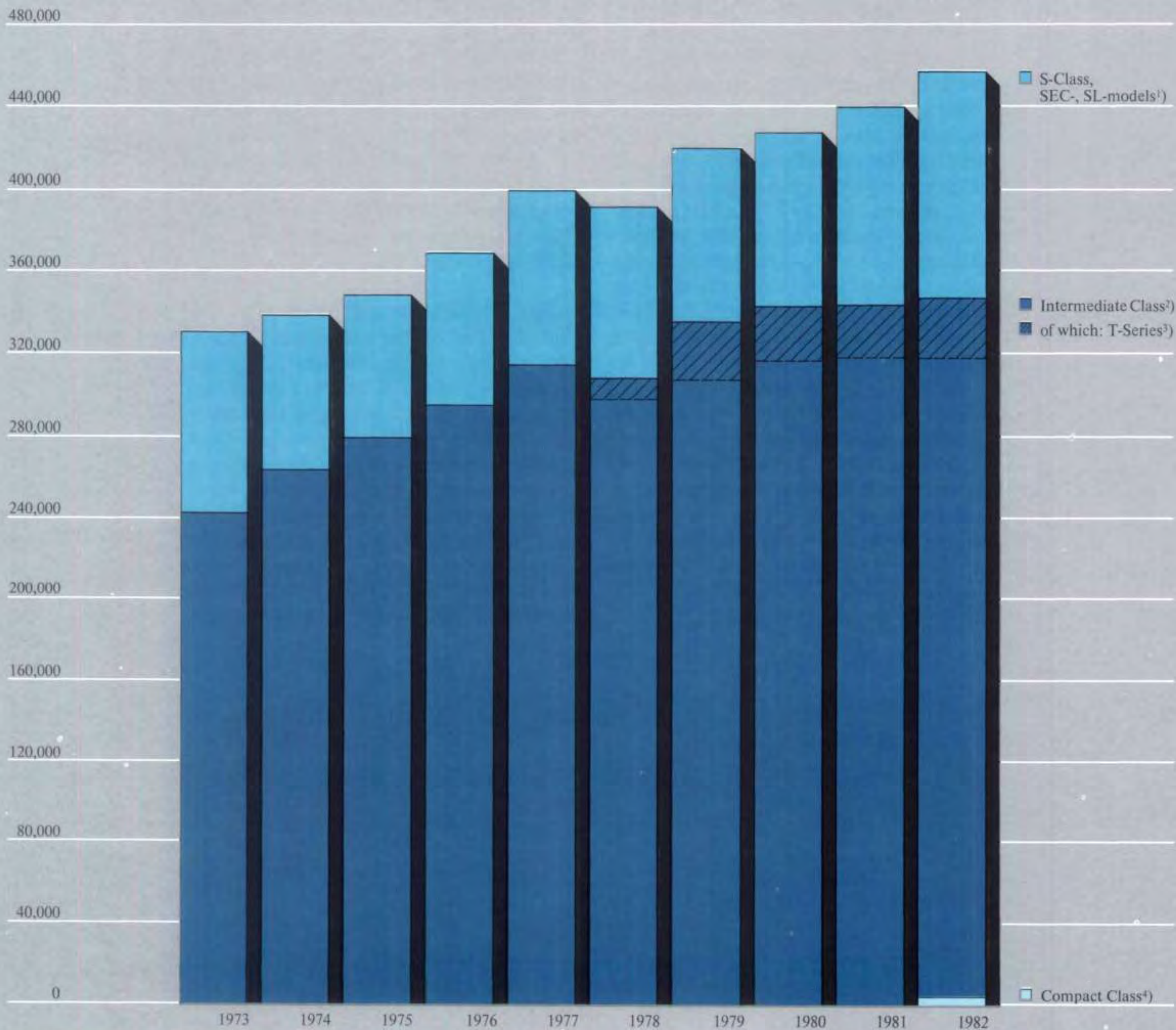
Federal Republic of Germany: New Car Registrations Down 7.5%

The German car market in 1982 was characterized by the persisting sluggishness of the new car business. New car registrations declined 7.5% to 2.16 million units. They have fallen each year since 1979. Against the background of a poor economy and a lack of confidence shown by consumers and investors, market activity was influenced by apparent buyer restraint. Replacement purchases were frequently postponed. This was shown very clearly by the increase in the average duration of car ownership over the pre-

Top engineering has a future. 1982 marked the first year in which over 100,000 S models, including SEC coupes and SL roadsters, were produced.

Car Production

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1982 to 1973
Total Production	**331,682**	**340,006**	**350,098**	**370,348**	**401,255**	**393,203**	**422,159**	**429,078**	**440,778**	**458,345**	**+ 38.2%**
of which: S-Class, SEC- and SL-models[1])	88,062	74,802	69,757	73,098	85,108	83,107	84,957	84,993	95,804	105,093	
Intermediate Class[2])	243,620	265,204	280,341	297,250	316,147	310,096	337,202	344,085	344,974	348,602	
of which: T-Series[3])	–	–	–	–	5	10,581	28,405	27,230	26,251	29,620	
Compact Class[4])	–	–	–	–	–	–	–	–	–	4,650	



[1]) Models 280 S–500 SEL, 380 and 500 SE Coupé, 280–500 SL Roadster
[2]) Models 200–280 CE and 200 D–300 CD Turbo
[3]) Models 200 T–280 TE and 240 TD–300 TD Turbo (stationwagons)
[4]) Models 190 and 190 E

in prior years in each case the corresponding models.

Traditionally, the most beautiful example of Mercedes-Benz engineering: the 380 SEC and 500 SEC coupes.

vious year. In addition, many customers delayed their purchase decisions towards the end of the year in anticipation of further interest rate reductions and the introduction of new models.

By contrast, demand was brisk in the used car market. The number of title transfers increased 5.5% to 5.2 million. The expectation that this trend foreshadowed an imminent pickup for the new car business - as it did in earlier years - was not confirmed in 1982.

Foreign car makes were more severely affected by the decline of the domestic market. Their share of new registrations dropped to 24.1% (last year 25.3%). Japanese cars accounted for 9.8% (last year 10.0%) of domestic sales.

More Exports Made Production Increases Possible

German car exports increased 12.6% to a record annual volume of 2.19 million units. Following an excellent first half (plus 25.5%), growth rates slowed noticeably as the year progressed. The increase was only 9.4% in the third quarter and exports then fell 6.1% in the fourth quarter. The overall improved competitive position of the German manufacturers, especially in the major West European markets, was based on attractive model offerings thanks to a product policy geared to requirements originating during the two oil crises in the seventies. Moreover, the workmanship of German cars is highly reputed. A restrained price policy and the undervaluation of the D-Mark, in terms of purchasing power, were other factors favoring exports. German car output went up 5.1% to 3.76 million units, solely due to stepped-up deliveries to foreign countries.

Daimler-Benz: Market Position Strengthened at Home and Abroad

In 1982, 225,217 Mercedes-Benz cars were newly registered in Germany. The drop in registrations of 5.7% was less than the industry figure so that our market share climbed to 10.7% (last year 10.5%). The growth in sales of our hi-line models, the SEC coupes and SL roadsters, was especially gratifying.

The slowdown of domestic demand was more pronounced for diesel cars than for gasoline models. The diesel market reacts more sensitively and with considerable fluctuation to the frequently changing price differential between gasoline and diesel fuel; the price advantage of diesel fuel versus regular gasoline, as intended by official policy, was even cancelled out for part of 1982.

Our car exports increased strongly to 225,977 units (up 13%). Our intermediate class in particular, for which the Turbo-

The Mercedes-Benz T-Series consists of six models. They offer a variety of seating arrangements for seven passengers, or a 700 kilogram payload.

diesel became available, contributed to this rise. The S-Class models, 280S and up, and the hi-line models (SEC and SL) continued to be in strong demand abroad. We succeeded in consolidating and extending our position in important West European markets and enjoyed high growth rates in the larger markets. In Great Britain we sold 11,800 cars (up 11%), and in France 17,800 cars (up 10%). In Italy, however, sales fell 16% to 12,400 units. In the U.S., despite the severe recession we were able to boost sales 5% to 66,000 cars and the share of our large coupes and SL sportscars is particularly high in the U.S.

The increase of exports made it possible to raise car production by 17,500 units (up 4.0%) to 458,345. Available production capacities were fully utilized throughout the year. For the first time we were able to exceed the 100,000 mark in the S-Class. Including SEC and SL models, we produced 105,093 units (last year 95,804). The Mercedes-Benz intermediate class (200D to 280TE), with 348,600 units, continued to be the mainstay of our program. Particularly successful was our T-series, of which 29,620 (last year 26,251) units were built. In line with the growth of foreign business, the export share of production increased to 49.3% (last year 45.4%), but is still well below the industry average of 58.3% (last year 54.5%).

New Car Series 190/190E

The outstanding event was the introduction of the new Mercedes-Benz compact class models 190 and 190E. This adds a third car series of all new design to our traditional car line, the intermediate class (200D to 280TE) and the S-Class (280S and up). Production start-up was right on schedule. As a result of our long years of intense research and development, we succeeded in setting new standards with top engineering and unmistakable styling of the 190/190E. Radical weight reduction through sturdy lightweight development - without sacrificing high standards of safety - and aerodynamic design - without discarding important criteria such as visibility and comfort - distinguish the bodywork of this model. Soon after introduction in December of 1982, a large part of the output planned for the German market in 1983 had already been covered by orders. The positive response by the market makes us confident of the lasting success of our broadened model offering.

COMMERCIAL VEHICLES

Poor Commercial Vehicle Business Worldwide

The drop in freight volume commensurate with the decline of gross national products, the unusually high-interest-rate levels of the first half of the year, and a steadily downward trend in the capital goods industry, impaired the commercial vehicle business worldwide in 1982. In almost all industrial countries, but also in the debt-ridden threshold and developing countries, demand continued to recede, though with considerable variations in individual countries and vehicle classes. Poorer capacity utilization and unsatisfactory sales prices, due to the drastic stiffening of competition, have impaired the earning power of the manufacturers.

World commercial vehicle output declined 3.3% to 9.17 million units in 1982. In the truck category over 6 tons GVW, production losses were appreciably heavier (down 16%). The fact that the American manufacturers were able to increase output to 1.9 million units (up 13%) was solely due to the above-average production growth of pick-up trucks which are derived from the large-scale car production. The output of trucks over 6 tons GVW also went down in the U.S., by 69,000 units - about one third! - to 158,000. In Japan, commercial vehicle production was cut back 9% to 3.9 million units. Small vans and trucks were equally affected.

In Western Europe, 1.4 million commercial vehicles were manufactured (down 2%). The continued, sustained demand from OPEC countries prevented a further drop in production and employment.

Federal Republic of Germany: Further Worsening of Commercial Vehicle Business

The German commercial vehicle market in 1982 was worse than the year before. New truck registrations plummeted 16.8% to 123,549 units. Trucks over 6 tons GVW were down 18.4%, to 38,900 units. Sales in this market segment have thus decreased by about 40% in the past two years.

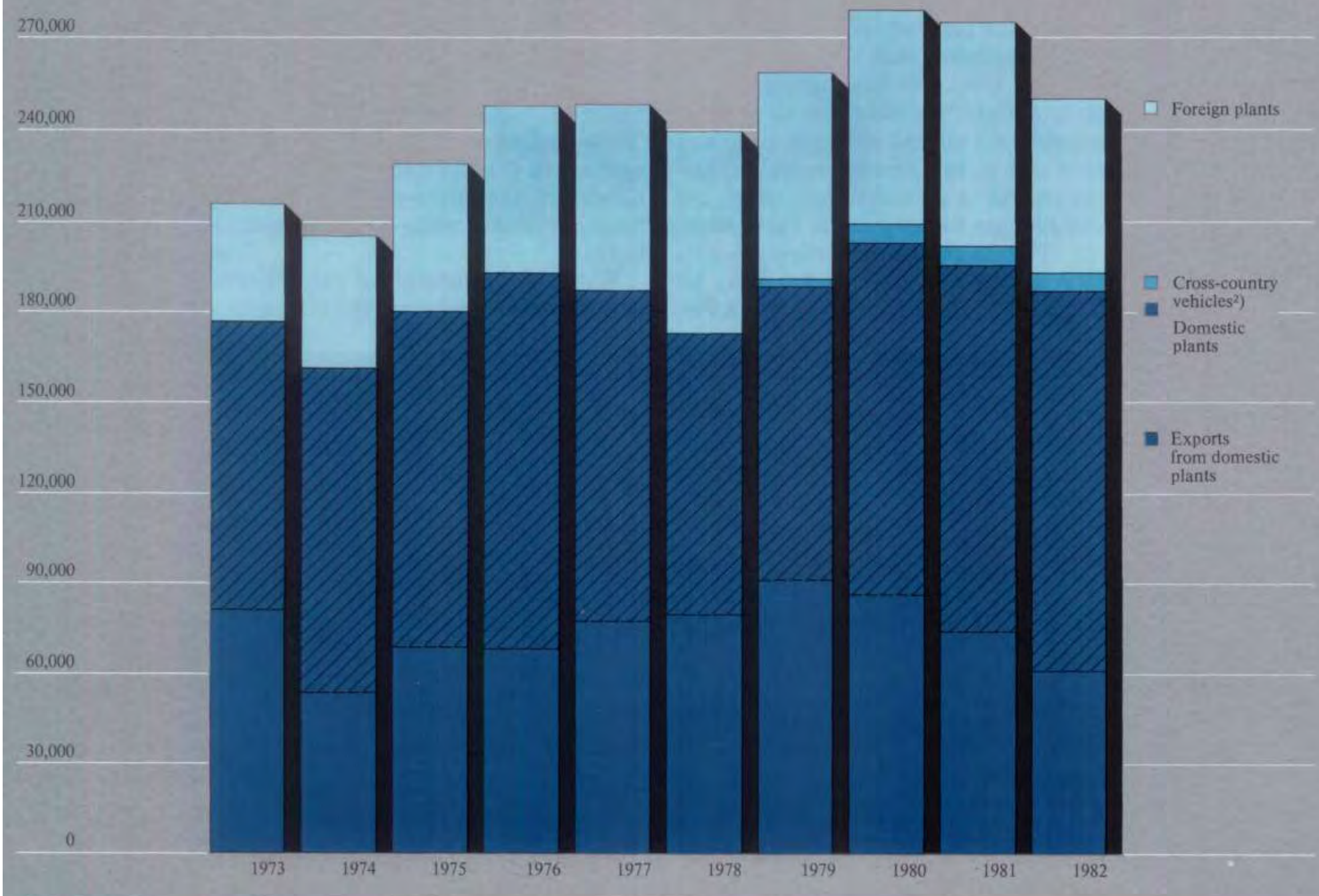
Foreign manufacturers, while suffering a decline in sales, were able to slightly improve their market share in the Federal Republic of Germany to 19.6% (last year 19.4%). In the class up to 6 tons GVW, the Japanese have strongly expanded their position over the past years. In 1982, their share of registrations stayed at 6.4%. Through their aggressive marketing strategy, which is supported by a sizable cost advantage, they have noticeably intensified competition with respect to payment terms.

West German exports of 203,692 commercial vehicles were on the scale of last

Mercedes-Benz Truck/Tractors for container-transport belong to the most cost-efficient and most economical transport systems.

Commercial Vehicle Production

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1982 to 1973
Total Production	**215,935**	**205,344**	**229,302**	**247,756**	**248,100**	**239,702**	**258,975**	**279,535**	**275,380**	**250,079**	**+ 15.8%**
Domestic plants	177,061	161,400	180,005	193,204	187,298	173,101	188,772	203,041	196,076	187,044	+ 5.6%
of which: Delivery vans											
to 4 tons[1])	45,292	30,597	29,975	41,878	40,257	47,333	51,815	53,353	45,200	44,795	
over 4 to 6 tons[1])	36,256	24,726	25,470	29,906	30,358	26,481	28,270	30,624	24,157	19,678	
Trucks											
over 6 to 8 tons[1])	18,012	13,953	15,924	18,658	18,228	18,746	17,141	17,213	13,905	15,540	
over 8 to 15.9 tons[1])	31,166	33,465	34,007	32,330	28,940	23,721	24,242	29,047	31,280	22,393	
16 tons and up[1])	26,424	34,789	53,831	47,844	48,375	39,310	48,625	53,241	61,957	63,513	
Buses	12,100	13,726	13,344	12,824	11,595	8,210	8,529	9,643	9,647	7,925	
Unimog and MB-trac	7,811	10,144	7,454	9,764	9,545	9,300	10,150	9,920	9,930	13,200	
Exports from domestic manufacturing plants	*95,570*	*107,468*	*111,575*	*124,965*	*110,100*	*93,163*	*97,022*	*116,431*	*121,510*	*125,583*	*+ 31.4%*
Cross-country vehicles[2])	–	–	–	–	–	–	2,508	6,667	6,455	6,566	·
Foreign plants	38,874	43,944	49,297	54,552	60,802	66,601	67,695	69,827	72,849	56,469	+ 45.3%



[1]) Gross vehicle weight.
[2]) Since October 1981, assembled by Steyr Daimler Puch AG, Graz, on a job order basis; for reasons of comparability, prior years' figures also included in Group production.

From vans to long-haul trucks, Mercedes-Benz has a complete range of 212 basic models with 2,798 variations.

year. Whereas deliveries to foreign countries grew at a considerable rate in the first half of the year, they dropped off sharply from the middle of the year on, particularly deliveries of heavy-duty trucks to the countries of the Middle East.

The large export volume of the German producers had a favorable impact on capacity utilization in 1982. However, the dependence on a few key markets also entails a greater business risk. When exports slowed in the second half of 1982, several manufacturers were forced to adjust employment levels to the new diminished sales opportunities abroad and in many cases to institute short-time work or, in some instances, even to lay off employees. Total German commercial vehicle output declined another 5.6% to 301,229 units (last year 319,200).

Daimler-Benz: Market Position Consolidated at Home and Abroad

Despite of its highly competitive vehicle program and its efficient customer service system, Daimler-Benz could not entirely escape the impact of the poor condition of the commercial vehicle markets in Germany and abroad. In the home market, we had registrations of 57,740 vans, trucks, buses and Unimog/MB-trac, which was 15.8% less than the year before. We could only partially compensate for this through higher exports of about 4,000 units to 125,583 commercial vehicles (up 3.4%).

Our export business was substantially influenced by the very high demand in the first half of the year from the countries of the Middle East, particularly for heavy-duty trucks. Although sales to these countries declined in the latter half of the year, they still continued at a respectable level.

In our traditional West European export markets, we managed to boost sales by 6% to 55,000 commercial vehicles, and thus managed to further strengthen our market position. As the largest manufacturer in Western Europe, we captured about a 25% share of the market for trucks over 6 tons GVW.

Once again, owing to the expansion of exports, we maintained production in our domestic commercial vehicle plants at the relatively high level of 187,044 units (last year 196,076). At the same time we even managed, once more, to raise output of heavy-duty Woerth trucks (16 tons GVW and up) to 63,513 units (up 2.5%). On the other hand, output of vans at the Duesseldorf plant, of medium-duty Woerth trucks, and of Mannheim buses declined. Thanks to the better utilization of capacities at other commercial vehicle plants and at the car plants, we were able to shift and maintain employment.

Buses

The bus business in 1982 suffered under the continued poor state of the domestic economy. Private bus operators ordered cautiously. The expiration of the period for orders entitled to investment credits increased the number of incoming orders at the end of the year. Under pressure from tighter budgets, municipal transportation companies once more slashed orders for city and suburban buses. Moreover, overcapacities accelerated price deterioration. Daimler-Benz was also affected by this trend. Our domestic registrations declined 14.3% to 2,320 buses. On the other hand, we were able to maintain exports at last year's level. In 1982, production at the Mannheim, Duesseldorf and Woerth plants had to be cut back to 7,925 buses and bus chassis (last year 9,647).

Despite continued efforts to further cut costs in the labor-intensive bus production, and despite substantial improvement in the production flow, the relation of production costs to prices obtainable in the marketplace was even more unsatisfactory in 1982 than in the years before.

Since we had to cut back production in Brazil and Argentina due to the general market trend, worldwide output of Mercedes-Benz buses declined to 23,679 units (last year 29,716).

Unimog and MB-trac

The Unimog and MB-trac business in 1982 was gratifying. Domestic sales increased 8.1% to 5,272 units. Major orders enabled us to boost exports 42% to 7,555 units. Production could thus be increased 32.9% to 13,200 Unimog and MB-trac.

Mercedes-Benz Cross-Country Vehicles

The demand for cross-country vehicles at home and abroad was impaired by the unfavorable economic trend, but we were still able to raise sales in the Federal Republic of Germany 7.5% to 2,308 units. A total of 6,566 (last year 6,455) Mercedes-Benz cross-country vehicles were assembled on a job order basis at Steyr-Daimler-Puch AG in Graz, Austria.

Bus tours are becoming ever more popular. Mercedes-Benz buses participate in this trend. Here the 0 303 with its new "face" and many improvements.

Industrial Engines and Vehicle Components

The business in industrial engines and vehicle components was satisfactory. Even though weak demand continued in the domestic construction and farm machinery industries and for fork lifts, we were still able to offset the resultant sales drop with engine sales - for generators and pump sets - to domestic original equipment manufacturers for their exports. Within our line of industrial diesel engines, which spans an output range from 17 to 452 kW (23 to 615 hp), sales of engines of more than 200 kW output rose much faster than other sales. Sales in this product line rose 12% to DM 312 million.

Foreign Subsidiaries With Own Commercial Vehicle Production

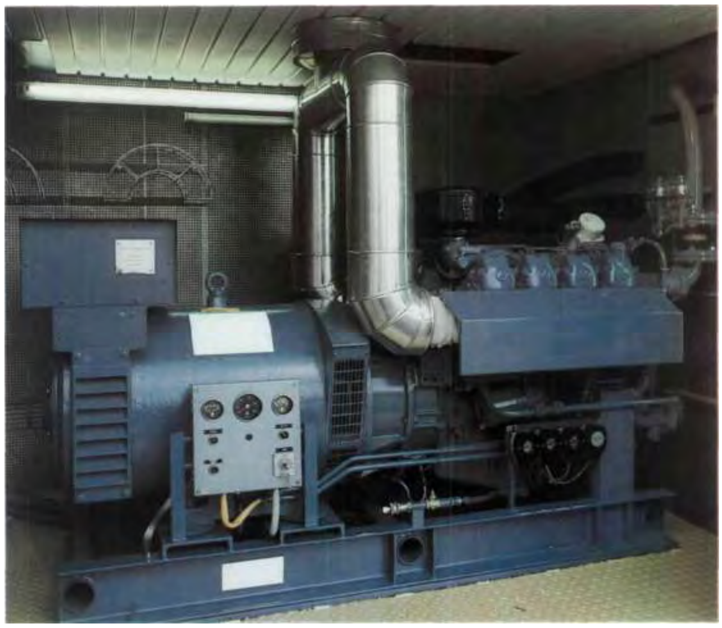
Adverse general economic conditions, with unfavorable effects particularly in commercial vehicle markets, led once more to sales decreases in all countries in which we hold majority interests in companies which manufacture commercial vehicles. Nonetheless, in all these countries we succeeded by and large, in maintaining, and sometimes improving, our market position.

In Brazil, Argentina, the U.S.A. and Spain we manufactured 56,469 commercial vehicles in 1982 (last year 72,849). Our largest commercial vehicle subsidiary, Mercedes-Benz do Brasil, produced 32,669 units (last year 48,899). Following a new setback in Brazil - as a consequence of Brazil's international debt burden - we once again had to cut back production schedules at the beginning of 1983. In Argentina, the U.S. and Spain, too, we had to cut back output as compared to 1981.

Due to the aggravated situation worldwide, Group commercial vehicle output fell to 250,079 units (last year 275,380).

Reorganization of Commercial Vehicle Activities in Switzerland

Our negotiations with AG Adolph Saurer and Oerlikon-Buehrle Holding AG, concerning the integration of the commercial vehicle activities in Switzerland, led at the end of 1982 to the founding of NAW Nutzfahrzeuggesellschaft Arbon & Wetzikon AG, Arbon, in which Daimler-Benz holds a 40% interest. In Arbon, the company will build special-purpose vehicles for the Swiss market based on our heavy-duty truck program, and in Wetzikon, bus chassis using Daimler-Benz components. Distribution and service for Switzerland are the responsibility of our Mercedes-Benz distribution company. From this cooperation we hope for a further strengthening of our position in this important neighboring market.



Emergency generator installed in a container. Noise-dampened unit: with an OM 402-V8 engine, and electrical output of 150 kVA.

Project in Turkey

After long years of negotiations, we were able to attain the preconditions for enlarging the product range of our affiliate OTOMARSAN of Istanbul. Since January of 1983, the company, of which we own 36%, has unrestricted permission from the Turkish government to manufacture the complete program of commercial vehicles from Mercedes-Benz. We intend to expand bus production there in the coming years and, in addition, to set up production facilities for medium and heavy-duty Mercedes-Benz trucks and commercial vehicle engines. In the initial stage, an annual capacity of 6,000 trucks and Unimogs, and 9,000 commercial vehicle engines is planned.

Automobile Production Trends 1973-1982

*) Gross vehicle weight.

Outlook

Recession Not Yet Overcome Despite Positive Signs

The most stubborn recession of the post-war period had not yet been overcome in the first months of 1983. Although unemployment dropped in March of 1983 for the first time in a long while, it still remains high. All the same, the preconditions for the targeted upturn have improved in important industrial countries, with lower inflation rates and noticeably reduced interest rates. Real upward tendencies are clearly noticeable in several sections of the economy in the Federal Republic of Germany and the United States.

Effects of Oil Price Reduction

Positive impulses are expected from the reduction of crude oil prices; the successive jumps of crude prices have heavily handicapped the world economy for many years. Lower oil prices contribute appreciably to improving the trade balances and the balance of payment accounts of the oil-importing countries, i. e. of practically all Western industrial nations. Purchasing power, previously immobilized by the high oil prices, is freed. The deflationary effect of lower oil prices also assists the efforts of the oil-consuming countries to dampen inflation. Finally, economic conditions are eased for the oil importing developing and threshold countries.

But the adverse consequences of oil price reductions should not be overlooked. For the short term, the oil-exporting countries will have to restrain their demand for industrial goods due to sinking revenues.

Particularly in the consumer countries, research and development and investment in the exploration and exploitation of new oil supplies and other sources of primary energy have been postponed in a number of cases or even abandoned, since they are no longer economical in view of the anticipated short and medium-term trend of oil prices. Thus, the danger grows that the world economy will find itself with another shortage of oil supplies in a few years, with corresponding price jumps.

German Economy: Prospects for Recovery

On the one hand, the oil price reductions provide advantages to the German economy with its heavy dependence on oil imports; on the other hand, the penalty they place on the export of industrial goods to the oil-producing countries cannot be overlooked. Additional export opportunities for the Federal Republic of Germany result from the fact that the reduction of the oil-import burden for industrial countries improves the prospects of an expansion of the exchange of goods between these countries. However, we note that such an important customer as Great Britain is adversely affected by the drop in oil prices, and that the economy of our largest customer, France, has to struggle to stabilize its international competitiveness and thus its buying power for imports.

The most recent realignment of exchange rates in the European Monetary System in March of 1983 disadvantaged no economy as much as the German economy. Yet we must concede that the trend for our industry is still relatively favorable, inasmuch as the revaluation of our own currency and the devaluation of others simply evens out an existing inflation differential.

For German export opportunities and risks, it will remain important to improve the competitiveness in terms of costs and prices, particularly against the worldwide Japanese competition. We have emphasized repeatedly that labor costs and efficient utilization of production facilities play an important role here.

The growth of the economy in the Federal Republic of Germany requires, apart from rising exports, a strengthening of the ability and willingness of enterprises for capital investments. One of these requirements is that enterpreneurial initiative again be given more freedom, which has been restricted by taxes and levies unrelated to earnings, by excessive requirements, and by a flood of laws and regulations.

A condition for lasting recovery in the Federal Republic of Germany is, furthermore, an undeviating stability-oriented economic and social policy. This is indis-

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pensable in promoting consumer and investor confidence and thereby strengthening the basis for future-oriented economic decisions. Since the latitude of economic policy is greatly limited and only a gradual recovery appears likely, it is all the more important that economic and social policy demonstrate a clear-cut course and confidence-building pattern.

Good Prospects for the Automobile

Despite the tight situation around the world in the past years, the car industry assumes that the long-range prospects for further growth of personal transportation are favorable and that car sales will rise again when overall economic growth resurges.

In the developed countries and in many threshold countries, the car will retain its prominent role as a means of transportation for lack of realistic, and above all economically justifiable alternatives. Although motorization has already reached high levels in the industrialized countries, no market saturation can be detected. In view of the production capacities ready to be put to work in Europe, the U.S.A. and Japan, competition will remain stiff, nonetheless.

Protectionism No Solution to Structural Problems

In this situation we must reckon with the growing danger that individual countries will try to remove their own industries from the pressure of competition by sealing off their markets. Protectionist measures occur in many different forms: bilateral self-restraint agreements, tariff-based or administrative obstacles to trade of different and imaginative kinds, local content requirements. However, it cannot be emphasized enough that countries which resort to protectionism must realize that they are hurting their own interests, for they, too, derive great benefit from the international division of labor.

A broad range of models of high quality, technically reliable and user-oriented vehicles for all needs of a demanding business community.

To improve employment in the American car industry, the self-restraint agreement negotiated with Japan was extended. In addition, most recently the pressure on the U.S. Congress has been growing to prescribe minimum local content requirements for foreign manufacturers who sell more than 100,000 units per year in the U.S. market. The objective is to diminish the cost advantages which the Japanese manufacturers are believed to enjoy and also to transfer employment to the U.S.A. Such measures would hinder rather than help solve the structural problems of the American car industry. Consumers would feel the negative effects in the form of higher prices.

On the other hand, the Japanese automobile industry increasingly endeavors to set up assembly and production plants in the U.S. and Western Europe, or to cooperate with local manufacturers in each market.

German Car Industry in 1983

The German car industry is more dependent on exports and thus on unrestricted access to the world market than almost any other industry. Its growth in recent years proves that technical progress is most effectively achieved when companies must face the demands of the market in free competition. Through the improvement in its products in the last few years, the German automobile industry is in an even better position compared to earlier years.

The car features that directly influence the customer's decision to buy, such as fuel economy, active and passive safety, comfort, workmanship and long life, are increasingly augmented by demands that take even greater account of environmental protection.

Already at an early stage, German manufacturers began to gradually reduce pollutant emissions. Within the last ten years, in new cars, carbon monoxide emissions have been reduced by two thirds and hydrocarbons by one half. Since 1977, nitrous oxides have also been contained and appreciably reduced. The German manufacturers endeavor voluntarily to achieve - ahead of schedule - further reductions in pollutant emissions, such as recommended by the U.N. Economic Commission for Europe (ECE emissions standard

Progress for the building trade. New generation heavy-duty Mercedes-Benz construction vehicles.

15/04). Any reduction of pollution beyond this, based on what we know today, is only possible if use is made of the environmentally more compatible diesel engine to a greater extent than before and if - for spark-ignition engines -leadfree fuel is available for the then indispensable catalyst technology.

