Daimler-Benz Annual Report 1983

Daimler-Benz Worldwide - Highlights

	1983	1982	83 to 82 in %
Sales (in millions of DM)	40,005	38,905	+ 2.8
Domestic	15,177	13,316	+14.0
Foreign	24,828	25,589	− 3.0
Production (Vehicles)			
Cars	476,183	458,345	+ 3.9
Commercial Vehicles	226,393	250,079	− 9.5
Domestic	173,530	187,044	− 7.2
Foreign[1])	52,863	63,035	−16.1
Employees (at year-end)	184,877	185,687	− .4
Domestic	151,273	149,118	+ 1.4
of which: Daimler-Benz AG	150,601	148,411	+ 1.5
Foreign	33,604	36,569	− 8.1
– In millions of DM –			
Personnel Expenses	10,941	10,712	+ 2.1
Investments	3,567	3,626	− 1.6
Depreciation	2,574	2,273	+13.2
Net Income	988	921	+ 7.2
Dividends[2])	355	350	+ 1.6
Dividend (1983 on the increased capital stock) per Share of DM 50 (in DM)[2])[3])	10.50	10.50+1	

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]) Inclusive of cross-country vehicles (assembled on a job order basis)
[2]) Proposed or paid.
[3]) Plus DM 5.91 (last year DM 6.47) tax credit for our Stockholders who are subject to income tax in the Federal Republic of Germany.

Daimler-Benz Aktiengesellschaft Stuttgart

Annual Report 1983

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Agenda

for the 88th Stockholders' Meeting

being held on Wednesday July 4,1984 at 10 a.m. in the
Hanns-Martin-Schleyer-Halle in Stuttgart-Bad Cannstatt, Mercedesstraße.

1. **Presentation of the audited financial statements as of December 31,1983 the reports of the Board of Management and the Supervisory Board together with the consolidated financial statements and the consolidated annual report of the year 1983.**

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

Board of Management and Supervisory Board propose to distribute the unappropriated surplus of		DM	355,252,852.50
as follows:			
$3^1/_3$ %	dividend on the eligible preferred share capital of DM 1,921,500	DM	64,050.00
DM 10.50	dividend for each eligible common share of DM 50 par value	DM	355,188,802.50
Unappropriated surplus		DM	355,252,852.50

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 1984.**

   The Supervisory Board proposes to elect Deutsche Treuhand-Gesellschaft AG, Wirtschaftspruefungsgesellschaft, Frankfurt (Main), as independent auditors for the business year 1984.

Supervisory Board (Aufsichtsrat)

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

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

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

Dr. phil. Dr. rer. oec h. c. Marcus Bierich, Muenchen
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

Helmut Funk, Stuttgart*) (since July 6, 1983)
Chairman of the Labor Council, Untertuerkheim Plant and Main Office

Richard Helken, Achim-Bierden*) (since July 6, 1983)
Chairman of the Labor Council, Bremen Plant

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

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. Roland Schelling, Stuttgart (since July 6,1983)
Attorney at Law

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

Franz Steinkuehler, Stuttgart*)
Second Chairman, Metal Workers' Union

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

Diplom-Kaufmann Guenter Vogelsang, Duesseldorf

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

Prof. Dr. jur. Joachim Zahn, Muenchen

Left the Supervisory Board July 6, 1983:

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

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

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

*) Elected by the employees.

Board of Management (Vorstand)

Prof. Dr.-Ing. E. h. Werner Breitschwerdt, Stuttgart
Chairman (since December 1, 1983)

Hans-Juergen Hinrichs, Stuttgart
Sales

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

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

Edzard Reuter, Stuttgart
Finance

Walter Ulsamer, Stuttgart
Purchasing

Dr. jur. Manfred Gentz, Stuttgart (deputy member)
(since April 1, 1983)
Employment

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

Left the Board of Management:

Dr. jur. Gerhard Prinz, Stuttgart
(deceased October 29, 1983)
Chairman

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

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Report of the Board of Management

Status Report

Overview

In 1983, following a long recession, economic recovery set in in most Western industrial countries. The vigorous upswing in the U.S.A. also had a beneficial effect on its trading partners, most of all Japan. In Western Europe, with the exception of France and Italy, expansive forces prevailed. However, unemployment almost everywhere is still depressingly high. A major element of uncertainty for the world economy emanated from the foreign indebtedness of numerous newly-industrializing and developing countries. Their burdens were further aggravated by the movement of interest and dollar exchange rates.

Forces of Cyclical Expansion Grow Stronger in 1983

In the Federal Republic of Germany, the economic process was characterized by a gradual improvement of business conditions. Contrary to previous upward phases, the impetus was provided by the domestic market first, mainly by private consumption initially, later also by the growing willingness for capital investments by businesses. From the middle of the year, exports picked up again. Exports to the dollar area were benefitted by the low valuation of the D-mark vis-a-vis the U.S. dollar. In Europe, on the other hand, the D-mark was revalued in real terms in 1983 vis-a-vis the currencies of important trading partners.

The German automobile industry made a substantial contribution to the economic upturn in 1983 owing to the rebound of domestic demand; short-time work was reduced; employment picked up. Once again, it was the industry's renewed large capital investments, amounting to more than DM 9 billion, which had a positive effect. Despite fewer exports of commercial vehicles, the motor vehicle industry remained the largest revenue-producing exporter. The motor vehicle trade surplus of DM 52 billion in 1983 was higher than the entire German foreign trade surplus of only DM 42 billion. This underscores the significance of the motor vehicle for the economy of the Federal Republic of Germany and shows the weight of the international competitiveness which is attributable to the industry.

In 1983, Daimler-Benz continued the steady growth in the car sector of the past years, tapping new market potential with the new series 190. In the commercial vehicle sector in contrast, our company was also affected by the poor economic conditions of important markets abroad. Nevertheless, we were able to maintain our strong position around the world, even extend it in some markets. The good capacity utilization at our car plants enabled us to maintain high employment levels overall and, moreover, create more than 2,000 new jobs in Germany.

Sales Increased by More Than DM 1 Billion

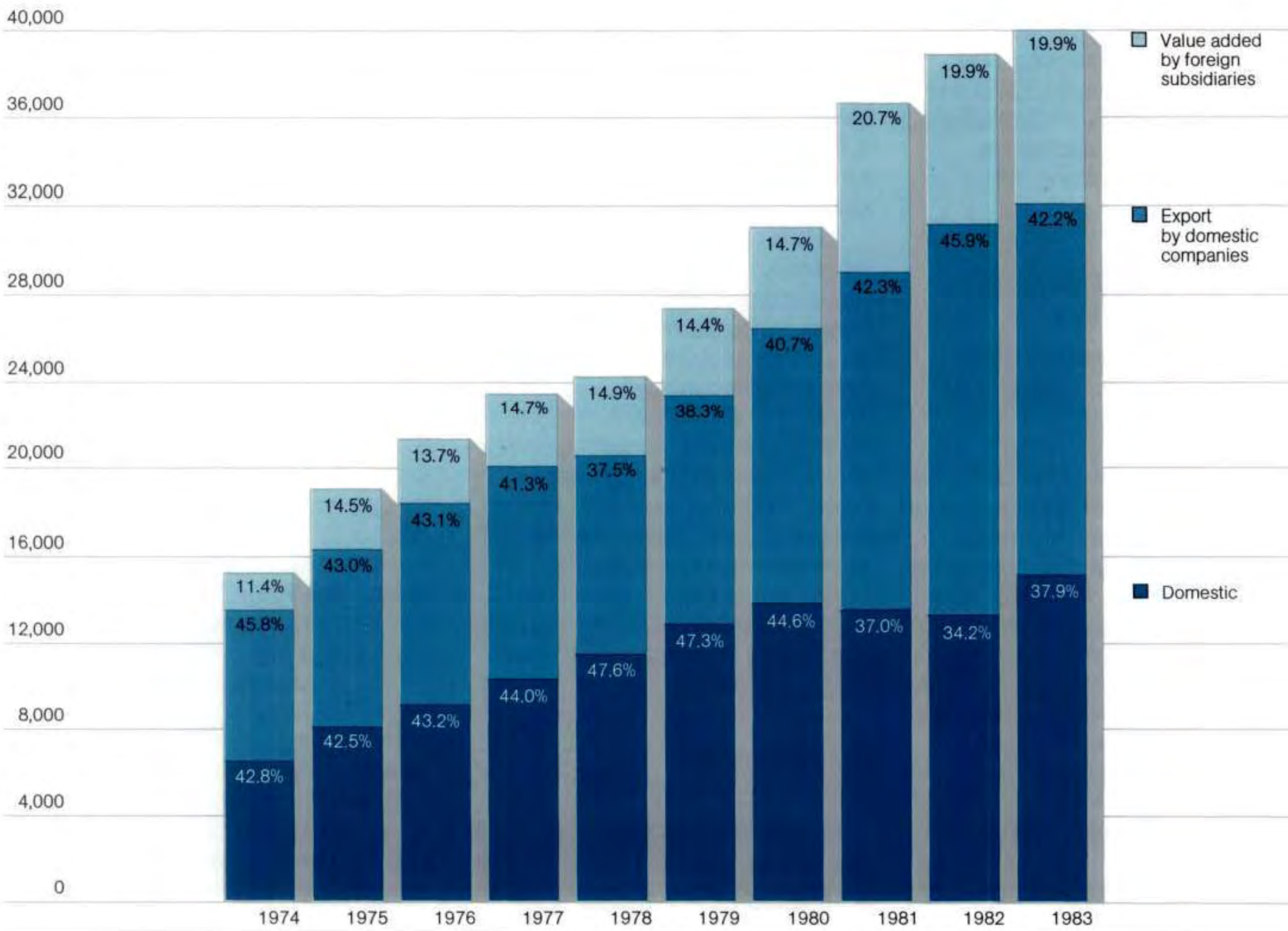
Consolidated sales rose 2.8 %, to DM 40 billion in 1983. Contrary to the two previous years, the growth was derived solely from the domestic market, where we had an increase of 14.0 %, to DM 15.2 billion. Our foreign sales declined 3.0 %, to DM 24.8 billion, due to declining commercial vehicle sales. The foreign share of consolidated sales fell accordingly, to 62.1 % (last year 65.8 %).

Group car sales increased DM 2.3 billion, to DM 21.1 billion; this corresponds to a growth rate of 12.2 %. In contrast, commercial vehicle sales declined DM 1.2 billion, to DM 17.7 billion. The structure of consolidated sales thus changed: the car share increased to 52.5 % (last year 48.1 %) and the commercial vehicle share dropped to 44.1 % (last year 48.5 %). This is the first time since 1973 that cars sales were higher than commercial vehicle sales.

Daimler-Benz AG alone had a sales increase of about DM 1.1 billion, reaching DM 32.2 billion (up 3.4%). The domestic market added about DM 2 billion to sales, divided about equally between the two large divisions, cars and commercial vehicles. Export sales, however, declined by about DM 1 billion, with an increase for cars making up for half of the drop of DM 2 billion in the commercial vehicle sector. The export share of sales fell from 57.3 % last year to 52.4 %, but still is appreciably above the average of the last ten years.

Our largest export market continued to be Europe. With DM 6 billion in sales to the European markets, which are crucial to the stable employment of our domestic plants, we repeated last year's high volume, but experienced partly opposite trends in individual countries. Our exports to the Middle East and North Africa fell

(in millions of DM)	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
Daimler-Benz-Group	**15,283**	**19,051**	**21,303**	**23,496**	**24,236**	**27,367**	**31,054**	**36,661**	**38,905**	**40,005**
Domestic	6,541	8,102	9,197	10,336	11,539	12,938	13,855	13,577	13,316	15,177
Foreign	8,742	10,949	12,106	13,160	12,697	14,429	17,199	23,084	25,589	24,828
of which: Export by domestic companies	6,995	8,191	9,190	9,693	9,085	10,474	12,631	15,509	17,833	16,885
Value added by foreign subsidiaries	1,747	2,758	2,916	3,467	3,612	3,955	4,568	7,575	7,756	7,943



20 %, to DM 4.2 billion, due to the market-induced poor commercial vehicle business. On the other hand, our sales to North America - almost all cars - rose 19 %, to DM 4 billion.

The value added by our foreign subsidiaries, after deducting inter-company sales, was DM 7.9 billion (last year DM 7.8 billion). Sales of our commercial vehicle manufacturing companies in South and North America, and in Spain declined DM .2 billion; the sales losses in Brazil could not be fully offset by sales increases of our U.S. heavy-duty truck maker Freightliner.

Our distribution companies, with which we are present in all major markets, increased sales DM 1.1 billion in 1983 and thus were able to raise the value they added to consolidated sales by DM .3 billion. Here again, the focus was on the U.S.A.

DM 5 Billion for the Future of the Company Entirely Self-Financed

To maintain and further enhance our competitiveness, substantial resources were employed again in 1983. Our expenditures for research and development climbed to DM 1.5 billion(last year DM 1.4 billion). In continuation of our medium-term investment program, we invested DM 3.5 billion in fixed assets worldwide (last year DM 3.4 billion).

The domestic capital investments of DM 3.1 billion (last year DM 3.0 billion) were allocated to the different divisions as follows:

	1983		1982	
	in millions of DM	in %	in millions of DM	in %
Cars	1,642	62	1,808	64
Commercial vehicles	788	30	748	27
Retail branches	68	3	84	3
Engineering, experimental	137	5	163	6
	2,635	100	2,803	100
Leasing	439		219	
Total	3,074		3,022	

The bulk of our capital investments once again centered on the car division, above all the preparations for production of the 190 at the Bremen factory, whose development into an autonomous car plant was completed according to schedule. The preproduction series began in the autumn of 1983. The close pooling of production with Sindelfingen is being fully utilized now. In the Untertuerkheim plant, we completed the facilities for our new diesel engine which is offered in the 190 D.

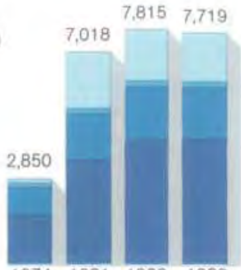
In the commercial vehicle division more than half of the investments went into program and product-related projects, chiefly the new vehicles of the light "Woerth" trucks of 6.5 tons to 11 tons GVW. In addition, we made further progress in consolidating van production at the Duesseldorf plant. The transfer of the production of light vans from Bremen to Duesseldorf, which will be completed in mid-1984, is an important step to streamline our manufacturing setup.

With our investments we strive at the same time to provide better working conditions for our employees, particularly to free them even more from heavy manual and monotonous labor. During the year, we spent about DM 150 million on environmental protection. Substantial progress was achieved in waste water purification and waste disposal.

The most successful Mercedes-Benz model: since production start-up in 1976, more than 2.5 million vehicles of the models 200 D to 280 E have been produced.

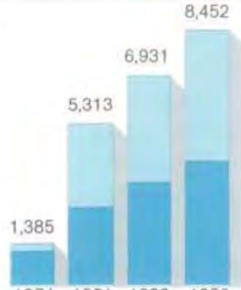
Foreign Sales by Regions
(in millions of DM)

Europe
(exclusive of Federal Republic of Germany)



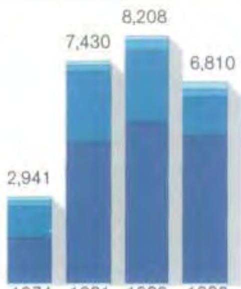
	1974	1981	1982	1983
Value added by foreign subs.	107	1,841	1,745	1,679
Export by domestic co.s	2,743	5,177	6,070	6,040
Domestic companies' share of export sales:				
COMECON	2.0%	1.1%	1.1%	0.9%
Rest of Europe	13.0%	10.2%	10.1%	10.5%
Europ. Community	24.2%	22.1%	22.8%	24.4%

North America



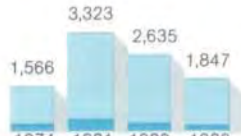
	1974	1981	1982	1983
Value added by foreign subs.	260	2,716	3,547	4,412
Export by domestic co.s	1,125	2,597	3,384	4,040
Domestic companies' share of export sales:				
North America	16.1%	16.8%	19.0%	23.9%

Asia, Africa and Australia



	1974	1981	1982	1983
Value added by foreign subs.	78	117	115	237
Export by domestic co.s	2,863	7,313	8,093	6,573
Domestic companies' share of export sales:				
Australia	3.0%	1.4%	1.8%	1.7%
Africa	15.5%	14.8%	12.9%	8.0%
Asia	22.4%	30.9%	30.7%	29.2%

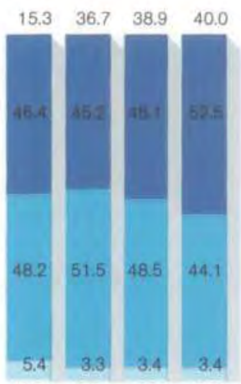
Latin America



	1974	1981	1982	1983
Value added by foreign subs.	1,302	2,901	2,349	1,615
Export by domestic co.s	264	422	286	232
Domestic companies' share of export sales:				
Latin America	3.8%	2.7%	1.6%	1.4%

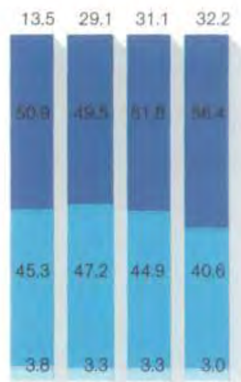
Sales by Segments

Daimler-Benz-Group



	1974	1981	1982	1983
(in billions of DM)	15.3	36.7	38.9	40.0
in %:				
Cars	46.4	45.2	48.1	52.5
Commercial vehicles	48.2	51.5	48.5	44.1
Other	5.4	3.3	3.4	3.4

Daimler-Benz AG



	1974	1981	1982	1983
(in billions of DM)	13.5	29.1	31.1	32.2
in %:				
Cars	50.9	49.5	51.8	56.4
Commercial vehicles	45.3	47.2	44.9	40.6
Other	3.8	3.3	3.3	3.0

In 1983, our foreign subsidiaries again invested DM .4 billion in fixed assets, with emphasis on Mercedes-Benz do Brasil and on our distribution companies in North America, the United Kingdom and Belgium.