Car engineering can offer adequate solutions for emissions control. However, because it contradicts other goals, for example fuel economy and low-cost manufacture, development priorities would have to be reshuffled, which would automatically result in higher prices for cars. To avoid competitive distortions and to achieve desirable development goals at reasonable cost, it is necessary for the policy-forming authorities to provide a carefully balanced, reliable frame of reference. For the benefit of customers, aspects such as cost and price, but also a broad range of products that promote competition, must not be neglected. Moreover, the standards for the cars should be agreed upon internationally; individual national activities, particularly environmental protection laws, burden vehicles to an untenably high degree for often small markets, and furthermore, appreciably limit the mobility of drivers in international travel.

The sharply higher development expenses and investments in the past few years have changed the expense structure of companies. An even larger percentage of expenses has become independent of employment; that is, it can no longer be adjusted to a lower capacity utilization rate. This calls for stricter criteria applicable to production costs so that technical progress is not made unreasonably expensive for customers. Only then shall we be able to maintain our international competitiveness in the long run, achieve quantitative growth, and secure employment.

For 1983, sales in the German car market, which have fallen since 1979, can be expected to pick up thanks to numerous new models, lower fuel prices and pent-up demand. In exports, order inflow has steadied in the last few months, but it will still require enormous efforts to approximate last year's large volume again this year. The capacity of important export markets is strained by slow economic activity and disequilibrium in the balance of payment accounts.

Daimler-Benz Car Division

In our car division, the favorable order situation continues to ensure the full employment of capacities. We plan to raise sales and output once again in 1983. Our cars will also in the future meet the highest standards for economy, environmental safety, utility value and long-term value retention. The persisting trend of demand towards cars with superior engineering and quality is to our advantage.

With the addition of the 190/190E models to our car line, we have increased our market potential. Today we can offer an attractive Mercedes-Benz car to an even wider range of customers. In the course of this year, the new series will be successively introduced to the export markets. We will also offer a diesel version. To meet special requests, we will supplement our compact class with sportier variants. With the compact model series, we have enhanced the prerequisites for future growth. Additional production capacities will become available in 1984 with the production start-up of the new model in the Bremen plant.

In our Research and Development work we continue to devote ourselves to improving the economy of our cars. The current moderating trends of crude oil markets and fuel prices will not affect this goal, for taking a longer view, oil price trends will remain uncertain. Considerable fluctuation cannot be ruled out over the short or long run. On top of that, fuel efficiency already plays a permanent part in a customer's purchasing decision. In our endeavor for even greater economy we will not neglect the classic characteristics of our cars. In our product policy we will abide by the principle of only introducing new models when genuine technological progress can be achieved with them. In doing so we want to secure the confidence of our customers - also of those who we want to win over - with a stable long-range model policy.

Stiffer Competition in Commercial Vehicle Markets

In the international commercial vehicle markets, which are suffering far more severly than car markets, the struggle for market shares and employment will gain further in intensity. The strong expansion of production capacities around the world in the past years contrasts now also on the demand side with a more limited capacity for absorption in oil-exporting countries. Demand will nevertheless pick up again for the commercial vehicle industry with the revival of economic growth and the accompanying rise of transport needs.

We expect a certain stimulation of the commercial vehicle business from a slight increase of domestic economic activity in 1983. This is especially true for the already visible upswing in the construction industry, which has put off replacement purchases in the last few years because of poor business conditions. In several West European countries and in the U.S.A. we

Highly efficient vehicles from Mercedes-Benz for fire fighting, emergency and rescue use.
The result of a successful cooperation with experienced bodybuilders.

also reckon with slightly brisker demand due to cyclical influences. At the same time, the export prospects for the European market are impaired by the yet-to-be-harmonized certification rules in the different countries as well as by impediments to international freight traffic. Appreciably fewer orders can be expected from OPEC countries. The German commercial vehicle makers must thus adapt themselves to a further overall decline of sales and output in 1983.

Daimler-Benz Commercial Vehicle Division

With this market trend, short-term sales opportunities for Mercedes-Benz commercial vehicles have become less. We are trying as much as possible to cushion the impact of a drop in overseas exports - particularly of the Woerth heavy-duty truck range - by increasing activities in the domestic and European markets, but we will not be able to compensate completely for the shortfall in overseas exports. Therefore, we have had to cut back our production schedules once more. Affected are mainly medium and heavy-duty trucks, medium-duty vans and Unimogs. On the other hand, we expect the light-duty van output to match 1982, along with a substantial increase in the production of Mannheim buses due to an encouraging increase in orders.

Our South American subsidiaries will have to accept a further decline of output and employment because of the poor overall economic situation; demand, particularly in Brazil, has taken another sharp drop. For the U.S. truck market we expect a pickup, albeit moderate, in the course of the year, which should favor our sales of Freightliner and Mercedes-Benz trucks.

Our broad and complete, and highly competitive, commercial vehicle range offers an optimum solution to every transportation task. On this basis, we will systematically develop our products further. The primary goal is to enhance the transport performance of our vehicles, combined with high economy, and a further reduction in noise and pollutant emissions.

Although we may not expect an overall favorable course of business in the commercial vehicle market in the short run, we do see a return of better prospects for our commercial vehicle business medium-term.

To each his own. The Mercedes-Benz delivery vehicle program is especially geared to individual business applications.

Investment Planning

Continuing our planned medium-term capital investment program, we will invest about DM 3 billion in Germany in each of 1983 and 1984. Spending continues to focus on the car division. Here, as well as in the commercial vehicle division, the bulk of investments will go to improve current models, prepare for production of new models, and continue to improve efficiency in production.

Continuous and Stable Development

In its business policies, Daimler-Benz has gone its independent way oriented to long-term goals and, different from other motor vehicle makers, has been very careful about participating in cooperative schemes. We will continue to pursue this policy. It remains our endeavor, on the basis of our comprehensive research and development work, to incorporate technical progress in our products in a sensible way and steadily improve our vehicles, particularly in regard to their practical utility and thus their service to the customer. Both in cars and commercial vehicles, we attach unchanging importance to harmonious overall design, balanced, mature engineering, and workmanship which satisfy the highest standards. We will thereby preserve the qualities of our vehicles, on which our customers depend while scaling new technological heights.

We will spend considerable sums to cultivate and extend already developed markets and obtain new markets, in order to ensure our worldwide position and our growth for the long term and, simultaneously, to spread risks even more. We trust in the proficiency and commitment of our employees, in our experience and our know-how in all fields in which we are active, and in our sound financial foundation.

Daimler-Benz: First Quarter Trend 1983

In the first three months of 1983, Daimler-Benz manufactured 120,400 cars and 46,100 commercial vehicles in Germany. In addition, our foreign subsidiaries built 10,300 commercial vehicles. Group sales in the first quarter of 1983 totalled DM 9.3 billion, about equal to sales for the same period last year. Taken alone, the sales of Daimler-Benz AG rose 4% to DM 7.9 billion.

The following section of this report covers details of the various company divisions and activities:

The new MB-trac 1000 allows multiple and, therefore, most economical application: MB-trac and Unimog are offered with engines of numerous HP ratings.

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Research and Development

The altered pattern of demand in the motor vehicle markets, with increasing requirements on vehicles, placed great demands on our Research and Development division in the past years. Since the competitiveness of our Company depends to an increasing extent on our fulfilling these requirements - often at short notice - we will continue for the uninterrupted improvement in the high technical standards of Mercedes-Benz vehicles. Apart from reducing fuel consumption, we focus our attention particularly on environmental protection; but we do not intend to neglect the "classic Mercedes-Benz characteristics" such as safety, quality, long life and comfort, because it is to them that our nameplate owes its reputation.

Noise analysis of a heavy-duty truck is performed on a dynamometer test-stand (left and above).

More Than DM 1.4 Billion for Research and Development

In 1982, we raised expenditures for Research and Development to more than DM 1.4 billion. Some 10,000 employees are engaged in constantly improving and enlarging our product range. We invested DM 163 million in the extension of our testing facilities and on buildings. These measures provide the foundation for our wide-ranging Research and Development program, and are thus indispensable in ensuring the future of our Company.

Lack of Harmonization of National Design and Certification Requirements

Development work is rendered difficult by differing nation motor vehicle regulations. Instead of contributing to the urgently needed international harmonization of the design and certification regulations, Switzerland, for example, issued exhaust and noise emission rules, effective October 1982, which deviate considerably from those of other European countries. This compells manufacturers, therefore, to develop, certify and produce special vehicle variants for a very limited market. Such individual measures are extremely costly and, furthermore, tie up capacities that are otherwise urgently needed.

Not only the vehicle manufacturers, but to a far greater extent Swiss customers, are affected by such isolated national action: cars are thus made more expensive and variety is reduced, because the engineering costs involved to comply with these regulations are only justified for those models that can be sold in Switzerland in larger numbers.

The Swiss exhaust and noise standards will again be tightened in 1986. However, there is no technology available today to meet a large part of these requirements.

Constructive Environmental Protection

With our wide range of diesel cars, we offer vehicles which are particularly compatible with the environment. Further progress in emission control in spark-ignition engines was achieved simultaneously with a reduction in fuel consumption. Our new car series 190/190E, like our whole range of diesel-powered cars already meets the new emission standard R 15/04 of the U.N. Economic Commission for Europe, although this standard has yet to be implemented by the ECE member States. In this case, Daimler-Benz is complying with a request of the German Government to meet stricter emission standards in new models, ahead of schedule if possible. A very high standard has thus been accomplished, which at the same time represents the maximum that can be achieved in spark-ignition engines without going to additional expense and without changing the composition of the fuel. In the event that more stringent standards are implemerited, they could only be met if the catalyst technology, as used in the U.S.A., is also applied in Europe. This in turn would require the availability of high-octane unleaded gasoline. With leaded gasoline, the pollutant-reducing effect of the catalyst would very quickly deteriorate due to the action of the lead. In any case, the introduction of high-octane unleaded gasoline will result in additional costs and higher energy consumption both for the oil industry and the automobile industry.

As long as no unleaded gasoline is available, tougher regulations - i. e. those exceeding the requirements of ECE standards R 15/04, as for example in Switzerland and Sweden - result in markedly higher fuel consumption. Unleaded gasoline is currently available only in the U.S.A. and Japan.

Back in November of 1981, as part of a joint research project with the German Office for Environmental Protection, we introduced several commercial vehicles which demonstrated the technical feasibility of additional noise-reducing measures. In continuing this project we have now developed a diesel-powered taxi with improved noise control. It was introduced to the public in March of 1983. Vehicles of this type are to be used mainly in areas which are otherwise closed to traffic.

Our objective is to ascertain public acceptance of such vehicles in practical operation through selected customers. With these vehicles, the noise level in drive-by tests at accelerating speeds has been reduced considerably, namely by 6 dB(A), as compared to the standard vehicle. This necessitated extensive measures which substantially affect both operation as well as weight and cost of the vehicles.

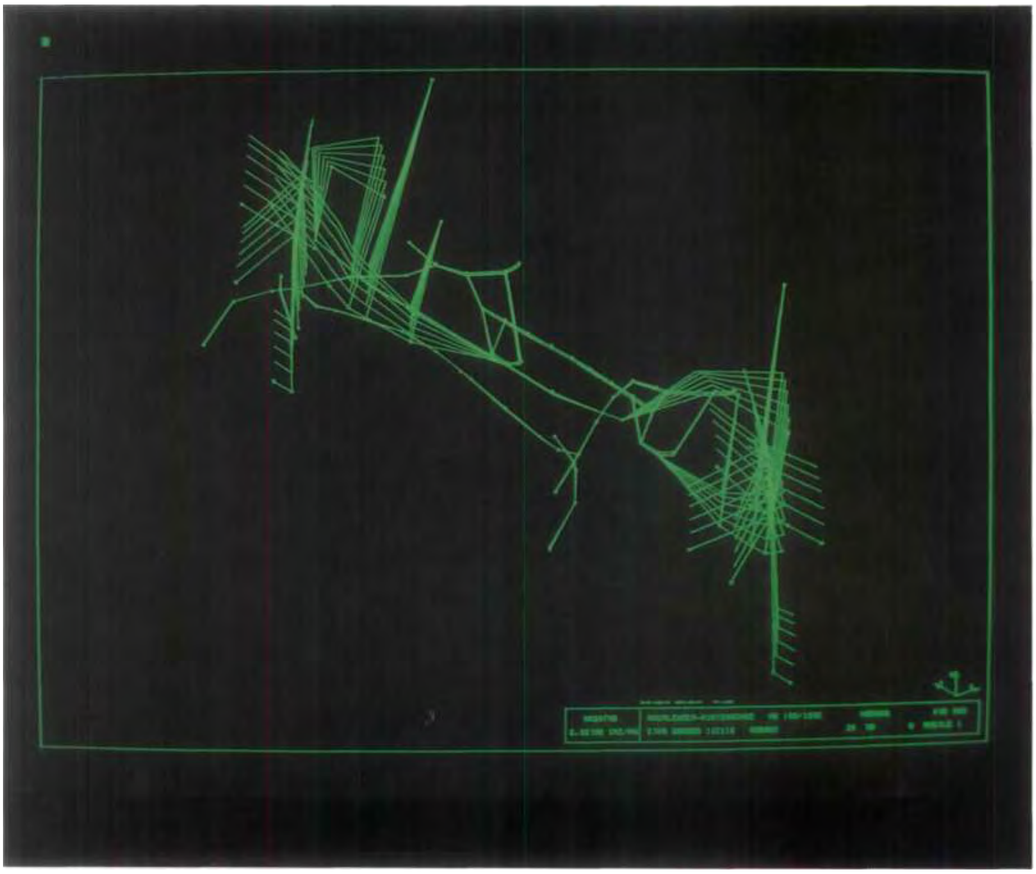
Car Safety

As a leader in the safety field, Daimler-Benz has been the first car maker in the world to offer since 1981 an airbag and seatbelt tensioner in all models. Thus far, more than 12,000 cars from all production models have been equipped with these safety devices. The great interest demonstrated by our European customers has encouraged us to make this safety package available also to our American customers. In the course of the 1984 model year we will offer airbag and belt tensioner as options in the U.S. versions of our S-Class and our new 190 series.

Boxberg Test Track

To continue our extensive Research and Development program, but also to demonstrate compliance with the numerous regulatory requirements, we urgently need a new test track. Today, many tests must be conducted on our, at times, overloaded track in Untertuerkheim and on public roads. The strictly laid-down test procedures demand maneuvers which can hardly be carried out in public traffic. Reproducible test results, i. e. results not influenced by unpredictable traffic-caused obstacles, are necessary in order to cope with the growing multitude of tasks brought about particularly by uncoordinated international test specifications. If we do not accomplish these tasks, we run the risk of losing important export markets and thus jobs in our domestic plants.

Although we have already acquired enough land in the economically underdeveloped Boxberg region of Main/Tauber county, we have not yet been able to begin construction of the test track due to the obstructive activities of a small group. In the meantime, in June of 1982, the higher administrative court of Baden-Wuerttemberg dismissed the voidance petition against the construction plans. Now that the objections against the building permits, already issued in 1981, have been withdrawn in August, 1982, the permits for the test track are valid under law. The project opponents are now concentrating their opposition on the land clearance procedure that is still necessary. As soon as the manifold legal requirements are met, we will immediately begin with the construction of the facility.



EDP use in engineering. A CRT (computer terminal) workstation - the modern tool of the engineer - allows future-oriented problem solving. Here: the new 190/190E Multi-Link-Rear-Axle (below).
CRT (left): wheel center point spring travel.

Cars: New Mercedes-Benz 190/190E

Aside from the continuous improvement of all our models, the outstanding achievement of our development work in the car sector in 1982 was the introduction of our new compact class, initially with the models 190/190E. These cars incorporate, without exception, all the traditional qualities of our cars, in a compact shape. They are distinguished by exemplary aerodynamic design, low weight, great ride comfort and excellent fuel economy. Drag coefficient, weight, and the factors of

safety and comfort have all been carefully considered.

Standard-Setting Rear Axle Design

With the development of a new shock absorber-strut front suspension and a multi-link independent rear suspension of totally new design, we have succeeded in incorporating the proven ride and handling characteristics of the larger Mercedes-Benz sedans also into the compact class. In compact, lightweight cars with high-payload capacity it is particularly difficult to combine a high standard of comfort with good handling and ride characteristics under all load conditions. However, the newly developed rear axle made this possible without ifs and buts.

Based on the requirements of the 190/190E series, we have developed a new automatic transmission that uses the technology already incorporated in the automatic transmissions of the S-Class.

The 4-cylinder engines used, with cross-flow cylinder heads, feature high torque at low engine speeds which are the best characteristics for minimum fuel consumption and excellent performance in this car class. The reserve power available contributes to active safety without even taxing the margin of safety inherent in the suspension. One special feature is the mechanically/electronically-controlled injection system of the 190E, which not only has a fuel cutoff when driving with the foot off the accelerator but, because of its basic mechanical operation, also permits emergency operation in the event that the electronic system fails.

New diesel and additional gasoline engine versions will successively supplement the new series.

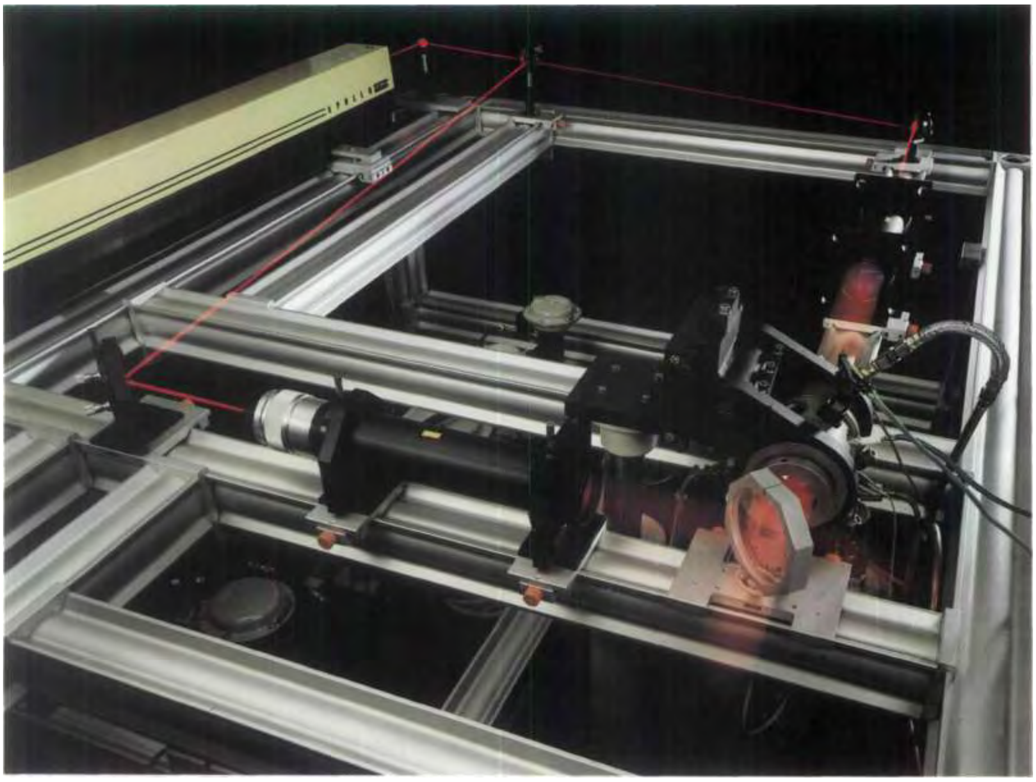
Commercial Vehicles

We introduced numerous innovations to our extensive line of commercial vehicles at the 1982 Hanover Fair.

More Powerful and Efficient Construction Trucks

We offer the construction industry further opportunities for cutting costs with our new heavy-duty dump trucks. These vehicles have large-displacement naturally-

Tougher than normal use: Axle-torsion tests prove reliability of design under tough conditions.



Modern methods for fuel efficiency and engine emission testing. With a Rubin-Puls-Laser as light source, combustion processes are photographically and interfero-metrically tested.

aspirated engines with six, eight or ten cylinders whose power characteristics - peak torque is already available at 1200 rpm - permit fuel savings while simultaneously improving hauling performance. Our all-wheel-drive dump trucks were fitted with newly developed auxiliary transmissions that combine particularly high tractive power with great climbing ability.

In the "New Generation" cabs, noise levels were lowered appreciably through the use of new insulating material on engine covers and cab floors. We consider this a significant advance towards creating a more pleasant working environment in the truck cab.

Development work on the large-displacement turbocharged diesel engine OM 424 LA was completed in 1982. This engine offers versatile application; it is used as a power plant in railway cars and also in special heavy off-road vehicles.

Our complete line of buses ranging from the series O 303 luxury coaches, with their many variants, to the standard commuter buses O 305/O 307, and the versatile O 309 small bus program, all with comprehensive equipment options, has been further improved in 1982. For example, the long-distance touring coach O 303 was restyled and provided a new front section; the interior appointments were further upgraded. Particular attention was paid to the design of the driver compartment which encompasses the design criteria for a modern workplace.

Local Public Transportation Systems

In the field of suburban public transportation, testing of the "S 80" and "U 80" prototypes was continued. Together with the Association of Public Transportation Companies it was possible to establish specifications for the successor of today's city bus which incorporate all the experiences gained during testing.

At the "Transport 82" exhibition in Munich, we introduced to the public, buses and components for the "O-Way" transit

The Mercedes-Benz O-Way System shows the proven rail-guided buses. Part of the 8-mile long O-Way track in Adelaide, Australia.

system. Already in 1979, we presented this economical and versatile concept for local public transportation at our test facility in Rastatt, which has been considerably enlarged in the meantime. The "O-Way" transportation system combines the advantages of rail transportation, which permits operation of larger units on track-guided routes, with the economy and flexibility of the bus. The first track-guided Mercedes-Benz buses have been operating in Essen since 1980. In the meantime, in Adelaide, Australia, construction of the longest "O-Way" track thus far has begun, and the first section has been completed. The reason for the transit authorities' decision in favor of this system was the 40% smaller investment compared with conventional rail systems, the fact that a significantly higher percentage of people could reach their destinations without having to change trains, the lower maintenance costs for the busway, the lower noise levels, and finally the safety at high speeds.

The Unimog line currently comprises nine basic models (U 600 to U 1700) with engine outputs ranging from 38 to 124 kW (52 to 168 hp). The models of the whole MB-trac series 700 through 1500, to which the model 1000 was added in 1982, were completely redesigned and modernized. We continually develop this special-purpose vehicle range, incorporating the latest technical advances in the production vehicles.

The Mercedes-Benz cross-country vehicle range was supplemented in 1982 by the model 230 GE with our powerful and economical 2.3 litre injection engine. We have improved the standard interior appointments of all cross-country vehicles.

Anti-Lock Braking System for Commercial Vehicles

Since the Fall of 1981 we have successfully been offering the electronically controlled anti-lock braking system in heavy trucks and buses. Extensive development work is being done to use this brake system in the rest of our truck program, the van models, and the cross-country vehicles. In the coming years, we intend to equip our whole Mercedes-Benz commercial vehicle line with this brake system. Currently we are also working on studies whose object is the installation of ALS in trucks of our U.S. subsidiary Freightliner.

Development Workfor Foreign Subsidiaries

In addition to the work we do for our licensees all over the world, we carry on extensive development activities for our North and South American Subsidiaries, which are intended to ensure consolidation and extension of our market position. For this purpose the complete product line of MB do Brasil (vans, trucks and buses) needs to be redesigned. Moreover, it must be ensured that the vehicles built in Brazil for the North American market comply with regulations in the U.S.A. We intend to augment our commercial vehicle program in the U.S. with modern technology from Europe and so improve our competitive position.

Mercedes-Benz engines from Mannheim are currently being tested for use in the heavy-duty haulers of Euclid.

Research Group Berlin

Our Berlin research group, which has been in existence since 1977, held a seminar in 1982 on the topic "Outlook for Future Transportation". The sophisticated discussion showed that individual transportation, which accounts for 80% of passenger traffic in the Federal Republic of Germany, will continue to play a dominant role in future.

In our Berlin-Marienfelde plant we have meanwhile completed the building structure for the driving simulator; it will be used for research in the area of "driver - vehicle - environment". We expect that it can be put into operation sometime in 1984.

AlternativeDrive Systems

At the "Innovation Market" of the 1982 Hanover Fair we presented some of the latest results of our research into various kinds of power plants, for example a battery-powered car based on the T-series with a newly developed nickel-iron traction battery. We also showed a Mercedes-Benz hydrogen car which, apart from the partial substitution of gasoline by hydrogen, permits cleaner emissions and reductions in fuel consumption.

In the research car "Auto 2000" we have installed a twinshaft gas turbine - using all-ceramic rotors for the first time - which is undergoing thorough testing at temperatures of about 1250°C and speeds of up to 60,000 rpm.

Test operation by customers in Berlin of the M-15 cars powered by a gasoline-methanol mixture has been successfully completed within the scope of the demonstration and research programm "Alternative Energies for Road Traffic", sponsored by the German Ministry for Research and Technology. The tests with pure methanol are continuing. We are also working on other trendsetting projects sponsored by the German Government, which especially include projects in materials research, such as the development of fiber-reinforced plastics and light alloys. We further intensified our cooperation with the responsible ministries in all these areas in 1982, contributing to their efforts with our own research work.

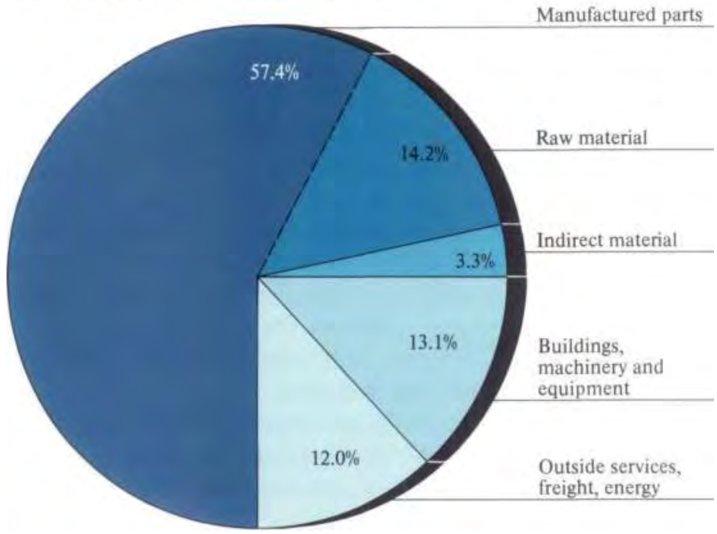
The high-capacity and electrically powered Mercedes-Benz O-Way is fed by overhead cable, at the Rastatt test track.

Purchasing Volume Stabilizes Employment at Suppliers

The large Daimler-Benz purchase volume was once again an important stabilizing factor for employment at our vendors in 1982, particularly the many small and medium-sized firms. The value of our purchases of manufactured parts, raw materials and supplies, as well as capital goods and services, increased worldwide to DM 23 billion (last year DM 22 billion), and at Daimler-Benz AG to DM 18.5 billion (last year DM 17 billion). Our orders secured more than 150,000 jobs at suppliers and service firms and in some instances even created new ones. They also stimulated employment at primary material suppliers.

Our increased capital spending volume especially benefitted industries that were particularly hard hit by the recession, as for example the construction and machine tool industries. When placing orders we have, as in previous years and in line with our self-imposed economic and social responsibility, given particular consideration to regions whose development must be encouraged, such as Berlin, but also to medium and small enterprises and social institutions, for example workshops for the handicapped.

Consolidated Purchasing Volume: More than DM 23 Billion in 1982



Higher Prices for Materials

The substantial increase in costs placed a heavy burden on us and our vendors. The primary causes for this trend were, apart from higher prices for plastics, particularly the successive price increases for ordinary and high-grade structural steel in 1981 and in the course of 1982. This substantial cost pressure, which was further aggravated by the high level of energy and financing costs, could be offset only to

Contracts are awarded with social aspects in mind - here for example, pre-installation assembly at cooperative workshops in Sindelfingen.

Improved material flow and storage comes with the use of on-line-EDP systems.

a limited extent by our vendors through productivity increases.

It can be assumed that during 1983 smaller price increases for primary materials and energy, lower interest rates and continued moderate collective bargaining agreements will lead to smaller price rises for our material purchases.

Improvement of Material Flow

An average daily receipt of 11,800 tons of materials in our domestic plants - delivered by 2,000 trucks and railroad cars - and an inventory of some 220,000 different parts for regular production, place great demands on our organization responsible for the smooth and economical flow of materials. Therefore, in 1982 we concentrated our efforts on further developing existing systems of inventory control and designing new ones. The use of modern information techniques is indispensable for improving the flow of materials and optimizing inventories, ours and our vendors' common objective. Shorter communication time can lead to a reduction of inventories while improving availability.

Flexibility Ensures Smooth Supply of Production

In spite of schedule changes, which are often necessitated at short notice by changing market conditions, we were again able in 1982 to ensure a smooth supply of materials to all our production plants. The traditionally high quality standards were fully satisfied. Not least was this due to our vendors. Because of their flexibility, the different production start-ups - especially that of the 190/190E - went off smoothly.

We express our thanks in this report to all our business partners - vendors, carriers and service companies - for this success which they made possible through their commitment and dependability. We are convinced that, based on our principle of a long-term relationship with our suppliers and the mutual trust derived therefrom, we have contributed to the establishment of a solid base for the solution of the joint tasks and problems facing us in the future.

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Production

In 1982, the preparations for the production start-up of our new car series 190/190E affected a substantial portion of our work in the manufacturing sector. We continued our efforts to make use of the opportunities derived from production pooling between our plants, and further extend them over the long-range.

Despite these tasks, which placed great demands on the commitment of our employees and the flexibility of production, we have increased our efforts to enhance the quality of our products and produce them more efficiently. The systematic exchange of experience between the domestic and foreign plants is an important means of achieving this. Assuring the high quality of our products becomes increasingly more important in view of the stiffening competition in the motor vehicle markets. To strengthen our worldwide position, we have systematically continued our activities abroad in the production and assembly sector; included here is the continuing adaption of manufacturing technologies to local requirements.

Restructuring and Enlargement of Capacity in Our Domestic Plants

In keeping with our planning, and with the start-up of production of the new car series, we have increased the production capacity and have changed the manufacturing structure ofour domestic plants. In conjunction with the new start-ups, we have completed the large-scale construction projects in Untertuerkheim and Sindelfingen. The Bremen plant is being developed into a second, large car body and assembly plant. With the additions there - already completed in part - we will acquire an appreciably larger assembly capacity. In 1982, a new manufacturing facility was put into service. During the first phase, the plant produced body parts for the new 190/190E series built in Sindelfingen. Parallel to the conversion of the Bremen plant into a car-only plant, we are concentrating our entire van production step by step at the Duesseldorf plant. In addition to the traditional Duesseldorf program, we already built 11,105 light vans there during 1982. The buildings, required to take over production of all vans currently made in Bremen, have been completed. The technical construction of the assembly lines is progressing smoothly. The Rastatt subplant for commercial vehicle transmissions, part of the Gaggenau unit, was expanded as planned.

Robot-welding stations for the front axle lateral arm (190/190E) provides relief from high-fatigue labor.

Example of modern manufacturing technology in the Kassel plant: Case hardening of ring-gears in continuous push-through oven.

Friction welding system for axle frames.

Ensuring Productivity with Flexible Production Facilities

In planning and designing the new facilities for the 190/190E series we systematically applied modern production technologies. With these facilities, apart from improved quality, we are able to achieve, also in the bodyshell production, greater model flexibility and medium-term productivity gains. With the same equipment, we are often able now to manufacture different models. We can thus adjust our car program to short-term demand changes to a greater extent than before.