In 1983, we were again able to fully finance the large investments with funds generated internally. Fixed assets increased in approximately the same proportion as stockholders' equity, so that a balanced and healthy ratio continues between the two.

Additional Jobs at Home

At year-end, Daimler-Benz AG had 150,601 employees (last year 148,411). In the past ten years we have created some 28,000 new jobs in Germany. We increased the openings for trainees to over 8,800. About 2,800 youngsters took up vocational training at Daimler-Benz AG in 1983, that is more than in any previous year.

Mercedes-Benz do Brasil was again forced to adjust employment to the sharply reduced sales opportunities. Our North American companies were able to add to their work force. Worldwide employment at year-end totalled 184,877 (last year 185,687).

We Thank Our Employees

We thank all our employees and their representatives on the plant and general labor councils, as well as the management staff and their speakers, for their receptiveness and dedicated cooperation which joined us again in 1983. In a cooperation based on mutual understanding and trust lies an important key to the continued success of our enterprise.

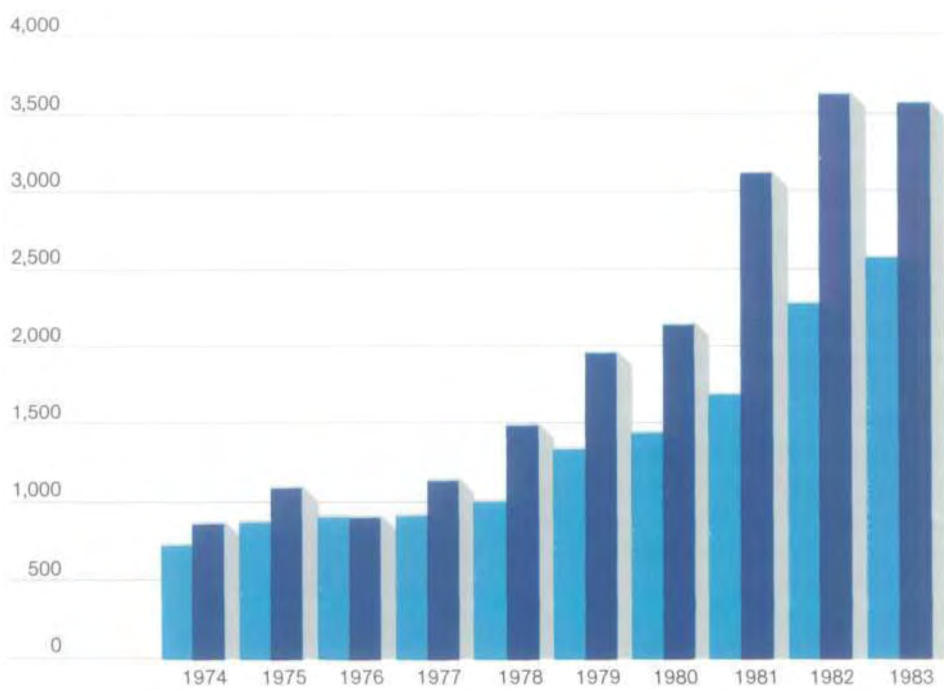
Once Again Gratifying Earnings

The 1983 earnings were influenced by contradictory factors. They were adversely affected by the market-induced, reduced capacity utilization in the commercial vehicle sector. In addition, we experienced keener competition in prices and sales terms in almost all markets. In the car sector, the production start-up of the 190 required advance expenditures. Earnings were positively influenced by the favorable utilization of capacities in our car plants, and particularly the above-average increase for S-Class and hi-line models. Moreover, the exchange rate trend worked to our benefit for car exports to the dollar area. Our commercial vehicle companies in the U.S.A. and Argentina appreciably improved their earnings.

In the non-operating area, Daimler-Benz AG had net interest income (excess of interest income over interest expense) of DM 535 million (last year DM 610 million) - before taxes.

Investments and Depreciation - Daimler-Benz-Group

(in millions of DM)	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
Investments	871	1,096	908	1,140	1,498	1,969	2,140	3,114	3,626	3,567
Depreciation	731	884	917	918	1,013	1,342	1,447	1,688	2,273	2,574



A much higher net interest income of DM 1.3 billion (last year DM .9 billion) is reflected in the Group financial statements. It is attributable to inflationary interest earnings of our Brazilian subsidiary, which for the most part only compensate for the erosion of purchasing power in monetary assets.

Worldwide net income rose 7.2 %, to DM 988 million (last year DM 921 million), net income at Daimler-Benz AG 3.3 %, to DM 710 million (last year DM 687 million).

Proposal for the Application of Unappropriated Surplus

The good results, all told, permitted the increase of the Group's retained earnings by DM 633 million. From the net income for the year, DM 355 million was transferred to retained earnings of Daimler-Benz AG. We consider the further strengthening of the Company's equity base a necessity especially in view of the large tasks still awaiting us in the area of products and programs.

At the end of 1983, and with the approval of the Supervisory Board, we increased the capital stock by DM 170 million at the ratio of 1 for 9 par value. "Authorized share capital" was reduced accordingly. The new shares are already eligible for dividends for the full year. We propose to our shareholders to pay a dividend of, once again, DM 10.50 for each common share of DM 50 par value, payable on the increased capital stock (last year DM 10.50 plus a bonus dvidend of DM 1). The total dividend payout thus increases from DM 350 million to DM 355 million.

Cars

In many industrial countries the good car business was the locomotive of recovery in 1983. World car output rose for the first time in four years, viz. by 11 %, to 30.2 million units. This is still short of the previous high of 31.7 million cars in 1978, however.

World Car Demand Resurges

Growth was particularly vigorous in the U.S. car market, where 9.2 million units were sold in 1983, an increase of 15.1 % over the low level of the previous year. The domestic manufacturers achieved a proportionately larger increase of 18.0 %, to 6.8 million units, enjoying the benefit of the renewed trend towards larger cars. The importers, who offer mainly smaller cars, sold 7.3 % more. Of the 2.4 million imports, 1.9 million alone were Japanese makes. Their imports to the U.S. are limited by the self-restraint agreement, which was renewed in 1983, so that the Japanese market share declined to 20.9 % (last year 22.6 %). The car output of the U.S. makers, which had declined sharply in the preceding years, rose 33.7 %, to 6.8 million.

In 1983, the Japanese car industry raised domestic sales by 3 %, to 3.2 million units. Exports, on the other hand, were confined to a 1 % increase. Despite new successes in several West European markets, including the Federal Republic of Germany, the volume of exports - 3.8 million units

Again in 1984, the readers of Auto Motor and Sport selected a car of the Mercedes-Benz class, the 500 SEL, as the best limousine of the world.

- was below the level already attained in 1980. Import restrictions in many markets precluded any large increase. The Japanese car industry boosted domestic car output by 4 %, to 7.2 million units. In keeping with their long-range worldwide market strategy, they expanded production abroad. 576,000 Japanese cars were built outside Japan in 1983, 20 % more than the year before.

In Western Europe, some 10.5 million cars were again sold. However, trends in the individual countries were quite dissimilar. Thus, the United Kingdom and the Federal Republic of Germany had sales gains of 15 % and 13 %, respectively, while the markets of France and Italy declined 2 % and 6 %, respectively. Net West European exports to overseas markets increased from .6 million cars to .9 million cars. The European manufacturers were able to boost output 8 %, to 11.1 million cars. Their share of world output remained almost unchanged at 37 %.

Exclusive, beautiful and technically advanced, Mercedes-Benz Coupe drivers know what they have.

Marked Recovery of German Car Market

The German car market made a strong recovery. For the first time since 1978, annual new-car registrations again rose, that is to say by 12.6 %, to 2.43 million units. This sales growth was based not only on replacement purchases which had been put off during the long recession, but also on an improvement of the general climate for private consumption. Many new, attractive models provided an additional incentive for buying. The record crowds at the International Auto Show in Frankfurt were a clear indication of the great interest in the automobile.

German and foreign makes profited from the upturn in the domestic market with about equal growth rates. The market share of imported foreign cars remained practically unchanged at 24.4 % (last year 24.1 %). Whereas the Japanese extended their market share once more, to 10.6 % (last year 9.8 %), the French and Italian makes lost market shares.

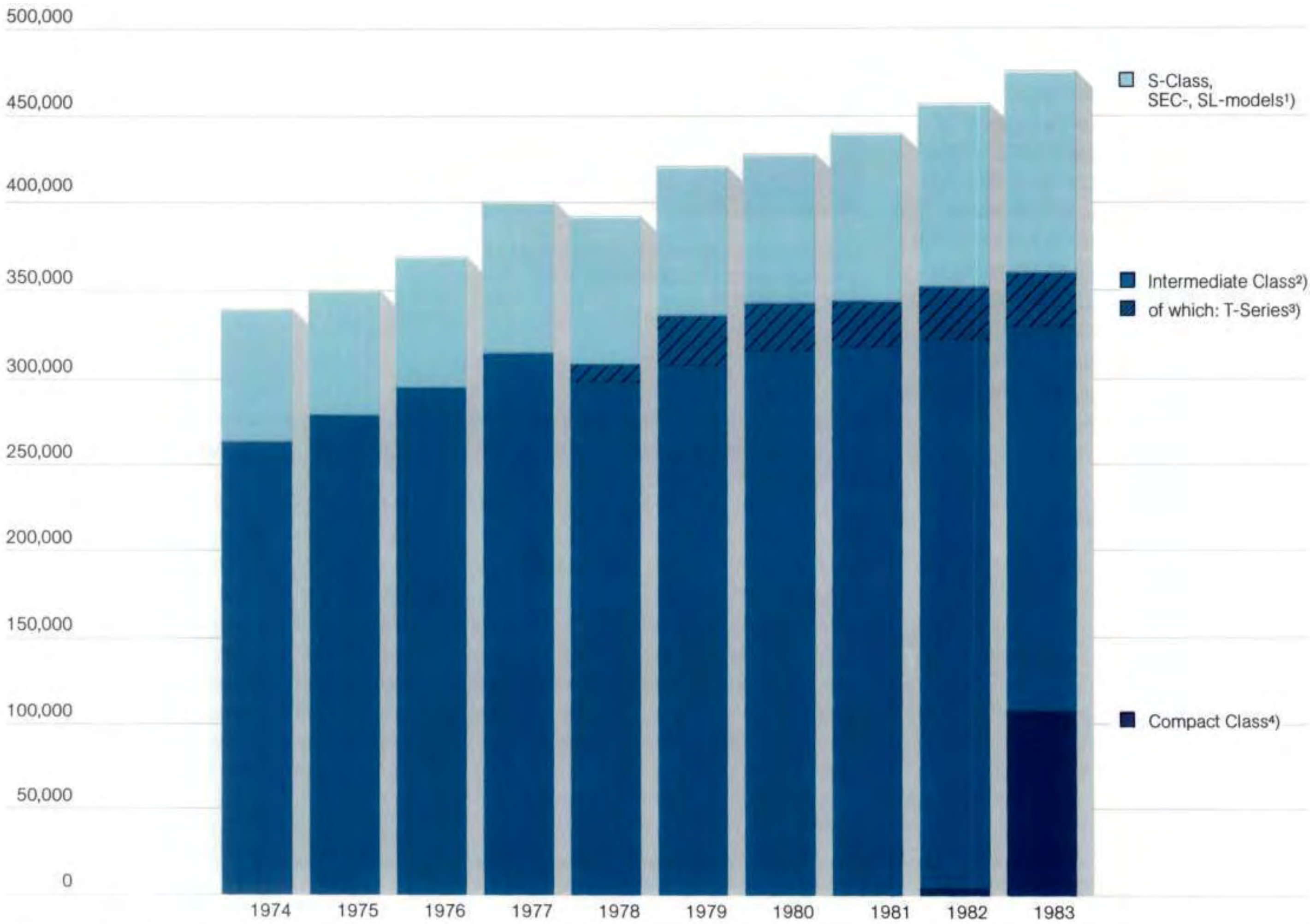
The brisk demand for used cars was continuing in 1983. With more than 5.5 million title transfers, the previous year's mark was bettered by almost 400,000.

Car Exports Matched High Level of Previous Year

Whereas car exports declined in the first half of the year, they rose again during the remainder of the year. The previous year's large export volume of 2.19 million units could again be achieved. The export share of production declined from 58.3 % to 56.4 %. The heavy demand for cars enabled the German manufacturers to better utilize their capacities. Output went up 3.1 %, to 3.88 million units, just shy of the record of 3.93 million units set in 1979.

Car Production

(Vehicles)	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
Total Production	**340,006**	**350,098**	**370,348**	**401,255**	**393,203**	**422,159**	**429,078**	**440,778**	**458,345**	**476,183**
of which: S-Class, SEC- and SL-models[1])	74,802	69,757	73,098	85,108	83,107	84,957	84,993	95,804	105,093	114,589
Intermediate Class[2])	265,204	280,341	297,250	316,147	310,096	337,202	344,085	344,974	348,602	251,757
of which: T-Series[3])	–	–	–	5	10,581	28,405	27,230	26,251	29,620	30,370
Compact Class[4])	–	–	–	–	–	–	–	–	4,650	109,837



[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, 190 E and 190 D.

Daimler-Benz Continued Steady Growth

During the year under review, 237,560 Mercedes-Benz cars were newly registered in Germany. The 5.5 % increase was less than the industry's average. This is also reflected in a drop in market share, from 10.7 % to 10.0 %. Such a statement of fact is nothing new to us; whereas our market share regularly declined during periods of expansion on account of the greater quantitative growth of the mass producers, during periods of weak economic activities we were always able to appreciably increase our market share due to our steady sales volume. Apart from that, our business policy continues to be directed towards continuous growth and the highest possible stability in capacity utilization and employment, and not towards market shares.

Contrary to the industry as a whole, we increased our car exports once again, to 238,179 units (last year 225,977). We obtained the largest growth rate in the S-Class and hi-line. In all we shipped 78,017 of these models abroad, 13 % more than last year. In important West European countries like the United Kingdom, France, Italy, Austria and the Netherlands, we were able to consolidate our position, in some cases contrary to the general market trend. We increased our car exports to the U.S.A. further, namely by 11.7 %, to 73,692 units. We exported 5,124 cars (up 10.7 %) to the Japanese market, which is not easily accessible to foreign makes. Within the slim segment of imported cars our share thus came to 18.7 %. More than half of our customers in the U.S.A. and Japan chose the S-Class, SEC coupes and SL sports cars.

Successful from the beginning, both at home and abroad: the new Mercedes class 190.

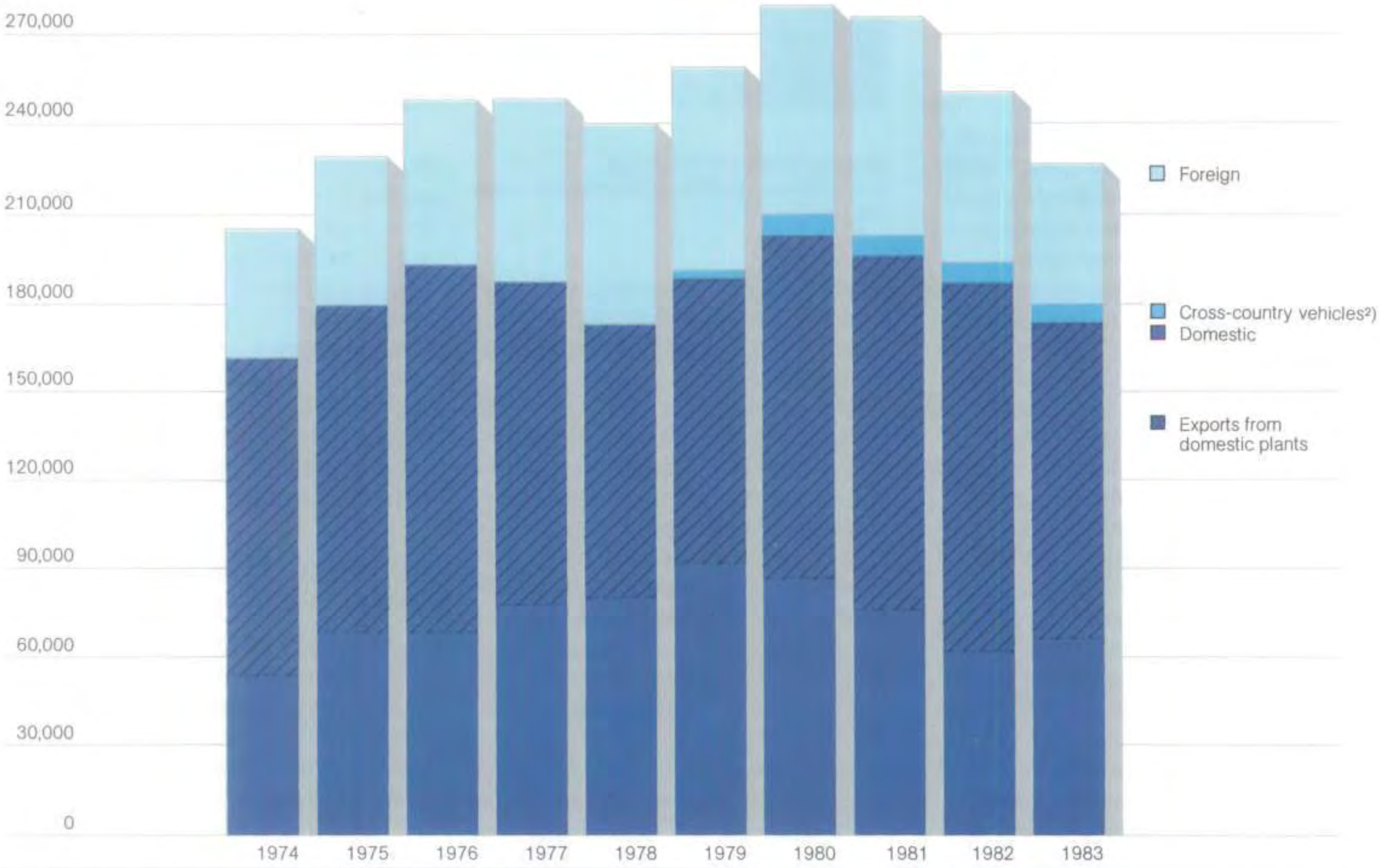
We raised our car output in 1983 by 3.9 %, to 476,183 units and thus fully utilized our production capacities. The export share of production remained practically unchanged at 50.0 % (last year 49.3 %), and is well below the industry average of 56.4 % (last year 58.3 %). More than half of the additional output was accounted for by the S-Class and hi-line; 114,589 units (last year 105,093 units) are an all-time high. The share of cars equipped with the powerful 8-cylinder light-alloy engines has increased to about 50 %. With sales of 30,370 stationwagons, we were able to surpass even last year's high volume. These models have maintained their strong position in the popular stationwagon market. In the start-up year of the 190, a total of 109,837 of this new compact series was built. This production capacity could only be provided for at the expense of our proven intermediate class 200 D through 280 E. The strong demand would have permitted a higher output here, as it would have with other models.