The robots introduced in component manufacture in the Untertuerkheim plant - for example in seam welding for the new rear axles - substantially contribute along with other modern production facilities to the uniform high quality and to the necessary model flexibility. At the same time these robots are used in pilot projects for the proposed expansion of the facilities.

Defect-diagnostic systems are being integrated in the new production lines; they centrally monitor both the condition of the machines and their output. Sources of trouble can thus be quickly remedied. Moreover, these systems extend machine life.

Quality Safeguards Competitiveness

In 1982, we were again successful in our constant endeavors to obtain the highest quality. To improve anti-corrosion protection on axle parts, cathaphoretic-dip painting was also introduced here with the production start-up of the 190/190E. The paint particles in the dip tank are segregated on the treated parts by an electrochemical process and subsequently oven dried. This technique ensures a uniform paint layer thickness and an appreciably greater resistance to corrosion.

The positive experiences with the use of computers in quality control cause us to make greater use of them in production. Automatic measuring devices record data that are processed and statistically evaluated by the computer. The distributions of measured values and trend projections provide a quick and comprehensive survey of the quality level in production.

Work Place Design

We continued our efforts to further improve working conditions. We aim above all to reduce the physical strain on our employees. For example, we used more automatic transfer stations for moving heavy work pieces. Automatic bolting stations have increasingly replaced the manually controlled multiple bolt and nut tighteners. Increasingly, component assembly is being performed with the components remaining stationary. This allows greater scope for the individual employee. After completing his task, the employee himself releases the part for transfer to the next station. The work pieces are designed in such a manner that inconvenient and fatiguing body positions are avoided.

To the extent that the work flow allows it, we transfer assembly operations from the production line to pre-assembly stations which are not pegged to production

A flexible facility for body manufacuring at the Sindelfingen plant

ALS (antiskid) brake-test stand for heavy-duty trucks in the Woerth plant.

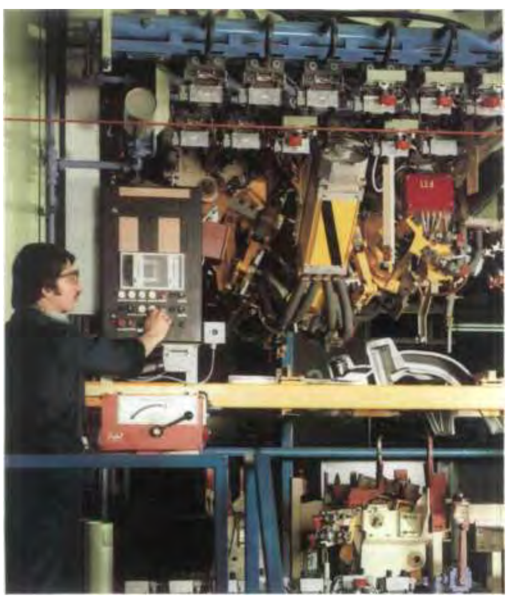
line cycles. We actively promote the disconnection of man and machine by combining the machine units required for assembly. Examples of this are the new assembly facilities for engines and rear axles in Untertuerkheim, and for the G 1 and G 76 transmissions in Gaggenau.

Energy Conservation

In the period covered by this report we reduced energy use through a large number of individual measures. In particular, we pushed the installation of the heat recovery systems in our plants. We further reduced peak-load electricity requirements through increased use of computer-controlled automatic shut-off devices. Other measures involved the improvement of heat insulation in new and old buildings, and the energy-saving hookup of users to large district heating systems. Especially in Bremen, after hooking up with the district heating network, we successfully reduced energy consumption through power and heat coupling.

Our environmental protection efforts concentrated on measures in the paint-shop operations. The program for cleaning exhaust air and reducing solvent emissions was continued in line with our long-term plans, particularly in the Sindelfingen and Bremen plants.

Recycling of waste water will be made possible with the ultrafiltration facility for treating oil-water emulsions planned in the Untertuerkheim plant. To reduce use of cooling water overall, recooling systems were increasingly planned or installed, respectively.



Body component manufacturing for the 190/190E at the Bremen plant.

Sales Organization

In the difficult worldwide economic situation, our sales organization at home and abroad found itself up against greater challenges in 1982. Starting out from a high plateau, it had to make even greater use of its capabilities as an entrepreneurial instrument. We continued to intensify our sales efforts and methodically increase their effectiveness.

Service - an Increasingly Important Selling Tool

Comprehensive customer service takes on increasing significance as a selling tool. We undertook a multitude of promotional activities, and made large investments at home and abroad, to improve our service in all areas. The criterion was and is the intention to improve the high technical, professional and organizational standards attained so far, and thus meet our customers and potential buyers on a firmly founded, trust-building basis of exemplary quality.

Further Development of the Sales Organization in Foreign Countries

In the past two decades, in successive steps, we have built up our own distribution companies in important foreign markets (see also chapter "Subsidiaries and Affiliates" on page 59ff.). However, we have only assumed the wholesale function when such direct control of the business promised a better, and from a long-term viewpoint, more reliable utilization of market opportunities, or when general distributors did not appear to ensure a sound future basis for Mercedes-Benz marketing.

Extension of Marketing Functions

To strengthen our international position, we intensified our marketing activities in 1982 through use of further improved, systematic planning efforts including a still more thorough sales training program. Particularly with the introduction of the new 190/190E, our sales efforts were directed even more at new customers and new target groups.

Sales Financing

We gave more consideration to the growing demand for sales financing. In the course of the year, the Freightliner Credit Corporation, acquired in February of 1982 as part of the Freightliner purchase, with head office in Portland, Oregon, extended its financing facilities also to the products of Euclid and the car business of Mercedes-Benz of North America. To emphasize its increased function, the financing company was renamed Mercedes-Benz Credit Corporation.

Through our subsidiary Merfina S.p.A., Rome, we now also handle the financing of car sales in Italy. Mercedes-Benz France S.A. established a joint sales finance company with a large French bank to have an additional sales-promoting instrument in this major neighboring market. In addition, we made arrangments with financial institutions inside and outside of Germany in order to assist sales with attractive financing facilities even in markets where we don't have our own finance companies.

Service in Germany

In the home market we currently have more than 40 factory-owned retail branches with 59 subbranches, 1,100 service points of our independent dealers and 600 Unimog/MB-trac sales and service points. A total of more than 16,600 mechanics work at 22,800 work places to serve our customers. A total of 2,100 youngsters at our factory-owned retail branches and 9,500 at our distribution partners were trained in the skills required for our Mercedes-Benz service work. Our entire domestic sales and service sector employed almost 55,000 people.

As we enlarge our service organization, we endeavor to establish efficient-size service centers in the interest of continuously improving performance. At the same time, we pay even greater attention to the interior and exterior design of our shops. With standard furnishing and equipment programs we wish to present as uniform as possible an appearance to the public.

In the vehicle reception areas, new control systems, emphasizing personal responsibility, have been introduced to improve the quality of work (quality control campaign).

Our "special services" round out the activities and the image of the Mercedes-

Modern technology is the basis for fast, reliable and economical service. Here the new repair shop of the retail branch in Regensburg.

Benz service system. They include the international emergency service system, special taxi services, the "Transeuropa-Service" as well as route planning and operational consulting in the truck field.

Service in Foreign Countries

Outside Germany, our sales and service organization comprises some 4,300 Mercedes-Benz and about 400 Freightliner and Euclid sales and service points with almost 69,000 employees, in more than 170 countries. Following the energetic expansion of our worldwide service network in the seventies, we continued the consolidation work in this area in 1982, giving greater consideration to qualitative aspects. We have further enhanced the service quality through our service promotion and advisory programs, and provided investment aids by making tools and equipment available. We will enlarge the scope of these measures in the years to come.

Centralized and Decentralized Service Training

In 1982, a total of 28,000 employees were given additional specialized training either in our training center in Esslingen-Bruehl or directly on the job. In addition, more than 40,000 employees were trained at our subsidiaries and general distributors.

Parts System

Parts supply serves to maintain the value and operating condition of our vehicles and thus contributes decisively to customer satisfaction and loyalty.

In 1982, an exemplary degree of service was once again achieved. With a parts assortment of more than 300,000 items for more than 5,000 models with 30,000 variants, about 92% of all required parts are in stock. Infrequently needed parts are delivered in the shortest possible time with the express services permanently established in Central Europe.

We continued our efforts to get the name "Mercedes-Benz Original Parts" further established as a quality brand. Apart from the quality of our vehicles, the "service package" plays an increasingly crucial role in the parts sector. This package consists not only in the delivery of commonly needed parts, but also in the complete availability of parts for out-of-production models, including the necessary literature and validity documentation of parts changes, all of which are in addition to the availability of the total technical service potential.

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Employment and Benefits

Emphasis of Our Personnel Policy

The Labor market trend in the Federal Republic of Germany reflected the unfavorable economic conditions. In many other countries the situation was similar, in some cases even worse.

In this situation, Daimler-Benz AG was able to maintain a high level of employment overall. Several foreign subsidiaries, by contrast, were forced to adjust the work force to the changed economic conditions and market trends. In all cases, arrangements could be made which have found approval also from a social point of view.

The continuity of employment, which we have been able to maintain particularly in Germany, is based on the success of our products in the marketplace and the planning of the production capacity of our plants according to long-term trends. By very careful personnel planning and prudent personnel management we did much to prevent market-caused differences in capacity utilization rates from affecting employment in the various departments.

To achieve this, in addition to other measures in 1982, we devised and implemented a plan to even out the employment needs between the plants and retail branches in a way acceptable to the employees. The labor policy instrument of "temporary assignments" proved successful both for the employees and the Company, though it involved personal sacrifices for the former and higher costs for the latter. We will, therefore, continue to use this method in the future to smooth out different levels of employment.

We feel there is no justification for the generalization that new technologies eliminate jobs. Where new technologies reduce employment levels, we often see offsetting trends develop as a result of higher production volume and better-quality products, with a larger proportion of custom-made versions.

But two general statements of labor policy are possible and necessary in connection with the development of technology:

- The introduction of new technologies in factories and offices creates - apart from efficiencies - new requirements and opportunities for improving working conditions. Despite the high level that has been achieved at Daimler-Benz, we are convinced that continuing further humanization of work processes and work environment can contribute appreciably to employee morale.
- In many areas, the introduction of new technologies will change the professional skills demanded from employees. In the future, they will have to bring with them still better professional qualifications for jobs with increased flexibility. Thus, the contents of vocational training will often have to change. The importance of continuing professional training increases, as does the significance of management development and management-employee relations. As a matter of personnel policy, we are preparing ourselves for this with educational and developmental programs.

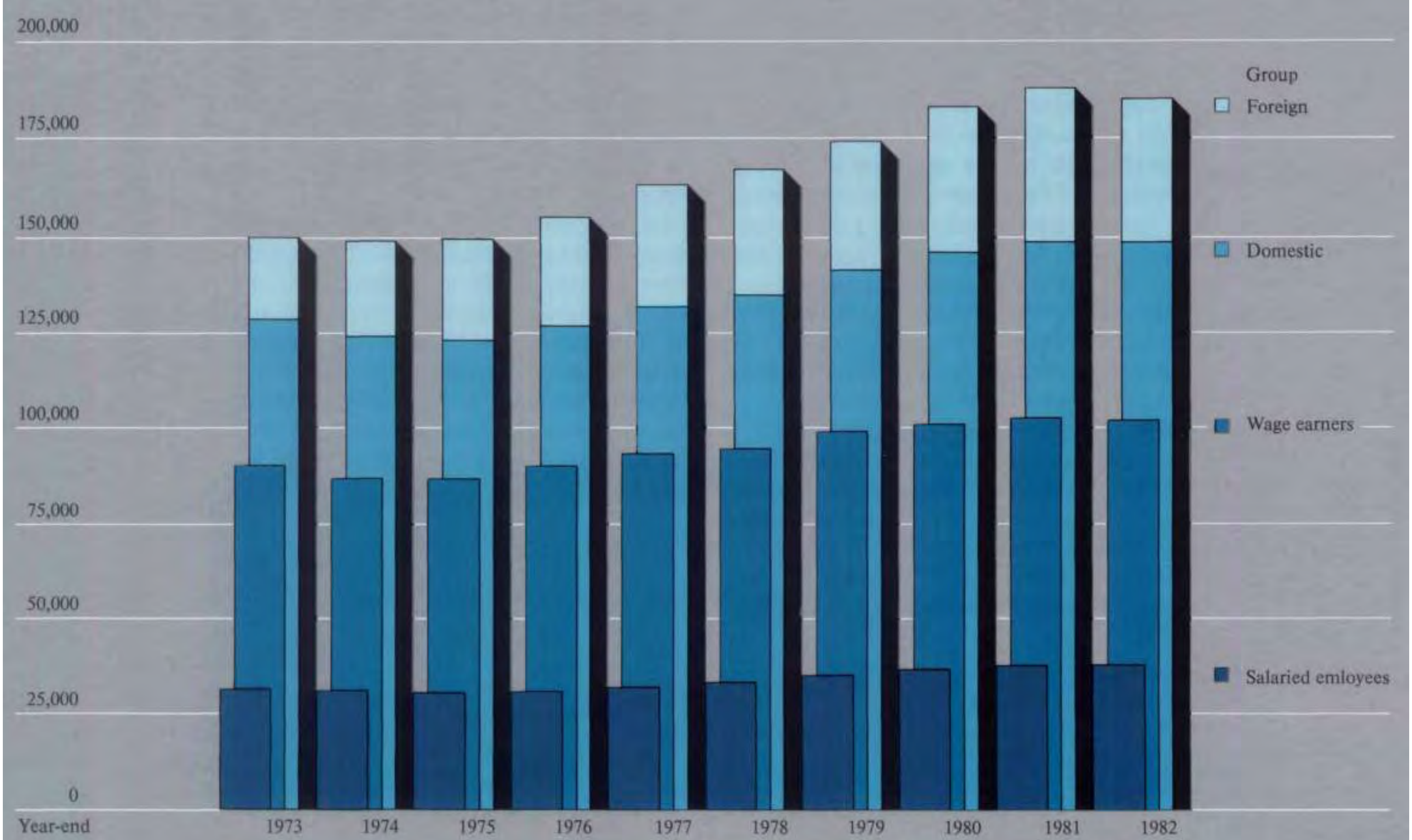
In the face of the problems which German industry must overcome in the future, one very often hears talk of increasing disputes in the factories.

In 1982, our Company can again report constructive cooperation with the general labor council at the company level, and with the labor councils at the plant and retail branch levels. Despite the different initial positions on the issues concerned, we were able to arrive at bargaining results and agreements which take into account the interests of both the Company and the employees.

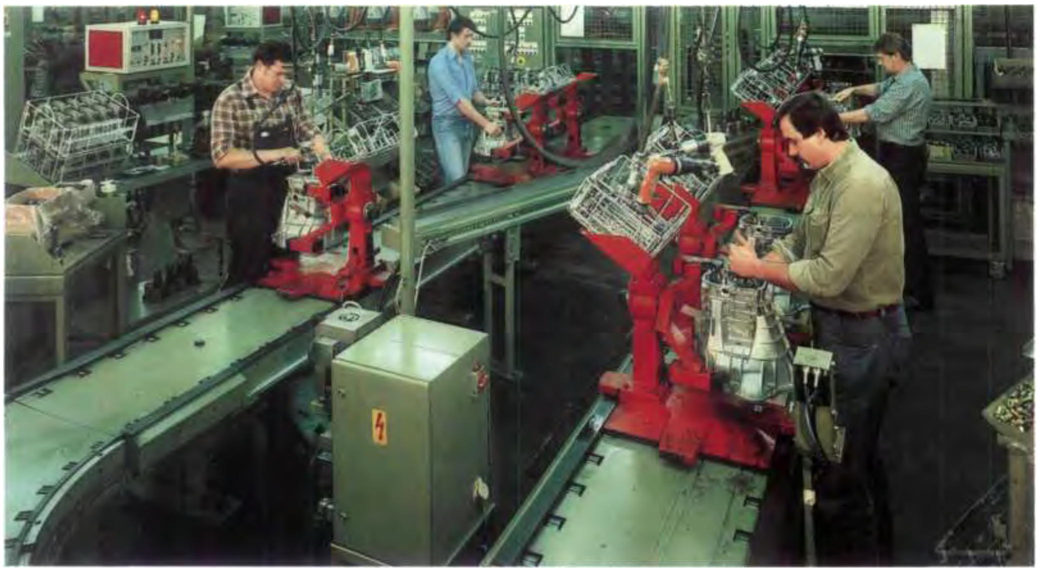
An important part of our training program is the teaching of electronics.

Employees

Figures at year-end	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
Daimler-Benz-Group	**150,014**	**149,175**	**149,742**	**155,003**	**163,302**	**167,165**	**174,431**	**183,532**	**188,039**	**185,687**
Foreign	21,638	25,135	26,597	27,985	31,088	31,890	32,267	37,209	38,943	36,569
Domestic	128,376	124,040	123,145	127,018	132,214	135,275	142,164	146,323	149,096	149,118
Daimler-Benz AG	**126,855**	**122,899**	**122,775**	**126,652**	**131,807**	**134,437**	**141,401**	**145,532**	**148,361**	**148,411**
Main Office[1])	6,735	6,599	6,533	6,728	7,220	7,649	8,180	8,810	9,487	9,644
Plants										
Untertuerkheim[2])	23,411	22,469	22,095	22,950	24,115	24,495	25,054	25,565	25,573	25,695
Sindelfingen	31,580	30,682	30,955	33,232	34,359	34,558	36,551	37,194	38,353	38,694
Mannheim	12,730	12,863	12,900	12,901	13,383	13,584	14,053	14,619	14,521	14,243
Woerth	8,201	8,400	8,687	8,430	8,853	8,774	9,622	10,192	11,055	10,891
Gaggenau	8,397	8,704	8,680	8,608	8,696	8,860	9,177	9,354	9,707	9,822
Bremen	3,923	3,496	4,099	4,293	4,727	5,994	6,571	6,515	6,309	6,567
Duesseldorf	4,712	4,476	4,401	4,572	4,664	4,621	4,954	5,118	5,058	5,151
Kassel	4,012	3,774	3,838	3,931	4,089	3,969	4,086	4,341	4,359	4,297
Berlin	2,754	2,723	2,886	2,895	3,065	3,054	3,191	3,252	3,473	3,435
Hamburg-Harburg	1,875	1,706	1,736	2,184	2,265	2,385	2,475	2,535	2,613	2,557
Bad Homburg	696	685	692	715	736	767	814	855	881	882
Retail branches	17,162	15,689	14,705	14,693	15,157	15,727	16,673	17,182	16,972	16,533



[1]) Including research and development in Untertürkheim, excluding experimental.
[2]) Including experimental.



The transmission plant in Untertuerkheim utilizes a modern conveyor system for assembly. The transmission-mounting system can move to allow the worker a more comfortable body position.

Employees

Employment at Daimler-Benz AG at the end of 1982 matched the previous year's high. By contrast, worldwide employment declined by 2,300. This is due chiefly to work force adjustments at the North and South American production companies.

Employee Structure

The ratio of wage earners to salaried employees is unchanged at 2.7 to 1. In terms of the labor law and in the practical application, this distinction becomes less and less important, however, particularly in view of the fact that about a third of all wage earners now have so-called monthly wage contracts.

The proportion of foreign employees in the domestic work force of 20.4% is noticeably lower than last year (21.8%). We systematically continued our special efforts to offer young "second-generation foreigners" skilled vocational training.

The use of most modern technology places great demands on the qualification of personnel.

The average age of our employees is 39 years; average service with the company is 12 years. The loyalty to the Company is also evidenced by the large number of high-seniority employees (25 years and more with the Company): they number more than 17,000 wage earners and salaried employees.

Again in 1982, we met the employment quota of the law pertaining to the severely handicapped. We stress appropriate design of work stations and environment which take the handicaps of these employees into account.

In addition to the large number of disabled persons employed by us, we again placed large orders with workshops for the handicapped. The total volume of such orders was DM 13.3 million in 1982.

Labor Contracts

In the metal-working industry, wage and salary increases of 4.2% became effective on March 1, 1982. A lump sum of DM 120 for the month of February was paid to each employee. In all collective bargaining districts of the metal-working industry, the six weeks contractual vacation for every employee has been in effect

SUMMARY OF PERSONNEL EXPENSES - DAIMLER-BENZ AG

	1982		1981		1982 to 1981
	in millions of DM	in % of wages and salaries (basic expenditure)	in millions of DM	in % of wages and salaries (basic expenditure)	Change in %
Wages and salaries (basic expenditure)	**4,573.1**	**100.0**	**4,234.3**	**100.0**	+ 8.0
Paid vacation and other time off	**1,731.7**	**37.9**	**1,693.0**	**40.0**	+ 2.3
Normal paid vacation (Union contract)	707.6		665.6		
Additional paid vacation	346.2		324.6		
Holiday pay	191.5		203.5		
Wage and salary continuation pay during illness	329.4		352.4		
Other time off and convalescence	157.0		146.9		
Social levies	**1,071.7**	**23.4**	**960.8**	**22.7**	+11.5
Medical and social security contributions	973.0		893.3		
Contributions to employee trade associations	65.5		60.3		
Contributions to Pension Insurance Association	33.2		7.2		
Special payments	**503.7**	**11.0**	**469.1**	**11.1**	+ 7.4
Christmas and special remuneration	395.7		363.7		
Formation of personal capital	108.0		105.4		
Pay during training periods[1])	**219.3**	**4.8**	**188.6**	**4.4**	+16.3
Social services[1])	**173.7**	**3.8**	**166.1**	**3.9**	+ 4.6
deduct-amounts included twice	−149.3	− 3.3	−122.4	− 2.9	
Personnel expenses (without old-age pensions)	**8,123.9**	**177.6**	**7,589.5**	**179.2**	+ 7.0
Old-age pensions	**741.8**	**16.2**	**688.1**	**16.3**	+ 7.8
Total personnel expenses	**8,865.7**	**193.8**	**8,277.6**	**195.5**	+ 7.1
of which: shown under "other expenses"	15.3		17.6		
Personnel expenses as shown in "Statement of Income"	**8,850.4**		**8,260.0**		+ 7.1

[1]) Without allocated overhead.

since 1982. The average annual vacation entitlement of our employees is now well past the 30-day mark, including the contractual and statutory vacation supplement for high-seniority employees and disabled persons.

Social Welfare Law

Increases in the contribution rates and the wage base for social security, unemployment insurance, and for parts of the medical insurance, resulted in higher costs in 1982. Again last year, we strived to make our experience available, and make practical suggestions to the self-governing bodies of the different social security branches for the continued development of the social security system. In 1982, more than 150 employees were active as employer or employee representatives on the committees dealing with pension, health, accident insurance and labor administration.

Training, especially in developing countries, means transfer of technical know-how.

Social Security

For our employees, the soundness of the pension fund, which supplements the payments of the government social security and the individual's own provisions, has a very special significance. The level of retirement payments made in accordance with the rules of the Daimler-Benz Provident Fund is shown by the following figures:

In 1982, DM 139 million was disbursed for current benefits to 32,854 pensioners, widows and children. Payments to employees who retired in 1982 averaged DM

538 monthly. At the end of 1982, more than 2,100 former employees - more than half of them foreigners - had vested pension rights. In 270 cases, pension benefits are already being paid. We have helped more than 5,800 employees through one-time assistance payments.

People are generally well aware of the fact that the proportion of disability cases among new pension recipients at Daimler-Benz is clearly lower than the average for all insured persons.

Health, Job Safety

In line with job safety legislation, the health services at our plants were systematically improved in 1982. In addition to preventive and follow-up checkups, the work of our plant physicians is concentrated particularly on contributing medical know-how to workplace design and work assignment. The number of accidents has dropped again: 67 accidents occurred for each million productive man-hours, with an average of 8 workdays lost per accident. The 1982 accident rate was cut by 3% from 1981. The decline reflects initial successes of our program to reduce behaviour-related accidents. Sickness rates were sharply down in 1982. In relation to the number of hours that should have been worked, the average sickness level declined from 8.5 to 7.6% (wage earners 8.8%, salaried employees 4.5%).

Personnel Expenses

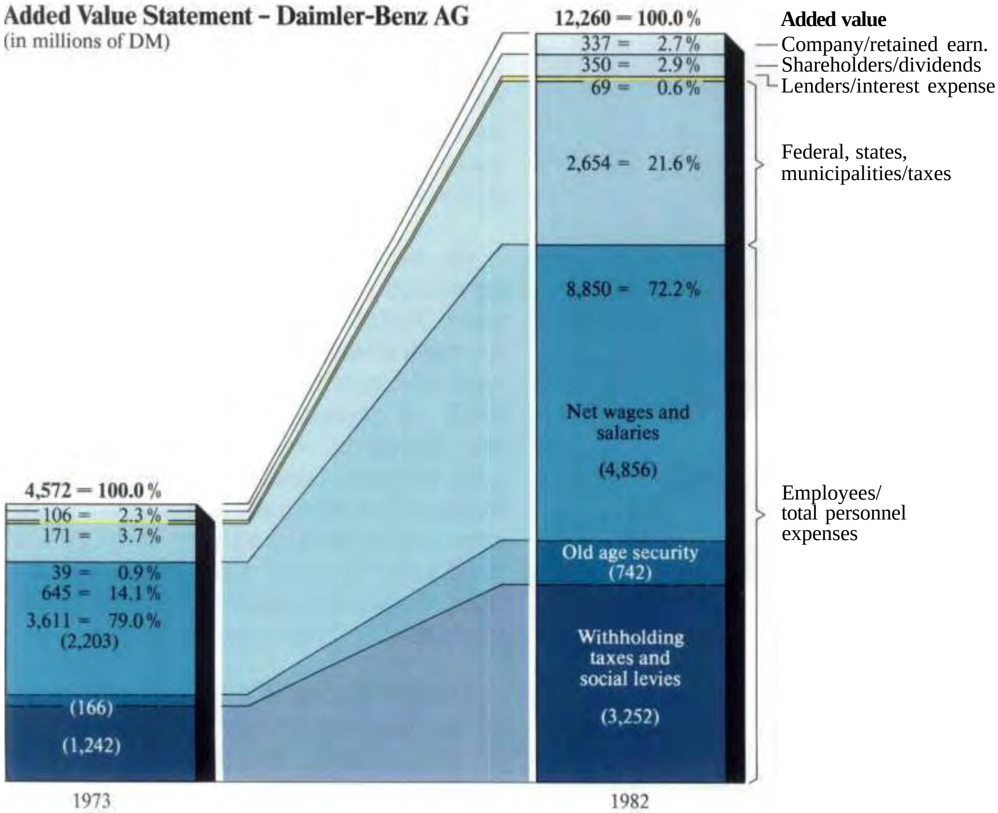
The table on page 52 shows the personnel expenses of Daimler-Benz AG. The ratio of personnel expenses to total sales is 28.2% (last year 28.0%). (Compare chart on page 82)

Personnel expenses - wages, salaries and social levies - increased 7.1% to DM 8,109 million.

Christmas Bonus and Special Payment

In view of the balanced employment situation overall, and considering the performance of our employees and the favor-

Added Value Statement – Daimler-Benz AG
(in millions of DM)



Personnel, at different work stations, must be familiar with modern technology, to assure the quality of our products.

able trend of our business, we raised the Christmas bonus and the special remuneration for our employees. The average payment per eligible employee (excluding trainees) increased to DM 2,782 (last year DM 2,561), and total expenditure from DM 364 million to DM 396 million.

Employee Capital Formation

Our contribution to employee capital formation rose once again. In addition to the contractually guaranteed DM 624, every employee received a voluntary payment of DM 156 for capital-forming investments in 1982. Employees were able to choose between "employee shares" and "company debt certificates". The number of employee shareholders increased to 83,400 (last year 74,800). Our employees have purchased some 340,000 employee shares since 1973.

Almost 9,000 employees subscribed to company debt certificates in 1982. We specifically promoted personal capital formation by our employees in the form of home or apartment purchases. Despite the difficult situation in the construction and housing market, we extended loans totalling DM 35.4 million for the construction of 1,547 employee-owned apartments or homes in 1982. Our residential building loans for the last ten years is totalling DM 237 million.

Working Conditions, Shift Work

On the basis of the existing internal agreement we continued as planned our social benefit program "Shift Work", at the heart of which is the prophylactic health care and medical supervision. Again in 1982, we demonstrated through numerous individual measures that "humanized working conditions" are a central theme of our personnel policy. Efforts concentrated on special training in the area of production flow planning. We will continue the educational and informational activities for the employees concerned.

Suggestion Program

The promotion of the Company's suggestion program remains an important tool of management. Just under 7,000 employees submitted some 14,500 suggestions in 1982, for which awards totalling DM 3.2 million were paid.

Educational Policy

To relieve the tight situation for apprenticeship jobs in the Federal Republic of Germany, but also to secure our own requirements for junior employees, we have steadily increased the number of training positions over the past years. With more than 2,600 youngsters commencing training in 1982, we reached a record level of recruitment for vocational training. At the end of 1982, Daimler-Benz AG had 8,500 apprentices and trainees undergoing practical training.

The attractiveness of our training programs and the general situation for training opportunities is evidenced by the fact that more than 19,000 boys and girls applied for job training with us.

We systematically continued our efforts to help solve socio-political problems by training youths with learning disabilities and by training children of foreign workers. About 150 foreign youths, 6% of all newly recruited trainees, were given training positions at Daimler-Benz in 1982.

The training at the Baden-Wuerttemberg Vocational Academy has particular appeal for high-school graduates, as demonstrated by the number of applications received from all over the country: 1,200 high-school graduates applied for 60 training positions in 1982. In the field of adult education, through continuing training, we must assist our employees to prepare for new functions. A central task will be to extend help to our employees to enable them to master and apply new technologies and methods in production and administration. It is our objective to include blue-collar workers in our continuing training efforts in order to give production employees opportunities for career development and, at the same time, enlarge the pool of future candidates for specialist and management functions in the Company.

Of special significance is the development of the approximately 12,000 employees who have been assigned management functions at Daimler-Benz. Training refers particularly to the teaching of decision-making and problem-solving techniques as well as to the development of leadership abilities.

In 1982, some 53,000 employees took part in internal and external company-related courses offering continued and advanced training.

New training centers were established at our Brazilian and Nigerian affiliates in 1982. We are convinced that such educational investments of German companies in foreign countries have exemplary character. At the end of 1982, a total of more than 2,300 youngsters were undergoing training in 28 training centers operated by our foreign subsidiaries and our general distributors, mostly in developing countries.

Particularly for handicapped persons, we frequently have to provide equipment so that the work place allows the individual to work efficiently.

Our South African affiliate UCDD: with the use of modern teaching accessories, theoretical and practical know-how is conveyed to young trainees.