1983 Frankfurt Auto Show: Broader Offering in the Compact Class

Within a short time, the 190 series has gained a high degree of acceptance in domestic and foreign markets and has already taken a leading position in the category of high-quality compact cars. For more than half of the buyers in Germany, the 190 was their first Mercedes. In many

Commercial Vehicle Production

(Vehicles)	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
Total Production	**205,344**	**229,302**	**247,756**	**248,100**	**239,702**	**258,975**	**279,535**	**275,380**	**250,079**	**226,393**
Domestic	161,400	180,005	193,204	187,298	173,101	188,772	203,041	196,076	187,044	173,530
of which: Delivery vans										
to 4 tons¹)	30,597	29,975	41,878	40,257	47,333	51,815	53,353	45,200	44,795	46,508
over 4 to 6 tons¹)	24,726	25,470	29,906	30,358	26,481	28,270	30,624	24,157	19,678	17,382
Trucks										
over 6 to 8 tons¹)	13,953	15,924	18,658	18,228	18,746	17,141	17,213	13,905	15,540	17,972
over 8 to 15.9 tons¹)	33,465	34,007	32,330	28,940	23,721	24,242	29,047	31,280	22,393	21,017
16 tons and up¹)	34,789	53,831	47,844	48,375	39,310	48,625	53,241	61,957	63,513	51,888
Buses	13,726	13,344	12,824	11,595	8,210	8,529	9,643	9,647	7,925	7,963
Unimog and MB-trac	10,144	7,454	9,764	9,545	9,300	10,150	9,920	9,930	13,200	10,800
Export from domestic plants	*107,468*	*111,575*	*124,965*	*110,100*	*93,163*	*97,022*	*116,431*	*121,510*	*125,583*	*107,310*
Cross-country vehicles²)	–	–	–	–	–	2,508	6,667	6,455	6,566	5,662
Foreign	43,944	49,297	54,552	60,802	66,601	67,695	69,827	72,849	56,469	47,201



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.

foreign markets, this percentage is appreciably higher still.

At the 1983 International Auto Show in Frankfurt, we introduced two more highly regarded versions of our Compact Class, the 190 Diesel and the sports version 190 E 2.3-16. So in this series, too, we now have a family of cars that meet a wide range of customer wishes.

For the 190 D, a completely new, particularly economical, low-pollution diesel engine was developed. An encapsulated engine compartment reduces noise radiation by about half. Easy maintenance and repair characteristics of the new diesel engine have further improved the already extraordinary economy of the diesel. The keen demand for the 190 D allows expectations of an increase again in the diesel's share of car output after falling, for program reasons, to 30.7 % in 1983 (last year 45.0 %).

With the 190 E 2.3-16, a sporty dynamic car, catering to highest standards of performance, active safety and comfort, is available in our Compact Class as of mid-1984. Shortly before its presentation at the Frankfurt Auto Show, the new car already proved its stamina and reliability by establishing three world long-distance records and twelve international class records on the circular track at Nardo, Southern Italy.

In January of 1984, independent jurors from 20 countries acknowledged the 190's outstanding qualities of engineering, workmanship and ride comfort. From 44 competitors, the 190 E was chosen "World Car of the Year", the most significant international honor awarded annually.

Commercial Vehicles

In 1983, business in the particularly labor-intensive category of trucks over 6 tons GVW remained difficult throughout the world. Large markets like the U.S.A, the United Kingdom and the Federal Republic of Germany were benefitted by the upturn in the capital goods business, but this could not offset the declines in other important European industrial countries. Most of all, demand for trucks from the OPEC area, the dominant factor in preceding years, contracted sharply. The shrinking international commercial vehicle markets resulted in stiffer competition for prices and sales terms.

Truck Business Difficult Throughout the World

In the truck category over 6 tons GVW, world output in 1983 was 10 % below 1982. Despite this, total world production of commercial vehicles rose 7.0 %, to 9.8 million units, due to an appreciable increase for small vans derived from large-scale car production. American manufacturers accounted for about three quarters of the additional output of these vehicles, which should rather be classified as cars. Their commercial vehicle output thus increased by .5 million, to 2.4 million units.

In Japan, the commercial vehicle output of 4 million units was slightly above that of the previous year, though here, too, production could only be increased in the light vehicle classes; output of trucks over 6 tons GVW declined by 17,700 units, to 185,000. In Western Europe, with volume of 1.3 million commercial vehicles, production was on the scale of 1982, while in the truck category of over 6 tons GVW a drop of 40,000 to about 314,000 units, took place.

German Commercial Vehicle Business Only Good at Home

The German commercial vehicle market recovered in 1983 following the sharp declines of the previous two years. New registrations rose 16.7 % to 144,132 units. Registrations of trucks over 6 tons GVW increased at a faster rate - 25.5 % - to 48,800 units, with heavy-duty trucks alone (16 tons and up) accounting for 23,600 units (up 37,8 %).

The government investment subsidy still contributed at the beginning of the year to this welcome growth, whereas from the middle of the year, the generally improved investment climate also was being felt.

The share of foreign truck makers in the German commercial vehicle market declined slightly, to 19.3 % (last year 19.6 %). In the class up to 6 tons GVW, however, the Japanese and Italian manufacturers posted considerable gains in market share.

The exports of the German commercial vehicle industry, a mainstay of production in the years 1980 through 1982, fell by 11.4 % in 1983, to 180,568 units. The trend varied strongly by vehicle classes and export markets. Exports of trucks over 6 tons GVW fell sharply (down 27 %), especially as a consequence of the reduced demand for heavy-duty trucks in the OPEC countries.

In contrast, deliveries to the United Kingdom and to Austria were increased, but on the whole no compensation was possible for the drastically reduced absorption capacity of the Near and Middle Eastern markets.

German commercial vehicle production declined 2.8 %, to 292,910 units. This volume is about one fifth below the previous high established in 1980. The export share of production decreased markedly, to 61.6 % (last year 67.6 %).

Daimler-Benz Defends Market Position in Commercial Vehicles

Daimler-Benz shared in the gratifying upturn of the domestic market and, all in all, defended its good position. The increase of its new-vehicle registrations by 14.1 %, to 65,879 units, is just short of the industry growth rate. Due to the increasing pressure of imports from Japan and Italy we had to take a slight drop in our market share in the truck classes up to 6 tons GVW. On the other hand, we made greater-than-average gains in the weight classes above 6 tons GVW. With sales of 13,470 heavy-duty trucks (up 40.1 %), we succeeded in further extending our lead in the domestic market.

As for exports, even we could not help but be affected by the drastic slowdown in major markets. Deliveries to foreign countries declined 14.6 %, to 107,310 commercial vehicles. Whereas our sales to countries overseas decreased substantially, in Western Europe as a whole our sales again reached last year's volume. In Austria, Denmark and Belgium we increased commercial vehicle business commensurate with the general pickup in economic activities. In the United Kingdom, we even substantially improved our position. By contrast, in France, Italy, the Netherlands and Switzerland, we suffered a setback due to the market situation there. As the largest manufacturer of trucks over 6 tons GVW, we attained in 1983 a market share in Western Europe of 26 % (last year 23 %).

We cut back production 7.2 %, to 173,530 commercial vehicles, mainly in the area of heavy-duty trucks. Nevertheless, we succeeded on the whole in maintaining employment in the domestic plants again in 1983. The balancing of employment between commercial vehicle plants and at capacity-operating car plants proved helpful once more.

Bus Business As Difficult As Before

The domestic bus business revived in 1983. Like the commercial vehicle industry as a whole, the special investment subsidy had a perceptible impact at the beginning of the year. However, this only affected deliveries to private bus operators. The public bus companies continued to place orders hesitatingly because of tight budgets. Daimler-Benz raised domestic bus sales 6.8 %, to 2,478 units, chiefly in the class over 8 tons GVW. Outside Germany, we too were affected by the stiffened competition in Europe, which was aggravated in several markets by competition-distorting protectionist measures. With 5,558 busses, we exported 5.9 % less than last year. The decline industry-wide was 16.9 %. We captured additional market shares in important countries. The output in the domestic factories totalled 7,963 busses and bus chassis (last year 7,925).

The MB-trac like the Unimog: powerful 4-wheel drive vehicles for industrial, municipal and agricultural applications.

The profit picture in the bus division is still unsatisfactory. In such a market, which is characterized by overcapacities, and, with respect to the transit bus business, additionally by the strong position of public transit authorities, it is almost impossible to obtain break-even prices. We were able to avoid heavier losses through our continued efforts in cutting costs.

Satisfactory Unimog and MB-trac Business

In 1983, Unimog and MB-trac sales were satisfactory overall. In the domestic market we boosted sales 18.1 %, to 6,225 vehicles, especially due to strong demand for the MB-trac in the first half of the year. With export shipments of 4,718 units (last year 7,555), we were unable to repeat last year's extraordinarily good results, which had been inclusive of several fleet orders. Sales declined to the level of 1981, and production was curtailed correspondingly by 18.2 %, to 10,800 Unimog and MB-trac.

New Products in the Commercial Vehicle Range

To our wide range of commercial vehicles we added an all-wheel-drive heavy-duty tractor equipped with a 368 kw (500 hp) engine capable of hauling loads of up to 220 tons. With our new series 4 transmissions for medium- and heavy-trucks with engine output of up to 206 kw (280 hp), as well as for coaches with engine output of up to 243 kw (330 hp), we have an optimum drive train for every application. In the spring of 1984, we launched our new light "Woerth" trucks with the engines of the 360 series and gross vehicle weights of 6.5 tons to 11 tons. They replace our successful series of lightweight "Woerth" trucks (LP models). For public transit applications the O 405/405 G were introduced at the Frankfurt Auto Show as successors to the O 305/305 G busses.

Fewer Cross-Country Vehicles Sold

In the year under review, 2,309 cross-country vehicles were sold in the domestic market, 1.5 % less than the year before. There was a much stronger decline of exports, viz by 16.9 %, to 3,225 units. Production of the cross-country vehicles, which are assembled on a job order basis at Steyr-Daimler-Puch AG in Graz, Austria, was cut 13.8 %, to 5,662 units, to adjust to the demand trend.

Commercial Vehicle Production Drops Once More at Foreign Plants

Continued poor economic conditions in South America and Spain further impaired commercial vehicle markets of these countries. The sales of our subsidiaries, who have their own commercial vehicle manufacturing facilities there, were also affected. The output of our foreign plants had to be cut once again, namely by 16.4 %, to 47,201 units. Due to the prevailing market conditions, production at Mercedes-Benz do Brasil declined by almost another third, to 22,255 commercial vehicles. Mercedes-Benz Espana, too, with 9,172 vans, was about a quarter off the 1982 production level. On the other hand, our Argentinian production company consolidated its local market position and matched the previous year's production, manufacturing 3,805 trucks and busses. The development of Freightliner was extremely gratifying. With overall demand in the U.S. heavy-duty truck market running only slightly higher, this subsidiary boosted production by 55 %, to 11,969 units, raising its market share in the U.S. to 13.4 % (last year 10.1 %).

Because of the difficult worldwide situation pictured above, Group commercial vehicle output declined to 226,393 units in 1983 (last year 250,079).

Mercedes-Benz diesel engines are used in specialty vehicles (here: corn-harvester), boats and electrical generator installations.

Industrial Engine and Vehicle Component Business Down

Domestic stimulants to the industrial engine and vehicle component business were largely lacking in 1983. We could only increase our sales to farm machinery makers, mainly due to a shift towards more powerful and thus higher-priced engines. By contrast, sales to original-equipment makers, who are highly dependent on exports, suffered from their reduced export opportunities. The poor foreign demand also affected us in the area of special-purpose vehicles, construction machinery, and electric generator and pump sets. Total sales in this category declined 6.7 %, to DM 291 million. Within our line of industrial diesel engines, ranging in output from 44 to 452 kw (60 to 615 hp), the percentage of engine sales with over 200 kw (272 hp) continued to rise.

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Outlook

Improved Prospects for Worldwide Economic Upswing

In the first months of 1984, the economic situation in important industrial countries improved further. The conditions are thus good for a continuation of the recovery process of the world economy.

The overall favorable prospects for vigorous, steady growth must be considered in relation to a number of risks. The large budget deficits in the U.S. at first stimulated the economy, but there is reason to fear that the continued high real interest rates could endanger growth and that negative repercussions on the international monetary system could be inevitable. In many newly-industrializing and developing countries the debt burden still goes beyond their economic capacities and it forces them to put a tight rein on imports. The political and military conflicts in the Persian Gulf are further sources of danger to the world economy. Indications are mounting that the progress achieved thus far in the economic integration of Europe are being jeopardized for reasons of national self-interest and an incapacity to take political action. In several industrial countries which, because of structural problems and adjustment difficulties, are not or are only partially partaking in the upswing of the world economy, the calls for protectionist safeguards of home markets and for interventionist measures are getting louder, because it is hoped they will afford quick, politically demonstrable successes. However, such measures will not prevent undesirable structural changes, but only mask them temporarily - and make enduring rehabilitation difficult.

German Economy Dependent on International Competitiveness

Confidence is growing in Germany that economic recovery will accelerate. The successful efforts to curb public spending and reduce the large budget deficits have contributed substantially to bolster the confidence of consumers and investors. This is now also evident in the increased expenditure on machinery and equipment. Foreign orders have picked up again, mainly from regions in which the price competitiveness of the German exporters has been aided by the favorable trend of the D-mark against the U.S. dollar and the Japanese yen. What with the discernible bias for increasing the value of the D-mark, the competitive conditions for German products in world markets will again become harsher. On the other hand, a strong D-mark helps defend our hard-won successes on the stability front.

Maintaining the international competitiveness of German industry is dependent on, above all, the stability of domestic prices and costs. A strong increase in the cost of labor through a reduction in working hours would in effect considerably impair the competitiveness of German enterprises. The longer-term result would not be more jobs but the endangerment of existing ones. The question of working hours as a dispositive factor should not, however, be excluded for the solution of labor market problems.

Redistribution of work and working hours, on grounds of labor market policy, is only acceptable if their costs are controllable, and if the utilization rate of our manufacturing capacities - low as it is by international standards - is not further reduced. These requirements could best be met by flexible arrangements which are tailored to the needs of the individual enterprise and its employees, and to local labor market conditions. A country that is so deeply involved in world trade, as is the Federal Republic of Germany, would be taking a high employment risk if it were to follow proposals which do not meet these criteria.

Car Industry Steps Up International Activities

Market conditions for the car industry the world over have also improved with the general recovery. In the short run, the demand will even appreciably exceed the long-term growth trend. Pent-up replacement demand, from the recession behind us, will provide additional impetus. Nevertheless, before too long the expansion of production capacity, planned or already carried out by several manufacturers, will further heat up competition. With manifold restrictions on free access to the market - import quotas, different safety standards and licensing rules, discriminatory taxes - individual countries seek to protect their national industries against strong competition from imports and loss of employment.

International cooperation agreements between large multinational car manufacturers are intended to utilize cost advantages based on location and technology and simultaneously safeguard market positions and jobs in the home market. U.S. car companies look to cooperate with Japanese mass producers as a way to quickly obtain the know-how which they lack in smaller, more compact cars (after partly unsuccessful efforts of their own). The Japanese companies want to actively counter the limitation of imports in North America with such agreements.

In the United Kingdom, the Japanese auto industry is endeavoring to establish production and assembly plants for cars, thereby putting itself in a position to deliver to European markets where it had only limited access up to now. Particularly the German car manufacturers will face an even sharper struggle for markets and market shares. In the past years, they benefitted from the uniform external tariff of the European Community and from additional quantitative restrictions in Italy, France and the United Kingdom, the latter having been directed mainly at Japanese imports.

In the long run, this new challenge too can only be met successfully with a superior range of products in terms of engineering and quality. There is a growing market potential worldwide for cars of high standards and value.

German Car Industry: Discussion About Tougher Emission Standards

In the past years, the German automobile industry has acquired a strong competitive position in international comparisons through fundamental improvements to their products. Great advances in safety, economy and workmanship are incorporated in a host of new and attractive models. With regard to environmentally compatible cars, German manufacturers are well out in front of legislative action.