Daimler-Benz Worldwide

Daimler-Benz Domestic

	Scope of Activities, Principle Products	Number of Employees as of December 31, 1982
Main Office Untertuerkheim	Main office areas, administration, Research and Development	9,644
Manufacturing plants		
Untertuerkheim	Engine production, axle and transmission fabrication, foundry, forge	25,695
Sindelfingen	Body and assembly plant for cars, central spare parts depot for cars	38,694
Mannheim	Production of trucks and industrial engines, body and assembly plant for buses, foundry	14,243
Woerth	Truck assembly including cab construction, central spare parts depot for commercial vehicles	10,891
Gaggenau	Body and assembly plant for Unimog and MB-trac; production of commercial vehicle transmissions and planetary gear axles	9,822
Bremen	Body and assembly plant for cars of the T-series (stationwagons) and for vans up to 4 t GVW	6,567
Duesseldorf	Body and assembly plant for vans and mini-buses over 4 tons GVW, production of steering units for cars and trucks	5,151
Kassel	Production of commercial vehicle axles	4,297
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	3,435
Hamburg-Harburg	Manufacture of chassis parts and small components for cars and commercial vehicles, production of medium-duty drive shafts for commercial vehicles	2,557
Bad Homburg	Production of engine valve train components	882
Hanomag-Henschel GmbH, Hannover	Spare parts depot, Stamping parts for commercial vehicles	220
Holzindustrie Bruchsal GmbH, Bruchsal	Sawmill, wood processing	452
40 branches with 59 sub-branches		16,533
Engine plants 1) MTU-Muenchen	Aircraft engines, gas turbines	6,490
MTU-Friedrichshafen	High speed, high performance diesel engines	6,117
MTU Maintenance, Hannover	Repair of large engines	252

1) Daimler-Benz and M. A. N. each have a 50% interest in MTU-Muenchen, which in turn owns 83.8% of MTU-Friedrichshafen.

2) In addition 280 Euclid- and 175 Freightliner-service points. (Sales not under MB trademark).

Daimler-Benz Worldwide

Daimler-Benz Abroad

Production and Assembly	
Production plants	14
Assembly plants (of which 5 with DB-investment)	27
Licensees	6

Number of Mercedes-Benz Sales and Service Outlets			
Europe	2,400	of which: General Representatives (among them 18 distribution companies with DB-investment)	140
Africa	320		
America	1,074		
Asia	303	Representatives	38
Australia	186	Dealers	3,281
Total	**4,283**[2])	Service workshops	824

Subsidiary Companies

Manufacturing Companies	Share in %	Sales[1]) in millions of D-Marks 1982	1981	Employees at year-end 1982	1981
Mercedes-Benz do Brasil S.A., São Bernardo do Campo	100.0	2,093.0	2,616.2	14,647	15,144
Sociedade Tecnica de Fundiçôes Gerais S.A., São Paulo	100.0	96.2	115.6	1,769	2,222
Mercedes-Benz Argentina S.A., Buenos Aires	100.0	396.0	599.1	1,929	2,729
Freightliner Corp., Portland/Oregon (Group)	100.0	1,261.0	606.1[2])	3,672	4,776
Euclid, Inc., Cleveland/Ohio (Group)	100.0	464.1	601.9	1,151	1,497
Mercedes-Benz España S.A, Madrid (Group)	54.8	669.6	693.1	4,139	4,198
Holzindustrie Bruchsal GmbH, Bruchsal	100.0	79.7	80.6	452	456
Distribution Companies					
Mercedes-Benz of North America, Inc., Montvale/New Jersey Mercedes-Benz Canada, Inc., Toronto (100.0 %)	100.0	5,188.2	4,094.9	1,786	1,808
Mercedes-Benz (Australia) Pty. Ltd., Mulgrave/Melbourne	100.0	402.9	305.4	312	266
Mercedes-Benz (United Kingdom) Ltd., Hayes/London	100.0	958.9	746.0	1,008	964
Mercedes-Benz Nederland B.V., Utrecht (Group)	100.0	657.5	646.5	1,155	1,268
Mercedes-Benz Belgium S.A./N.V., Bruessel (Group)	100.0	616.3	580.0	1,132	1,149
Mercedes-Benz Hellas S.A., Athen	96.8	180.8	-	671	-
Sofidel S.A., Rocquencourt Mercedes-Benz France S.A., Rocquencourt (100.0 %)	96.3	1,878.6	1,663.9	2,616	2,618
Mercedes-Benz Italia S.p.A., Rom	75.0	483.0	348.4	370	133
Mercedes-Benz (Schweiz) AG, Zuerich	51.0	440.0	394.5	184	169

Other affiliated Companies

Company	Share in %	Sales 1982	Sales 1981	Employees 1982	Employees 1981
MTU Motoren- und Turbinen-Union Muenchen GmbH, Muenchen[3]) MTU Motoren- und Turbinen-Union Friedrichshafen GmbH, Friedrichshafen (83.8 %)	50.0	2,131.2	1,828.7	12,859	12,911
Anambra Motor Manufacturing Comp. Ltd. (ANAMMCO), Enugu	40.0	327.5	353.3	1,246	1,219
UCDD (Pty.) Ltd., Pretoria Car Distributors Assembly (Pty.) Ltd., East London (100.0 %)	36.7	1,408.8	1,145.4	4,366	3,919
Otobüs ve Moturlu Araçlar Sanayii A.S., Istanbul	36.0	322.5	255.9	1,631	1,589
P.T. German Motor Manufacturing, Jakarta	33.3	53.4	50.3	1,213	1,661
P.T. Star Motors Indonesia, Jakarta	49.0	268.9	318.5	354	351
Iranian Diesel Engine Manufacturing Comp., Taebris[4])	30.0	170.2	101.0	1,452	1,431
Bajaj-Tempo Ltd., Poona[4])[5])	26.1	179.0	131.1	4,711	4,864
Tata Engineering and Locomotive Comp. Ltd., Bombay (Automobile Division)[4])[5])	12.2	1,809.6	1,301.1	17,577	17,495
National Automobile Industry Comp. Ltd., Jeddah	26.0	817.0	632.4	546	497

[1]) Net sales for our foreign subsidiaries were converted at average annual exchange rates; changes in currency relations resulted in significant variances, sometimes preventing comparability.
[2]) For the period from August to December 1981.
[3]) Inclusive of the MTU Maintenance.
[4]) Sales for the business years 1981/82 and 1980/81, respectively.
[5]) These companies manufacture commercial vehicles under their own trademark; they do have, however, licensees for individual Daimler-Benz components.

Subsidiaries and Affiliates

Safeguarding Our Position in the World Market

The guiding principle underlying our policy of investment in subsidiaries and affiliates remains the maintenance and the strengthening of the companies' position in the world marketplace. This policy thus serves to a large degree to secure and promote deliveries from the parent plants in Germany. In 1982, the worldwide recession impacted sales in many countries in which we have wholly- or partly-owned production companies. Within the opportunities available to Daimler-Benz AG as the parent company, we assisted our subsidiaries to adjust their structures to changing market conditions. We hope that these measures will aid and enable our subsidiaries to exploit their specific market potential as independently and as flexibly as possible.

In the markets referred to here, we were usually able to hold, and in many cases increase, our market shares. It was confirmed once more that we can successfully compete with our product offering adapted to particular market conditions. This encourages us in our expectation that we will be able to take advantage of sales opportunities in the event of a gradual economic recovery in these countries.

CONSOLIDATED COMPANIES

Larger Contribution to Consolidated Net Income

The subsidiaries included in consolidation had sales totalling DM 15.8 billion in 1982 (last year DM 13.9 billion). Of this, companies with their own manufacturing facilities accounted for DM 4.8 billion (last year DM 4.9 billion) and distribution companies for DM 11.0 billion (last year 9.0 billion). The results of operations varied considerably at the various companies. The contribution of the foreign subsidiaries to consolidated net income - converted from local currency to D-Mark and thus subject to currency fluctuations - increased by 4.1% in all, to DM 202 million (last year DM 194 million). During the year, our policies at home and abroad were again in accordance with the "OECD Rules for Multinational Companies".

CONSOLIDATED COMPANIES WITH THEIR OWN MANUFACTURING FACILITIES

Mercedes-Benz do Brasil

The recession in Brazil, which afflicted the country's economy in 1981, continued with undiminished intensity in 1982, even taking a further turn for the worse during the second half of the year. The growing restraint of investors, and particularly of public authorities, unfavorably influenced demand. The commercial vehicle markets thus contracted even further.

This trend adversely affected Mercedes-Benz do Brasil S.A., Sao Bernardo do Campo, whose commercial vehicles sales declined 33% to 31,345 units (last year 47,012). Mercedes-Benz do Brasil managed to maintain its leading position. In the domestic market, it was able to maintain its market share of about 51% for trucks, but the market penetration for buses and bus chassis fell to 87% versus 92% the year before. The continued weakness of the markets in the main importing countries for products of our subsidiary - among them the U.S.A. and Nigeria - resulted in a drastic decline of exports to 3,510 units (last year 10,445).

In order to adjust to the worsening capacity utilization rates and to reduce inventories, the company had to temporarily shut down operations during the course of the year and stop replacing people leaving

Modern foundry of our subsidiary Sofunge, Sao Paulo, Brazil.

Typical Freightiiner vehicle. The company, acquired by Daimler-Benz in 1981, builds heavy-duty conventional and cab-over engine trucks for the American market.

the company. These measures did not prove sufficient, on account of the sharp sales decline in the fourth quarter, and were followed by additional unavoidable production cutbacks. Another 2,800 employees had to be layed off in January of 1983. The company made substantial, in large part discretionary, payments to the people who were affected. The company still had 11,784 employees as of January 31, 1983.

Sales in local currency rose - due to inflation - 43% to Cruzeiro 149 billion. Converted to D-Marks, sales decreased 20% to DM 2.1 billion (last year DM 2.6 billion). Due to the cost-cutting measures and thanks to its sound financial position, the company still had satisfactory earnings.

The investments planned for 1982 - including the establishment of a new training center - were carried out according to schedule. The medium-term investment program concentrates on measures to improve and supplement the product line. The country's extremely precarious financial and economic situation and the tightening by the Brazilian government of its restrictive policies make it impossible to expect a quick recovery of the commercial vehicle market. As we see it today, a further decline in sales can be expected in 1983.

Sofunge, Brazil

Sofunge S.A., Sao Paulo, a wholly-owned subsidiary of Mercedes-Benz do Brasil, supplies its parent and also other Brazilian motor vehicle makers with castings. In reaction to the generally worsening market situation, output of castings fell 38% to 30,000 tons (last year 49,000 tons). The company had to temporarily place workers on short time and pare the work force by 20% to 1,769 (last year 2,222).

Sales - converted to D-Marks - declined 17% to DM 96 million (last year DM 116 million). Operating results were still around the break even point.

Mercedes-Benz Argentina

The recessionary trend, which began in 1980, worsened even further in 1982 for a number of reasons, not the least of which was the burden from the Falklands conflict. The reorientation of economic policy, begun in mid-1982, has not yet resulted in the business upturn that was hoped for. Again in 1982, the Argentine peso was sharply devalued on several occasions. The inflation rate rose to over 300% (wholesale price index).

The commercial vehicle market declined another 31% in 1982. Our subsidiary Mercedes-Benz Argentina was also affected. Although the company's domestic commercial vehicle sales dropped 28% - the market share increased slightly to 59% (last year 58%) - the company was able to limit the overall sales decline to 20% - 4,717 units (last year 5,922) - by increasing exports to the Latin American market.

Because of the price rise due to devaluation and because of growing obstacles to imports, only 248 Mercedes-Benz cars (last year 1,638) and 65 commercial vehicles (last year 225) were imported and sold. Slow sales forced the company to cut back commercial vehicle output to 4,216 units (last year 6,007). The cutback was accompanied by a further 29% reduction of the work force to 1,929 (last year 2,729). The company had to work short hours repeatedly.

Sales in local currency rose solely due to inflation. Converted to D-Marks, sales dropped to DM 396 million (last year DM

Total view of the Mount Holly plant, one of the three Freightliner plants in the U.S.A. and Canada.

599 million). However, the devaluation of the peso against the D-Mark contributed to the drop. As in the year before, the decline of business volume led to losses and consequently to an unsatisfactory capital structure. Daimler-Benz AG, therefore, had to support the company's equity base through capital stock increases in 1982.

Freightliner, U.S.A. After the takeover of the Freightliner Group by Daimler-Benz on August 1, 1981, the year 1982 was marked by the reorganization of our expanded truck activities in the U.S. The main goal was the integration into the Freightliner organization of the medium-duty (9-15 tons GVW) Mercedes-Benz truck activities. (This business was previously taken care of by our sales company Mercedes-Benz of North America, Inc.). With the closing of an older assembly plant in Indianapolis, Indiana, the production of heavy-duty trucks with the Freightliner nameplate was concentrated at the two modern plants in Portland, Oregon, and Mount Holly, North Carolina.

In 1982, the U.S. market for medium- and heavy-duty trucks (diesel and gasoline models) took a plunge that even pessimistic forecast had not foreseen. Heavy-duty truck sales declined to 76,000 units (last year 100,000), medium-duty truck sales (9-15 tons GVW) to 106,000 units (last year 127,000). Freightliner suffered a 28% drop in heavy-duty truck sales in North America to 7,651 units (last year 10,605), but was able to defend its 10% market share in the U.S. against keen competition. In the medium-duty truck market, the sales of our vehicles, which are assembled in Hampton, Virginia, from components imported from Brazil, declined 40% to 2,324 (last year 3,843). The market share diminished from 3.2 to 2.7%. In this very hotly contested segment of the market, American manufacturers countered the imports through further intensified price competition.

The Freightliner Group, which employed 3,672 people at the end of 1982, had consolidated sales - converted to D-Marks - of DM 1,261 million, including medium-duty trucks. Again in 1982, results of operation were not satisfactory. At the earliest, we expect demand to pick up during the course of 1983, but the upturn will not have the vitality of earlier business cycles. The modernization and expansion of our product range necessary for achieving our long-range market goals in North America were continued according to plan.

Euclid U.S.A.

The persisting recession in North America led to a renewed sharp decline of the market for heavy-duty haulers in 1982. The export markets were also sharply down. In addition, our export business was impeded by the strength of the U.S. dollar. Due to the renewed decline of demand and the resultant drop in capacity utilization in the industry, the pressure on prices continued. Despite clearly lower sales, Euclid managed to increase its share of the North American market, but lost shares on the world market. Sales - converted to D-Marks - declined to DM 464 million (last year DM 602 million). This development affected earnings quite negatively. After a further adjustment of the work force as a result of the business situation, Euclid had 1,151 employees at year-end (last year 1,497).

Euclid has improved its product range as planned, notwithstanding the cyclical weak demand. The sales prognosis for 1983 is uncertain since the special market for heavy-duty rear dumps and coal haulers, in which Euclid is active, is particularly dependent on the development of raw material markets and on large-scale construction projects. In particular, sales opportunities to the raw material countries of the Third World are uncertain because of their often acute payment problems. The number of large construction projects has decreased appreciably there, as they have in OPEC countries.

Mercedes-Benz Espana

The Spanish commercial vehicle market declined again in 1982 due to the overall economic trend. Mercedes-Benz Espana, Madrid, nevertheless succeeded in

Heavy-duty hauler from the Euclid production program in Cleveland, Ohio, U.S.A.

The new central spare parts depot of Mercedes-Benz Espana at Miralcampo.

raising the market share in its segment of the commercial vehicle market slightly to about 43% (last year 42%). The addition of a medium-duty van to the product line contributed to the increase.

Unit sales of the vehicles manufactured by the company amounted to 11,419 (last year 12,952). In addition, despite still high duties, 657 (last year 625) imported Mercedes-Benz commercial vehicles were sold. Furthermore, we sold 4,588 cars (last year 3,747). Company sales - converted to D-Mark - amounted to DM 670 million (last year DM 693 million). Year-end employment of 4,139 was almost unchanged from last year's 4,198. The results of operation were not satisfactory due to the lower utilization of production capacity.

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

	Share in %	1982 Units	1981 Units	Change in %
COMMERCIAL VEHICLES				
Consolidated companies				
Mercedes-Benz do Brasil, Brazil	100.0	32,669	48,899	− 33.2
Mercedes-Benz Argentina, Argentina	100.0	4,216	6,007	− 29.8
Mercedes-Benz Truck Comp., Inc., USA	100.0	2,069	2,866	− 27.8
Freightliner Corp., USA	100.0	7,721	4,243[1])	-
Euclid, USA	100.0	462	604	− 23.5
Mercedes-Benz España, Spain	54.8	12,232	14,238	− 14.1
Other affiliates				
ANAMMCO, Nigeria	40.0	3,657	4,352	− 16.0
UCDD/CDA, South Africa	36.7	6,216	5,985	+ 3.9
OTOMARSAN, Turkey	36.0	1,529	1,412	+ 8.3
P.T. German Motor Manufacturing, Indonesia	33.3	2,756	3,911	− 29.5
National Automobile Industry, Saudi-Arabia	26.0	7,834	6,535	+ 19.9
Total		**81,361**	**99,052**	**− 17.9**
INDUSTRIAL ENGINES AND ENGINES FOR EQUIPMENT MANUFACTURERS				
Consolidated companies				
Mercedes-Benz do Brasil, Brazil	100.0	11,300	28,872	− 60.9
Mercedes-Benz Argentina, Argentina	100.0	1,350	814	+ 65.8
Mercedes-Benz España, Spain	54.8	4,991	6,182	− 19.3
Other affiliates				
Iranian Diesel Engine Manufacturing, Iran	30.0	13,501	11,526	+ 17.1
Total		**31,142**	**47,394**	**− 34.3**

[1]) For the period from August to December 1981.

DISTRIBUTION COMPANIES

Mercedes-Benz of North America and Mercedes-Benz Canada

Our North American distribution companies Mercedes-Benz of North America, Inc., Montvale (MBNA), and Mercedes-Benz Canada, Inc., Toronto (MBC), in a continously declining market, boosted their car sales to 70,481 units (last year 62,342), and thus further strengthened their market position. The favorable trend of our sales business was based on the continued strong demand for the models of the S-Class, including the Turbo-diesel 300SD, the coupes and SL roadsters. Our fuel-efficient diesel cars, accounting for 79% (last year 78%) of overall sales, have an extraordinary significance. Again in 1983, we expect our car business to grow.

In conjunction with the higher sales, we strengthened our service network. A new parts depot was built in Illinois; preparations are being made for two additional parts depots in the East that will be ready at the beginning of 1984. Our Canadian Distribution company added one retail store in Vancouver and one in Montreal to its existing outlets in Toronto, Montreal and Vancouver.

The companies' sales revenue - which no longer includes the sales of medium-duty trucks following the reorganization of our truck activities on July 1, 1982, as already mentioned above - rose to the equivalent of DM 5.2 billion (last year DM 4.1 billion). Results of operations were once again quite satisfactory.

Mercedes-Benz Credit Corporation

Freightliner Credit Corporation, which was acquired in February of 1982 as part of the purchase of Freightliner and which has now been renamed Mercedes-Benz Credit Corporation, with head offices in Portland, Oregon, has extended its financing activities to our medium-duty Mercedes-Benz trucks, our cars, and the products of Euclid. With the expansion of the company's functions, business and operating results have developed positively.

Mercedes-Benz France

New car registrations in the French market rose by about 12% in 1982, to more than 2 million units. Foreign manufacturers upped their share of the market. Mercedes-Benz France S.A., Rocquencourt, raised its sales to 20,159 units (last year 18,381).

The truck market (over 2 tons GVW) grew by about 3%. Our truck sales could be raised 16% to 15,669 units (last year 13,479). Our market share thus improved to about 9% (last year 8%). Sales revenue rose 13% to the equivalent of DM 1.9 billion (last year DM 1.7 billion). The devaluation of the franc against the D-Mark and

Enlargement of the sales and service network in France. The new retail outlet of Mercedes-Benz France in Nice.

The new vehicle preparation center of Mercedes-Benz (United Kingdom) in Harwich. From here, Mercedes-Benz cars are delivered to the British market.

the price regulatory activities of the French government since June of 1982 have impaired the results of operation.

Mercedes-Benz United Kingdom

In Great Britain, total new car registrations in 1982 increased by 5%. Mercedes-Benz United Kingdom Ltd., Hayes/London, raised its car sales 22% to 12,751 units (last year 10,445). Particularly the S-Class increased its market penetration.

Our commercial vehicle sales rose 47% to 8,996 units (last year 6,114), while the overall market grew 6%. As in the year before, this trend was based mainly on the brisk demand for our vans.

Despite the distinctly downward trend of the pound sterling exchange rate towards the end of 1982, sales revenue increased 29% to the equivalent of DM 959 million (last year DM 746 million). The company's earnings were once again satisfactory.

Mercedes-Benz Netherlands

Due to the continuing economic difficulties in the Netherlands, overall car sales in this market ran only slightly ahead of last year's sales. By further improving our position in the diesel car business, Mercedes-Benz Nederland B.V., Utrecht, succeeded in increasing its sales by 4% to 7,643 units (last year 7,339).

On the commercial vehicle market, which was marked by stepped-up price competition particularly in the heavy-duty truck sector, our sales declined slightly to 6,472 units (last year 6,590). Our market share in the class over 2 tons GVW was 24% (last year 25%).

The sales revenue of our Dutch subsidiary amounted to DM 658 million, about on level with last year's sales of DM 647 million. Results of operation improved.

Mercedes-Benz Belgium

Under unfavorable economic conditions, Mercedes-Benz Belgium S.A./N.V., Brussels, managed to defend its market position overall. While the general car market declined another 2% due to sinking real income, our car sales of 10,681 units easily matched last year's total of 10,136.

The commercial vehicle business was impaired by a decline in freight traffic. Accordingly, our commercial vehicle sales fell 8% to 3,034 units (last year 3,309). The devaluation of the Belgian franc and the D-Mark revaluation, in conjunction with the devaluation of the Swedish krona, which advantaged our Swedish competitors, resulted in stiffer competition. Thus, our market share in the vehicle class over 2 tons GVW went down from 14.9% to 14.2%.

Sales revenue rose to the equivalent of DM 616 million (last year DM 580 million). Several changes of the currency parities and government price controls impaired company earnings.

Mercedes-Benz Italia

Following other European countries, Italy's commercial vehicle market also suffered a noticeable decline. Accordingly, commercial vehicle sales of Mercedes-Benz Italia S.p.A., Rome, declined 27% to 4,917 units (last year 6,772). Nevertheless, our market share of more than 7% in the vehicle class of 2 tons GVW and up could be maintained.

The cooperation in 1982 with our sales financing company Merfina S.p.A., Rome, became more important with the difficult situation on the commercial vehicle market in 1982. Our Italian customers increasingly availed themselves of our financing offers.

Mercedes-Benz Italia took over the parts distribution as of January 1,1982, and the

At the new, large "Parts + Service Center" at Zaventem, near Brussels, Mercedes-Benz Belgium has brought its service center and parts depot under one roof.

Again in 1982, Mercedes-Benz cars have gained many new friends in North America.

car distribution as of July 1, 1982, from our previous general distributor Autostar S.p.A., Rome. Whereas the overall car market in 1982 only declined by 3% from 1981, the decline in the segment in which Mercedes-Benz competes was considerably more pronounced. Car sales in the second half of the year, after taking over the import function, came to 4,978 units. For the full year, Mercedes-Benz registrations were down 15.7% to 12,418 units (last year 14,724; we managed, however, to defend our market share of about 15% in the comparative class.

The sales revenue growth of 39% to the equivalent of DM 483 million is solely attributable to the takeover of the parts and car activities. Earnings were satisfactory.

Mercedes-Benz Switzerland

The stable condition of the Swiss car market, which in 1982 again reached the high level of the previous year, is attributable chiefly to advance purchases in anticipation of the exhaust emission and noise regulations which took effect on October 1, 1982. Mercedes-Benz (Schweiz) AG, Zurich, could increase its car sales 12% to 4,981 units (last year 4,464).

The slowdown of business in the course of the year resulted in a 9% drop in the commercial vehicle market. The sales of our subsidiary were down 7% to 2,762 units (last year 2,965). The company managed to hold its market share of 13% in the truck class over 2 tons GVW. In the truck class over 14 tons GVW, as well, our market share of 46 % - taking into account the Saurer trucks which have been sold through our marketing organization since the middle of 1982 - is about the same as last year.

The sales revenue of Mercedes-Benz (Schweiz) AG rose 12% to the equivalent of DM 440 million (last year DM 395 million). The results of operation follow the positive trend of last year.

Mercedes-Benz Australia

Despite the dull economy, the markets for cars and buses in Australia showed an upward trend, while truck sales went down 15%.

Mercedes-Benz (Australia) Pty. Ltd., Mulgrave/Melbourne, raised sales in all segments of the market. The 24% increase in car sales to 3,414 units was due for the most part to brisker demand for S-Class models. Commercial vehicle sales rose to 894 units (last year 454). In particular, we were able to recapture truck market shares with newly introduced models.

Sales revenue in local currency rose by 39%, and in D-Marks by 32% to DM 403 million (last year DM 305 million). Company earnings were satisfactory.

Mercedes-Benz Hellas

Our subsidiary Mercedes-Benz Hellas, Athens, established in November of 1981, commenced business at the beginning of 1982. The subsidiary carries on the sales activities of our former general distributors in Greece.

Apart from the expected start-up difficulties, it was the economic and political conditions, with their negative impact on our sales, which lead to a most unsatisfactory business development and operating results.

OTHER AFFILIATES

MTU Companies

The domestic MTU Group, with MTU Motoren- und Turbinen-Union Muenchen GmbH, MTU Motoren- und Turbinen-Union Friedrichshafen GmbH, and MTU Maintenance GmbH, Hannover, was able to boost consolidated sales in 1982 by 17% to DM 2.1 billion (last year DM 1.8 billion). With exports rising further, about 50% of sales revenue was obtained abroad. An order backlog of DM 2.7 billion ensures employment to the Munich and Friedrichshafen plants also for the coming year. Orders were favorably affected by the expansion of the civilian aircraft engine business through the conclusion of new long-term development and production contracts.

By acquiring a majority in the capital stock of Kuehnle, Kopp & Kausch AG, Frankenthal, the makers of turbo machinery, MTU Muenchen has created the prerequisites for the joint and intensive use of the know-how possessed by both companies in this special field. The company has thus taken an important step towards its goal of acquiring a broader base within its field of business. In connection with this acquisition, the capital stock of MTU Muenchen was increased by DM 46.6 million to DM 156.6 million. This will enable the company to finance, on a sound basis, the expansion of business in the civilian aircraft engine field. MTU Maintenance GmbH, Hanover, which commenced business in the Fall of 1981, systematically expanded its business. The expectations raised by the establishment of this company have been fulfilled through the conclusion of maintenance, reconditioning and repair contracts with several airlines.

The German MTU Group had 12,859 employees at year-end (last year 12,911). After due provision for income taxes, the two shareholders, Daimler-Benz and M.A.N., each received DM 5.8 million in accordance with the profit and loss transfer agreement.

NAW Nutzfahrzeuggesellschaft Arbon & Wetzikon AG, Switzerland

Daimler-Benz AG, Adolph Saurer, and Oerlikon-Buehrle Holding AG combined their commercial vehicle activities in Switzerland at the end of 1982 by establishing for this purpose NAW Nutzfahrzeuggesellschaft Arbon & Wetzikon AG, of Arbon. At the beginning of 1983, our affiliate FBW-Fahrzeug AG, Wetzikon, Switzerland, also transferred its business activities to NAW. Daimler-Benz holds 40%, Saurer 45% and Oerlikon-Buehrle 15% of the new company's capital stock of sfr 15 million.

At the beginning of 1983, the company began to manufacture special-purpose vehicles based on our heavy-duty truck program and - using Daimler-Benz components - bus chassis destined mostly for the Swiss market. During a transitional period, activities will mostly include the assembly of heavy Saurer cross-country trucks for Swiss customers; this is in addition to the other two Swiss partners' programs which will be phased out.

With this reorganization, we hope to strengthen our position in this important neighboring market.

UCDD, South Africa

Despite the deteriorating business climate in South Africa in 1982, our affiliate in Pretoria was able to extend its position in a 6% declining car market. UCDD raised car sales 30% to 14,816 (last year 11,362), thus making Mercedes-Benz cars the market leaders in their class. In 1982, the company increased its market share from 3.9% to 5.4%.

Since October, 1982, UCDD has been manufacturing HONDA cars under a licensing agreement (a total of 2,266 units through December 31, 1982). The expansion of business with HONDA cars serves to improve the utilization of our production capacities in East London and to supplement the overall program. This is designed to strengthen the dealer organization by increasing their sales volume.

On the commercial vehicle market, which cyclical trends caused to shrink, UCDD sales were down 6% to 5,787 units (last year 6,167). Our market position

This four-axle Mercedes-Benz truck is built by our Swiss affiliate, NAW Nutzfahrzeuggesellschaft Arbon & Wetzikon AG.

improved all the same. Our market share in the vehicle class of over 5 tons GVW rose from 19 to 26%.

The sales revenue of the UCDD Group jumped 23% to the equivalent of DM 1.4 billion (last year DM 1.2 billion). Company earnings, which were impaired by the market trend in the commercial vehicle business, were once again satisfactory overall.

At the end of 1982, Daimler-Benz AG acquired the South African Rentmeester group's 10% interest in UCDD. We thus increased our holding from 26.7% to 36.7%.

ANAMMCO, Nigeria

Continuously declining foreign exchange revenues from exports of crude oil, Nigeria's most important source of income, and the restrictive monetary and fiscal measures enacted for this reason, determined the trend of domestic business in 1982. The Nigerian commercial vehicle market was deeply affected.

These unfavorable developments impacted our affiliate Anambra Motor Manufacturing Company Ltd., Enugu, Anambra State. Its sales of commercial vehicles declined 15% to 3,610 units (last year 4,249). Nonetheless, the market share could be increased from 27% to 31%.

Sales revenue - converted to D-Marks - amounted to DM 327 million (last year DM 353 million). The results of operation can still be termed satisfactory.

Due to the dependence of the Nigerian economy on world oil markets, our affiliate will have to adjust itself to increasing difficulties in 1983.

Administration building of CDA in South Africa.

The roughly 4,500 Mercedes-Benz vehicles in the Peoples Republic of China now have at their disposal this service and repair shop in Peking which opened in November of 1982 (above).

NAI Saudi Arabia

The commercial vehicle market in Saudi Arabia continued to grow in 1982. National Automobile Industry Company Ltd. (NAI), Jeddah, fully participated in this development. The company was able to increase the number of assembled commercial vehicles by 20 % to 7,834 units (last year 6,535). Sales revenue in local currency rose 22 % and in D-Marks 29 % to DM 817 million (last year DM 632 million). Earnings were also satisfactory.

In view of the dwindling petroleum revenue of the oil-producing countries, we should not expect further growth, but rather a decline of the commercial vehicle business in Saudi Arabia.

OTOMARSAN, Turkey

The Turkish government successfully continued its measures in 1982 to stabilize the overall economy. Accordingly, domestic demand rebounded in the course of the year. The sales of Otobues ve Motorlu Araclar Sanayii Anonim Sirketi (OTOMARSAN) rose 16% to 1,589 units of OM 302 and OM 309 buses (last year 1,375). The market share increased from 80% to 83%.

In local currency, sales revenue rose 59%; converted to D-Marks, sales rose 26% to 323 million (last year 256 million). Earnings continued to be quite satisfactory.

The capital stock, unchanged since the company was established in 1966, was adjusted for inflation through conversion of retained earnings and now amounts to TL 550 million (DM 7.0 million).

We already mentioned at the beginning of this report that the Turkish government early in 1983 approved a project for the expansion of the Mercedes-Benz truck and engine production program and the increase of the production capacity for buses.

IDEM Iran

The economic situation in Iran, and thus also the country's motor vehicle market, was difficult in 1982, particularly due to the situation of the oil market and the war in the Gulf. Nonetheless, Iranian Diesel Engine Manufacturing Company (IDEM), Tabriz, raised the sales of its diesel engines 19% to 13,499 (last year 11,336).

Sales revenue in local currency rose 68%; converted to D-Marks, sales rose to DM 170 million (last year DM 101 million). Results of operation, still negative though, showed improvement commensurate with the better utilization of capacities.

German Motor and Star Motors Indonesia

The Indonesian economy was impaired by the decrease of income from crude oil exports. The overall motor vehicle market contracted by 15%.

Our Indonesian affiliates, P.T. German Motor Manufacturing, Jakarta (assembly and manufacture), and P.T. Star Motors Indonesia, Jakarta (import and marketing), were not left unaffected by this trend. Car sales could be maintained at last year's level with 598 unit sales, but commercial vehicle sales dropped 29% to 2,634 units. Whereas our truck sales fell sharply, particularly because deliveries for fleet orders from public authorities tapered off in 1982, sales of buses could be increased.

Sales revenue declined 15% to the equivalent of DM 269 million (last year DM 318 million). Nonetheless, the companies had satisfactory earnings again - also on account of the strength of the local currency, which is tied to the U.S. dollar.

In September of 1982, the assembly

plant, relocated from Jakarta to the new site of Wanaherang, was dedicated with considerable publicity. The construction of facilities for a newly contemplated company for commercial vehicle engines in Indonesia will begin this year.

FAP FAMOS, Yugoslavia

In Yugoslavia, economic conditions further deteriorated in 1982. The efforts to reduce the foreign debt resulted in tighter foreign exchange restrictions and limitation of imports.

Our joint venture partner FAP FAMOS was also affected by the trend. Commercial vehicle output declined 17% to 5,529 units (last year 6,691) in 1982. Sales revenue fell 8% to the equivalent of DM 461 million (last year DM 499 million). The results of operation can still be termed satisfactory.

Daimler-Benz Austria

Our affiliate in Austria, Daimler-Benz Oesterreich Vertriebsgesellschaft mbH, Salzburg, which merely coordinates our sales activities in Austria, carried on business according to plan. Our car deliveries to Austria - 5,428 units - were on the scale of last year (5,442). With the rescission on January 1, 1983 of the tax measures introduced in 1978, which particularly affected luxury cars, demand for our cars picked up noticeably.

Due to the lack of economic growth in Austria, our commercial vehicle deliveries of 3,071 units did not quite match last year's level of 3,157 units.

Deutsche Automobilgesellschaft

Deutsche Automobilgesellschaft mbH, Hannover, jointly owned by Daimler-Benz AG and Volkswagenwerk AG, carried on its research and development work in the field of electrive drive and storage systems in 1982. The results were equally shared by both partners in accordance with the profit and loss transfer agreement.

The DAUG Hoppecke-Gesellschaft fuer Batteriesysteme mbH, jointly owned by Deutsche Automobilgesellschaft mbH and Accumulatorenwerke Hoppecke Carl Zoellner & Sohn GmbH & Co. KG, Brilon, utilizes selected research findings in the field of industrial batteries. The company continued its work as planned.

The new assembly plant at Wanaherang, Indonesia, builds Mercedes-Benz trucks and buses; passenger cars are also assembled there.

Daimler-Benz AG and its Principal Subsidiaries and Affiliates

Subsidiary Companies

Domestic

Holzindustrie Bruchsal GmbH Bruchsal
DM 7,500,000
100% owned

Maschinenfabrik Esslingen AG Esslingen a. N.
DM 32,000,000
96.3% owned

Württ. Baumwoll-Spinnerei und -Weberei bei Esslingen am Neckar AG Esslingen a. N.
DM 4,511,250
82.3 % owned

Maschinen- und Werkzeugbau Zuffenhausen AG Stuttgart
DM 4,000,000
94.8% owned

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

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

Mercedes-Leasing-GmbH Stuttgart
DM 20,000,000
100% owned

Daimler-Benz-Wohnungsbau Gesellschaft mbH Stuttgart
DM 22,500,000
100% owned

Foreign

Daimler-Benz of North America Holding Company, Inc. New York/USA
US $ 35,932,628
(DM 85.4 million)
100% owned

Mercedes-Benz of North America, Inc. Montvale, N.J./USA
US $ 60,000,000
(DM 142.6 million)
100% owned

Mercedes-Benz Canada, Inc. Toronto/Canada
Cdn. $ 5,000,000
(DM 9.7 million)
100% owned

Freightliner Corp. Portland, Oregon/USA
US $ 180,000,000
(DM 427.8 million)
100% owned

Mercedes-Benz Credit Corp. Portland, Oregon/USA
US $ 47,050,000
(DM 111.8 million)
85% owned

Euclid, Inc. Cleveland, Ohio/USA
US $ 120,000,000
(DM 285.2 million)
100% owned

Mercedes-Benz Argentina S.A. Buenos Aires/Argentina
a $ 876,933,620,000
(DM 42.9 million)
100% owned

Mercedes-Benz España, S.A., Madrid/Spain
Ptas. 4,176,900,000
(DM 79.0 million)
54.8% owned

Mercedes-Benz do Brasil S.A. São Bernardo do Campo/ Brasil
Cr. $ 65,000,000,000
(DM 611.5 million) 100% owned

Sociedade Técnica de Fundições Gerais S.A. (SOFUNGE) São Paulo/Brasil
Cr. $ 2,200,000,000
(DM 20.7 million) 100% owned

SOFIDEL S.A. Rocquencourt/France
FF 34,100,000
(DM 12.0 million)
96.3% owned

Mercedes-Benz France S.A. Rocquencourt/France
FF 62,200,000
(DM 21.9 million)
100% owned

Mercedes-Benz Italia S.p.A. Rom/Italia
Lit. 30,000,000,000
(DM 52.0 million)
75% owned

Mercedes-Benz (United Kingdom) Ltd. Hayes/London/Great Britain
£ 30,000,000
(DM 115.0 million)
100% owned

Mercedes-Benz Belgium S.A./N.V. Brüssel/Belgium
bfrs. 1,520,000,000
(DM 77.1 million)
100% owned

Mercedes-Benz Hellas S.A. Athen/Greece
Drs. 800,000,000
(DM 26.9 million)
96.8% owned

Mercedes-Benz (Australia) Pty. Ltd. Mulgrave/Melbourne/ Australia
A$ 10,000,000
(DM 23.1 million) 100% owned

Daimler-Benz Holding AG Zuerich/Switzerland
sfr. 102,000,000
(DM 121.5 million)
100% owned

Daimler-Benz Finanz AG Zuerich/Switzerland
sfr. 30,000,000
(DM 35.7 million)
100% owned

Daimler-Benz Finanz-Holding S.A. Luxemburg
sfr. 25,000,000
(DM 29.8 million)
100% owned

Merfina S.p.A. Rom/Italy
Lit. 3,000,000,000
(DM 5.2 million)
70% owned

Mercedes-Benz (Schweiz) AG Zuerich/Switzerland
sfr. 6,000,000
(DM 7.1 million)
51% owned

Mercedes-Benz Nederland B.V. Utrecht/Netherland
hfl. 40,000,000
(DM 36.2 million)
100% owned

Affiliated Companies

Domestic

MTU Motoren- und Turbinen-Union Muenchen GmbH
Muenchen
DM 156,600,000
50% owned ●

MTU Motoren- und Turbinen-Union Friedrichshafen GmbH
Friedrichshafen
DM 50,000,000
83.8% owned

MTU Maintenance GmbH
Hannover
DM 20,000,000
100% owned ●

Kühnle, Kopp&Kausch AG
Frankenthal
DM 7,000,000 [1])
50.6% owned ●

Deutsche Automobil-gesellschaft mbH
Hannover
DM 5,000,000
50% owned

14 Housing companies of which:

Sindelfinger Wohnstätten GmbH
Sindelfingen
DM 40,250,000
50% owned

Wohnbau Gaggenau GmbH
Gaggenau
DM 2,500,000
50% owned

Wohnbau Woerth a. Rh. GmbH
Woerth a. Rh.
DM 4,000,000
50% owned

Foreign

Anambra Motor Manufacturing Co. Ltd. (ANAMMCO)
Enugu/Nigeria
N 24,000,000
(DM 85.1 million)
40% owned

National Automobile Industry Company Ltd. (NAI)
Jeddah/Saudi Arabia
SR 70,000,000
(DM 48.2 million)
26% owned

Otobüs ve Motorlu Araçlar Sanayii Anonim Sirketi (OTOMARSAN)
Istanbul/Turkey
TL 550,000,000
(DM 7.0 million) 36% owned

UCDD (Pty.) Ltd.
Pretoria/South Africa
R 1,500,000
(DM 3.3 million)
36.7% owned ●

Car Distributors Assembly (Pty.) Ltd. (CDA)
East London/South Africa
R 256,000
(DM .6 million)
100% owned

P.T. German Motor Manufacturing
Jakarta/Indonesia
Rupiahs 3,175,200,000
(DM 10.9 million)
33.3% owned

P.T. Star Motors Indonesia
Jakarta/Indonesia
Rupiahs 846,720,000
(DM 2.9 million)
49% owned

Iranian Diesel Engine Manufacturing Company (IDEM)
Taebris/Iran
Rl. 2,000,000,000
(DM 56.6 million)
30% owned

Tata Engineering and Locomotive Comp. Ltd. (TELCO)
Bombay/India
iR 432,008,600
(DM 106.0 million)
12.2% owned ●

Bajaj-Tempo Ltd.
Poona/India
iR 31,855,858
(DM 7.8 million)
26.1% owned

Daimler-Benz Oesterreich Vertriebsgesellschaft mbH
Salzburg/Austria
öS 1,000,000
(DM .1 million)
50% owned

NAW Nutzfahrzeuggesellschaft Arbon & Wetzikon AG
Arbon/Switzerland
sfr 15,000,000 (DM 17.9 million)
40% owned ●

Manufacturing and assembly companies
Distribution and service companies
Real estate, finance and holding companies
Other companies
() Capital converted into DM at year-end exchange rates
[1]) Capital stock
● New additions or changes

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Notes to Financial Statements
Daimler-Benz AG

Balance Sheet

Asset and Capital Structure

In 1982, investments in fixed assets (tangible fixed assets and financial assets) amounted to DM 3,002.0 million. After depreciation expenses and fixed asset disposals, which totaled DM 1,963.4 million, *fixed assets* rose DM 1,038.6 million to DM 5,379.2 million; their share of total assets amounted to 32.6% (last year 28.8%). *Current assets* rose DM 401.1 million to DM 11,109.3. Of this increase, DM 177.8 million was attributable to inventories, DM 150.8 to receivables and DM 72.5 million to cash and other assets.

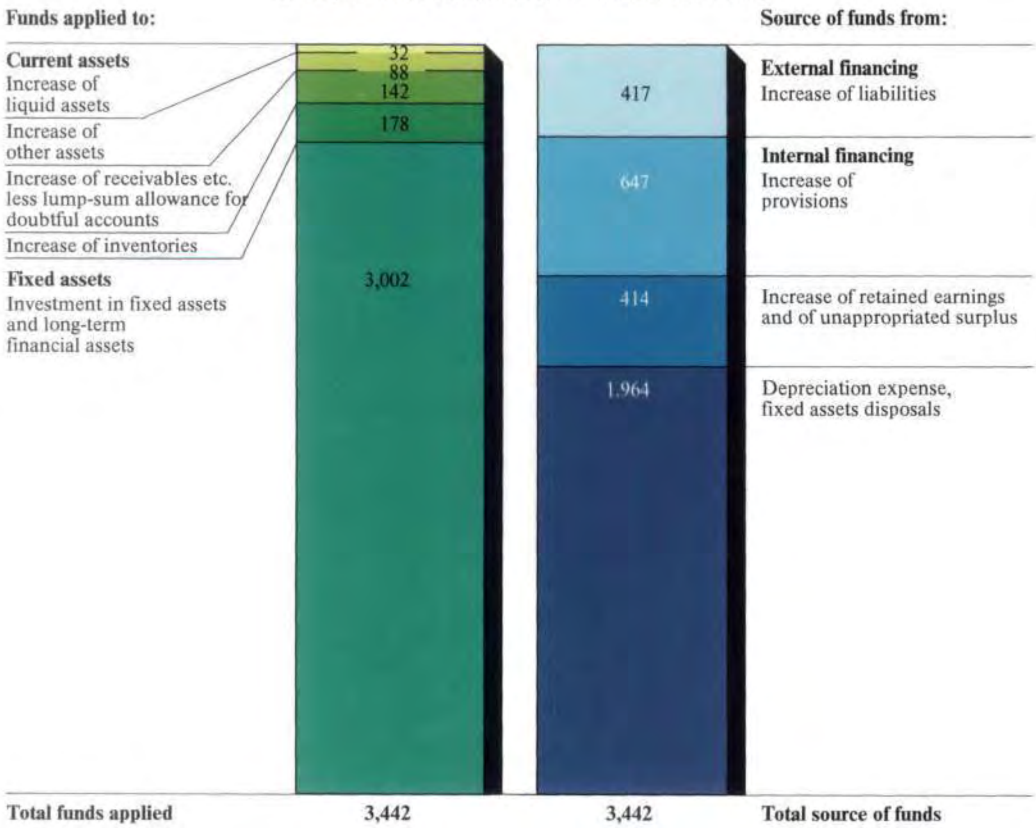
Through allocation from net income for the year to retained earnings, and through an increase of the special equity reserves, *stockholders' equity* rose DM 368.4 million to DM 4,894.1 million; the ratio of stockholders' equity to total capitalization amounted to 29.7%, slightly less than last year's 30.1%. Within liabilities, provisions - particularly pension provisions - rose DM 647.4 million to DM 7,099.8 million. The ratio of liabilities to total capitalization of 43.1% was nearly unchanged from last year's 42.9%. The "Statement of Changes in Financial Position for 1982" gives an overview of the sources and application of funds. The substantially higher investments in fixed assets and long-term financial assets could again be financed in 1982 through internally generated funds, i.e. depreciation expense, increase of retained earnings and provisions.

Fixed Asset Coverage

As a result of the high capital investments, the ratio of stockholders' equity to fixed assets declined to 91.0% from 104.3% last year. Inventories and substantial portions of other current assets continue to be financed on a long and medium-term basis.

Statement of Changes in Financial Position – Daimler-Benz AG

for the year ended December 31, 1982 (in millions of DM)



ASSETS

Fixed Assets

Fixed assets (tangible fixed assets and financial assets) rose DM 847.1 million to DM 4,482.0 million. They are valued at acquisition or manufacturing costs, reduced by accumulated depreciation. The opportunities for special tax deductible accelerated depreciation, particularly in connection with Section 7 d of the Income Tax Act (environmental protection investments), Section 14 of the Berlin Assistance Act and Section 3 of the Border Area Assistance Act were fully utilized. Investment tax credits earned were for the first time used to reduce acquisition costs. The manufacturing costs of inhouse-produced fixed assets include production material, direct labor and manufacturing overhead (excluding depreciation and administrative expenses).

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

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

Depreciation on 1982 additions, including transfer from construction in progress and advance payments relating to building and plant from prior years, was as follows:

	Additions including transfers in millions of DM	Depreciation in millions of DM
Land and equivalent titles with office, factory and other buildings	647.1	77.8
with residential buildings	0.8	·
without buildings	1.2	–
Buildings on land owned by others	67.9	4.0
Machinery and equipment	1,093.2	453.7
Factory and office equipment	968.8	602.1
Construction in progress and advance payments relating to building and plant	– 77.6	26.7
	2,701.4	1,164.3

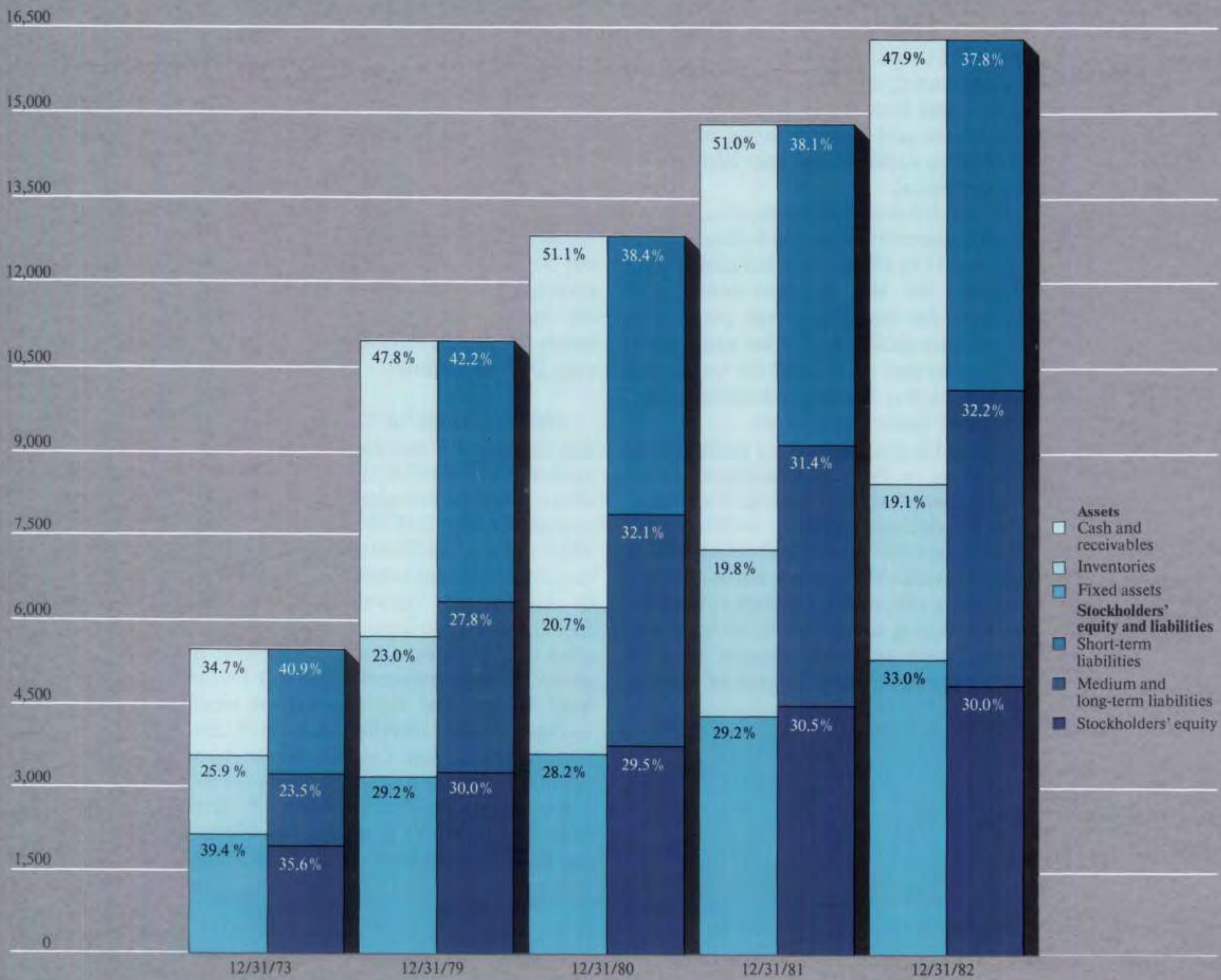
Daimler Benz AG has recorded leasehold rights in favor of third partners who have erected factory and office buildings for plants and retail branches on land owned by the company. As of December 31, 1982, there were 12 (last year 11) leasing agreements for buildings and building improvements; payments for such leases amounted to DM 10.9 million (last year DM 7.1 million).

Investment in Affiliated Companies

After additions of DM 295.0 million, and depreciation and disposals in the total amount of DM 107.6 million, the balance sheet value of investments in affiliated companies rose DM 187.4 million to DM 782.2 million. Additions in Germany were largely for the acquisition of a 25% interest in Allgemeine Verwaltungsgesellschaft fuer Industriebeteiligungen mbH, Muenchen (which in turn holds an interest of about 35% in Metallgesellschaft AG, Frankfurt/ Main), and for the capital stock increase at MTU Motoren- und Turbinen-Union Muenchen GmbH, Muenchen. Additions abroad were particularly for the capital stock increases at Mercedes-Benz Belgium S.A./N.V., Bruessel, and Mercedes-Benz Argentina S.A., Buenos Aires.

Balance Sheet Structure - Daimler-Benz AG

(in millions of DM)	1973	1979	1980	1981	1982
Balance sheet total[1])	**5,521**	**11,003**	**12,873**	**14,845**	**16,324**
Assets					
Cash and receivables[1])	1,919	5,252	6,584	7,561	7,824
Inventories	1,428	2,536	2,666	2,943	3,121
Fixed assets	2,174	3,215	3,623	4,341	5,379
Stockholders' equity and liabilities					
Short-term liabilities	2,260	4,639	4,943	5,654	6,173
Medium and long-term liabilities	1,299	3,058	4,129	4,665	5,257
Stockholders' equity	1,962	3,306	3,801	4,526	4,894



[1]) Reduced by the lump-sum allowance for doubtful accounts shown on the liability side of the balance sheet.

The deduction of DM 24.4 million in investments in affiliated companies was principally in connection with the reorganization of our investment position in the U.S.A..

Write-downs of DM 83.2 million (of which DM 16.8 million relate to investments in 1982) were made for foreign investments, largely due to losses as a result of poor market conditions.

Inventories

The increase of inventories by DM 177.8 million to DM 3.120.8 million was caused by higher inventories of finished products. Among these were the new passenger car models 190/190E which had been completed by the end of 1982 but which were not delivered to customers until the beginning of 1983.

The valuation methods remained unchanged from prior years. Raw materials and supplies were valued at the lower of cost or market. Finished goods were valued including direct material, direct labor and manufacturing overhead. Reasonable deductions were made for obsolete items after longer storage or after design changes.

Receivables

Total receivables rose DM 150.8 million to DM 2,848.3 million. Trade accounts and notes receivable declined DM 107.2 million. The foreign share of trade accounts and notes receivable was 57%, nearly unchanged from last year's 58%. The DM 258.0 million increase in receivables from affiliated companies was mainly attributable to Maschinenfabrik Esslingen AG because of advance financing of investments, to Mercedes-Benz Leasing GmbH, and to European and North American distribution companies because of a higher business volume.

We have reduced the gross valuation of non-interest bearing receivables by discounting them to maturity. In valuing our receivables we have made allowance for all known risks.

Cash and Temporary Investments in Securities

Cash and temporary investments in securities rose DM 31.9 million to DM 2,838.4 million. Other liquid funds were invested in short and medium-term securities, which represent by far the single largest item in the balance sheet caption "Other Assets".

Treasury Stock

For the purpose of issuing shares under the employee stock purchase plan, a total of 31,250 shares (with a par value of DM 1.6 million = .1% of total common stock) was purchased at an average price of about DM 321 a share, namely 3,150 shares in January, 9,450 shares in February, 7,400 shares in March, 7,850 shares in November and 3,400 shares in December.

In July, 70,406 shares (with a par value of DM 3.5 million = .23% of total common stock) were sold to our employees at a preferential purchase price of DM 156 a share.

As of December 31, 1982, we held 81,942 shares (with a par value of DM 4.1 million = .27% of total common stock); of these, 50,692 shares were purchased in 1981. The shares were valued at DM 12.8 million.

Other Assets

The increase by DM 88.2 million to DM 2,226.8 million is mainly due to investments of liquid funds in short and medium-term time deposits and similar debt instruments. Moreover, interest receivables, claims for added-value tax refunds, receivables from profit and loss transfer agreements, are included under this balance sheet caption.

STOCKHOLDERS' EQUITY, LIABILITIES, ETC.

Capital Stock and Retained Earnings

The *capital stock* amounts to DM 1,528.8 million and is unchanged from last year. According to the resolution by stockholders at the annual meeting on July 1, 1981, there remains in force an "authorized share capital" of DM 350 million until June 30, 1986. Of this, a partial amount of DM 170 million will be used at the end of 1983 through the increase of share capital at the ratio of 1 for 9.

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

Retained earnings allocated under statute increased DM .5 million to DM 156.3 as a result of the premium received on fractional shares sold on the open market.

In adjusting treasury stock on hand to the balance sheet value, a partial amount of DM 6.1 million was charged to *retained earnings allocated for treasury stock.*

An amount of DM 343.6 million was allocated from net income to *unallocated retained earnings.*

Special Equity Reserve

Special equity reserves are established in accordance with existing tax regulations. Of the balance sheet amount of DM 287.4 million, DM 128.4 million pertain to reserves allowed under Section 3, Sub-Section 1 of the Foreign Investment Act (losses of foreign subsidiaries), DM 123.8 million pertain to reserves allowed under Section 1, Sub-Section 1 of the Income Tax Act for Developing Countries and DM 35,2 million pertain to a reserve for price increases allowed under section 74 of the Income Tax Act.

Lump-Sum Allowance/or Doubtful Accounts

The general credit risk at home and abroad has been considered on a country-specific graduated scale of 4% to 10% (last year uniformly 10%). The calculation included, apart from trade and notes receivables, also receivables from affiliated companies and advance payments made to suppliers. The total lump-sum allowance for doubtful accounts amounted to DM 165.0 million (last year DM 203.6 million).

Provisions for Old-Age Pensions

Old-age pension provisions increased DM 579.1 million to DM 3,632.7 million. The fact that a further portion of vested pension and disability benefits was transferred from the Daimler-Benz Provident Fund to Daimler-Benz AG has also had an effect here. We have reduced the actuarial interest assumption for pension obligations under the pension regulations from 5.5% to 5%; the other pension provisions have been calculated on the basis of an interest rate of 3.5% as heretofore.

Pension provisions - including the adjustment risk accrued to date in accordance with Section 16 of the Pension Law - were calculated actuarily, using the individual level premium method.

The assets of the Daimler-Benz Provident Fund - after receipts of DM 80 million from DBAG - have now reached DM 2.5 billion.

Provision for Deferred Maintenance

For maintenance planned in the reporting year but not carried out, we have made a provision of DM 108.4 million.

Other Provisions

The other provisions, which increased DM 61.3 million to DM 3,358.6 million, are primarily for our worldwide warranty obligations and for legal and litigation risks. Moreover, they cover obligations in the social benefit area, possible losses inherent in pending business transactions and from investments in affiliated companies, and tax risks.

Long-Term Liabilities

After obtaining loans of DM 19.4 million, which were almost exclusively used for co-financing of Berlin investments and repayment of loans totalling DM 27.2 million, long-term liabilities were reduced by DM 7.8 million to DM 130.4 million. The planned repayments in 1983 will amount to about DM 22.0 million.

Other Liabilities

Other liabilities rose DM 428.4 million to DM 3,696.7 million. This was due to the increased purchasing volume, higher commission obligations and higher tax liabilities.

Contingent Liabilities

Discounted notes receivable amounted to DM 27.6 million. Guarantees for liabilities of others are stated at DM 241.0 million; they were given for domestic and foreign affiliated companies.

Payment guarantees totalling DM 57.7 million have been given in favor of creditors as a result of the 1970 DM bond issue, and the 1982 lfr bond issue by Daimler-Benz Finanz-Holding S.A., Luxemburg.

The obligation arising from stock subscriptions and contingent liabilities of "Close Corporations" (Section 24 of the GmbH Act), and guarantees given by cooperatives owned by subsidiaries, amount to DM 27.3 million.

We are jointly and severally liable for two partnerships which have profit and loss transfer agreements with parent companies.

*

Under the assumption that the proposed dividend is ratified by the stockholders at the annual meeting, renumeration for the members of the Board of Management amounted to DM 8,166,166. Disbursement to former members of the Board of Management or their survivors and to members of the Supervisory Board totalled DM 2,998,703 and DM 1,262,040, respectively (including value-added tax).

Statement of Income

Total Revenue

Total revenue increased 6.6% to DM 31.4 billion. While sales increased 7%, inventory increases of DM 153.5 million were smaller than last year's increase of DM 255.9 million.

Cost of Materials

Cost of raw materials and supplies and of goods purchased for resale rose 4.9% to about DM 16.0 billion. This disproportionate increase, in comparison to the total revenue, is due - despite substantial price increases for materials - in large part to the greater share of less material-intensive vehicles in terms of total output.

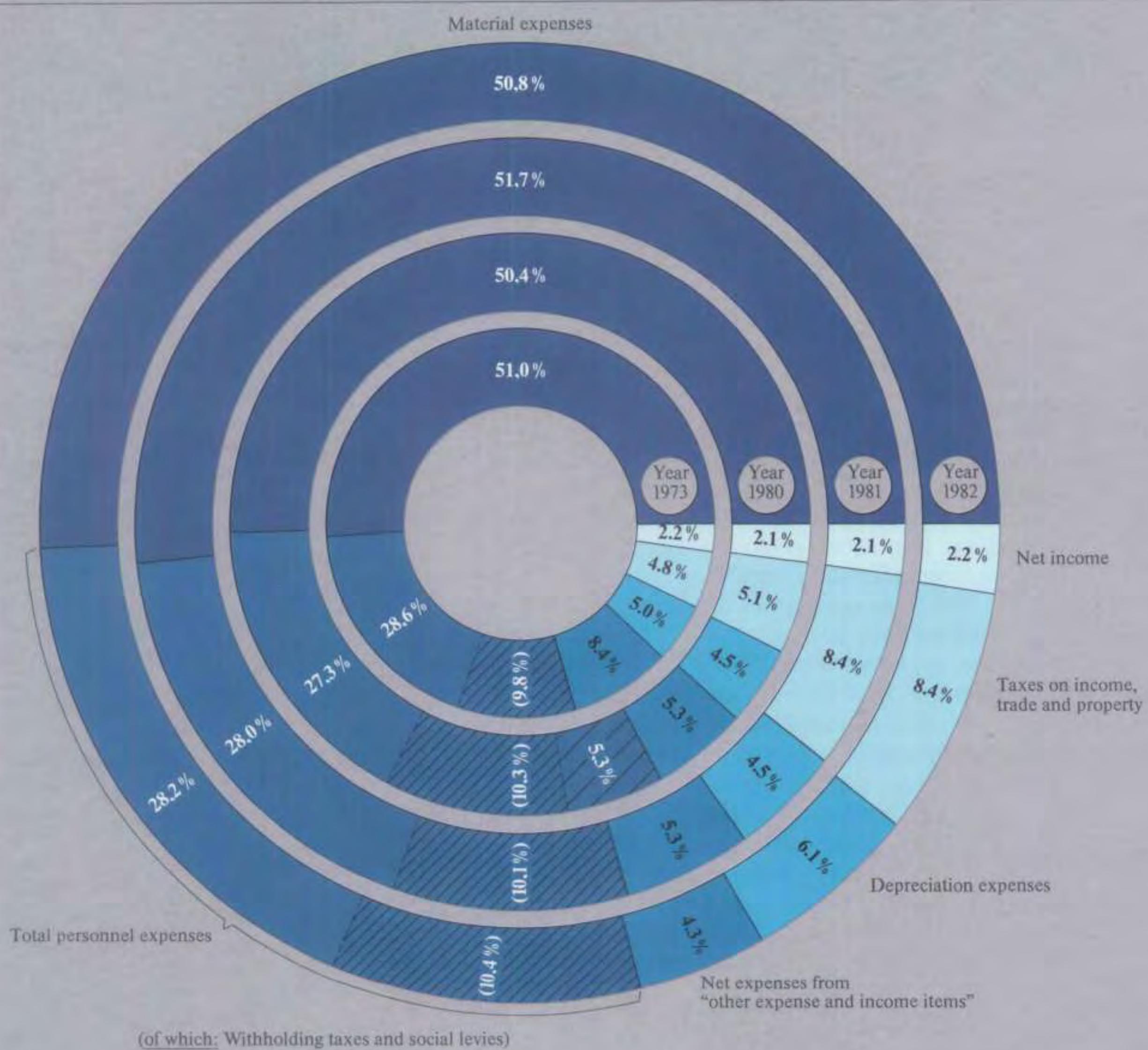
Excess Income over Losses from Affiliated Companies

Net income from affiliated companies was as follows:

	1982 in millions of DM	1981 in millions of DM
Income Transferred from Affiliated Companies under Profit and Loss Transfer Agreements		
MTU Motoren- und Turbinen-Union Muenchen GmbH, Muenchen	5.8	5.7
Other Companies	1.0	1.2
	+ 6.8	+ 6.9
Losses Transferred from Affiliated Companies under Profit and Loss Transfer Agreements		
Daimler-Benz Wohnungsbau GmbH, Stuttgart	0.6	1.0
Hanomag-Henschel GmbH, Hannover	0.6	0.3
	− 1.2	− 1.3
Dividends Received		
Mercedes-Benz do Brasil S.A., São Bernardo do Campo	10.9	21.1
Mercedes-Benz (United Kingdom) Ltd., Hayes	8.2	–
Otomarsan, Istanbul	6.3	4.5
Mercedes-Versicherungsdienst GmbH, Stuttgart	4,9	2.4
Maschinenfabrik Esslingen AG, Esslingen a. N.	4.8	4.8
Other Companies	12.1	23.6
	+ 47.2	+56.4
Excess Income	+52.8	+62.0

The dividend payment from our Brazilian company represented the remaining dividend amount for the year 1980.