We respect the intention of the Federal Government to adopt the presently valid U.S. emission standards, the measuring procedures and the driving tests. The companies will cooperate to put them into practice as current technology permits. These lower emission limits for cars with gasoline engines can only be met with catalytic exhaust cleaning systems

To convert their entire product range to catalyst-equipped cars, German manufacturers will need far more time than permitted by a 1986 deadline. The indispensable prerequisite for general use of the catalyst technology and retention of high fuel economy is the general availability of unleaded premium gasoline throughout Europe. Yet a number of neighboring European countries oppose such fuel, in part because of the economic burdens connected therewith.

The drastic reduction of emission limits must be carried out uniformly across Europe. Otherwise, government interference in the border-crossing car business would have to be feared. This would seriously jeopardize employment in the German car industry, which is so dependent on exports.

The automobile industry emphasizes, however, that there are ways to

Space, versatility and quality: Three major reasons which speak for the Mercedes-Benz T-model.

reduce pollutant emissions of cars that are more cost-efficient and get much faster results. They include regular inspection of the vehicles already in operation, but also the wider use of diesel engines.

Speed Limit, Inappropriate Means of Reducing Pollutant Emissions

In connection with this discussion, the call for a general speed limit on expressways has grown loud again. Advocates cite a rise in nitrogen oxide emissions (NO_x) with increasing speed. The potential for emission reductions through speed limits is often greatly overestimated. According to available studies, the reduction of NO_x, which a speed limit could provide, would be at the expense of heavier emissions of hydrocarbons and carbon monoxide, which together may even outweigh NO_x. Up to now it has not been possible to assess the effect on the environment of either of these emissions with sufficient certainty.

Moreover, statistical surveys show that the average speed levels on expressways, which do not have speed limits, are only slightly higher than on roads where speed limits of 100 km/h are in effect. If a general speed limit on expressways were introduced, part of the mileage driven on expressways would probably be shifted to the already overcrowded secondary highway system. From a safety viewpoint, this would be a definite disadvantage, as expressways - in relation to traffic volume - are far safer than other highways. The topic of the car and the environment must not be dealt with in such a way that other important goals of development, especially traffic safety, are neglected.

These discussions cause buyers to hesitate, as can already be seen in the marketplace. Clear and practicable guidelines are called for from the political decision makers. Irrespective of new, more stringent emissions standards, we have made sure that our current cars will be able to operate without restrictions well beyond the year 2000.

Mercedes-Benz truck:
Specifically tailored for every transport application - its serviceability matches its engineering.

Daimler-Benz: Substantial Growth in the Car Sector in 1984

The good order situation for Mercedes-Benz cars - both domestic and foreign - ensures full employment of our expanded capacities also in 1984. With the startup of production of the 190 at the Bremen plant, output and sales will increase to substantially more than 500,000 units. The continuing trend of demand towards high-quality, economical cars favors our line of high-tech, top-quality cars.

We can meet the customers' increasing safety-consciousness with a comprehensive model offering. The electronically controlled anti-lock braking system ABS is an important contribution to active vehicle safety. We have effectively improved passive safety with the development of the airbag and seatbelt tensioner. We are the only manufacturer in the world to offer these restraint systems, which assure passengers the greatest possible safety, in all models.

The addition of the 190 D to our diesel range ushers in a new era of diesel car driving with a multitude of innovations. Its overall design, with an optimum combination of fuel economy and emission control, as well as noise levels which have never been so low in a diesel car, has already convinced many buyers.

In the emissions issue, in the interest of our customers, we have decided on a straightforward course: since January of 1984 we are offering only cars that comply with standard ECE 15/04. Regardless of when a law becomes effective, we are able already today to deliver in the Federal Republic of Germany models 380 SE and 230 E with catalytic exhaust cleaning equipment. Model 190 E can also be offered with such a system from mid-1984. However, as yet there are hardly any gas stations offering lead-free fuel for these cars.

We have taken these steps without being legally compelled to, even though the effects of exhaust contaminants on the environment have not been adequately researched by any means. We, ourselves, are deeply involved in programs to discover the causes of the damage to the forests, for which there are many hypotheses but still no satisfactory explanations.

We shall be striving for further qualitative growth in the future as well. As in the past, our new developments are directed towards genuine technical progress that provides the customer a clearly recognizable additional benefit. In product and model policies our special attention is directed towards energy savings and pollution control, in addition to safety. Moreover, we shall continue to focus on the qualities to which the Mercedes owes its reputation: balanced design, quality and mature engineering, ride

A suitable truck for every application: Mercedes-Benz offers more than 200 basic truck models, with more than 2,800 model variations.

comfort, value retention and long life. It remains our goal to offer products of high utility value which thoroughly embody sound technical advances.

Keener Competition in the Commercial Vehicle Markets

The situation in the international commercial vehicle markets continues to be characterized by a sharp struggle for market shares. The availability of large production capacities on the supply side are contrasted against reduced worldwide demand. Moreover, the commercial vehicle customer has become more discriminating in ordering and has come to view cost-benefit relationships even more critically. On the manufacturers' side, the location-determined cost picture is made additionally worse by a great many differing national safety standards and licensing laws.

Long-term, however, we are expecting the market potential to grow again. The modern economic structures of the industrial countries will be increasingly dependent on the commercial vehicle as a means of transportation according to all external forecasts. In developing countries and newly-industrializing nations further economic and social progress would be inconceivable without the truck. It is the financial resources that are mainly lacking at this time. When the underlying economic conditions improve, the world's large need for commercial vehicles will be translated into commensurate demand.

Domestic sales by the German commercial vehicle industry in 1984 will probably increase a little as the capital goods business improves. However, foreign manufacturers, who have a price advantage especially in the area of unsophisticated lightweight vehicles, can be expected to make further inroads; this applies most of all to the Japanese competitors.

On the export side, a certain increase in demand is only evident for light commercial vehicles. Shipments of trucks in the GVW class of 6 tons and up, on the other hand, will remain at a low level in 1984.
The West European markets have increasingly become the focal point of competition between the manufacturers since overseas truck demand, especially from the OPEC region, has receded. Here, the prospects for a gradual revival of exports are overshadowed by numerous risks.

Mercedes-Benz trucks can be delivered with all special bodies in use today.

In cooperation with well-known body-builders, Mercedes-Benz offers fire trucks and vehicles for a diversity of municipal applications.

For world-wide application, Mercedes-Benz developed the 2636 S/6 x 4. Long-haul tractor equipped with a naturally aspirated 261 kw (355 hp) engine.

Daimler-Benz: Commercial Vehicle Business Remains Difficult in 1984

The persistent weakness of the overseas commercial vehicle markets plus the uncertain prospects in Western Europe will also impair the sales of Mercedes-Benz commercial vehicles. Even if domestic business remains good, we do not expect to make up completely for the decline of exports to OPEC countries. Consequently, we slightly curtailed our production schedule once again, especially in the area of "Woerth" heavy-duty trucks.

At our South American subsidiaries Mercedes-Benz Argentina and Mercedes-Benz do Brasil we expect production to increase, albeit from levels which had fallen sharply in the years before. On the U.S. truck market, our subsidiary Freightliner plans to further extend the position it achieved in 1983 as overall demand for heavy-duty trucks picks up more steam.

With our wide and strongly competitive commercial vehicle line we offer a made-to-measure solution to every transportation problem. Our offer ranges from the 2-ton van to the heavy-duty tractor capable of hauling up to 200 tons gross vehicle weight. Within this range there are scores of possibilities for combinations with basic models and special versions. Manufacture by the modular system permits customer-oriented low-cost volume production without sacrificing efficiency and performance. On this basis, we will continue systematically to develop our commercial vehicle program. A convincing example of this is the vehicles of our new light "Woerth" truck class, whose presentation and introduction to the market in the spring of 1984 drew a tremendous response from the press and customers alike.

At the beginning of 1984 we sold our subsidiary Euclid, Inc., Cleveland, U.S.A., to the U.S. construction machinery maker Clark Equipment Company, thus taking account of the radical structural changes which have since 1980 taken place in the market for construction machinery and in international competition.

Continuation of the Medium-Term Investment Program

Capital spending in 1984 will amount to about DM 3 billion. The car division continues to receive the bulk. In our medium-term planning, we have assumed that capital spending will fall gradually beginning in 1985 when the reorganization of our plants is completed. In both the car and the commercial vehicle division, our investment activities will serve to strengthen our competitiveness and improve and supplement our vehicle

No two transport jobs are the same. This is the reason why Mercedes-Benz offers vans with many configurations in bodies, wheel base and door combinations.

programs. We will steadily increase the productivity and flexibility in manufacture through new technologies and up-to-date plant engineering.

Continuous, Stable Development

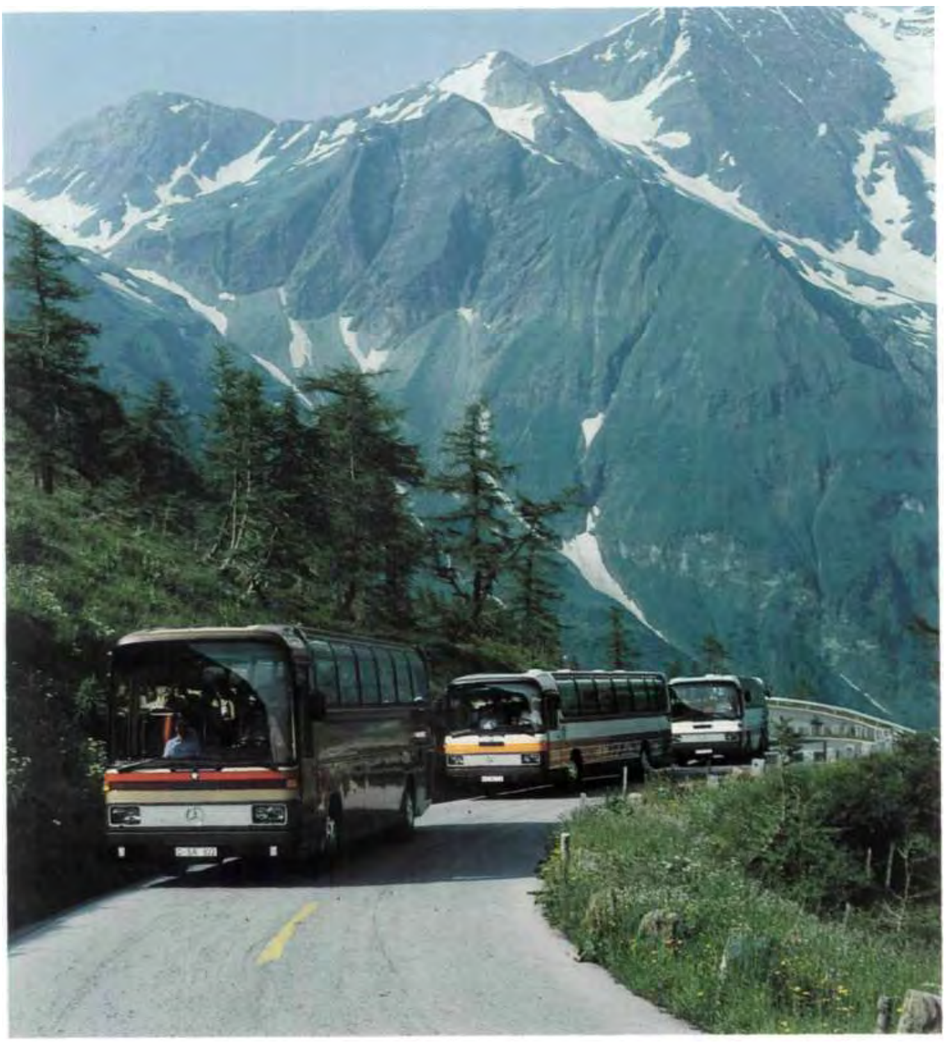
Daimler-Benz will stand by its proven policy of continuity and stability. On the basis of comprehensive research and development work we will incorporate technical progress in our products in an economically sensible manner in the future as well. We will also continue to seek the confidence of our customers with a total package - consisting of product and a wide variety of services - of high value and quality. Far from merely conserving past successes by this, we want to open up new fields of activity. This strategy is particularly evident on the car side through the addition of the Compact Class to our lineup, and on the commercial vehicle side, by the new light "Woerth" trucks.

Also in the future, we trust in the skills and dedication of our employees and in the experience acquired over many decades. A sound financial foundation gives us the necessary support in our continuous striving for the best solution to justify the good reputation of our vehicles again and again.

Daimler-Benz: First Quarter Trend 1984

In the first three months of 1984, Daimler-Benz increased car output by 9.5 %, to 132,000 units. In the commercial vehicle division, 41,000 vehicles (last year 42,700) were produced in the German plants along with 7,000 (last year 6,000) Mercedes commercial vehicle kits for assembly abroad. Production at our plants in South and North America and Spain rose to 15,000 commercial vehicles (last year 10,300). Group sales for the first quarter of 1984 rose 5 %, to DM 10 billion. Sales of Daimler-Benz AG itself rose 3 %, to DM 8.2 billion.

The following sections of this report cover details of the various company divisions and activities:



Mercedes-Benz busses are offered for excursions, travel tours, long distance trips and for city transit operations, seating 8 to 189 passengers.

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Research and Development

Following the two oil price crises of the seventies, a primary goal of Research and Development was to reduce the fuel consumption of automobiles. Then, at the beginning of the eighties, environmental protection, especially through reduced exhaust emissions, received political priority. Daimler-Benz had taken both aspects into account very early with a broadly based Research and Development program, without neglecting the "classic" Mercedes characteristics such as safety, superior riding comfort, quality and long life. Already since the beginning of 1984 are all our cars meeting the ECE 15/04 (U.N. Economic Commission for Europe) emission standards which will not become effective until October, 1986. We are working hard to develop for the European markets cars equipped with catalytic converters, and engines that run on unleaded premium gasoline.

DM 1.5 Billion for Research and Development

For the continuing development of our vehicle programs and for their adaption to the constantly changing stipulations, we further increased our Research and Development expenditures in 1983, to about DM 1.5 billion. Moreover, we invested DM 137 million in the expansion of our research and testing equipment and the buildings required for them. More than 10,000 employees in the engineering and testing departments are engaged in the improvement and the renewal of our product range and thereby the future of-our Company.

In the engineering departments we have increased our staff working with computer-aided design (CAD), which relieves the engineer from costly, time-consuming drawing work and allowing more time for new ideas and creative mental pursuits.
The results with respect to function and costs are optimized components and integrated systems. The continuous flow of data from design to manufacture is thus facilitated, improving quality and at the same time, raising productivity. We must, however, caution against undue hopes for substantially shorter periods of development.

Isolated National Actions Impede Harmonization of Motor Vehicle Standards and Certification Regulations

We consider harmonization of the motor vehicle standards and certification requirements, which differ from country to country, an urgent necessity. Again in 1983, no progress was made in this area, to the detriment of everybody. In fact, new national actions have put this important goal still farther out of reach. Because of the different international requirements, development capacities are being tied up to an increasing extent.
The consequences are unnecessary cost increases, reductions in the number of models that can be offered, and protectionist barriers, all of which work to the consumers' detriment.

The Swiss emission and noise standards, which went into effect in 1982, were followed in 1983 by the legislative initiatives of the German federal government, which had been prompted by the discussions about forest damage. They will again change basic conditions starting in 1986.
Yet such isolated national regulations will do little to reduce pollution, as about half of the total pollutants in the Federal Republic of Germany comes from across the borders. Effective improvements can, therefore, only be expected from uniform, European-wide regulations.

German Auto Industry - Progress in Environmental Protection

The German motor vehicle industry already in 1981 promised the Federal Minister of the Interior that it would, ahead of schedule and voluntarily, reduce the exhaust emissions of gasoline-powered cars to the limits set by ECE regulation 15/04. At the same time, the industry is nevertheless committed to keep its promise to cut fuel consumption 15 % by 1985 versus 1978 levels. Any appreciable reduction of pollutants below these standards - such as is now planned by the federal government beginning already in 1986 with the adoption of the current U.S. emission standards and test procedures - can only be achieved for gasoline-engined vehicles if they are equipped with catalytic converters, given present technology. However, catalysts require unleaded gasoline and they increase fuel consumption. Diesel-powered vehicles already have emission levels which are below the limits proposed by the German Office of Environmental Protection.

The German car makers have made it clear that it is impossible for them to convert their entire range of gasoline vehicles to comply with the more stringent standards within only two years. It requires a longer period of transition for technical, economic and legal reasons (EEC directives). During this period it should be permissible to produce vehicles that meet the tougher standards along with those that do not yet comply. Incentives, for example, in the form of financial relief - also for the environmentally more compatible diesel vehicles - would be a market-oriented method to encourage buyers to purchase catalyst-equipped vehicles whose purchase price and operating expenses are higher. In any case, it must be ensured that unleaded premium fuel will be available throughout Europe beginning in 1986. Only then shall we be able to continue to use the extremely energy-efficient high-compression principle in our engines, an area in which the German auto industry has world leadership.

Daimler-Benz Steps Up Environmental Protection Activities

Together with the University of Stuttgart, the Environmental Protection Institute of Baden-Wuerttemberg and the Forestry Development and Research Center of Baden-Wuerttemberg in Freiburg, Daimler-Benz has initiated a joint project to study the causes of forest destruction. Only their precise knowledge will enable to take appropriate steps that will produce measurable success in reducing environmental pollution.

New Emission Test Center Begins Work

In 1983, we opened our new emission test center in Untertuerkheim. A total of DM 80 million was spent on buildings and equipment. This center can conduct simultaneous tests on eleven computer-controlled dynamometers. The electronically calculated values are evaluated on video terminals. As many as seven exhaust components can be made visible instantly. Following computer evaluation, the data can be automatically recorded.

In the Untertuerkheim emission test center, modern measuring techniques are applied to test the complex relationship between vehicle operation and pollutant emission.