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



(in millions of DM)	1973	1980	1981	1982
Total Revenue	**12,629**	**26,714**	**29,461**	**31,410**
Material expenses	6,437	13,462	15,216	15,957
Total personnel expenses	3,611	8,705[1])	8,260	8,850
of which: Net wages and salaries	(2,203)	(4,294)	(4,596)	(4,856)
Withholding taxes and social levies	(1,242)	(2,746)	(2,976)	(3,252)
Old age security	(166)	(257)	(688)	(742)
Extraordinary personnel expenses		(1,408)[1])		
Net expenses from "other expense and income items"	1,063	1,420	1,568	1,361
Depreciation expenses	628	1,212	1,333	1,907
Taxes on income, trade and property	613	1,345[1])	2,476	2,648
Net income	277	570[2])	608	687
of which: Additions to retained earnings	(106)	(273)	(304)	(337)
Dividends	(171)	(297)	(304)	(350)

[1]) Restructuring of pension benefits through tax-deductible addition to pension reserve in the amount of DM 1.4 billion.
[2]) Without dissolution of provision in the amount of DM 391 million which was credited back to income on account of underfunding of Daimler-Benz Provident Fund.

Net Interest Income

With interest income of DM 678.7 million (last year DM 610.0 million) and interest expense of DM 68.7 million (last year DM 56.9 million), net interest income amounted to DM 610.0 million (last year DM 553.6 million). These figures express the continuing unusually high interest levels and the good liquidity situation.

Incomefrom Dissolution of Provisions

Our assessment of a lower exposure for legal and litigation risks, and of potentially lower losses from pending business transactions caused us to dissolve DM 207.1 million (last year DM 87.9 million).

Other Income

The various income items combined here and totalling DM 200.4 million (last year DM 127.6 million) represent - apart from profits on the sale of securities, allocation of administrative expenses etc. - mainly recoveries for prior years' write-offs of individual customer accounts.

Personnel Expenses

Despite only negligibly higher total employment, "wages and salaries" and "social security levies" rose to about DM 8.1 billion (last year DM 7.6 billion). The contributing factors for this roughly 7% rise were - apart from labor contract increases - the disproportionately grown social security levies which reflect both the higher wage base for social security but also the substantially higher contributions to the Federal Pension Guaranty Corporation.

Expenses for "old-age pension and support payments to dependents" increased to DM 741.8 million (last year DM 688.1 million) as a result of the lowering of the actuarial interest rate assumption for the calculation of pension provisions and the transfer of another portion of vested pension and disability benefits.

More detailed explanations can be seen under chapter "Employment and Benefits" (compare page 49).

Write-Down of Financial Assets

The losses of DM 64.3 million pertain predominantly to individual value adjustments of receivables from affiliated companies, and write-down of treasury stock.

Taxes on Income and Property

Taxes on income and property rose 6.9% to DM 2,648.0 million. Included here is DM 100.7 million arising from the limitation of the deductibility, for tax purposes, of accrued pension provisions. Since the beginning of 1982, the interest factor to be used in determining accrued pension liabilities for tax purposes has been increased from 5.5% to 6%.

Other Expenses

This summary expense caption increased DM 297.9 million to DM 2,387.6 million. As heretofore, it comprises predominantly administrative and selling expenses including sales commissions, rental and lease expenses, and additions to provisions insofar as such additions are not shown under other captions.

Net Income for the Year

Net income for the year rose by DM 79.3 million to DM 687.3 million. According to our calculations, net income for the year includes no inflationary profits.

For the reporting year, there was a difference of DM 157.6 million pursuant to Section 160 Sub-Section 2, Clause 5 of the Company Act, which led to a reduction of net income for the year. This difference was largely caused - after offsetting contra amounts - by the reduction of the interest rate used for the computation of pension provisions as provided for by pension regulations.

An amount of DM 343.6 million was transferred from net income to unallocated retained earnings; this left an unappropriated surplus of DM 349.8 million (last year DM 304.0 million), after taking into account the transfer from retained earnings allocated for treasury stock.

Proposal for the Allocation of Unappropriated Surplus

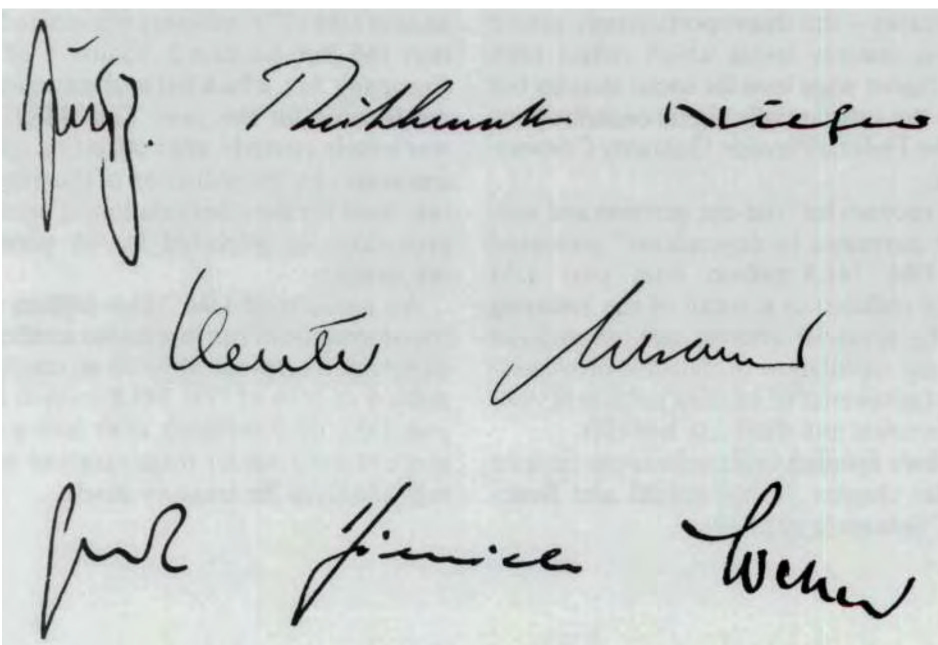
The annual financial statements as of December 31, 1982, as submitted by the Board of Management, approved by the Supervisory Board and thus confirmed, show an unappropriated surplus of DM 349,767,297.

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

$3^{1}/_{3}$%	dividend on the eligible preferred share capital of DM 1,921,500	DM	64,050
DM 10.50	dividend for each eligible common share of DM 50 par value	DM	319,294,269
DM 1	bonus dividend for each eligible common share of DM 50 par value	DM	30,408,978
Unappropriated surplus		DM	349,767,297

Stuttgart-Untertuerkheim, April 19, 1983

The Board of Management



The Board of Management

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

We have examined the financial statements, the annual report, and the recommendations for the payment of dividends. The financial statements as of December 31, 1982, the annual report and the accounting principles used were verified by the Deutsche Treuhand-Gesellschaft AG, Wirtschaftspruefungsgesellschaft, Frankfurt/Main, and have been found to be in accordance with the books and with the pertinent legal requirements. The Supervisory Board has noted the result of the audit with approval.

The result of the examinations made by the Supervisory Board and the auditors has shown no cause for question. The Supervisory Board has reviewed the consolidated financial statements, the consolidated annual report and the report of the auditors.

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

Dr. Ing. Hans Bacher, who had been a member of the Supervisory Board since 1975, passed away on October 30, 1982. To us he had been an outstanding advisor with intimate technical knowledge of the automobile, and who had close ties to our company. We owe him a great deal of gratitude.

Dr. phil. Dr. rer. oec. h. c. Marcus Bierich, Muenchen, was appointed to the Supervisory Board, replacing Dr. Ing. Hans Bacher pursuant to Section 7 Subsection 2 of the company's bylaws.

Mr. Heinz C. Hoppe, after 28 years of service to Daimler-Benz, including 13 years as a member of the Board of Management, retired at the end of 1982. Mr. Hoppe decisively shaped the build-up and expansion of our Mercedes-Benz distribution organization in North America and the restructuring of large portions of our European distribution organization. He can take great credit for opening up the Near and Mid-East markets for our truck business. In his responsibility for all sales at home and abroad, he was successful, through manifold initiatives and measures, in enhancing in a most positive way, the standing and reputation of our name in all markets.

Dr. jur. Richard Osswald, after 27 years of service to Daimler-Benz, since 1976 as a member of the Board of Management, retired on March 31, 1983. During these years together with his colleagues, he decisively fashioned the personnel and social policies of our company. With great personal involvement, he devoted himself to the development and maintenance of balanced relations with our social partner in the area of collective bargaining, and in the promotion of management training. The build up and expansion of operational education, at home and abroad, was particularly dear to his heart.

In this report, the Supervisory Board also wishes to express to these two gentlemen its special gratitude and recognition.

Dr. jur. Manfred Gentz was appointed deputy member of the Board of Management effective April 1, 1983; he has taken over the responsibility for "Personnel, Social Welfare, and Administration".

Stuttgart-Untertuerkheim, May 1983

The Supervisory Board

Chairman

Balance Sheet of Daimler-Benz AG

ASSETS

	Balance Jan. 1, 1982 DM	Additions DM	Transfers DM	Disposals DM	Depreciation expense DM	Balance Dec. 31, 1982 DM	Balance Dec. 31, 1981 in thousands of DM
Fixed assets							
Property, plant and equipment							
Land and equivalent titles							
with office, factory and other buildings	1,547,431,513	341,783,629	+305,235,468	13,962,599	206,678,370	1,973,809,641	1,547,431
with residential buildings	13,455,670	781,155	− 51,270	2,055,840	641,646	11,488,069	13,456
without buildings	348,927	248,469	+ 1,044,454	11,417	-	1,630,433	349
Buildings on land owned by others	28,226,537	43,815,395	+ 24,063,056	443,643	7,673,544	87,987,801	28,227
Machinery and plant	740,736,744	848,610,612	+244,623,920	7,218,472	793,346,768	1,033,406,036	740,737
Factory and office equipment	348,253,121	867,160,439	+101,691,933	3,270,407	788,306,525	525,528,561	348,253
Construction in progress and advance payments relating to building and plant	956,421,258	599,027,021	−676,607,561	3,959,538	26,681,391	848,199,789	956,421
	3,634,873,770	2,701,426,720	-	30,921,916	1,823,328,244	4,482,050,330	3,634,874
Financial assets							
Investments in subsidiary and affiliated companies	594,768,136	295,044,879	-	24,396,415	83,252,680	782,163,920	594,768
Investments in long-term securities	109,821,197	5,443,966	-	1,298,916	107,690	113,858,557	109,821
Loans made for a term of at least four years	1,184,017	125,303	-	153,676	-	1,155,644	1,184
of which secured by mortgage DM 935,497 (last year DM 991,917)							
	705,773,350	300,614,148	-	25,849,007	83,360,370	897,178,121	705,773
	4,340,647,120	**3,002,040,868**	-	**56,770,923**	**1,906,688,614**	**5,379,228,451**	**4,340,647**
Current assets							
Inventories							
Raw materials and supplies						736,363,231	769,156
Work in process						712,755,484	709,205
Finished goods, and goods purchased for resale						1,242,355,186	1,004,209
Spare parts						429,357,050	460,443
						3,120,830,951	**2,943,013**
Other current assets							
Advance payments to suppliers other than for fixed assets						41,245,470	75,854
Receivables for goods sold and services rendered						1,567,220,281	1,729,246
including receivables maturing in more than one year DM 18,305,464 (last year DM 23,991,022)							
Notes receivable						316,802,590	261,998
of which: discountable at German Federal Reserve Bank DM 36,005,291 (last year DM 48,914,110)							
export related notes receivable maturing in more than one year DM 26,274,763 (last year DM 22,538,553)							
from affiliated companies DM 156,737,946 (last year DM 138,195,638)							
Checks						756,042	120
Cash on hand, in German Federal Reserve Bank and in post office checking accounts						2,836,117	2,977
Cash in banks						1,330,376,279	1,308,059
Temporary investments in securities						1,504,396,685	1,495,345
Treasury stock Par value DM 4,097,100 (last year DM 6,054,900)						12,782,952	18,891
Receivables from affiliated companies						964,353,836	706,326
Receivables from members of the Board of Management etc. (Section 89 of the Company Act)						11,753,843	11,799
Other current assets						2,226,770,025	2,138,549
						7,979,294,120	**7,749,164**
Prepaid and deferred charges						**9,148,804**	**16,021**
Total assets						**16,488,502,326**	**15,048,845**

STOCKHOLDERS' EQUITY, LIABILITIES ETC.

		DM	Balance Dec. 31, 1982 DM	Balance Dec. 31, 1981 in thousand of DM
Capital stock				
Common stock	30,538,070 votes		1,526,903,500	1,526,903
Preferred stock	38,430 votes		1,921,500	1,922
in special cases of Section 17 of the bylaws	1,152,900 votes			
			1,528,825,000	**1,528,825**
Retained earnings, as allocated				
Allocated under statute				
Balance at beginning of period		155,786,972		
Capital contributed for shares in excess of par value		551,242	156,338,214	155,787
Allocated for treasury stock				
Balance at beginning of period		18,891,288		
Withdrawal		6,108,336	12,782,952	18,891
Unallocated				
Balance at beginning of period		2,565,156,845		
Transfer from net income		343,658,900	2,908,815,745	2,565,157
			3,077,936,911	**2,739,835**
Special equity reserves			**287,365,779**	**257,059**
Reserves in accordance with Section 1 and 3 of the Foreign Investment Law, Section 1 of the Tax Law with respect to Developing Countries, Section 74 of the Income Tax Regulation				
Lump-sum allowance for doubtful accounts			**165,000,000**	**203,580**
Provisions				
Old-age pensions			3,632,745,751	3,053,646
Deferred maintenance			108,400,000	101,400
Other			3,358,631,100	3,297,318
			7,099,776,851	**6,452,364**
Liabilities with a term of at least four years				
Liabilities to banks			123,700,533	130,178
of which secured by mortgage	DM 123,700,533 (last year DM 130,178,418)			
Other liabilities			6,707,772	7,982
of which secured by mortgage	DM 1,445,379 (last year DM 3,817,143)			
Due within four year	DM 72,663,995 (last year DM 77,685,132)			
			130,408,305	**138,160**
Liabilities to the Daimler-Benz Unterstützungskasse GmbH, Stuttgart			**150,128,030**	**154,063**
Other liabilities				
Accounts payable-trade			1,731,626,466	1,604,623
Notes payable			26,316,181	31,346
of which to affiliated companies	DM – (last year DM 6,132,499)			
Advance payments received			121,835,490	104,887
Accounts payable to affiliated companies			58,472,540	79,792
Other liabilities			1,758,460,976	1,447,703
			3,696,711,653	**3,268,351**
Deferred credits			**2,582,500**	**2,574**
Unappropriated surplus			**349,767,297**	**304,034**

	1982 DM	1981 DM	Balance Dec. 31, 1982 DM	Balance Dec. 31, 1981 in thousand of DM
Contingent liabilities from:				
Trade acceptances	27,629,664	42,540,361		
of which to affiliated companies	(2,668,815)	(10,299,400)		
Guaranty of payment	241,049,333	229,565,830		
Payment guarantees for bonds of				
Daimler-Benz Finanz-Holding S.A., Luxemburg				
DM-bond	45,000,000	60,000,000		
lfr-bond – lfr 250,000,000 –	12,710,000	–		
Total stockholders' equity, liabilities etc.			**16,488,502,326**	**15,048,845**

Statement of Income of Daimler-Benz AG

		1982		1981	
		DM	DM	in thousands of DM	in thousands of DM
Sales		31,124,384,455		29,083,585	
Increase of work in process and finished goods inventories including spare parts		153,493,042	31,277,877,497	255,915	29,339,500
Other capitalized in-house output			132,465,582		121,298
Total renvenue			31,410,343,079		29,460,798
Cost of raw materials and supplies and of goods purchased for resale			15,956,826,675		15,216,450
Excess of total revenue over cost of raw materials etc.			15,453,516,404		14,244,348
Income transferred from affiliated companies under profit and loss transfer agreements		6,812,360		6,897	
Income from investments in affiliated companies		47,246,904		56,354	
Income from other financial investments		9,537,024		9,179	
Other interest and similar income		678,694,532		610,509	
Gain from disposal of fixed assets		16,464,752		17,592	
Gain from reduction of lump-sum allowance for doubtful accounts		38,580,000		–	
Gain from dissolution of provisions		207,105,415		87,871	
Gain from dissolution of special equity reserves		53,041,221		23,066	
Other Income		200,397,218		127,595	
of which extraordinary	DM 35,102,452		1,257,879,426		939,063
			16,711,395.830		15,183,411
Wages and salaries		7,036,891,497		6,611,133	
Social levies		1,071,700,635		960,823	
Expenditures for old-age pension and support payments to dependants		741,779,938		688,123	
Depreciation of fixed assets		1,823,328,244		1,259,241	
Write-down of financial assets		83,360,370		73,648	
Losses from reduction in value of or from sale of current assets, excluding inventories					
and addition to lump-sum allowance for doubtful accounts		64,335,011		181,385	
Losses from disposal of fixed assets		7,314,253		23,850	
Interest and similar charges		68,742,142		56,868	
Taxes					
a) on income, trade and property	DM 2,761,147,203				
of which payments for prior years which were covered by other provisions	DM 97,804,762				
	DM 2,663,342,441				
of which charged to parent companies	DM 15,345,559	2,647,996,882		2,476,046	
b) other		6,466,705		8,140	
Losses transferred from affiliated companies under profit and loss transfer agreements		1,184,007		1,302	
Additions to special equity reserves		83,347,925		145,113	
Other expenses		2,387,630,360	16,024,077,969	2,089,683	14,575,355
Net income			687,317,861		608,056
Withdrawal from retained earnings allocated for treasury stock			6,108,336		–
			693,426,197		608,056
Transfer from net income to:					
Retained earnings allocated under statute		–		16,987	
Retained earnings allocated for treasury stock		–		2,423	
Unallocated retained earnings		343,658,900	343,658,900	284,612	304,022
Unappropriated surplus			349,767,297		304,034

In 1982, pension payments to retirees and payments to the Daimler-Benz Provident Fund GmbH for current obligations amounted to DM 162,837,257. In the following five years, payments - not considering adjusted obligations pursuant to section 16 of the corporation pension law - will in all likelihood be made amounting to 99, 105, 112, 119, 126 % of this amount.

Stuttgart-Untertuerkheim, April 19, 1983

Daimler-Benz Aktiengesellschaft

Board of Management

Prinz Breitschwerdt Niefer
Reuter Ulsamer
Gentz Hinrichs Liener

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

Frankfurt (Main), April 21, 1983

Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftspruefungsgesellschaft

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

Consolidated Annual Report

Notes to Consolidated Financial Statements

COMPANIES INCLUDED IN CONSOLIDATION

The consolidated financial statements fundamentally include all domestic and foreign subsidiaries in which Daimler-Benz AG (hereinafter referred to as DBAG) has a direct or indirect interest of more than 50%. The consolidated financial statements, as submitted and including DBAG, comprise 105 companies (last year 99), of which 22 (last year 20) are domestic companies and 83 (last year 79) are foreign companies. (Compare page 97f.)

As in previous years, we did not consolidate some foreign subsidiaries without or with only negligible business activities. These companies had no transactions which would have had a material effect on the Corporation's consolidated financial statements. The following companies which are providing old-age pension benefit to our employees were not included in consolidation as they are not considered subsidiaries under the law (Section 18, Sub-Section 1, Clause 1 of Company Act):

Daimler-Benz Unterstuetzungskasse GmbH, Stuttgart

Holzindustrie Bruchsal Unterstuetzungskasse GmbH, Bruchsal

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

New Subsidiaries

During the year under review, apart from two smaller domestic retail companies, seven foreign subsidiaries were included in consolidation for the first time; the addition abroad was largely due to the corporate restructuring of our North American activities. Three foreign companies were merged with other consolidated companies.

PRINCIPLES OF CONSOLIDATION

Classification and Valuation

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

Currency Translation

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

As a result of the foreign exchange fluctuations of individual local currencies in relation to the D-Mark, changes in the D-Mark net equity always occur when its amount differs from the amount of fixed assets translated at historical exchange rates. The majority of our foreign subsidiaries also finance a portion of current assets with equity capital. Negative translation differences were thus largely due to high devaluations of the South American currencies and of the English pound against the D-Mark, and positive translation differences were due to rate improvements (particularly the U.S. dollar).

The remaining negative translation difference was charged to profit and loss as in previous years; it thus neutralized the high inflationary profits, notably from our Brazilian companies.

Revenues and expenses are translated at average annual exchange rates. Excepted are depreciation charges for fixed assets and gains and losses from fixed asset disposals, which are translated at historical rates. The translation difference of balance sheet and profit and loss items at different rates was reflected in the income statement.

Capital Consolidation

Capital consolidation was effected in accordance with the principle of "First Consolidation" whereby the parent's acquisition costs are eliminated against the relevant share capital and retained earnings at acquisition.

The difference resulting from this elimination is shown in the balance sheet as "Cost of Investments in Consolidated Subsidiaries in Excess of or Below Book Value at Acquisition".

Profits earned by foreign subsidiaries after date of acquisition plus the unappropriated surplus for 1982 - excluding minority interests - are added to retained earnings. Thus, the unappropriated surplus of DM 349.8 million in the consolidated financial statements equals the unappropriated surplus of DBAG.

Other Eliminations

Intercompany receivables and payables between subsidiary companies have been eliminated; intercompany profits in fixed assets and inventories were likewise eliminated.

Valuation adjustments, write-downs, and provisions recorded on the books of the parent company for the decline in asset values of subsidiaries have been eliminated in consolidation. These elimination measures have increased retained earnings correspondingly.

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

Consolidated Balance Sheet

Asset and Capital Structure

Total assets of the Group rose 12.4% to DM 22,954.3 million. This increase was larger than DBAG's 9.6% increase in its balance sheet; DBAG's share in the Group's assets and capital amounted to about two-thirds. The greater increase of the Group is due to the larger number of subsidiaries that are included in the consolidation but also because of the effect from translation into D-Marks of foreign balance sheets prepared in local currencies. On the one hand, this was caused by the exchange rate improvement of the U.S. dollar and on the other hand, by the smaller devaluations of the external exchange rate of some currencies in relation to the actual internal rate of inflation, particularly the Brazilian cruzeiro.

Total fixed assets rose DM 1,203.8 million to DM 6,930.8 million. This disproportionate increase of 21% (caused by heavy capital spending) in comparison to total assets, allowed the ratio of fixed assets to total assets to rise to 30.2% (last year 28%).

Despite a DM 651.1 million increase in *stockholders' equity* (capital stock, allocated retained earnings, minority interests and special equity reserves), the ratio of stockholders equity to total capitalization declined to 30.1% (last year 30.7%). The ratio of stockholder's equity to fixed assets amounted to 99.8% (last year 109.4%).

Outside capital (liabilities and provisions) increased by DM 1,932.9 million to DM 15,779.1 million; its ratio rose to 68.7% (last year 67.8%) of total capitalization.

ASSETS

Tangible Fixed Assets and Intangible Assets

Because of substantial capital investments by the Group, tangible fixed assets and intangible assets rose DM 1,026.5 million to DM 6,435.6 million; most of the additions related to investments in Germany. Abroad, it was largely our Brazilian manufacturing companies and the Belgium distribution company which had capital outlays.

About 80.5% of total depreciation was accounted for by DBAG and 9.2% by our North and South American manufacturing companies.

Investments in Affiliated Companies

Investments in non-consolidated affiliated companies rose DM 153.0 million to DM 265.6 million. Additions mostly comprised the acquisition of a 25% share interest in Allgemeine Verwaltungsgesellschaft fuer Industriebeteiligung mbH, Muenchen, and a capital stock increase at MTU Motoren- und Turbinen-Union Muenchen GmbH, Muenchen.

Cost of Investments in Consolidated Subsidiaries in Excess of Book Value at Acquisition

This amount represents the difference between the cost of investments in subsidiaries and the book value at the time of acquisition. Offsetting the debit amounts (cost in excess of book value) of DM 119.4 million (last year DM 155.8 million) against the credit amounts (cost below book value) of DM 91.9 million (last year DM 91.9 million) resulted in a net debit balance of DM 27.5 million.

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

The DM 36.4 million decline in the cost of investments in consolidated subsidiaries in excess of book value at acquisition was largely due to write-downs of such investments by the parent company.

Inventories

The increase of inventories by DM 223.3 million to DM 5,039.9 million originated mostly at DBAG and pertained to the planned inventory increase of the new car models 190/190E, the delivery of which to customers did not start until the beginning of 1983. About two-thirds of total inventories pertained to DBAG.

Receivables

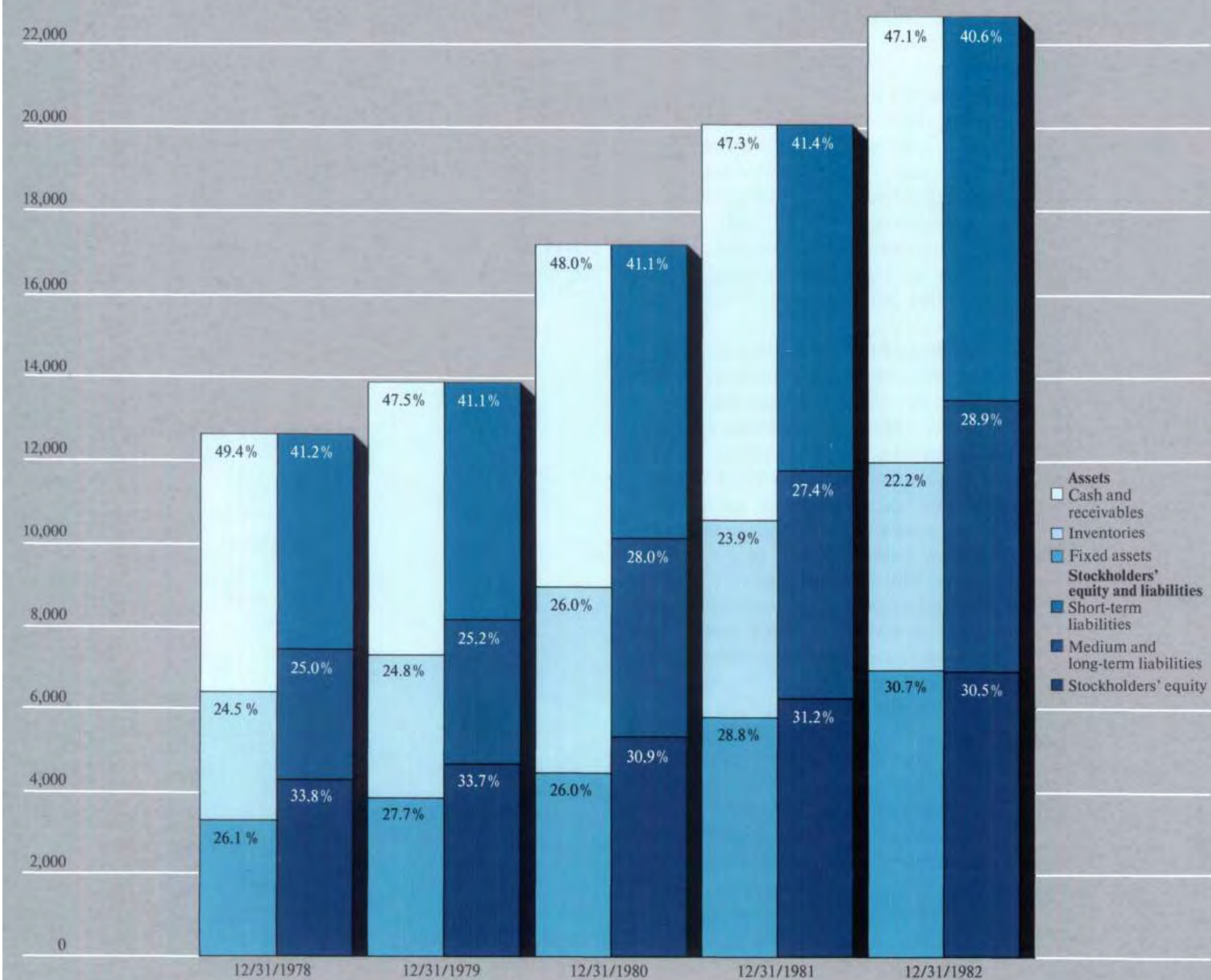
Receivables - mostly trade and notes receivables - rose DM 505.5 million to DM 3,501.5 million. The increase was due largely to the first-time inclusion of Mercedes-Benz Credit Corporation, a U.S. finance company.

Cash and Temporary Investments in Securities

The increase in this balance sheet caption of DM .5 billion to DM 4.6 billion pertained predominantly to foreign companies, particularly to the North American companies. Further liquid funds are invested in short-term debt instruments which, as in prior years, are shown under "Other Assets".

Consolidated Balance Sheet Structure

(in millions of DM)	1978	1979	1980	1981	1982
Balance sheet total[1])	**12,633**	**13,908**	**17,203**	**20,112**	**22,696**
Assets					
Cash and receivables[1])	6,241	6,609	8,250	9,504	10,698
Inventories	3,094	3,453	4,473	4,817	5,040
Fixed assets	3,298	3,846	4,480	5,791	6,958
Stockholders' equity and liabilities					
Short-term liabilities	5,201	5,719	7,074	8,327	9,226
Medium and long-term liabilities	3,156	3,508	4,814	5,519	6,553
Stockholders' equity	4,276	4,681	5,315	6,266	6,917



[1]) Reduced by the lump-sum allowance for doubtful accounts shown on the liability side of the balance sheet.

STOCKHOLDERS' EQUITY, LIABILITIES, ETC.

Stockholders' Equity and Retained Earnings

The *capital stock* in the consolidated balance sheet is identical to the capital stock of DBAG, and at DM 1,528.8 million is unchanged from last year.

The *paid-in-surplus* represents capital contributions in excess of par value in connection with the 1977 and 1981 capital stock increases.

Retained earnings of DM 4,965.7 million (last year DM 4,364.2 million) comprise retained earnings of DBAG which were allocated from net income, and from proportionate retained earnings, unappropriated surplus and deficits earned or incurred by subsidiaries subsequent to their acquisition. Moreover, elimination amounts affecting income are debited or credited here.