In addition to these emission measurements taken in the course of our development activities, we constantly monitor current production cars for compliance. Moreover, cars shipped abroad, are again inspected under the supervision of the local certification authorities in the U.S.A. (Ann Arbor, Los Angeles, Denver) and in Melbourne, Australia. Our annual development expenditures for pollution prevention in engines amount to some DM 300 million, or about 20 % of our entire engineering budget.

Further Progress in Noise Reduction

Under a joint research project with the German Office of Environmental Protection concerning the technical feasibility for the reduction of external noise emitted by vehicles, we have during the past few years demonstrated commercial vehicles and cars which were equipped with noise insulation features that can be used in large-scale production. Inevitably, these features adversely affect operation, weight and price of the vehicles. Therefore, we tested the acceptance of such vehicles with selected customers in every-day operation. Up to now, noise insulation has been achieved to a large extent only in city busses.

A major advance has been accomplished by us with the engine com-

Unparalled in the world to date, the unique procedure for isolating and measuring external noises. The Daimler-Benz test facility - jointly developed with the Technical University of Aachen - permits the objective comparison of noise levels and thus the purposeful reduction of noise sources.

partment encapsulation of the 190 diesel, whose noise characteristics appreciably distinguish it from other diesel cars presently offered.

Construction of Boxberg Test Track Delayed

The success of our products in the marketplace and thus the jobs of our employees can only be safeguarded in the long run if suitable test tracks are available to us. We need them to test our vehicles and their components but also to demonstrate compliance with legal requirements. Testing calls for maneuvers which, for safety reasons, cannot be conducted on public roads. Consistently reproducible test results are imparative to prove compliance with environmental standards and certification requirements which vary from country to country. If we do not solve this task we run the risk of losing important foreign markets.

Although we have purchased enough land in the economically underdeveloped Boxberg region of Main/Tauber county, we have not as yet been able to begin construction. The massive resistance put up by opponents of this project has made it impossible thus far to draw up a timetable for its realization. Currently, two suits are pending before administrative courts, a decision for which is not yet in sight. As soon as the varying legal requirements are fulfilled, we will begin with the construction of the facility.

Car Program: Additional models in the Compact Class

At the 1983 Frankfurt Auto Show we introduced an exceptionally sporty version of our 190 series, the 16-valve 190 E 2.3-16. Its high-performance power plant was developed from our range of 4-cylinder gasoline engines. The output boost was achieved essentially by the newly developed light-alloy cylinder head with two overhead camshafts and 16 valves. The suspension is of the same design as the other 190's. Wheel-aligning elements, springs, shock absorbers, wheels and tires have been adapted for the appreciably higher performance. A self-levelling rear suspension maintains the car in a level position to the roadway irrespective of payload. Prior to the introduction of the 190, we conducted extensive endurance tests: suspension and drivetrain components had to prove their reliability under extreme conditions. During the test series, our test drivers set three new long distance-world records in all, over 25,000 km, 25,000 miles and 50,000 km.

As a further complement to our Compact Class we introduced the 190 D. The diesel engine, of all-new design, meets the high standards by which a modern automobile is judged in regard to economy, performance, weight and operation, but also in regard to exhaust emissions and distinctly reduced noise levels. The 190 D is the first car whose power plant is enclosed by body-mounted panels. Noise levels outside the car, both at idling and while moving, are appreciably less than the levels heretofore attainable in diesel cars.

Electronic Information Systems for the Driver

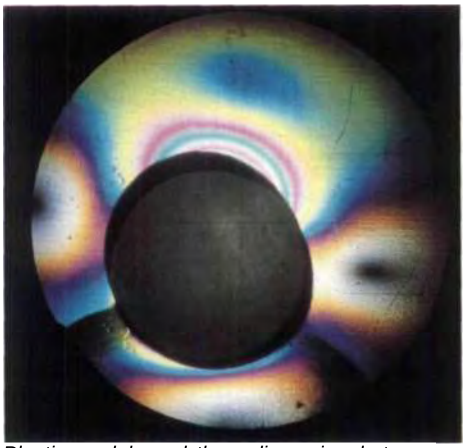
Optimum information for the driver is provided through electronic systems which were introduced at the Frankfurt Auto Show: trip information computer, route planning and navigation computer, and economy meter. The trip information computer is an option which has been available on our S-Class since the spring of 1984; the route and navigation computer will follow. The combination of both systems will help the driver to orient himself on main highways, react quickly to reports of traffic conjestions, and reach destinations in unknown cities by the most direct route. The economy meter recommends the gear that should be engaged for optimum fuel economy and performance and thus contributes towards economical driving.

Expanded Commercial Vehicle Range

As the world's largest manufacturer of trucks we have a product line that offers specifically-tailored vehicles for every application in all weight classes.

With the heavy-duty tractor 3850 A and AS/6x6 we have extended our truck range by an especially powerful unit developing 368 kw/500 hp and a torque of 2,000 Newton meters for gross combined vehicle weights even in excess of 200 tons. The turbocharged 10-cylinder engine is derived from our series of large-displacement V-engines, which enable us to provide the proper engine output for every desired use.

The objective here is the optimization of components with respect to weight and strength. With the aid of computer graphics and our own programming systems, variants can be developed and selected much faster.



Plastic models and three-dimensional stress optics help in the development of weight-saving designs. Here we show the precombustion-chamber opening of a cylinder head model in polarized light which shows the stress area and extreme stress points.

New Generation of Medium-Duty Trucks

In the spring of 1984, we presented to the press our new commercial vehicles of the light "Woerth" truck class with GVW between 6.5 tons and 11 tons with very positive results, and introduced them in the market. These vehicles replace the extraordinarily successful LP series, which accounted for as much as a quarter of the "Woerth" truck output. In the versatility of its applications, the new series satisfies the most sophisticated demand. With the new vehicles in this weight segment, Daimler-Benz introduces advanced technology. The power steering, which is standard, an air brake system available as an option starting at 6.5 tons GVW with optional anti-lock braking system (ABS), and the substantial reduction in fuel consumption and maintenance and repair costs, illustrate the progress.

Also completely new developments are the engine series 360 with naturally aspirated and turbocharged versions which cover the range of 66 kw to 148 kw (85 hp to 200 hp). With the likewise newly-developed transmissions and improved axle designs, these vehicles set new standards of performance and fuel economy for every type of application.

With the cabs of the "New Generation" we were able to obtain, with the aid of wind deflectors, energy savings of up to 15 % in long-distance operation. To reduce fuel consumption and exhaust emissions but also to improve operational reliability, we plan to introduce an electronic diesel fuel injection governor in the near future.

In 1983, we added the U 1250 to our Unimog line. The driver's cab of the medium MB-trac was completely redesigned.

New Urban Busses for Public Transit

For public transit, we developed and introduced at the Frankfurt Auto Show the 0 405/O 405 G (articulated) busses as successors to the standard busses 0 305/O 305 G. The response to the new standardized second-generation transit busses has been exceptionally good. The busses meet all the specifications of the Association of Public Transportation Companies and, following thorough testing, will go into production in the autumn of 1984. In Essen, the project involving track-guided busses, an element of our O-Bahn transit system, is being continued, using the duo-bus (can be driven either with diesel engine or electric motor, with electric power supplied by overhead wires). A further section of the planned route has been put into operation in the meantime. 21 track-guided 0 305 G (articulated busses) are now operating on the existing streetcar tracks which have been adapted to the busses' requirements. Since 1980, these busses have covered more than 4.5 million kilometers without breakdown.

In Adelaide, Australia, a 2.4 km section of the track-guided O-Bahn system has been completed which, for the time being, is used to train drivers. The project is going ahead as scheduled. Delivery of the contractually committed 90 chassis model O 305/O 305 G had started in 1983.

Development Work at Foreign Subsidiaries

At Mercedes-Benz do Brasil, the development of the O 370 was concluded. The bus is the first of a series of vehicles developed specifically for Brazilian operating conditions, and is not based on previous Mercedes-Benz products.

The truck program of our U.S. subsidiary Freightliner is being revised in several phases. The experience gained, particularly in European markets, will be incorporated. As a first step, we introduced in February a restyled cab with upgraded interior appointments.

For the commercial vehicle manufacturer Arbon & Wetzikon (NAW), Switzerland, a four-axle truck was developed, which is also suitable for off-road operations. The basis for production there are the vehicles and components obtained from the domestic plants of Daimler-Benz AG.

Mercedes-Benz-O-Bahn in Essen. Track-guided busses (O 305 G) powered with either diesel engines or electric motors use both the tracks and the tunnels of the existing streetcar system.

Research Group Berlin

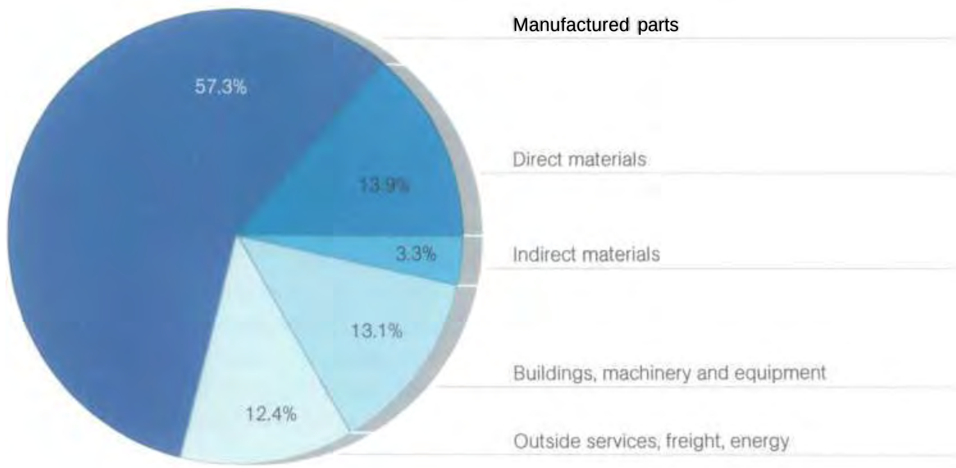
During the reporting year, the Berlin Research Group conducted the Daimler-Benz Berlin Seminar dealing with the topic "Short-Haul-Traffic-Problems, Trends, Key to Solutions". The speakers at the seminar emphasized in particular the growing significance of information systems with their manifold consequences for transportation. In addition, it became apparent that for local hauling, more attention than in the past should be given to solutions taking into account the psychological aspects of all involved, and not least those of the driver.

The building, which houses the Berlin research group and the driving simulator, has been occupied. The simulator has passed its first functional test. Presently, the electronic visual system is being installed.

Purchasing

Again in 1983, Daimler-Benz' purchasing volume has given strong impetus to the business of the mostly small and medium-sized suppliers. The value of worldwide purchases of manufactured parts, raw materials and supplies, capital goods and services again topped DM 23 billion. The orders of Daimler-Benz AG alone, totalling DM 18.7 billion (last year DM 18.5 billion), secured more than 150,000 jobs at suppliers, not counting the many employees of their subsuppliers. In consideration of the economic and social responsibilities which large companies in particular must face when placing orders, we gave special consideration to small and medium enterprises, social institutions (for instance, workshops for the handicapped) and firms in underdeveloped regions. In keeping with our traditional commitment to the Berlin economy, we substantially increased again the volume of orders going to Berlin companies.

Consolidated Purchasing Volume: More than DM 23 Billion in the year 1983



Prices of Materials Rose More Slowly Than in 1982

The prices of materials rose at about the same rate as prices in general in 1983, albeit from a sharply higher 1982 base following the price surge in the steel sector. The improved cost situation overall for labor and energy, and for most primary materials, contrasted with above-average price increases for chemical products and plastics. The extraordinarily sharp increase of world market prices for aluminum in the second half of 1983 will also affect costs for the current year. A stabilizing effect on prices was achieved by the measures adopted by our suppliers to increase productivity, and by value analytical improvements which were obtained in cooperation with various departments of our Company.

Future-Oriented Activities in All Areas of Purchasing

To cope with the constantly growing requirements of the market, and with a view to the exacting tasks to come, all departments involved with materials - purchasing, scheduling, inventory management - have systematically gone ahead with their activities and, to some extent, initiated new activities. With the objective to recognize even earlier the risks and to make even better use of opportunities on the national and international procurement markets, we have initiated a comprehensive program to streamline our purchasing organization.

Research into procurement markets has been intensified drawing on the services of foreign offices responsible for materials procurement. The cultivation of relationships with our suppliers and the establishment of new business,connections were the main purpose of several events organized by the purchasing department. In keeping with the principles of our purchasing policy, in all our activities we stress the development of cooperation with competitive German and foreign firms, based on continuity and longevity.

Through the great efforts of the materials scheduling and inventory management departments we reduced average inventories of raw materials and supplies once again. Speedier information processing and communication as well as the systematically improved flow of materials helped to achieve this. In 1983, for example, we began exchanging information with suppliers by means of long-distance data transmission.

Through greater flexibility in the supply sector, we shall, together with our suppliers, continue our efforts to commit less capital overall, and thus improve cost and competitiveness.

In the process of setting up new production facilities and relocating others, we have reorganized the storage organization and techniques in several plants, taking into account both the product and delivery specific requirements and the latest knowledge related to safety and job alleviation. Standardization of storage facilities and auxiliary transportation equipment has further improved efficiency in these areas.

Many procurement markets of our foreign subsidiaries experienced high inflation rates and import restrictions due to government indebtedness. This created problems for purchasing and scheduling, which could generally be solved, however. Of help here was the introduction of modern information systems.

Smooth Supply of Production at High Quality Levels

The dedication and dependability of the business partners, who in due time provided goods and services of high quality to Daimler-Benz at home and abroad, allowed the smooth supply of the production line in all plants. Production start-ups and production scheduling adjustments in response to market requirements once again placed high demands on the flexibility of our suppliers. The scheduled implementation of our extensive capital investment plans was also greatly dependent on their willing cooperation.

We thank all our suppliers, carriers and service firms for their efforts.

Space-saving storage of semifinished materials in the Untertuerkheim plant Our plant processes about 500,000 tons of raw materials annually.

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Production

The success of our cars and commercial vehicles in international competition is founded mainly on their reliability, quality and performance. To maintain and to further improve the current high standards in the future, we must accord priority to the use of the most up-to-date production technologies and manufacturing systems. At the same time it remains our goal to steadily raise productivity. Additionally, innovative technology ensures us the flexibility in the manufacturing process that permits quick and elastic reaction to changes in demand.

Reorganization of Our Domestic Plants Largely Completed

Within the framework of our long-range plan for our manufacturing system, we largely concluded in 1983 the preparatory measures for the relocation of van production from Bremen to Duesseldorf, Bremen is purely a car plant now. The car division has two assembly plants, one in Sindelfingen and one in Bremen. We have concentrated final assembly of trucks, formerly shared between five plants (Hamburg, Bremen, Duesseldorf, Kassel and Woerth), in the Duesseldorf and Woerth plants. The manufacturing pooling system of assembly plants and component manufacturing plants is the basis for a future-oriented, efficient production of our vehicles. The initiated extension of the production-pooling system of the foreign factories amongst each other and with our domestic factories also serves this purpose.

Start-up of Production of the Compact Car Series

Following the introduction of the 190, output was increased in accordance with our plans. Right from the start of large-scale production, individual body subassemblies were manufactured in Bremen and sent to Sindelfingen for final assembly. In 1983, we completed our large capital spending program for the reorganization of the Bremen plant, so that final assembly could also be taken up in Bremen at the beginning of 1984, one year after 190 production began in Sindelfingen. The new engines, transmissions and axles of the compact class required large capital investments at the Untertuerkheim plant, a multitude of new production start-ups had to be accomplished.

Commercial Vehicle Plants Readied for Production of New Series

To concentrate all van production in Duesseldorf, we spent considerable sums for the basic reorganization and the expansion of this plant. Efforts centered on redesigning the production facilities for the two series of our van program.

At the Woerth plant, production of the successor generation of our light truck range was started. In the preparatory phase, integration of the new series into existing production and model structures called for the enlargement of buildings, the installation of an interim storage area for cabs equipped with assembled interiors, and a third production line for frame construction.

Our component and parts producing plants were further enlarged and modernized. With the start-up of production of the new light-duty truck series in Woerth, production of the OM 360 engine series commenced simultaneously in Mannheim.
The production of heavy commercial vehicle transmissions was started in Gaggenau. In Hamburg, Berlin, Kassel and Bad Homburg, we invested substantial sums in optimizing production flow and the replacement of production facilities.

High-Tech Facilities Provide Flexibility in Production

The shifts in demand, often at short notice, require manufacturing flexibility which only highly automated facilities can provide. For this reason, we have further supplemented our conventional facilities with numerically controlled (NC) machines and industrial robots in all plants. In the future, we shall be able to react even more quickly to market changes and incorporate product design improvements in production.

Work Alleviation at the Workplace

An important aspect of the use of industrial robots is our desire to relieve our employees, through state-of-the-art technology, from physically exhausting work. An example of this is the use of auxiliary robots for the automated loading and unloading of production machines with short fixed operating cycles. We are convinced that working tools must

Body Quality Control Station: using two eight-axled industrial robots, programmable for different models, 500 test points are checked for proper tolerance.

also take into account the health of our employees. Accordingly, we systematically plan new facilities using ergonomic criteria. Our special efforts are directed toward the creation of jobs for employees who can no longer perform at peak capacity.

Greater Precision Through Modern Production Technology

The use of the latest manufacturing technologies enabled us in 1983 to make decisive advances in manufacturing operations. For the first time in the German motor vehicle industry, we employed laser technology for the welding of production parts.
This technique makes high-speed, high-precision welding possible.
We have already looked into other applications and are preparing for more extensive use of this method in large-scale production. We are reducing the volume of machining operations with the aid of precision non-cutting shaping techniques; precision pre-shaping of workpieces appreciably shortens cutting time. Several parts, such as the conical nipple on the thin-walled diesel injection line, can even be shaped to their final size without any cutting at all.