Minority Interests in Subsidiaries

This balance sheet caption comprises outside third-party interests in the net equity and unappropriated surplus and deficit of consolidated companies. The increase in minority interest was also the result of the first-time inclusion of Mercedes-Benz Credit Corporation, in which third-party interests hold about 15%.

Special Equity Reserves

The special equity reserves, which are created pursuant to the respective tax regulations, increased DM 39.7 million to DM 357.7 million. The balance sheet amount pertains largely to DBAG and Mercedes-Benz France, with DM 287.4 million and DM 61.4 million, respectively.

Lump-Sum Allowance for Doubtful Accounts

The lump-sum allowance for doubtful accounts declined DM 57.4 million to DM 258.1 million. It is used to cover the general credit risks at home and abroad, and is computed at 3 to 10% of total receivables.

Provisions

Provisions rose DM 1,039.5 million to DM 8,314.5 million. Of this amount, DM 3,856.1 million pertains to pension provisions, of which about 96% was provided for by DBAG. The 77% share of DBAG in other provisions was also relatively high since obligations and risks with worldwide effect are predominantly taken into account by DBAG.

When making provisions, we also have taken into account all currency risks which had been sufficiently determinable at the time the balance sheet was prepared.

Long-Term Liabilities

Liabilities with a term of at least four years rose DM 262.4 million to DM 805.2 million. This increase is principally due to the first-time inclusion of Mercedes-Benz Credit Corporation. Bonds were shown in the amount of DM 57.7 million and DM 17.6 million at Daimler-Benz Finanz-Holding S.A., Luxemburg and Mercedes-Benz France, respectively.

Liabilities to Provident Funds

These liabilites are mostly for borrowings from the DBAG Unterstutzungskasse GmbH.

Other Liabilites

Short-term liabilities increased DM 584.5 million to DM 6,133.9 million. Of this increase, two-thirds are attributable to DBAG and one-third to other companies which have been included in the consolidation for the first time. The increase of liabilities to credit institutions by DM 144.2 million to DM 1,117.2 million is due to the expansion of business volume in the European distribution companies.

Contingent Liabilities

Apart from the obligations shown for DBAG, there are no significant contingent liabilities for companies included in consolidation for obligations arising from stock subscriptions, for liabilities arising from capital subscriptions in "Close Corporations" (Section 24 of the GmbH Act) and for guarantees of liabilities of cooperatives owned by consolidated companies. Payment guarantees for subsidiary companies totalled DM 37.0 million.

Consolidated Statement of Income

Net Sales

In 1982, consolidated sales rose 6.1% to DM 38.9 billion. Details are explained on page 9ff.

Cost of Materials

The cost of raw materials and supplies and of goods purchased for resale rose 2.8% to DM 20.0 billion. This disproportionate increase, in comparison to sales, is due to a change of the manufacturing structure; i. e. the share of the less material-intensive vehicles increased. Moreover, changes in currency values played a part.

Net Interest Income

Net interest income (excess interest income over expense) rose DM 91.5 million to DM 895.7 million; interest income of DM 1,409.7 million was contrasted by interest expense of DM 514.0 million. About two-thirds of net interest income pertained to DBAG. As in the prior year, the foreign contributions were mainly derived from liquidity investments by our Brazilian subsidiaries at inflation-caused high interest rates. The inflationary profit contained in such interest income was to a larger extent offset in the income statement by charges for the negative exchange differences resulting from the conversion of the individual foreign balance-sheets; these charges are reflected in "Other Expenses".

Other Income

Other income rose DM 127.5 million to DM 604.6 million. This caption includes credits for receivables previously written off and profits from sale of securities.

Personnel Expenses

Personnel expenses (wages and salaries, social levies, old-age pensions and support payments to dependents) rose 7.2% to DM 10.7 billion. The increase was predominantly at DBAG.

Taxes on Income and Property

Tax expenses rose 7.1% DM 3,310.0 million, particularly at DBAG which accounted for 80% of the total.

Other Expenses

Other expenses rose DM 557.5 million to DM 4,076.8 million. This caption includes sales commissions (mostly at DBAG), additions to reserves, rental and lease expenses, and advertising and sales promotion expenses; furthermore, it includes charges from currency translations.

Net Income

Consolidated net income for the year rose 11.5% to DM 921.3 million and is made up as follows:

	1982 in millions of DM	1981 in millions of DM
Net income of DBAG	687.3	608.0
less intercompany dividends, etc.	– 30.0	– 29.5
	657.3	578.5
Net income of domestic subsidiaries	18.8	16.4
Net income of foreign subsidiaries after elimination of intercompany dividends	202.1	194.1
Other elimination measures	43.1	37.3
Consolidated net income	921.3	826.3

The DM 95.0 million increase nearly corresponds to the rise in net income at DBAG.

COMPANIES INCLUDED IN THE CONSOLIDATION

Domestic Companies

Daimler-Benz Aktiengesellschaft, Stuttgart

Maschinenfabrik Esslingen AG, Esslingen a. N.

Wohnungsbau GmbH Weinstraße Mettingen, Esslingen a. N.

Daimler-Benz-Wohnungsbau GmbH, Stuttgart

Mercedes-Leasing-GmbH, Stuttgart

Daimler-Benz Project Consult GmbH, Stuttgart

Holzindustrie Bruchsal GmbH, Bruchsal

Industrie- und Handelsbeteiligungen GmbH, Stuttgart

Pro-Data EDV-Beratung GmbH, Weinheim

Porcher & Meffert GmbH, Stuttgart

Industriehandel Handels- und Industrieausruestungsgesellschaft mbH, Stuttgart

Wuerttembergische Baumwoll-Spinnerei und -Weberei bei Esslingen am Neckar AG, Esslingen a. N.

Hanomag-Henschel GmbH, Hannover

Maschinen- und Werkzeugbau Zuffenhausen AG, Stuttgart

Chemie- und Textil-Gesellschaft mbH Friedrichshafen, Friedrichshafen

Rohtex Aktiengesellschaft fuer Textilrohstoffe, Stuttgart

Daimler-Benz Grundstuecksgesellschaft Hamburg mbH, Sitz Stuttgart

Daimler-Benz Grundstuecksgesellschaft Bremen mbH, Sitz Stuttgart

Autohaus Braun GmbH, Nuernberg[1])

Hans Braun GmbH, Nuernberg[1])

Mercedes-Versicherungsdienst GmbH, Stuttgart

Reparaturwerk Boeblingen GmbH, Boeblingen

[1]) Additions in 1982.
[2]) Former: Mercedes-Benz of North America, Inc., Montvale/U.S.A.
[3]) Former: Freightliner Credit Corporation, Portland/U.S.A.

Foreign Companies

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

Sociedade Tecnica de Fundicoes Gerais S. A., Sao Paulo/Brazil

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

as well as one financing company and one reality company

Mercedes-Benz Espana S. A., Madrid/Spain

Comercial Mercedes-Benz S. A., Madrid/Spain

Daimler-Benz of North America Holding Company, Inc., New York/U.S.A.[2])

Freightliner Corporation, Portland/U.S.A.

Consolidated Metco, Inc., Portland/U.SA.

Freightliner of Canada Ltd., Vancouver/Canada

Mercedes-Benz Truck Company, Inc., Portland/USA.[1])

as well as one service company, one reality company and one financing company

Euclid, Inc., Cleveland/U.S.A.

Euclid Canada Ltd., GuelphlCanada

Euclid Belgium S. A., Bruessel/ Belgium

as well as four service companies

Mercedes-Benz of North America, Inc., Montvale/U.S.A.[1])

Mercedes-Benz Canada, Inc., Toronto / Canada

Mercedes-Benz Hollywood, Inc., Hollywood/USA.[1])

as well as one retail company and one service company

Mercedes-Benz Credit Corporation, Portland/U.S.A.[1,3])

SOFIDEL S. A., Rocquencourt/France

Mercedes-Benz France S. A., Rocquencourt/France

as well as sixteen reality companies

Mercedes-Benz (United Kingdom) Ltd., Hayes/Great Britain

Daimler-Benz (United Kingdom) Ltd., Hayes/Great Britain[2])

Mercedes-Benz Car and Truck Centre Ltd., Hayes/Great Britain[1])

Mercedes-Benz (United Kingdom) Trustees Ltd., Hayes/Great Britain[1])

as well as two retail companies

Mercedes-Benz Belgium S. A./N. V., Bruessel/Belgium

as well as nine retail companies

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

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

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

Mercedes-Benz Hellas S. A., Athen/Greece

Daimler-Benz Holding AG, Zuerich/Switzerland

Mercedes-Benz Nederland B. V., Utrecht/Netherlands

as well as one reality company

Mercedes-Benz (Schweiz) AG, Zuerich/Switzerland

as well as four financing companies, one retail company and three reality companies

AGAM Financiering B. V., Utrecht/Netherlands

as well as one financing and two service companies

UBG-Beratungsgesellschaft mbH, Graz/Austria[1])

[1]) Additions in 1982.
[2]) Former: Mercedes-Benz (Commercial) G. B. Ltd., Hayes/Great Britain.

Comparison of Balance Sheets

(in condensed form)

	As of December 31			
	Consolidated Balance Sheet		Daimler-Benz AG Balance Sheet	
ASSETS	1982 in millions of DM	1981 in millions of DM	1982 in millions of DM	1981 in millions of DM
Fixed assets	**6,930.8**	**5,727.0**	**5,379.2**	**4,340.6**
Property, plant and equipment	6,435.6	5,409.1	4,482.0	3,634.9
Investment in affiliated companies	265.6	112.6	782.2	594.8
Other long-term financial assets	229.6	205,3	115.0	110.9
Cost of investments in consolidated subsidiaries in excess of book value at acquisition	**27.5**	**63.9**	-	-
Current assets	**15,996.0**	**14,636.8**	**11,109.3**	**10,708.2**
Inventories	5,039.9	4,816.6	3,120.8	2,943.0
Receivables	3,501.5	2,996.0	2,848.3	2,697.5
Cash and marketable securities	4,619.4	4,142.6	2,838.4	2,806.5
Other current assets	2,835.2	2,681.6	2,301.8	2,261.2
Total assets	**22,954.3**	**20,427.7**	**16,488.5**	**15,048.8**

STOCKHOLDERS' EQUITY, LIABILITIES ETC.

Stockholders' equity, minority interests and special equity reserves	**6,917.1**	**6,266.0**	**4,894.1**	**4,525.7**
Capital stock (DBAG)	1,528.8	1,528.8	1,528.8	1,528.8
Retained earnings of consolidated companies/ appropriated retained earnings (DBAG)	4,965.7	4,364.2	3,077.9	2,739.8
Paid-in surplus, minority interests	64.9	55.0	-	-
Special equity reserves	357.7	318.0	287.4	257.1
Lump-sum allowance for doubtful accounts	**258.1**	**315.5**	**165.0**	**203.6**
Liabilities	**15,779.1**	**13,846.2**	**11,429.4**	**10,319.5**
Provisions	8,314.5	7,275.0	7,099.8	6,452.4
Long-term liabilities	805.2	542.7	130.4	138.2
Liabilities to Provident Funds	158.0	165.2	150.1	154.1
Other liabilities and deferred credits	6,151.6	5,559.3	3,699.3	3,270.8
Unappropriated surplus	349.8	304.0	349.8	304.0
Total stockholders' equity, liabilities etc.	**22,954.3**	**20,427.7**	**16,488.5**	**15,048.8**

Consolidated Balance Sheet

ASSETS

	Balance Jan. 1, 1982 DM	Additions DM	Transfers DM	Disposals DM	Depreciation expense DM	Balance Dec. 31, 1982 DM	Balance Dec. 31, 1981 in thousands of DM
Fixed assets							
Property, plant, equipment and intangible assets							
Land and equivalent titles							
with office, factory and other buildings	2,336,727,853	526,609,129	+506,754,151	33,916,452	282,285,640	3,053,889,041	2,336,728
with residential buildings	34,711,165	3,605,892	+ 717,125	3,957,952	1,843,715	33,232,515	34,711
without buildings	42,361,879	419,507	+ 1,518,025	1,506,524	–	42,792,887	42,362
Buildings on land owned by others	63,475,356	18,035,994	– 14,616,072	904,891	6,619,629	59,370,758	63,475
Machinery and plant	925,805,400	865,811,122	+335,206,582	8,448,222	899,859,485	1,218,515,397	925,806
Factory and office equipment	805,083,384	1,179,796,205	+136,684,046	63,314,060	1,045,777,046	1,012,472,529	805,083
Construction in progress and advance payments relating to building and plant	1,200,354,167	832,497,550	–981,127,874	8,949,350	27,831,922	1,014,942,571	1,200,354
Franchises, trademarks, licences and similar rights	607,075	141,430	–	–	324,073	424,432	607
	5,409,126,279	3,426,916,829	– 14,864,017	120,997,451	2,264,541,510	6,435,640,130	5,409,126
Financial assets							
Investments in affiliated companies	112,630,011	157,909,467	+ 3,462,895	1,869,788	6,500,000	265,632,585	112,630
Investments in long-term securities	121,354,183	8,710,123	+ 11,401,122	4,497,660	1,920,263	135,047,505	121,354
Loans made for a term of							
at least four years	83,896,983	32,067,825	–	21,467,598	–	94,497,210	83,897
of which secured by mortgage DM 87,652,024 (last year DM 77,952,340)							
	317,881,177	198,687,415	+ 14,864,017	27,835,046	8,420,263	495,177,300	317,881
	5,727,007,456	**3,625,604,244**	–	**148,832,497**	**2,272,961,773**	**6,930,817,430**	**5,727,007**
Cost of investments in consolidated subsidiaries in excess of book value at acquisition						**27,493,227**	**63,873**
Current assets							
Inventories						**5,039,867,004**	**4,816,625**
Other current assets							
Advance payments to suppliers other than for fixed assets						66,621,463	84,424
Receivables for goods sold and services rendered						3,065,261,744	2,737,010
including receivables maturing in more than one year		DM 371,270,900 (last year DM 37,915,496)					
Notes receivable						401,710,151	257,200
of which: discountable at Central Bank		DM 36,005,291 (last year DM 78,573,487)					
export related notes maturing in more than one year		DM 26,274,763 (last year DM 22,538,553)					
Checks						30,054,189	12,105
Cash on hand, in Central Bank and in post office checking accounts						9,134,419	7,278
Cash in banks						2,457,976,220	2,116,060
Temporary investments in securities						2,122,296,863	2,007,185
Treasury stock of the parent company		Par value DM 4,097,100 (last year DM 6,054,900)				12,782,952	18,891
Receivables from affiliated companies						34,508,530	1,799
Receivables from members of the Board of Management etc. (Section 89 of the Company Act)						13,295,810	13,594
Other current assets						2,716,413,847	2,531,765
						10,930,056,188	**9,787,311**
Prepaid and deferrend charges							
Bond discount						623,653	323
Other						25,453,555	32,591
						26,077,208	**32,914**
Total assets						**22,954,311,057**	**20,427,730**

STOCKHOLDERS' EQUITY, LIABILITIES ETC.

			Balance Dec. 31, 1982 DM	Balance Dec. 31, 1981 in thousands of DM
Capital stock of Daimler-Benz AG				
Common stock	30,538,070 votes		1,526,903,500	1,526,903
Preferred stock	38,430 votes		1,921,500	1,922
in special cases of Section 17 of the bylaws	1,152,900 votes			
			1,528,825,000	**1,528,825**
Surplus and retained earnings				
Paid-in surplus[1])			5,573,521	5,022
Retained earnings[2])			4,965,708,854	4,364,172
			4,971,282,375	**4,369,194**
Minority interests for shares held by outsiders			**59,336,874**	**49,954**
of which: share in profits	DM 7,639,123 (last year DM 7,357,501)			
share in losses	DM 30,839,972 (last year DM 11,304,059)			
Special equity reserves			**357,670,013**	**318,012**
Reserves pursuant to Sections 1 and 3 of the Foreign Investment Law, Section 1 of the Tax Law with respect to Developing Countries, Section 74 of the Income Tax Regulation, Section 6b of the Income Tax Act, Subsection 35 of the Income Tax Regulations, Belgian, French, Italian, Dutch and Austrian regulations				
Lump-sum allowance for doubtful accounts			**258,111,656**	**315,480**
Provisions				
Old-age pensions			3,856,133,911	3,249,924
Deferred maintenance			123,544,266	122,382
Other			4,334,764,791	3,902,673
			8,314,442,968	**7,274,979**
Liabilities with a term of at least four years				
Bonds			75,325,000	60,000
Liabilities to banks			457,272,896	310,526
of which secured by mortgage	DM 157,227,028 (last year DM 145,147,286)			
Other liabilities			272,645,191	172,239
of which secured by mortgage	DM 70,829,228 (last year DM 55,112,221)			
Due within four years	DM 511,776,440 (last year DM 290,230,906)			
			805,243,087	**542,765**
Liabilities to Provident Funds (subsidiary companies)			**157,979,161**	**165,180**
Other liabilities				
Accounts payable-trade			2,241,595,225	2,100,996
Notes payable			300,287,471	162,012
Bank loans			1,117,174,682	972,981
Advance payments received			228,035,808	211,610
Other liabilities			2,246,817,919	2,101,764
			6,133,911,105	**5,549,363**
Deferred credits			**17,741,521**	**9,944**
Unappropriated surplus			**349,767,297**	**304,034**
	1982	1981		
Contingent liabilities from:	DM	DM		
Trade acceptances	158,341,532	166,441,178		
Assignment of trade receivables	1,502,306	4,166,823		
Guaranty of payment	316,992,954	306,484,224		
Total stockholders' equity, liabilities etc.			**22,954,311,057**	**20,427,730**

[1]) Corresponds to capital contributed for shares in excess of par value; it is included at DBAG in "retained earnings allocated under statute".
[2]) Inclusive of "retained earnings allocated under statute" (without capital contributed for shares in excess of par value) of DM 150,764,692 (last year DM 150,764,692) and retained earnings allocated for treasury stock of DM 12,782,952 (last year DM 18,891,288) of DBAG.

Consolidated Statement of Income

		1982		1981	
		DM	DM	in thousands of DM	in thousands of DM
Sales		38,905,120,575		36,660,734	
Increase of work in process and finished goods inventories including spare parts		455,395,926	39,360,516,501	558,108	37,218,842
Other capitalized in-house output			369,181,779		334,429
Total revenue			39,729,698,280		37,553,271
Cost of raw materials and supplies and of goods purchased			20,047,162,437		19,496,916
Excess of total revenue over cost of raw materials etc.			19,682,535,843		18,056,355
Income transferred from affiliated companies under					
profit and loss transfer agreements		5,884,900		5,799	
Income from investments in affiliated companies		13,094,194		22,975	
Income from other financial investments		9,614,309		10,931	
Other interest and similar income		1,409,720,255		1,258,977	
Gain from disposal of fixed assets		26,889,204		26,535	
Gain from reduction of lump-sum allowance for doubtful accounts		57,367,988		–	
Gain from dissolution of provisions		289,589,516		162,373	
Gain from dissolution of special equity reserves		62,901,338		33,298	
Other income		604,609,973		477,060	
of which extraordinary	DM 56,805,853		2,479,671,677		1,997,948
			22,162,207,520		20,054,303
Wages and salaries		8,455,581,655		7,936,288	
Social levies		1,377,599,206		1,238,746	
Expenditures for old-age pension and support payments to dependants		878,389,731		818,349	
Depreciation of fixed assets and amortization of intangible assets		2,264,541,510		1,632,987	
Write-down of financial assets		8,420,263		54,763	
Amortization of cost of investments in consolidated subsidiaries in excess of book value at acquistion		36,942,675		2,370	
Losses from reduction in value of or from sales of current assets excluding inventories					
and addition to lump-sum allowance for doubtful accounts		151,813,433		230,512	
Losses from disposal of fixed assets		14,226,174		33,722	
Interest and similar charges		514,004,604		454,797	
Taxes					
a) on income, trade and property	DM 3,416,647,478				
of which payments for prior years covered by other provisions	DM 97,804,762				
	DM 3,318,842,716				
of which charged to a non-consolidated					
parent company	DM 8,857,000	3,309,985,716		3,090,985	
b) other		44,030,754		58,191	
Additions to special equity reserves		108,618,250		157,006	
Other expenses		4,076,779,176	21,240,933,147	3,519,295	19,228,011
Net income			921,274,373		826,292
Transfer from net income to retained earnings			594,707,925		526,205
Income applicable to minority shareholders		7,639,123		7,357	
Losses applicable to minority shareholders		30,839,972	23,200,849	11,304	3,947
Unappropriated surplus			349,767,297		304,034

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

Stuttgart-Untertuerkheim, April 19, 1983

Daimler-Benz Aktiengesellschaft
Board of Management

Prinz Breitschwerdt Niefer
Reuter Ulsamer
Gentz Hinrichs Liener

Frankfurt (Main), April 21, 1983

Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftspruefungsgesellschaft

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

Appendix

Daimler-Benz Highlights

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
Number of employees (at year-end)										
Daimler-Benz Group	**150,014**	**149,175**	**149,742**	**155,003**	**163,302**	**167,165**	**174,431**	**183,532**	**188,039**	**185,687**
of which: Domestic	128,376	124,040	123,145	127,018	132,214	135,275	142,164	146,323	149,096	149,118
Foreign	21,638	25,135	26,597	27,985	31,088	31,890	32,267	37,209	38,943	36,569
Daimler-Benz AG	**126,855**	**122,899**	**122,775**	**126,652**	**131,807**	**134,437**	**141,401**	**145,532**	**148,361**	**148,411**
Production										
Cars	**331,682**	**340,006**	**350,098**	**370,348**	**401,255**	**393,203**	**422,159**	**429,078**	**440,778**	**458,345**
of which: Diesels	116,120	146,701	156,668	157,685	165,818	175,915	201,854	207,781	200,480	206,188
Share of total production in %	35.0	43.1	44.8	42.6	41.3	44.7	47.8	48.4	45.5	45.0
Commercial vehicles (excl. major components)	**215,935**	**205,344**	**229,302**	**247,756**	**248,100**	**239,702**	**258,975**	**279,535**	**275,380**	**250,079**
of which: Domestic plants	177,061	161,400	180,005	193,204	187,298	173,101	188,772	203,041	196,076	187,044
Cross-country vehicles	–	–	–	–	–	–	2,508	6,667	6,455	6,566
Foreign plants	38,874	43,944	49,297	54,552	60,802	66,601	67,695	69,827	72,849	56,469
Sales (in millions of DM)										
Daimler-Benz Group	**13,794**	**15,283**	**19,051**	**21,303**	**23,496**	**24,236**	**27,367**	**31,054**	**36,661**	**38,905**
of which: Domestic sales	6,821	6,541	8,102	9,197	10,336	11,539	12,938	13,855	13,577	13,316
Foreign sales	6,973	8,742	10,949	12,106	13,160	12,697	14,429	17,199	23,084	25,589
Foreign share in %	50.5	57.2	57.5	56.8	56.0	52.4	52.7	55.4	63.0	65.8
of which: Car sales	6,772	7,085	8,116	9,354	10,882	11,082	12,285	14,088	16,572	18,722
Commercial vehicle sales	6,385	7,374	10,118	11,056	11,662	12,109	13,984	15,818	18,862	18,859
Other sales	637	824	817	893	952	1,045	1,098	1,148	1,227	1,324
Daimler-Benz AG	**12,294**	**13,489**	**16,258**	**18,353**	**20,012**	**20,584**	**23,454**	**26,472**	**29,084**	**31,124**
of which: Domestic sales	6,780	6,496	8,070	9,169	10,321	11,522	12,987	13,845	13,579	13,300
Export sales	5,514	6,993	8,188	9,184	9,691	9,062	10,467	12,627	15,505	17,824
Export share in %	44.9	51.8	50.4	50.0	48.4	44.0	44.6	47.7	53.3	57.3
of which: Car sales	6,569	6,865	7,506	8,848	10,363	10,622	11,775	13,136	14,396	16,121
Commercial vehicle sales	5,299	6,109	8,208	8,903	8,956	9,208	10,818	12,393	13,737	13,983
Other sales	426	515	544	602	693	754	861	943	951	1,020
Investments and depreciation (in millions of DM)										
Daimler-Benz Group										
Total investments	**654**	**871**	**1,096**	**908**	**1,140**	**1,498**	**1,969**	**2,140**	**3,114**	**3,626**
of which: in property, plant and equipment										
Domestic	555	724	911	740	892	1,239	1,718	1,663	2,233	3,004
Foreign	65	109	120	124	195	207	187	394	800	423
in financial assets	34	38	65	44	53	52	64	83	81	199
Total depreciation	**688**	**731**	**884**	**917**	**918**	**1,013**	**1,342**	**1,447**	**1,688**	**2,273**
of which: of property, plant and equipment										
Domestic	631	673	834	830	772	850	1,162	1,272	1,379	1,975
Foreign	38	41	47	68	129	151	151	162	254	290
of financial assets	19	17	3	19	17	12	29	13	55	8
Daimler-Benz AG										
Investments in property, plant and equipment	503	672	869	697	832	1,133	1,560	1,520	1,954	2,701
Additions to investments in affiliated companies (net)	11	35	9	26	104	48	47	100	120	271
Depreciation of property, plant and equipment	573	629	786	785	726	804	1,094	1,189	1,259	1,823

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

(in millions of DM)	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982

Daimler-Benz Group

(in millions of DM)	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
Fixed assets	2,174	2,223	2,348	2,261	2,873	3,298	3,846	4,452	5,727	6,931
Current assets	3,444	3,824	4,513	5,745	9,035	9,563	10,271	13,027	14,701	16,023
Capital stock	951	1,189	1,189	1,189	1,359	1,359	1,359	1,359	1,529	1,529
Retained earnings	1,011	897	1,012	1,182	2,576	2,917	3,322	3,956	4,737	5,388
Stockholder's equity	**1,962**	**2,086**	**2,201**	**2,371**	**3,935**	**4,276**	**4,681**	**5,315**	**6,266**	**6,917**
in % of fixed assets	90.3	93.8	93.7	104.9	136.9	129.7	121.7	119.4	109.4	99.8
Long and medium-term liabilities[1])	1,299	1,463	1,729	2,014	2,809	3,156	3,508	4,814	5,519	6,553
Stockholders' equity plus long and medium-term liabilities	**3,261**	**3,549**	**3,930**	**4,385**	**6,744**	**7,432**	**8,189**	**10,129**	**11,785**	**13,470**
in % of fixed assets	150.0	159.6	167.4	193.9	234.7	225.3	212.9	227.5	205.8	194.3
Total assets	5,618	6,047	6,861	8,006	11,908	12,861	14,117	17,479	20,428	22,954

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

Daimler-Benz AG

(in millions of DM)	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
Total revenue	12,629	13,656	16,414	18,312	20,407	20,645	23,736	26,714	29,461	31,410
Cost of raw materials	6,437	7,187	8,523	9,080	10,278	10,055	11,748	13,462	15,216	15,957
Total personnel expenses	**3,611**	**4,117**	**4,632**	**5,205**	**5,868**	**5,972**	**6,701**	**7,297**[2])	**8,260**	**8,850**
Average cost per employee (DM)	29,201	33,395	38,108	41,833	45,183	46,765	48,679	50,596	56,343	59,991
Average total revenue per employee (DM)	102,125	110,771	135,040	147,177	157,133	161,659	172,430	185,231	200,958	212,916
Taxes on income, trade and property	613	657	911	1,378	1,715	1,840	2,130	1,345[3])	2,476	2,648
Net income	277	269	310	392	445	474	540	570[4])	608	687
in % of total revenue of Daimler-Benz AG	2.2	2.0	1.9	2.1	2.2	2.3	2.3	2.1	2.1	2.2
Included in total personnel expenses: Christmas and special remuneration	137	144	146	176	213	232	280	328	364	396
Formation of personal capital	73	74	73	73	73	77	79	102	105	108
Expenditures for old age security	166	238	340	427	503	435	439	1,680[3])	688	742
Total expenditures to employees for special social purposes	**376**	**456**	**559**	**676**	**789**	**744**	**798**	**2,110**[3])	**1,157**	**1,246**
Dividends (paid or proposed)	171	178	202	225	228	243	270	297	304	350
in % of total revenue of Daimler-Benz AG	1.4	1.3	1.2	1.2	1.1	1.2	1.1	1.1	1.0	1.1
Dividend per share of DM 50 par value (in DM)	9.--	7.50[5])	8.50	9.50	9.--[6])	9.--	10.--	10.-+1.-[7])	10.--[8])	10.50+1.-[7])
Tax credit per share of DM 50 par value (in DM)[9])					5.06	5.06	5.62	6.19	5.62	6.47
Dividend per share of DM 50 par value as adjusted[10])	5.83	6.07	6.88	7.69	7.73	8.15	9.06	9.96	10.--	10.50+1.-[7])
Tax credit per share of DM 50 par value as adjusted[9])					4.35	4.58	5.09	5.60	5.62	6.47

[1]) Comprising: Liability reserves of a long and medium-term nature, long-term liabilities to banks and to the Daimler-Benz Provident Fund.
[2]) Exclusive of extraordinary expense for old age pension in the amount of DM 1.408 million.
[3]) Restructuring of old age pension with tax-deductible extraordinary addition to pension reserves.
[4]) Excluding dissolution of provision in the amount of DM 391 million. This amount was previously set up for underfunding in the Provident Fund.
[5]) Full dividend entitlement of new shares from capital increase out of retained earnings (1 for 4).
[6]) 50% dividend entitlement of the new common shares as a result of the capital increase in December (1 for 7 issued at par).
[7]) Dividend and bonus.
[8]) Full dividend entitlement of the new common shares as a result of the capital increase in December (1 for 8 issued at par).
[9]) For our stockholders who are liable for income taxes in the Federal Republic of Germany.
[10]) Allowing for capital stock increases.

Sales and Production

(in thousands of units)	1973	1974	1975	1976	1977	1978	1979	1980	1981	**1982**
Cars										
New car registrations										
Federal Republic of Germany	2,031	1,693	2,106	2,312	2,561	2,664	2,623	2,426	2,330	**2,156**
of which: Domestic products	1,505	1,241	1,581	1,812	2,019	2,079	2,016	1,787	1,740	**1,636**
Daimler-Benz AG	173	170	191	197	214	214	234	241	239	**225**
Foreign products	526	452	525	500	542	585	607	639	590	**520**
Share in%	25.9	26.7	24.9	21.6	21.1	21.9	23.2	26.3	25.3	**24.1**
Exports										
Federal Republic of Germany	2,173	1,707	1,476	1,837	1,939	1,904	1,997	1,873	1,949	**2,194**
Daimler-Benz AG	153	172	159	170	185	177	183	188	200	**226**
Production										
Federal Republic of Germany	3,650	2,840	2,908	3,547	3,791	3,890	3,933	3,521	3,578	**3,761**
Daimler-Benz AG	332	340	350	370	401	393	422	429	441	**458**
Export share of total production in%										
Federal Republic of Germany	59.5	60.1	50.8	51.8	51.2	49.0	50.8	53.2	54.5	**58.3**
Daimler-Benz AG	46.0	50.5	45.5	45.9	46.0	44.9	43.4	43.8	45.4	**49.3**
Commercial Vehicles*)										
New commercial vehicle registrations										
Federal Republic of Germany	138	108	109	137	138	156	170	176	149	**124**
Daimler-Benz AG	73	53	58	69	69	80	88	86	69	**58**
Export										
Federal Republic of Germany	174	174	178	206	189	169	178	211	204	**204**
Daimler-Benz AG	96	107	112	125	110	93	97	116	122	**126**
Production										
Federal Republic of Germany	299	260	278	321	314	296	317	358	319	**301**
Daimler-Benz AG	177	161	180	193	187	173	189	203	196	**187**
Daimler-Benz Group	216	205	229	248	248	240	259	280	275	**250**
Export share of total production in %										
Federal Republic of Germany	58.3	66.7	63.8	64.2	60.1	57.1	56.2	58.9	63.9	**67.6**
Daimler-Benz AG	54.0	66.6	62.0	64.7	58.8	53.8	51.4	57.3	62.0	**67.1**

*) Figures of Daimler-Benz are inclusive of Unimog vehicles and MB-trac.