In production engineering we have further improved CAD/CAM data exchange to raise quality. We are endeavoring to have a continuous flow of data from design to NC manufacture for the largest possible range of parts. CAD/CAM milling of models and tools for body and component parts was employed to an increasing extent.

Planning and Production Activities at Foreign Subsidiaries

In the light of the competitive situation in foreign markets, particularly in the Southeast Asian area, commercial vehicles were re-engineered at Daimler-Benz AG in such a way that function and appearance remain unchanged on the one hand, but low-cost small-volume manufacture through use of simplified processing technologies becomes possible on the other. For instance, for the cab of forward control heavy-duty commercial vehicles we developed a new process of cutting large sections of sheet metal panels; taking into account local conditions, it allows the advantageous substitution of labor-intensive stretch-forming and deburring operations for capital-intensive deep-drawing processes. The test results obtained with prototypes are very promising.

At our South African production company, a different manufacturing technology from that used in large-scale production in the domestic plants was introduced in production according to our plans. Its purpose is the combined processing of engine parts of different model series. With the installation of a new paint facility, we introduced modern production technologies there, designed to raise quality further and to expand production capacity. We are currently working on a new general layout for the East London plant. The engine plant of Atlantis Diesel Engines (ADE), planning of which was our responsibility, successfully began operation.
All engines used by South African commercial vehicle makers are being built here.

At our U.S. subsidiary Freightliner, we concentrated production in two assembly plants, in Portland and Mount Holly, greatly improving efficiency and, at the same time, quality. At present, the expansion of production capacities, which is coupled with additions to the product range, is being planned. At Mercedes-Benz do Brasil, the total reorganization of component manufacture has been concluded with the occupancy of the new building for engine production and with the opening of the modern engine-testing facility.

Computer-Assisted Quality Control Expanded

The measures to raise our already high quality standard are aimed at guaranteeing a uniformly high quality in large-scale production. In addition, we have continued to expand computer-assisted quality control. These systems permit on-line display of measurements along the production line and in the testing rooms; because of the continuously updated data, deviations from standards can be detected early and exceeding of tolerances can be prevented. The outstanding anti-corrosion protection of our vehicles has tradition. We use modern coating technologies for this purpose. In 1983, we put additional cathodic paint dip facilities into operation, both for painting car components and commercial vehicle cabs. Moreover, the efficacious impulse-marginal-quantity spray technique for the rust-proofing of cavities was introduced in production. In UNIMOG cab priming, we increased primer layer thickness by more than 50 %, at the same time using less solvent, through the employment of the hot-spray technique.

Measures to Protect the Environment and Save Energy

The hot-spray technique is an example of how we are taking environmental protection into account. On the one hand, we improve existing facilities to reduce pollutant emissions; on the other hand, for new facilities, we make use of modern technologies which take into account environmental aspects in the production process itself and in the materials and agents used. In this way we are able to reduce the formation of residues and at the same time save energy. Examples of this are the new automatic galvanizing units in the galvanizing shops, which produce substantially less tonic waste water, and the substitution of quick-process gas-nitriding facilities for nitride salt baths so that the hardening processes involved do not require cyanide. Our thoughts on environmental protection are not only taken into account at our domestic factories but also at our foreign plants. At our South African subsidiary, for example, a new paint shop connected with a central heating station was built; we were thus able to optimally combine measures for a qualitatively further improved manufacturing technique together with clean and safe waste disposal.

High assembly quality at Mannheim plant
An 0 303 bus-shell is joined with a chassis.

Daimler-Benz Worldwide

Daimler-Benz Domestic

	Scope of Activities, Principle Products	Number of Employees as of December 31, 1983
Main Office Untertuerkheim	Main office areas, administration, Research and Development	9,662
Manufacturing plants		
Untertuerkheim	Engine production, axle and transmission fabrication, foundry, forge	26,273
Sindelfingen	Body and assembly plant for cars, central spare parts depot for cars	39,212
Mannheim	Production of truck and industrial engines, body and assembly plant for buses, foundry	14,152
Woerth	Truck assembly including cab construction, central spare parts depot for commercial vehicles	10,767
Gaggenau	Body and assembly plant for Unimog and MB-trac; production of commercial vehicle transmissions and planetary gear axles	9,739
Bremen	Body and assembly plant for cars	7,884
Duesseldorf	Body and assembly plant for vans and mini-buses, production of steering units for cars and trucks	5,488
Kassel	Production of commercial vehicle axles	4,262
Berlin-Marienfelde	Parts manufacture for car and commercial vehicle engines, production of small components and commercial vehicle engines	3,442
Hamburg	Manufacture of chassis parts and small components for cars and commercial vehicles	2,513
Bad Homburg	Production of engine valve train components	864
Hanomag-Henschel GmbH, Hannover	Spare parts depot, Stamping parts for commercial vehicles	192
Holzindustrie Bruchsal GmbH, Bruchsal	Sawmill, wood processing	438
Engine plants[1])		
MTU Muenchen	Aircraft engines, gas turbines	6,417
MTU Friedrichshafen	High-speed, high-performance diesel engines	5,912
MTU Maintenance, Hannover-Langenhagen	Repair of large engines	355
40 retail branches with 54 sub-branches		16,343
Business partners		37,396

[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, 179 Freightliner-dealers (Sales not under MB trademark).

Daimler-Benz Abroad

Production and Assembly	
Production plants	14
Assembly plants (of which 5 with DB-investment)	28
Licensees	6

Number of Mercedes-Benz Sales and Service Outlets	
Europe	2,528
Africa	341
America	1,132
Asia	347
Australia	198
Total	**4,546**[2])

of which: General Representatives (among them 18 distribution companies with DB-investment)	141
Retail branches	461
Representatives	37
Dealers	3,169
Service workshops	738

Sales

The introduction of the compact series 190 in foreign markets and the continuing difficult situation in the commercial vehicle markets constituted the main challenges to our sales division in 1983. Our worldwide organization once again met the challenge and proved its flexibility and efficiency. In the area of cars we succeeded in attuning our marketing and field organization to the new target groups of the 190, and at the same time in further cultivating the market for our traditional program. Some 60,000 new customers for the 190 and a new sales record for our S-Class and hi-line, the cars which shape our corporate image, are significant evidence of this success. In trucks, thanks to the high overall economy of our products and our efficient customer service system, we were able to extend our position in Western Europe. Our policy of establishing our presence not only in individual key markets but in all the countries of the world has been again particularly efficient.

Service - An Important Part of the Sales Package

In order to achieve long-term market success, and to increase customer satisfaction, improvements in the quality and quantity of after-sale "services" become increasingly important. We have taken this heavier emphasis on "service" into account by extending our range of services. Optional equipment counseling and information, which will assist in sales negotiations, were intensified. In all sales areas, the wishes and expectations of our customers were focused on even more.

Our comprehensive transport advisory services geared to business management and specific applications drew a strong response from our commercial vehicle customers. Our customers have availed themselves more and more of the Mercedes-Benz fleet information system, the driver training programs, and our mobile service teams; the latter having operated successfully for many years. For commercial vehicles in particular, a wide range of services is especially important because of the great significance of post-purchase costs for overall economy.

We have developed the Mercedes-Benz Emergency Service System into a 24-hour standby service in important European markets. The emergency service went into action in the U.S. market in 1983 for the first time. The favorable response justifies further extension of the system and introduction in other overseas markets.

In addition to the 5,500 world-wide service facilities, mobile service resolves problems on the spot

Closer Contact with Customers in Marketing and in the Sales Organization

Our marketing strategy and the activities derived therefrom were directed specifically at potential new customers with the introduction of the Compact Class 190. With optimum delivery capacity, more test drives, open communication and broad media coverage, we succeeded in attracting many new customers to our make. We want to convey a greater customer proximity by standardizing the appearance of the reception and repair shop areas in our dealerships. In 1983, as a first step in this direction, model dealerships were established in the most important markets, concurrently improving operational procedures.

We also intensified our efforts in the used car business as a sales promoting instrument, to attract new clientele. A wide range of used cars offered, along with attractive presenta-

Individual and technically qualified consultants meet the customer in our service reception area.

tion and comprehensive information material, facilitate for even more people access to Mercedes-Benz.
With sales of 50,000 units annually, our sales organization is the biggest used car dealer in Germany.

Leasing Acquires Increasing Importance in Sales Financing

We extended our sales financing activities especially in the area of vehicle leasing in 1983. In Belgium, our subsidiary Fimarent, SA, Brussels, engaged chiefly in commercial vehicle leasing, was restructured to a full-service financing company.
To emphasize its new functions we have renamed it Mercedes-Benz Finance Belgium SA The U.S. financing unit Mercedes-Benz Credit Corporation added car leasing to its line of business. The company headoffice was transferred from Portland, Oregon, to Norwalk, Connecticut. Since 1983, Merfina S.pA, Rome, has also been offering car and truck leasing in addition to retail financing.

Our subsidiary Mercedes-Leasing-GmbH, Stuttgart, considerably expanded its business again in 1983. Lease and vehicle sales revenue rose 35 %, to DM 320 million. Leases were arranged for 9,276 vehicles in all (last year 6,058), at an investment of DM 439 million to the company (last year DM 219 million). Commercial vehicles accounted for about half of the new leases. In vehicle leasing we see an important marketing instrument with growing opportunities for sales in the coming years.

Parts Service Further Improved

Our three-tiered supply system once again proved its value in parts service. Central factory depots, retail branch or import warehouses and, in proximity to the customer, service shop parts stores guarantee the best possible supply at the least possible storage cost. In addition, training, order planning aids, EDP assistance and express parts services enable all service shops to offer Original Parts service that is in keeping with the quality of our vehicles.

We intend to systematically expand this supply network in the future as well. In 1983, we opened the first regional parts depot in Northern Germany. It supplies five factory retail branches and their distributors.
An even larger assortment of parts is thus available in time-saving proximity. Because of the growing parts volume, new central depots were also established abroad, for example in South Africa, Spain and the United Kingdom. We set up a new, second parts depot in the South of France.

Training and Assistance Ensure International Competitiveness

To maintain our international competitiveness, we have safeguarded the high technical, professional and organizational standards of our field organization by an extended training and development program. Especially the dual system of hands-on training in-house and in the field, which ensures fast and thorough communication of broad technical know-how, was further improved in 1983. Management training for our field organization concentrates chiefly on marketing know-how and management methods, in addition to general business management subjects. For owners of Mercedes-Benz dealerships, we offered more seminars dealing with the improvement of customer service with reference to the relevant local markets.

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Employment

**Against the background of an improved overall economic situation in the Federal Republic of Germany, the job market remained tight. In numerous other countries, economic conditions were similar; in some instances, even worse.
In Germany, Daimler-Benz was able to sustain the overall high level of employment. In conjunction with the start-up of the Compact Class and the reorganization of production which this entailed, we were even able to add more than 2,000 people at the car plants and at the commercial vehicle factory in Duesseldorf. To ensure continuity of employment, it was necessary to even out the employment needs between the individual factories in 1983. Although the temporary reassignment of employees to other factories involved personal sacrifice for employees and additional costs to the Company, we feel that this method of offsetting fluctuations in employment, under the given circumstances, is better than other conceivable measures for the solution of manageable employment problems.**

Our South American manufacturing companies could not avoid further adjustments to the work force due to the continuing difficult economic and market conditions.

Emphasis of Our Personnel Policy

In 1983, we further developed our personnel policies. By continuing the structural changes initiated in our personnel departments, we were able to improve the basis for meeting the needs of all other departments.
Our goal has been to offer employees jobs that match their abilities and potential to the extent possible.
On the other hand, the employees must be prepared to adjust to changes in their working environment and, with the assistance of the company through continuing education programs, develop new skills.
For only through the skill, the commitment and the performance of our employees can the world-famous quality and market success of our product be assured.

Technological change has been a largely continuous process in the past, but trends in the individual areas of production have been quite different, as were the consequences for human labor. To be prepared to meet future demands, all the people who are responsible for planning work processes and jobs are working together not only to increase efficiency, but also to improve working conditions. The guiding principle is that efficiency improvements and humanization are not mutually exclusive.
New technologies may involve risks; but they do open up the prospect of progress in organizing work flow to suit human needs. In our personnel and training work this past year, we have endeavored to achieve a balance here as well.

Constructive Cooperation with all Employee Representatives

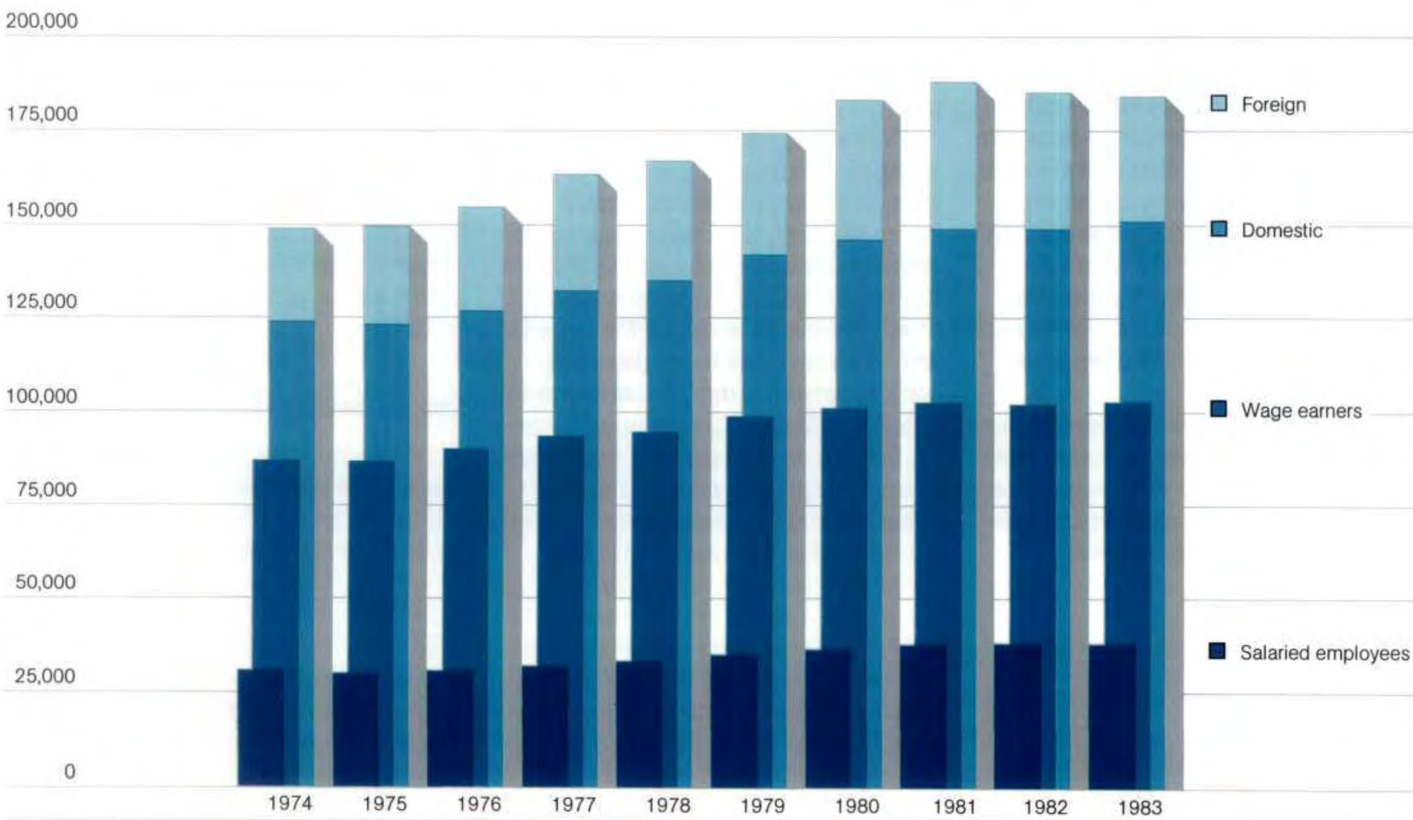
In the light of growing bargaining differences and to some extent, a heating up of socio-political discussions, we can once again report constructive cooperation with the general labor council at the company level, and with the labor council member at the plant and retail branch levels. Despite occasional serious controversies on the issues at hand, the eventual settlements took company and employee interests equally into account. The labor council elections in March of 1984 ended for the most part with the endorsement of the incumbent labor council members - the hitherto existing work of the labor council can thus be carried on without disruption. The speakers for the management staff were also newly elected at the end of 1983; their composition also reflects a high degree of continuity. The working relationship with them is based on principles which were confirmed in writing in 1978.

Employees and Employee Structure

While worldwide employment at the end of 1983 had declined slightly, the work force at Daimler-Benz AG grew by more than 2,000 to 150,601 of which 103,342 are wage earners, 38,435 are salaried employees and 8,824 are apprentices. Female employees composed about 12 % of the total work force. The distinction between wage and salary earners continues to play a lesser role in terms of labor law and company practice.

Employees

(at year end)	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
Daimler-Benz-Group	**149,175**	**149,742**	**155,003**	**163,302**	**167,165**	**174,431**	**183,532**	**188,039**	**185,687**	**184,877**
Foreign	25,135	26,597	27,985	31,088	31,890	32,267	37,209	38,943	36,569	33,604
Domestic	124,040	123,145	127,018	132,214	135,275	142,164	146,323	149,096	149,118	151,273
Daimler-Benz AG	**122,899**	**122,775**	**126,652**	**131,807**	**134,437**	**141,401**	**145,532**	**148,361**	**148,411**	**150,601**
Main Office	6,599	6,533	6,728	7,220	7,649	8,180	8,810	9,487	9,644	9,662
Plants										
Untertuerkheim	22,469	22,095	22,950	24,115	24,495	25,054	25,565	25,573	25,695	26,273
Sindelfingen	30,682	30,955	33,232	34,359	34,558	36,551	37,194	38,353	38,694	39,212
Mannheim	12,863	12,900	12,901	13,383	13,584	14,053	14,619	14,521	14,243	14,152
Woerth	8,400	8,687	8,430	8,853	8,774	9,622	10,192	11,055	10,891	10,767
Gaggenau	8,704	8,680	8,608	8,696	8,860	9,177	9,354	9,707	9,822	9,739
Bremen	3,496	4,099	4,293	4,727	5,994	6,571	6,515	6,309	6,567	7,884
Duesseldorf	4,476	4,401	4,572	4,664	4,621	4,954	5,118	5,058	5,151	5,488
Kassel	3,774	3,838	3,931	4,089	3,969	4,086	4,341	4,359	4,297	4,262
Berlin	2,723	2,886	2,895	3,065	3,054	3,191	3,252	3,473	3,435	3,442
Hamburg	1,706	1,736	2,184	2,265	2,385	2,475	2,535	2,613	2,557	2,513
Bad Homburg	685	692	715	736	767	814	855	881	882	864
Retail branches	15,689	14,705	14,693	15,157	15,727	16,673	17,182	16,972	16,533	16,343



A major part of job training is performed on modern machines.

Meanwhile, about a third of the workers have employment contracts as monthly wage earners, and in most bargaining districts there are common industry-wide agreements in force, dealing with non-pay-related items applicable to both hourly and salarid employees.

At the end of 1983, a total of 30,175 foreign workers were employed at Daimler-Benz in Germany. Their share of the overall work force has declined further. Our foreign employees make an important contribution to the Company which we cannot do without in the foreseeable future. We will, therefore, keep up our strong efforts to integrate them within the company.

The average age of our employees rose again in 1983, to 39.4 years. The average service with the Company also increased to 12.7 years. The large number of high-seniority employees (16,745 wage earners and salaried employees who have been employed at Daimler-Benz for 25 years or more) reflects the loyalty of our employees to the company.
We provide suitable jobs for employees with health-related limitations to give them the opportunity to continue working commensurate with their reduced capabilities. Looking after older employees and those who can no longer perform at peak efficiency is an established practice in our personnel work. As in the past years, we met the employment quota of the law pertaining to the severely handicapped. In addition, we agein placed orders worth more than DM 13 million with workshops for the handicapped.

Labor Contracts

Wages and salaries in the metalworking industry were increased by 3.2 % retroactive to February 1,1983, following lengthy bargaining negotiations. The termination by the metalworkers' union of the collective bargaining agreement with respect to working hours effective at year-end 1983 will have a grave impact on collective bargaining policy, the nation's economy, and individual enterprises. This was accompanied by the demand for a 35-hour workweek without loss of pay. Thus, the discussions and controversies between management and labor on the subject of altered working hour arrangements have become more intensive.

A specially equipped assembly work station for paraplegic employees at the Gaggenau plant.

Summary of Personnel Expenses – Daimler-Benz AG

	1983		1982		1983 to 82
	in millions of DM	in % of wages and salaries (basis expenditure)	in millions of DM	in % of wages and salaries (basis expenditure)	Change in %
Wages and salaries (basic expenditure)	**4,770**	**100.0**	**4,573**	**100.0**	+4.3
Paid vacation and other time off	**1,778**	**37.3**	**1,732**	**37.9**	+2.7
Normal paid vacation (Union contract)	728		708		
Additional paid vacation	356		346		
Holiday pay	200		192		
Wage salary continuation pay during illness	342		329		
Other time off and convalescence	152		157		
Social levies	**1,134**	**23.7**	**1,072**	**23.4**	+5.8
Medical and social security contributions	1,042		973		
Contributions to employee trade associations	73		66		
Contributions to Pension Insurance Association	19		33		
Special payments	**540**	**11.3**	**504**	**11.0**	+7.1
Christmas and special remuneration	420		396		
Formation of personal capital	120		108		
Pay during training periods[1])	**237**	**5.0**	**219**	**4.8**	+8.2
Social services[1])	**191**	**4.0**	**174**	**3.8**	+9.7
deduct-amounts included twice	−154	− 3.2	−150	− 3.3	+2.9
Personnel expenses (without old-age pensions)	**8,496**	**178.1**	**8,124**	**177.6**	+4.6
Old-age pensions	**770**	**16.1**	**742**	**16.2**	+3.8
Total personnel expenses	**9,266**	**194.2**	**8,866**	**193.8**	+4.5
of which: shown under "other expenses"	27		15		
Personnel expenses as shown in "Statement of Income"	**9,239**		**8,851**		+4.4

[1]) Without allocated overhead.

Social security contributions increased again in 1983 due to increases in the wage base and, in September, due to higher contribution rates for old-age pension insurance. Fortunately, most health insurance companies reduced their premiums. A large number of Daimler-Benz employees did volunteer service on the self-administration committees of the social insurance institutions again last year and were thus able to successfully contribute their work experience.

Further Increase of Personnel Expenses

The table below shows the change in personnel expenses of Daimler-Benz AG. The percentage of personnel expenses in relation to total sales amounted to 28.7 % (last year 28.2 %). (Compare chart on page 74.)

Personnel expenses - wages, salaries and social levies - rose 4.4 %, to DM 8,468 million.

The average Christmas bonus and special renumeration for each eligible employee (excluding trainees) increased to DM 2,951 (last year DM 2,782), and totalled DM 420 million, up from DM 396 million last year. These figures also express our appreciation for the work performance.

Larger Payments for Employee Capital Formation

As provided for by the labor contract recapital-formation payments, each employee received DM 624 for investment purposes under the 3rd capital formation law. As in 1982, an additional voluntary payment of DM 156 was made for capital-forming investments, to which a bonus of DM 80 was added in consideration of the previous year's satisfactory earnings. For long-term investments, the employees could choose between employee shares and company debt instruments. We issued a total of 77,130 employee shares in 1983. The number of employee shareholders thus increased to more than

Computer-assisted engineering systems provide new scope for creative work.

93,000. Since 1973, the employees have purchased more than 417,000 employee shares.

Within the framework of individual capital formation, we were able to help our employees in building or purchasing 1,956 apartments or homes through new loans totalling DM 45.5 million. Loan commitments in 1983 ran almost 30 % higher than the year before; this may be attributable to various government measures for the promotion of residential construction. In the last ten years, loans have been granted to the extent of DM 267 million.

Company Pension Benefits

The old-age assistance provided by Daimler-Benz AG and the Daimler-Benz Provident Fund is designed, together with social security and an individual's own provisions, to give employees and their dependents far-reaching economic security beyond the end of their working lives.

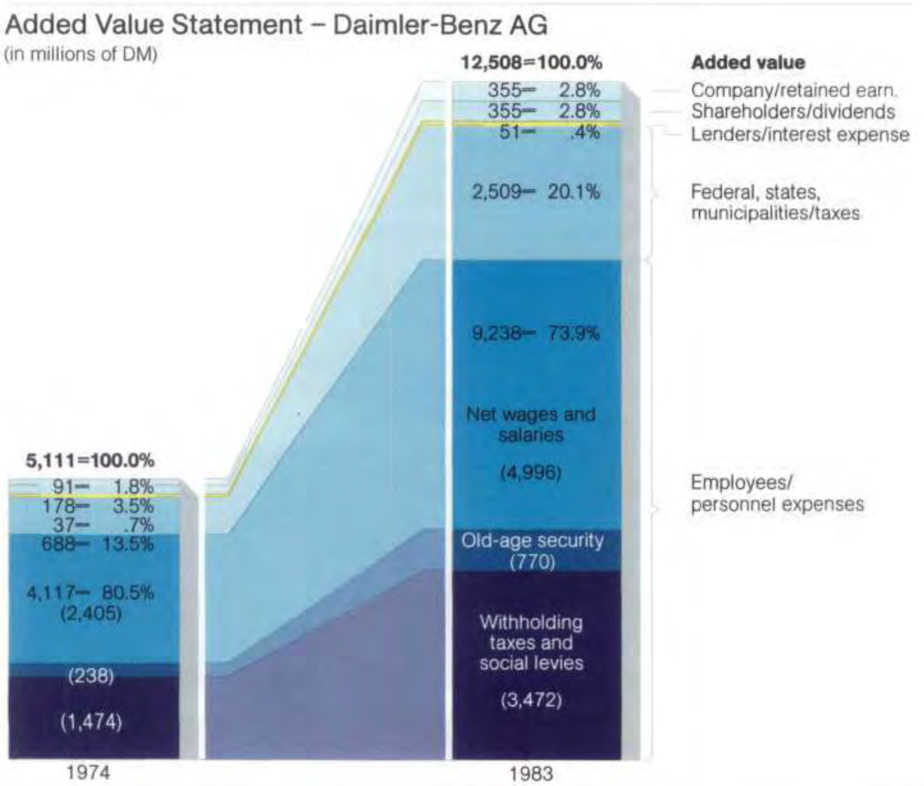
In 1983, DM 154 million was disbursed for current benefits to 34,569 pensioners, widows and children. At the end of 1983, more than 2,800 former employees - over 58 % of them foreigners - had vested pension rights. We helped some 5,200 employees through one-time assistance payments. To cover future benefits, we allocated DM 770 million to pension reserves or to the Daimler-Benz Provident Fund, respectively. Last year, the percentage of disability cases among new pension recipients at Daimler-Benz was again appreciably lower than the average for all insured persons nationwide.

Canteen Services, Health and Job Safety

Through additional measures taken in the cafeteria service areas, we were able to further improve the varied menu of hot and cold meals for employees. We also expanded the variety of warm meals offered in the evening for late-shift workers. Around ten million meals annually are furnished to employees.

Medical care through our plant health service was further extended in 1983. In addition to regular check-ups and consultations, as provided

The result of qualified job training:
a foreign employee on a CNC milling machine.



Example of practical application of professionally-oriented job training: construction and testing of electric-hydraulic circuits.

for by law and company policy, the contribution of plant physicians to workplace design has acquired growing significance. At the end of 1983, we had 28 plant physicians and 132 trained medical workers; to this must be added private physicians under contract in our retail branches and subbranches.

The decline of overall accident rates of past years continued in 1983. The number of accidents per million productive man-hours was cut to 63.5 (last year 67.4). This was the result of our high safety standards and the measures taken to reduce behavior-related accidents.

The average absentee rate due to illness was unchanged from last year's 7.6 % (based on the number of standard working hours). Whereas the rate for wage earners remained the same (8.8 %), it declined slightly for salaried employees, to 4.3 % (last year 4.5 %).

Work Conditions

In the course of implementing the current large investment program, the work stations of many employees were redesigned in 1983. Work methods are engineered so as to avoid or reduce stress and strain to the extent this is technically possible and economically feasible. We make it a point of considering all scientific findings in ergonomic workplace design.

In addition, we increasingly install flexibly designed operating systems in order to be able to react as quickly as possible to shifts in market demands. This flexibility can also be used in work assignments, for example for the purpose of matching job requirements to employee abilities. In numerous individual cases it has been demonstrated that technical and economical requirements do not rule out work designed to fit employee abilities.

Modern leadership principle: a decision is always preceded by discussion among fellow employees.

Precision work during the valve adjustment of the 190/190 E engines in the Untertuerkheim plant.

16,500 Suggestions Received

In 1983, we received 16,500 suggestions for improvements. Their number underscores the significance of the Company suggestion program. The 14.5 % increase over 1982 reflects the great willingness of our employees to examine their work environments and develop new ideas from which the Company also profits. We paid out DM 3.6 million in awards

Training Activities Stepped Up

With a total of over 8,800 apprentices and trainees, training at Daimler-Benz AG was at its highest level to date. In view of the great demand for training positions - 24,000 youths applied for training last year just at our Company - it is our desire to improve the situation of school graduates and youngsters looking for their first jobs. We continued our efforts to help solve socio-political problems by training foreign youths and youngsters with learning disabilities.

For many high-school graduates, the training at the Baden-Wuerttemberg Vocational Academy is a desirable alternative to university training. Over 1,600 applied for the 60 vacancies at the academy. At year-end, 170 students of the Vocational Academy had training contracts with Daimler-Benz.

Of the 2,447 apprentices who successfully completed their training, we were able to give jobs to 82 % of them. We hired far more than we needed to meet our own direct demand for skilled employees so as not to dismiss the successful apprentices straight into unemployment. However, we had to expect the new employees to understand and accept that they could not always be immediately placed in jobs commensurate with their training.

In 1983, we again offered our employees a comprehensive career - building educational program. Here we placed particular emphasis on the changing requirements occasioned by the use of new technologies. In all of last year, more than 43,000 employees took part in courses to update their skills. Of particular concern to us is the support of our personnel in the exercise of management responsibilities. The advanced training which more than 7,000 of these employees received in 1983 was designed primarily to help them develop their leadership abilities.

The increased quantitative and qualitative responsibilities of the training division called for numerous investments in buildings and facilities. Thus, in Bremen, the second stage of construction of the training center there, and at the Hamburg plant, the new building for the factory training service, were completed.

At the end of 1983, more than 2,300 youngsters were undergoing training in 28 training centers operated by our foreign subsidiaries and general distributors, mostly in newly-industrializing and developing countries. In Saudi Arabia, Daimler-Benz helped to build a new training center.

The health service includes modern labs for different analyses.

Single work stations permit employees to work independently of line speed and according to their own abilities. Unrealistic bodystress positions are avoided with specially created work stations.

Subsidiaries and Affiliated Companies

The goal of our investment policy in subsidiaries and affiliated companies remains the strengthening of the Group's competitiveness in international markets.

The international commercial vehicle business did not profit overall from the economic recovery which began in 1983 in almost all industrial countries. There was a further contraction of demand in important foreign markets, particularly for medium- and heavy-duty trucks. Extremely keen competition in prices and terms was the consequence.

In all countries in which we hold an interest in commercial vehicle manufacturing companies we were able to defend our market position overall, and even improve it in some cases. Our subsidiaries and affiliated companies achieved this through systematic, flexible adaptation of their structure and their product offering to the conditions of their respective markets.

With the capacity for fast action and the adaptability demonstrated by our distribution and production companies, we see ourselves well equipped to make use of opportunities for additional sales when economic conditions in the international motor vehicle markets will again improve.

Consolidated Companies

Larger Contribution from Subsidiaries

In 1983, the subsidiaries included in consolidation increased their sales at an above average rate, by 6.8 %, to DM 16.9 billion. While the companies with their own truck manufacturing facilities showed a decline in sales to DM 4.6 billion (last year DM 4.8 billion), the distribution companies boosted their sales to DM 12.3 billion (last year DM 11 billion). The results of operations at the different companies varied considerably. The contribution of the foreign subsidiaries to consolidated net income - converted from local currency to D-mark and thus influenced by the currency fluctuation - increased to DM 285 million (last year DM 202 million). Again in 1983, our policies at home and abroad were in accordance with the "OECD Rules for Multinational Companies".

Consolidated Companies With Their Own Manufacturing Facilities

Mercedes-Benz do Brasil

In Brazil, the recession which has afflicted the country since 1981 increased in severity. The inflation rate, now over 200 %, and the yet unsolved debt and balance of payments problems precluded an economic recovery. The GNP declined 3 %. The demand for capital goods, especially commercial vehicles, again fell sharply in 1983.

Mercedes-Benz do Brasil SA, Sao Bernardo do Campo, suffered from the state of the country's economy. Its commercial vehicle sales dropped another 21 %, to 24,793 units. The company defended its leading position in Brazil, with market shares of 50 % for trucks and 86 % for busses and bus chassis. Due to the poor state of the economy in the neighboring Latin American countries and the slow revival of the U.S. com-

In Brazil, every second truck is a Mercedes-Benz. Here, a L 2219 hauling wood.

mercial vehicle market, which did not yet permit larger deliveries from Brazil, the company's exports declined further to 2,244 units (last year 3,510).

In adjusting to the decreased demand and to limit inventories, the company once again had to cut back output during the course of the year. Following the unavoidable layoff of 2,800 employees in January of 1983, 700 more employees accepted, in September and October, the company's separation offer in exchange for substantial, for the most part discretionary severance payments. Employment declined to 10,856 in all (last year 14,647).

Sales denominated in local currency rose - due to inflation - by 74 %, to 259 billion cruzeiros. Converted to D-marks, sales were down 38 % to DM 1.3 billion. Due to the timely and purposeful adaption of its structure to the renewed market shrinkage, and thanks to a healthy long-range financing policy and liquidity provisions, the company still had satisfactory earnings even in 1983.

Capital investments were made according to schedule. They served mainly to further improve and supplement the product line and thereby effectively safeguard the market position.

The country's tight economic and financial situation does not justify the expectations presently for a general upturn and a recovery of the commercial vehicle market. For 1984, therefore, our subsidiary can expect Brazilian business volume to be on the scale of 1983. Exports should recover some.

Assembly of front axles for trucks at Mercedes-Benz Argentina.

SOFUNGE, Brazil

SOFUNGE SA, Sao Paulo, a wholly owned subsidiary of Mercedes-Benz do Brasil SA, supplies castings to the Brazilian motor vehicle industry. Due to the difficult sales situation on the motor vehicle market, it had to reduce output of castings by one third, to 20,000 tons in 1983. The company was forced to repeatedly place workers on short time work and to trim its work force by 21 %, to 1,397.

Converted to D-marks, sales declined 25 %, to DM 72 million. The company almost broke even during the reporting year.

Mercedes-Benz Argentina

The economic situation stabilized in Argentina in 1983. A slight overall improvement was apparent, yet the inflation rate climbed above the 400 % mark (wholesale price index). While sales of cars and pickup trucks increased substantially over the previous year, the Argentinian commercial vehicle market remained at the level to which it had fallen sharply from 1980 to 1982. Exports, on the other hand, declined appreciably.