	Percentage changes as compared to prior year										Change 1982 to 1973 in %	Average yearly change in %
	1973	1974	1975	1976	1977	1978	1979	1980	1981	**1982**		
Cars												
New car registrations												
Federal Republic of Germany	−5.2	−16.6	+24.4	+ 9.8	+10.8	+ 4.0	− 1.5	− 7.5	− 4.0	**− 7.5**	+ 6.1	+0.7
of which: Domestic products	−4.8	−17.5	+27.4	+14.6	+11.5	+ 2.9	− 3.0	−11.3	− 2.6	**− 6.0**	+ 8.7	+0.9
Daimler-Benz AG	+2.5	− 1.7	+12.3	+ 3.6	+ 8.5	− 0.3	+ 9.7	+ 2.9	− 0.9	**− 5.7**	+30.4	+3.0
Foreign products	−6.5	−14.0	+16.0	− 4.6	+ 7.9	+ 8.3	+ 3.9	+ 5.1	− 7.6	**−11.8**	− 1.1	−0.2
Exports												
Federal Republic of Germany	+7.2	−21.5	−13.5	+24.5	+ 5.6	− 1.8	+ 4.9	− 6.2	+ 4.1	**+12.6**	+ 1.0	+0.1
Daimler-Benz AG	−1.6	+12.6	− 7.2	+ 6.6	+ 8.6	− 4.3	+ 3.6	+ 2.7	+ 6.4	**+13.0**	+48.1	+4.5
Production												
Federal Republic of Germany	+3.6	−22.2	+ 2.4	+22.0	+ 6.9	+ 2.6	+ 1.1	−10.5	+ 1.6	**+ 5.1**	+ 3.1	+0.3
Daimler-Benz AG	+2.4	+ 2.5	+ 3.0	+ 5.8	+ 8.3	− 2.0	+ 7.4	+ 1.6	+ 2.7	**+ 4.0**	+38.2	+3.7
Commercial Vehicles*)												
New commercial vehicle registrations												
Federal Republic of Germany	−7.4	−21.9	+ 1.2	+26.0	+ 0.4	+13.2	+ 9.0	+ 3.1	−15.4	**−16.8**	−10.5	−1.2
Daimler-Benz AG	−6.2	−27.4	+ 9.5	+17.9	− 0.2	+16.3	+10.1	− 2.3	−20.1	**−15.8**	−21.4	−2.7
Exports												
Federal Republic of Germany	+8.3	− 0.5	+ 2.2	+16.2	− 8.6	−10.4	+ 5.4	+18.3	− 3.3	**− 0.1**	+16.8	+1.7
Daimler-Benz AG	+9.3	+12.4	+ 3.8	+12.0	−11.9	−15.4	+ 4.1	+20.0	+ 4.4	**+ 3.4**	+31.4	+3.1
Production												
Federal Republic of Germany	+1.6	−13.0	+ 7.0	+15.4	− 2.3	− 5.6	+ 7.1	+12.8	−10.7	**− 5.6**	+ 0.7	+0.1
Daimler-Benz AG	+5.1	− 8.8	+11.5	+ 7.3	− 3.1	− 7.6	+ 9.1	+ 7.6	− 3.4	**− 4.6**	+ 5.6	+0.6
Daimler-Benz Group	+6.9	− 4.9	+11.7	+ 8.0	+ 0.1	− 3.4	+ 8.0	+ 7.9	− 1.5	**− 9.2**	+15.8	+1.6

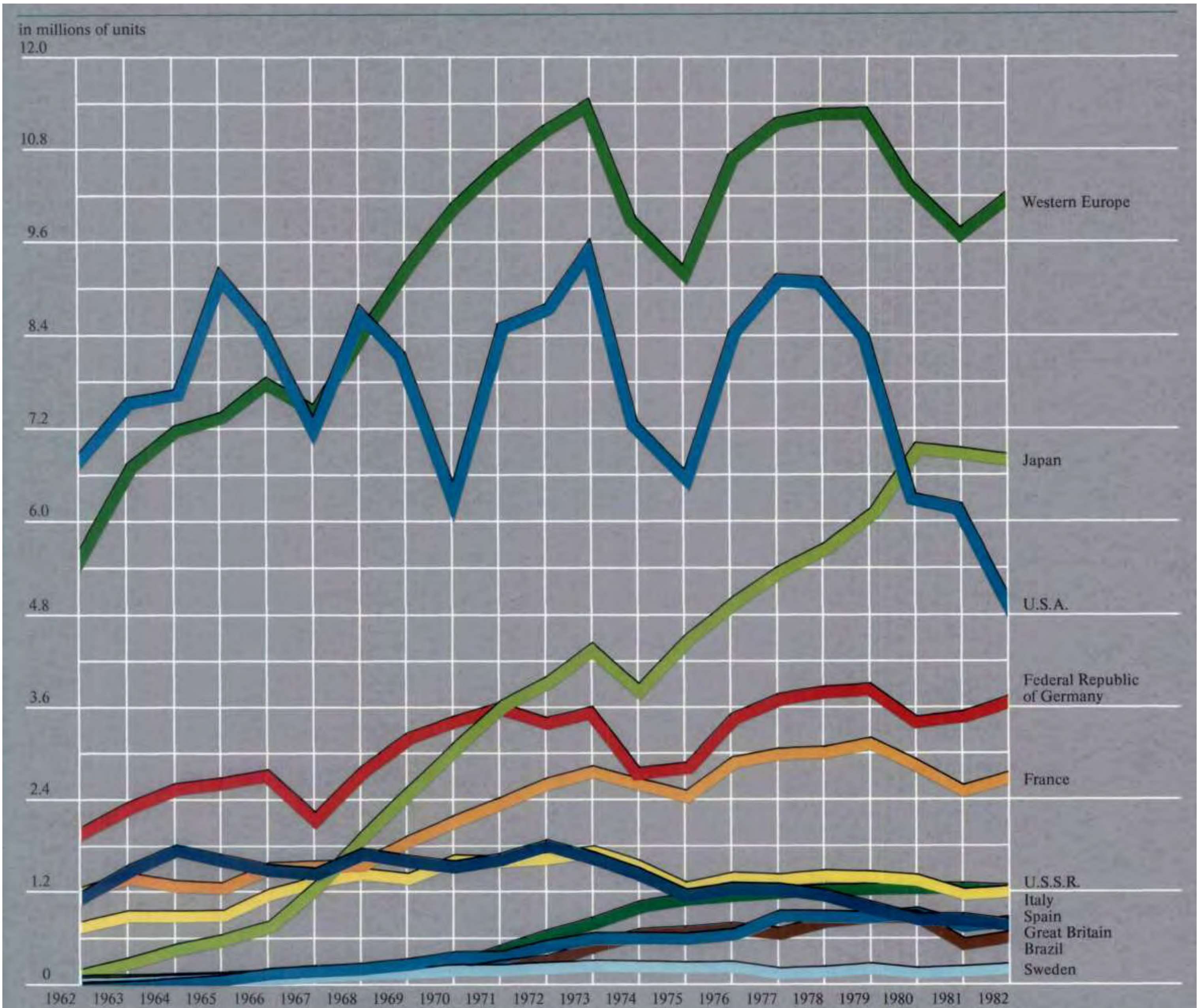
*) Figures of Daimler-Benz are inclusive of Unimog vehicles and MB-trac.

Car Industry of Leading Countries

(in thousands of units)	1973	1978	1979	1980	1981	1982*)	Percentage changes as compared to prior year 1973	1978	1979	1980	1981	1982*)
Worldwide production	29,793	31,723	31,560	29,244	27,998	27,197	+ 8	+ 3	− 1	− 7	− 4	− 3
Federal Republic of Germany												
New car registrations	2,031	2,664	2,623	2,426	2,330	2,156	− 5	+ 4	− 2	− 8	− 4	− 8
Imports	763	1,054	1,041	1,013	937	824	− 1	+11	− 1	− 3	− 8	−12
Exports	2,173	1,904	1,997	1,873	1,949	2,194	+ 7	− 2	+ 5	− 6	+ 4	+13
of which: to Europe	1,150	1,289	1,491	1,381	1,538	1,785	+ 5	− 1	+16	− 7	+11	+16
to U.S.A.	786	412	331	335	242	257	+ 7	−12	−20	+ 1	−28	+ 6
Production	3,650	3,890	3,933	3,521	3,578	3,761	+ 4	+ 3	+ 1	−11	+ 2	+ 5
France												
New car registrations	1,746	1,945	1,976	1,873	1,835	2,056	+ 7	+ 2	+ 2	− 5	− 2	+12
Imports	461	572	604	675	786	972	+ 12	− 2	+ 6	+12	+17	+24
Exports	1,446	1,579	1,698	1,530	1,394	1,464	+ 5	− 3	+ 8	−10	− 9	+ 5
of which: to Europe	1,222	1,290	1,407	1,203	1,038	1,095	+ 6	− 3	+ 9	−15	−14	+ 6
Production	2,867	3,111	3,220	2,939	2,612	2,777	+ 5	+ 1	+ 4	− 9	−11	+ 6
Great Britain												
New car registrations	1,664	1,594	1,718	1,516	1,487	1,557	+ 1	+20	+ 8	−12	− 2	+ 5
Imports	505	801	1,061	863	805	934	+ 12	+15	+33	−19	− 7	+16
Exports	599	466	410	359	310	313	− 5	− 2	−12	−12	−14	+ 1
of which: to Europe	296	150	164	143	134	140	− 1	−18	+ 9	−13	− 6	+ 4
Production	1,747	1,257	1,102	959	955	888	− 9	− 5	−12	−13	− 0	− 7
Italy												
New car registrations	1,449	1,194	1,397	1,530	1,808	1,900	− 1	− 2	+17	+10	+18	+ 5
Imports	419	516	626	908	865	868	− 0	+11	+21	+45	− 5	+ 0
Exports	656	640	647	511	424	437	− 0	− 1	+ 1	−21	−17	+ 3
of which: to Europe	505	483	480	385	346	383	− 5	− 6	− 1	−20	−10	+11
Production	1,823	1,509	1,481	1,445	1,257	1,297	+ 6	+ 5	− 2	− 2	−13	+ 3
Sweden												
New car registrations	226	201	215	193	189	218	+ 2	−17	+ 7	−11	− 2	+16
Imports	145	132	162	142	133	154	− 1	−24	+23	−12	− 6	+16
Exports	245	207	238	189	209	233	+ 8	+14	+15	−21	+11	+11
of which: to Europe	153	110	131	88	101	103	+ 15	+ 5	+19	−33	+15	+ 2
Production	342	254	297	235	258	295	+ 7	+ 8	+17	−21	+10	+14
Spain												
Exports	158	374	397	492	433	495	+ 52	+19	+ 6	+24	−12	+14
Production	706	986	966	1,029	855	928	+ 18	− 0	− 2	+ 7	−17	+ 8
U.S.S.R.												
Production	917	1,312	1,314	1,327	1,324	1,307	+ 26	+ 3	+ 0	+ 1	− 0	− 1
Japan[1])												
New car registrations	2,919	2,857	3,037	2,854	2,867	3,038	+ 10	+14	+ 6	− 6	+ 0	+ 6
Imports	37	55	65	46	32	35	+ 49	+32	+19	−29	−31	+11
Exports	1,451	2,819	3,102	3,947	3,947	3,770	+ 3	+ 3	+10	+27	− 0	− 4
of which: to Europe	357	648	806	1,003	946	896	+ 9	− 2	+25	+24	− 6	− 5
to U.S.A.	601	1,440	1,588	1,887	1,814	1,741	− 3	+ 5	+10	+19	− 4	− 4
Production	4,471	5,748	6,176	7,038	6,974	6,882	+ 11	+ 6	+ 7	+14	− 1	− 1
U.S.A.												
New car registrations	11,351	10,946	10,357	8,761	8,444	7,754	+ 8	+ 1	− 5	−15	− 4	− 8
Imports	2,437	3,025	3,006	3,248	2,999	3,091	− 2	+ 8	− 1	+ 8	− 8	+ 3
Exports[2])	579	672	741	560	506	353	+ 23	− 2	+10	−25	−10	−30
of which: to Europe	15	42	67	24	13	6	+ 59	+59	+61	−64	−49	−54
Production	9,667	9,177	8,434	6,376	6,253	5,073	+ 10	− 0	− 8	−24	− 2	−19
Brazil												
New car registrations	605	798	836	794	448	557	+ 21	+18	+ 5	− 5	−44	+24
Exports	3	79	78	116	157	121	+314	+42	− 1	+48	+36	−23
Production	557	875	921	937	586	673	+ 18	+20	+ 5	+ 2	−37	+15

*) Figures are partly estimated.
[1]) From 1978 on, actual figures excluding major components.
[2]) Including exports to Canada.

Car Production Trends of Leading Countries 1962-1982



Share of Total World Production in %									Export Share of Production in %									
1960	1965	1970	1975	1978	1979	1980	1981	1982	1960	1965	1970	1975	1978	1979	1980	1981	1982	
14.2	14.2	15.6	11.5	12.3	12.5	12.0	12.8	13.8	47.6	51.9	55.2	50.8	49.0	50.8	53.2	54.5	58.3	Fed. Rep. of Germany
9.0	7.1	10.0	10.1	9.8	10.2	10.0	9.3	10.2	43.7	37.0	52.6	53.5	50.8	52.7	52.1	53.4	52.7	France
10.6	8.9	7.0	5.0	4.0	3.5	3.3	3.4	3.3	42.1	36.4	43.3	40.7	37.1	37.2	37.5	32.5	35.3	Great Britain
4.4	5.7	7.6	5.4	4.7	4.7	4.9	4.5	4.8	33.2	28.2	37.0	49.0	42.4	43.7	35.4	33.7	33.7	Italy
0.9	0.9	1.2	1.3	0.8	0.9	0.8	0.9	1.1	44.7	48.5	65.5	68.7	81.3	80.3	80.2	81.0	79.0	Sweden
0.3	0.8	2.0	2.8	3.1	3.1	3.5	3.1	3.4	.	.	8.2	22.1	37.9	41.1	47.8	50.6	53.4	Spain
1.1	1.1	1.5	4.8	4.1	4.2	4.5	4.7	4.8	.	.	.	.	.	.	.	.	.	U.S.S.R.
1.3	3.6	14.1	18.1	18.1	19.6	24.1	24.9	25.3	4.2	14.5	22.8	40.0	49.0	50.2	56.1	56.6	54.8	Japan
52.4	48.6	29.0	26.6	28.9	26.8	21.8	22.3	18.6	2.2	2.2	5.5	9.5	7.3	8.8	8.8	8.1	7.0	U.S.A.
0.3	0.5	1.1	3.1	2.9	3.0	3.4	2.2	2.7	.	.	.	7.3	9.0	8.5	12.3	26.8	17.9	Brazil

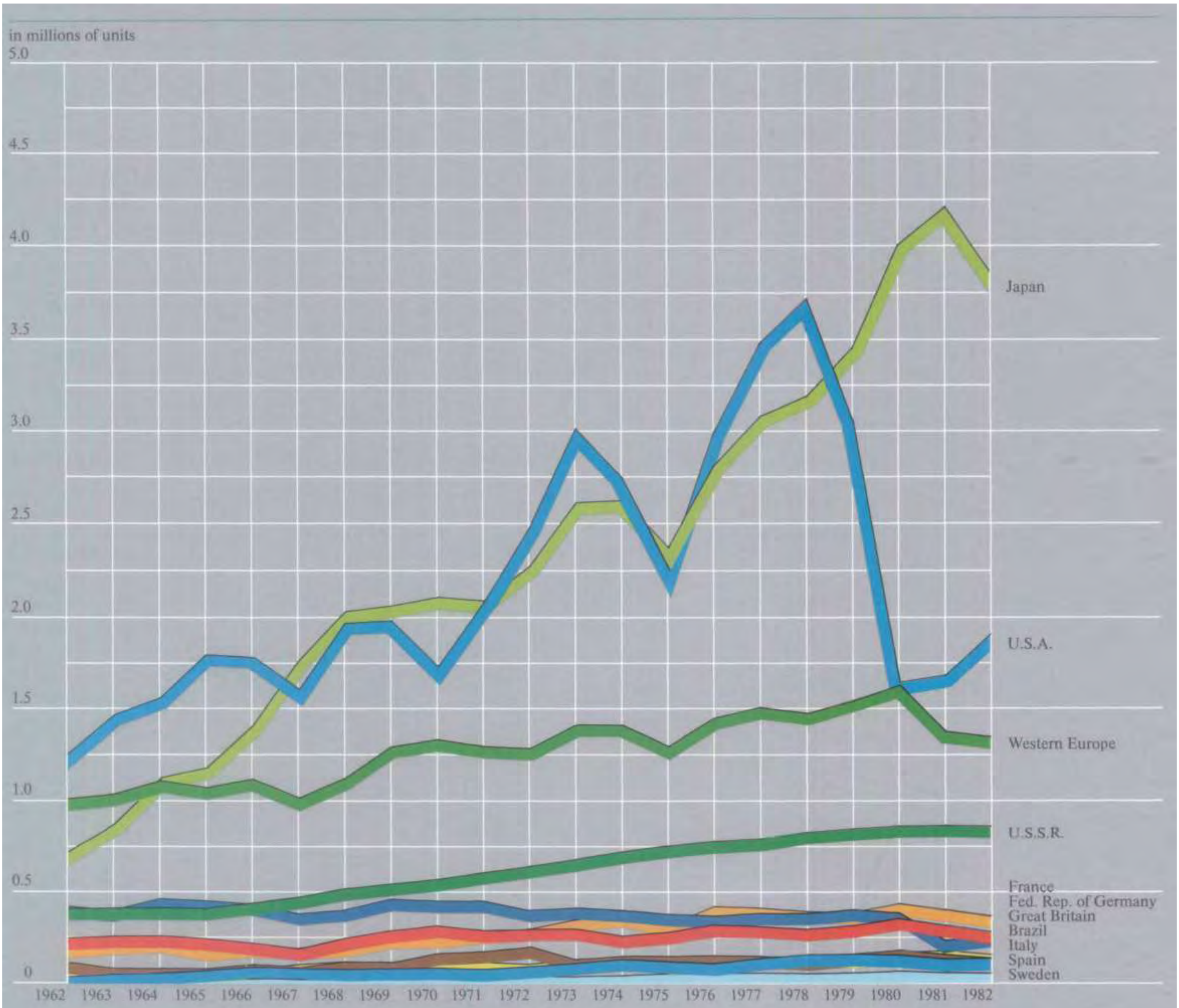
Commercial Vehicle Industry of Leading Countries

							Percentage changes as compared to prior year					
(in thousands of units)	1973	1978	1979	1980	1981	1982*)	1973	1978	1979	1980	1981	1982*)
Worldwide production	8,660	10,623	10,354	9,492	9,482	9,181	+13	+ 4	− 3	− 8	− 0	− 3
Federal Republic of Germany												
New commercial vehicle registrations	138	156	170	176	149	124	− 7	+13	+ 9	+ 3	− 15	−17
Imports	25	35	42	45	45	36	+29	+21	+19	+ 9	− 0	−21
Exports	174	169	178	211	204	204	+ 8	−10	+ 5	+18	− 3	− 0
of which: to Europe	117	99	119	130	102	113	+ 4	−10	+20	+10	− 22	+11
Production	299	296	317	358	319	301	+ 2	− 6	+ 7	+13	− 11	− 6
France												
New commercial vehicle registrations	270	300	315	323	334	363	+ 8	+ 0	+ 5	+ 3	+ 4	+ 8
Imports	47	87	108	115	116	124	+ 8	−11	+24	+ 6	+ 1	+ 6
Exports	107	153	162	178	157	140	+32	+ 3	+ 6	+10	− 12	−11
of which: to Europe	56	80	87	88	70	70	+53	+13	+ 9	+ 2	− 20	− 1
Production	351	397	393	440	408	372	+18	− 5	− 1	+12	− 7	− 9
Great Britain												
New commercial vehicle registrations	307	262	306	272	218	231	+ 9	+14	+17	−11	− 20	+ 6
Imports	37	47	68	74	47	71	+ 6	+26	+45	+ 9	− 37	+51
Exports	163	142	141	122	90	91	+17	−26	− 1	−13	− 26	+ 1
of which: to Europe	59	75	75	70	60	35	+21	−19	+ 1	− 7	− 14	−42
Production	417	385	408	389	230	269	+ 2	− 0	+ 6	− 5	− 41	+17
Italy												
New commercial vehicle registrations	84	93	113	122	140	152	+ 2	−17	+21	+ 8	+ 15	+ 9
Imports	26	58	63	71	75	61	+ 8	− 2	+ 9	+13	+ 6	−19
Exports	49	75	78	80	91	91	+21	+ 7	+ 5	+ 3	+ 13	− 0
of which: to Europe	33	60	68	64	71	79	+26	+20	+14	− 6	+ 10	+12
Production	135	148	150	165	176	156	+25	+ 3	+ 1	+10	+ 7	−12
Sweden												
New commercial vehicle registrations	17	17	17	20	19	19	+ 7	−16	+ 1	+17	− 4	− 0
Imports	11	18	23	25	15	15	−10	−15	+29	+12	− 43	+ 4
Exports	29	42	51	53	49	52	+10	+ 4	+22	+ 3	− 8	+ 7
of which: to Europe	21	28	32	33	26	30	+11	+ 3	+14	+ 3	− 23	+18
Production	37	51	58	63	55	54	+11	− 0	+14	+ 8	− 12	− 3
Spain												
Exports	14	45	49	46	40	48	+58	+55	+ 9	− 8	− 12	+19
Production	116	158	157	153	132	142	+22	+12	− 0	− 3	− 14	+ 7
U.S.S.R.												
Production	685	839	859	872	874	866	+ 6	+ 4	+ 2	+ 2	+ 0	− 1
Japan[1])												
New commercial vehicle registrations	1,982	1,825	2,117	2,161	2,260	2,223	+14	+ 8	+16	+ 2	+ 5	− 2
Imports	1	1	2	2	1	1	+96	+ 4	+69	+ 6	− 9	−45
Exports	617	1,451	1,461	2,020	2,102	1,820	+11	+12	+ 1	+38	+ 4	−13
of which: to Europe	44	95	146	216	236	214	+19	− 0	+54	+48	+ 9	− 9
Production	2,612	3,186	3,460	4,005	4,206	3,850	+15	+ 3	+ 9	+16	+ 5	− 8
U.S.A.												
New commercial vehicle registrations	3,029	3,963	3,472	2,477	2,185	2,430	+20	+13	−12	−29	− 12	+11
Imports	155	377	276	343	739	779	−38	+67	−27	+25	+115	+ 5
Exports[2])	193	291	296	203	187	127	+27	+11	+ 2	−31	− 8	−32
of which: to Europe	4	14	12	9	7	5	+82	+81	−15	−23	− 22	−21
Production	3,014	3,723	3,046	1,637	1,687	1,910	+21	+ 7	−18	−46	+ 3	+13
Brazil												
New commercial vehicle registrations	129	173	177	186	132	135	+29	− 1	+ 3	+ 5	− 29	+ 2
Exports	2	18	27	42	55	53	+31	+31	+54	+54	+ 33	− 5
Production	171	187	201	224	194	186	+24	+ 0	+ 7	+12	− 13	− 4

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

*) Figures are partly estimated.
[1]) From 1978 on, actual figures excluding major components.
[2]) Including exports to Canada.

Commercial Vehicle Production Trends of Leading Countries 1962-1982



Share of Total World Production in %

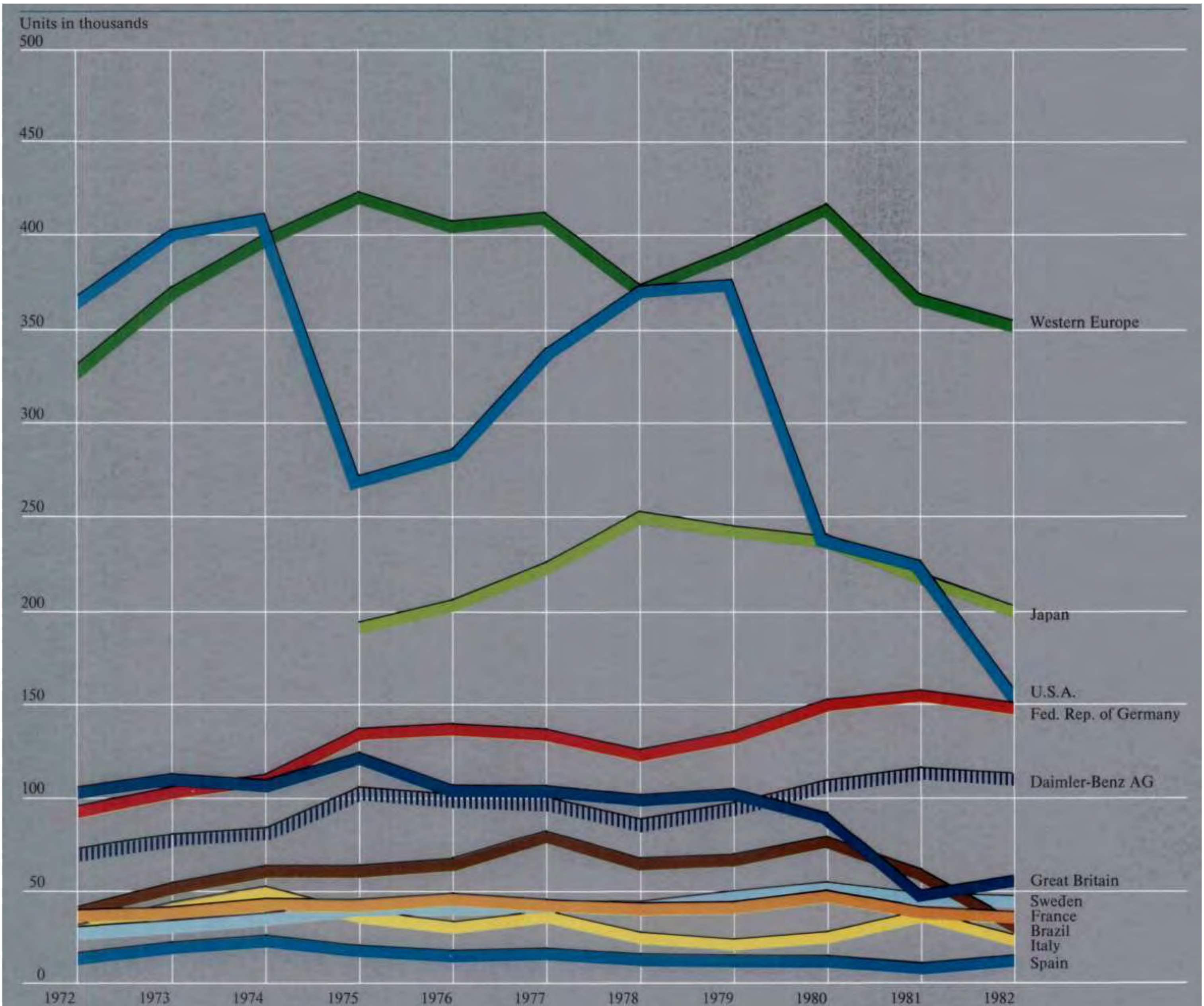
	1960	1965	1970	1975	1978	1979	1980	1981	1982
Fed. Rep. of Germany	7.4	4.9	4.8	3.6	2.8	3.1	3.8	3.4	3.3
France	6.0	3.8	3.9	4.1	3.7	3.8	4.6	4.3	4.1
Great Britain	14.3	9.2	7.0	4.9	3.6	3.9	4.1	2.4	2.9
Italy	1.5	1.4	2.1	1.4	1.4	1.5	1.7	1.9	1.7
Sweden	0.6	0.5	0.5	0.7	0.5	0.5	0.6	0.6	0.6
Spain	0.5	1.5	1.3	1.5	1.5	1.5	1.6	1.4	1.5
U.S.S.R.	11.9	8.4	8.8	9.8	7.9	8.3	9.2	9.2	9.4
Japan	9.8	23.8	32.2	30.6	29.9	33.3	42.2	44.4	42.0
U.S.A.	37.4	36.4	26.5	29.2	35.0	29.4	17.2	17.8	20.8
Brazil	3.0	1.7	2.5	1.9	1.3	1.6	1.9	1.6	1.5

Export share of Production in %

	1960	1965	1970	1975	1978	1979	1980	1981	1982
Fed. Rep. of Germany	49.3	44.5	50.1	63.8	57.1	56.2	58.9	63.9	67.6
France	29.0	22.7	37.6	43.4	38.7	41.2	40.5	38.6	37.6
Great Britain	31.9	36.5	37.7	47.2	36.9	34.5	31.3	39.2	33.8
Italy	12.3	26.8	28.9	44.7	50.4	52.0	48.7	51.7	58.2
Sweden	61.8	55.9	72.3	79.2	82.3	88.1	84.1	88.3	96.2
Spain	.	.	11.3	14.5	28.7	31.5	29.8	30.4	33.7
U.S.S.R.	.	.	.	.	.	.	.	.	.
Japan	10.0	7.9	17.1	35.8	45.5	42.2	50.4	50.0	47.3
U.S.A.	18.0	7.5	7.3	11.9	7.8	9.7	12.4	11.1	6.7
Brazil	.	.	.	9.4	9.4	13.5	18.5	28.5	28.4

Truck Production Trends of Leading Countries 1972-1982

(over 6 tons gross vehicle weight)



1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	
331,800	372,799	400,247	423,061	407,912	412,323	374,677	393,845	417,481	369,117	358,000	Western Europe
368,000	403,000	411,577	271,790	285,490	340,007	373,853	376,969	240,714	227,443	158,428	U.S.A.
.	.	.	195,130	207,071	227,192	253,899	246,893	241,074	222,115	202,652	Japan
96,201	105,983	112,629	136,714	139,341	136,423	125,714	135,252	153,037	157,552	150,904	Fed. Rep. of Germany
72,865	*81,028*	*84,792*	*106,482*	*102,447*	*100,302*	*89,793*	*98,037*	*110,000*	*116,418*	*113,805*	*of which: Daimler-Benz*
42,156	55,144	64,150	64,197	67,601	82,988	67,918	70,185	80,269	62,365	34,305	Brazil
18,746	*22,480*	*25,064*	*28,997*	*31,756*	*33,515*	*37,164*	*37,929*	*38,917*	*30,964*	*18,830*	*of which: MBB[1])*
106,462	113,259	110,049	124,504	107,551	107,792	102,809	105,832	93,810	51,819	59,772	Great Britain
30,296	33,648	37,672	42,678	43,465	44,858	44,006	50,269	55,105	49,132	48,351	Sweden
39,794	41,225	46,292	45,845	49,121	45,514	43,059	44,131	50,788	41,473	38,774	France
31,326	43,791	52,603	39,345	33,723	39,984	28,055	24,363	28,570	39,726	26,465	Italy
16,665	22,669	26,252	20,205	17,581	18,984	15,606	14,935	14,407	11,329	15,725	Spain

[1]) Mercedes-Benz do Brasil

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