Mercedes-Benz Argentina sold 4,022 commercial vehicles in Latin American and African markets, in all about 15 % less than the year before.

Domestic sales of the company's own trucks declined 7 %, and the market share thus dropped to 55 % (last year 59 %). The government decided to close the borders to vehicle imports with the result that business with cars and commercial vehi-

Principal Subsidiaries and Affiliates –

Subsidiary Companies	Share in %	Sales[1]) in millions of DM 1983	1982	Employees at year-end 1983	1982
Manufacturing Companies					
Mercedes-Benz do Brasil S.A., São Bernardo do Campo	100.0	1,306.1	2,093.0	10,856	14,647
Sociedade Técnica de Fundições Gerais S.A., São Paulo	100.0	71.7	96.2	1,397	1,769
Mercedes-Benz Argentina S.A., Buenos Aires	100.0	402.9	396.0	1,876	1,929
Freightliner Corp., Portland/Oregon (Group)	100.0	1,969.9	1,261.0	4,867	3,672
Mercedes-Benz España S.A., Madrid (Group)	56.1	597.4	669.6	3,992	4,139
Holzindustrie Bruchsal GmbH, Bruchsal	100.0	78.2	79.7	438	452
Distribution Companies					
Mercedes-Benz of North America, Inc., Montvale/New Jersey Mercedes-Benz Canada, Inc., Toronto (100 %)	100.0	6,035.3	5,188.2	1,864	1,786
Mercedes-Benz (Australia) Pty. Ltd., Mulgrave/Melbourne (Group)	100.0	479.0	402.9	697	312
Mercedes-Benz (United Kingdom) Ltd., Hayes/London	100.0	1,099.8	958.9	1,042	1,008
Mercedes-Benz Nederland B.V., Utrecht (Group)	100.0	671.0	657.5	1,048	1,155
Mercedes-Benz Belgium S.A./N.V., Brussels (Group)	100.0	606.4	616.3	1,086	1,132
Mercedes-Benz Hellas S.A., Athens	96.8	108.0	180.8	253	671
Sofidel S.A., Rocquencourt Mercedes-Benz France S.A., Rocquencourt (100 %)	98.7	1,813.1	1,878.6	2,495	2,616
Mercedes-Benz Italia S.p.A., Rome	88.5	695.9	483.0	724	370
Mercedes-Benz (Schweiz) AG, Zuerich	51.0	474.5	440.0	230	184
Other Affiliated Companies					
MTU Motoren- und Turbinen-Union Muenchen GmbH, Muenchen[2]) MTU Motoren- und Turbinen-Union Friedrichshafen GmbH, Friedrichshafen (83.8 %)	50.0	2,379.7	2,131.2	14,316	12,859
UCDD (Pty.) Ltd., Pretoria[3]) Car Distributors Assembly (Pty.) Ltd., East London (100 %)	43.5	1,554.1	1,408.8	4,834	4,366
Anambra Motor Manufacturing Comp. Ltd. (ANAMMCO), Enugu	40.0	331.8	327.5	1,086	1,246
Otobues ve Motorlu Araçlar Sanayii A.S., Istanbul	36.0	261.1	322.5	1,792	1,631
P.T. German Motor Manufacturing, Jakarta P.T. Star Motors Indonesia, Jakarta	33.3 49.0	175.5	259.0	1,600	1,596
Iranian Diesel Engine Manufacturing Comp., Tabris[4])	30.0	191.8	170.2	1,719	1,452
Bajaj-Tempo Ltd., Poona[4]) [5])	26.1	169.9	179.0	4,736	4,711
Tata Engineering and Locomotive Comp. Ltd., Bombay[4]) [5])	12.2	1,919.6	1,809.6	17,168	17,577
National Automobile Industry Comp. Ltd., Jeddah	26.0	511.0	817.0	473	546

[1]) Net sales of our foreign subsidiaries were converted at average annual exchange rates; changes in currency relations resulted in significant variances, sometimes preventing comparability.
[2]) Inclusive of the figures of MTU Maintenance GmbH and from 1983 on, of AG Kuehnle, Kopp & Kausch.
[3]) Effective April 1984, name changed to Mercedes-Benz of South Africa (50.1 % owned).
[4]) Sales for business years 1982/83 and 1981/82 respectively.
[5]) These companies manufacture commercial vehicles under their own trademark; they do have, however, licensees for individual Daimler-Benz components.

cles from our German plants almost came to a standstill.

Slow sales forced the company once more to cut back production or assembly respectively, to 3,881 commercial vehicles (last year 4,216). Employment nonetheless remained almost unchanged at 1,876 as of the end of the year (last year 1,929). Sales in local currency rose only because of inflation. In terms of D-mark, they were on a level with last year, at DM 403 million. After having received financial support from the parent in 1982, the company - with great efforts - was able in 1983 to find a new equilibrium by adjusting the cost and revenue structure to the changed market situation; the company showed a profit in 1983.

Freightliner, U.S.A.

In 1982, we reorganized our expanded truck activities in the U.S.A. by bringing in the medium-duty Mercedes-Benz truck business (9 tons to 15 tons GVW) into the Freightliner organization, which previously had handled only heavy-duty trucks of 15 tons and up. These structure-improving measures were continued in 1983 as planned.

Beginning about autumn, the economic upturn in the U.S.A. also led to a trend reversal in the market for medium- and heavy-duty trucks, which had been sharply regressive for four years. Total 1983 U.S. sales of heavy-duty trucks thus rose to 82,000 units (last year 76,000). However, the market for medium-duty trucks, with sales of 106,000 units, hovered around last year's level.

In this situation, Freightliner redoubled its sales efforts and succeeded in raising heavy truck sales in North America (U.S.A. and Canada) by 57 %, to 12,021 units. Against persistingly stiff competition, the market share in the U.S.A. was thus upped to 13.4 % (last year 10.1 %) and in Canada, to 10.4 % (last year 6.4 %). Sales of the medium-duty Mercedes-Benz trucks, assembled in the U.S. at Hampton, Virginia, from components imported from Brazil, rose 35 % to 3,139 units. Our share of this hotly contested market segment (diesel and gasoline trucks) increased to 2.9 % (last year 2.7 %).

A new Freightliner-tractor with sleeper. The heavy-duty truck program is continuously upgraded to satisfy the market requirements in the U.S.A.

The noticeable increase in sales and production enabled us to again raise employment: the Freightliner Group had 4,867 employees at year-end (last year 3,672). Converted to D-marks, consolidated sales rose 56 % to DM 2 billion. Operating results were positive thanks to the better utilization of capacities and success with efficiency improvements.

In 1984, we except the market recovery for medium- and heavy-duty trucks to continue in the U.S.A. and Canada. The product offering of the Freightliner Group will be systematically modernized and extended. The engineering capacities required for this task have been concentrated, since September, 1983, in the new research and development center in Charlotte, North Carolina.

Euclid, U.S.A.

Demand for heavy-duty haulers in the U.S.A. remained slack in 1983. A shift to the clearly weaker export markets was made difficult, as in 1982, due to the strong U.S. dollar. This led to growing overcapacities in the industry and to even stiffer price competition.

With demand sagging further, Euclid was able to maintain its position in North America and on the world market. Sales - converted to D-marks - continued to decline, however, to DM 411 million (last year DM 464 million). This trend was reflected once more in negative results of operation.

In January, 1984, we sold Euclid to the U.S. construction machinery maker Clark Equipment Company.
In settlement of a part of the purchase price, we received in exchange about 5 % of the correspondingly increased capital stock of Clark Equipment.

Mercedes-Benz Espana

The recession in Spain, continuing for the third year, caused the Spanish commercial vehicle market to contract further in 1983. Mercedes-Benz Espana, Madrid, had to adjust van output accordingly. Despite introduction of a new van model in the upper payload segment, the market share declined slightly to 41 % (last year 43 %). Whereas sales of vans manufactured in Spain fell to 9,917 units (last year 11,419), sales of imported Mercedes-Benz commercial vehicles rose 24 %, to 815 units, in spite of the high duties which continue to be imposed on them. In addition, 3,763 Mercedes cars were sold (last year 4,588). In terms of D-mark, sales declined to DM 597 million (last year DM 670 million). The results of operation were again less than satisfactory in 1983 due to the insufficient utilization of production capacities.

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), were able to boost car sales in a resurging market to 76,621 units (last year 68,750) and thus strengthen their position. The continued strong demand for our S-Class models as well as coupes and SL roadsters was chiefly responsible for this favorable trend. Although the U.S. market for diesel cars was nearly cut in half, we were able to sell 4 % more of our fuel-efficient Mercedes diesel cars. With a 73 % share (last year 79 %) of our overall sales in the U.S.A., the diesel's extraordinary significance is unchanged. In 1984 we are expecting - thanks also to the new 190 which was introduced in October of 1983 - further growth in our car business.

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

	Share in %	1983 Units	1982 Units	Change in %
Commercial vehicles				
Consolidated companies				
Mercedes-Benz do Brasil, Brazil	100.0	22,255	32,669	− 31.9
Mercedes-Benz Argentina, Argentina	100.0	3,881	4,216	− 7.9
Freightliner Corp., USA	100.0	11,969	7,721	+ 55.0
Mercedes-Benz Truck Comp., Inc., USA	100.0	2,320	2,069	+ 12.1
Mercedes-Benz (Australia), Australia	100.0	925	589	+ 57.0
Mercedes-Benz España, Spain	56.1	9,172	12,232	− 25.0
Other affiliated companies				
UCDD/CDA, South Africa[1])	43.5	3,817	6,216	− 38.6
ANAMMCO, Nigeria	40.0	2,551	3,657	− 30.2
OTOMARSAN, Turkey	36.0	1,550	1,529	+ 1.4
P.T. German Motor Manufacturing, Indonesia	33.3	2,200	2,756	− 20.2
National Automobile Industry, Saudi-Arabia	26.0	5,192	7,834	− 33.7
Industrial engines and engines for equipment manufacturers				
Consolidated companies				
Mercedes-Benz do Brasil, Brazil	100.0	7,955	11,300	− 29.6
Mercedes-Benz Argentina, Argentina	100.0	1,710	1,350	+ 26.7
Mercedes-Benz España, Spain	56.1	4,514	4,991	− 9.6
Other affiliated companies				
Iranian Diesel Engine Manufacturing, Iran	30.0	21,383	13,501	+ 58.4

1 Effective April 1984, name changed to Mercedes-Benz of South Africa (50.1 % owned).

The capacity of the sales and service network will be enlarged considerably in keeping with the sales trend. At the beginning of 1983, construction of a service school in Montvale and of two parts depots, in Maryland and New Jersey, was begun; a retail store with service facilities is being constructed in Hollywood. These projects will be completed in the summer of 1984. A new vehicle preparation center in Maryland was completed in mid-1983. Our Canadian distribution company opened a second retail outlet in each of the cities Montreal and Vancouver.

The company's consolidated sales increased to the equivalent of DM 6.0 billion in 1983 (last year DM 5.2 billion). Results of operation were satisfactory once again.

In the U.S.A. also a great success: The Roadside Assistance Program, expanded to all U.S. States in 1984.

Mercedes-Benz Credit Corporation, U.S.A.

Mercedes-Benz Credit Corporation, which offers sales financing for heavy-duty Freightliner trucks and, since 1982, for medium-duty Mercedes trucks and Mercedes cars, heavily expanded its business activities in 1983. Accordingly, earnings were good. The company's headquarter was moved to Norwalk, Connecticut, from Portland, Oregon, following the broadening of the company's functions.

Mercedes-Benz France

The French market, with 2.0 million new car registrations in 1983, was about 2 % below the record set in the previous year. Diesel cars were disproportionally affected by the market decline. Mercedes-Benz France S.A., Rocquencourt, increased sales by 4.2 % to 21,012 cars. The successful launch of the 190 contributed substantially to sales. Some 6,000 cars of our new Compact Series were sold in the year of introduction.

The general decline of the French truck market (2 tons and up) by 8 %, to 150,000 units, mostly concerned vans. Though our sales were also down 5.5 % to 14,811 vehicles, our market share for trucks of 2 tons and up increased to 10.4 % (last year 9.3 %).

Sales in local currency rose 6 %, but decreased in D-mark terms to DM 1.8 billion (last year DM 1.9 billion). Due to the renewed devaluation of the franc, which correspondingly increased the cost of imports from the Federal Republic of Germany, but also because of deteriorating market prices for trucks, results of operation remained unsatisfactory.

Mercedes-Benz (United Kingdom)

In the United Kingdom, the positive development in the car market continued in 1983 with an increase of 15 % in new-car registrations, to 1.8 million units. With sales of 13,926 cars, Mercedes-Benz (United Kingdom) Ltd., Hayes/London, sold 9.2 % more than in 1982. In addition to the

S-Class and hi-line, whose market share rose further, our T-models (stationwagon) contributed in particular to the sales gain. The 190 was not introduced to the market until the end of the year.

Although registrations of new commercial vehicles increased another 17 % in 1983, the overall volume of the United Kingdom market is well below the levels attained at the end of the seventies. Again, with a strong boost in our sales, by 23.9 %, to 11,145 commercial vehicles, we were able to raise to 6.0 % (last year 5.5 %) our share of the traditionally largest European market for trucks with GVW of 2 tons and more.

Sales in local currency rose 26 %, and in D-mark terms 15 %, to DM 1.1 billion. Sales revenue and profits were impaired by the clearly lower average Sterling exchange rate for the year.

Mercedes-Benz Nederland

The car market in the Netherlands grew a healthy 13 % in 1983. In contrast, sale of diesel cars declined overall. Mercedes-Benz Nederland B.V., Utrecht, boosted car sales 7.2 %, to 8,195 units, even though diesel cars make up half of our sales program. With 20 % of sales, the new 190 series contributed materially to the increase. The truck market (2 tons GVW and up) again declined overall. Yet for trucks over 6 tons GVW, we see a structural shift in favor of heavy-duty vehicles. A decrease in sales of trucks under 16 tons GVW was in contrast to a slight improvement for heavy-duty trucks. The 15 % drop in sales mainly affected vans. As a result of our improved position in heavy-duty trucks, our market share of 23 % was on the same level as last year.

Company sales revenue rose 2 % to the equivalent of DM 671 million. Results of operation were still satisfactory despite the stiff competition in price and sales terms for trucks.

Mercedes-Benz Belgium

Mercedes-Benz Belgium succeeded in maintaining its position in a receding car market. Especially the great response elicited by the 190 went a long way to enable us to match last year's high volume (10,681 units), with sales of 10,373 cars.

View into the new Mercedes-Benz showroom at Piccadilly-Circus in London.

The cyclical trend also caused the truck market (GVW of 2 tons and up) to decline by 3.8 %. Despite the difficult sales business, the company was able to raise commercial vehicle sales 10 %, to 3,336 units. Our market share increased to 15.7 % (last year 14.4 %).

Sales denominated in local currency were 5 % higher. Because of a deterioration in the exchange rates for the franc, sales in D-marks, and amounting to DM 606 million, approximated only those of 1982 (DM 616 million). Results of operations were satisfactory.

Mercedes-Benz Italy

Italy's economy showed no signs of recovery in 1983. The overall car market was 6.3 % below the previous year. Despite a recessionary trend, which was even more pronounced for higher-priced cars, Mercedes-Benz

Italia S.pA, Rome, was able to sell 12,232 cars, matching last year's volume. The well received 190 series could offset the sales losses for diesel cars, which had been caused to some extent by higher taxes.

Truck demand declined in 1983. We could not escape the general economic trend. However, the drop in our sales to 4,377 commercial vehicles (last year 4,917) was not as steep as the overall market decline.

Because of the car business, which was included on the basis of a full year for the first time, the company's sales revenue increased 44 %, to the equivalent of DM 696 million. The continuing deterioration of the exchange rate of the Italian currency and weaker commercial sales, combined with a worsening of sales terms, led to unsatisfactory results of operation. Cooperation with our sales financing unit Merfina S.pA, Rome, was deepened. The company now also offers leasing to our car and commercial vehicle customers.

The NAW Trucking Company Arbon & Wetzikon is assembling the Mercedes-Benz heavy-duty tractor 3850 (38 tons GVW, engine output 368kw = 500hp).

Mercedes-Benz Switzerland

The more stringent emission and noise regulations that went into effect in Switzerland in October of 1982 had caused many customers to purchase new cars prior to that date. For this reason, car sales declined in 1983; moreover, the range of models offered in Switzerland has been noticeably reduced as had been expected. Mercedes-Benz (Schweiz) AG, Zurich, whose sales of 4,794 units were only down 4 %, did a good job of maintaining its position in this important market. The addition of the 190 to our car range in the second half of the year influenced business for the better. Contrary to the trend of the commercial vehicle market, our subsidiary sold 2,878 units (last year 2,762 units), slightly increasing its sales. In heavy-duty trucks, the sales organization was expanded by the takeover of the Saurer sales and service points. In the weight class of 14 tons GVW and up, the combined market share of Saurer and Mercedes-Benz reached 50 %.

The sales revenue of the company rose to the equivalent of DM 475 million (last year DM 440 million). Sales of Saurer trucks, production of which was phased out in mid-1983, were handled by the Mercedes-Benz sales organization. Earnings, though impaired by the keen price competition in the commercial vehicle market, were satisfactory.

Mercedes-Benz Australia

As a consequence of the continued stagnation of the Australian economy in 1983, car and truck sales were down 10 % and 19 %, respectively. Mercedes-Benz (Australia) Pty. Ltd., Mulgrave, Melbourne, consolidated its market position both in cars and trucks. The company sold 2,778 cars (last year 3,414) and 1,071 commercial vehicles (last year 894).

By acquiring the majority interest in Yorkstar Motors, Sydney, and in the newly formed Mercedes-Benz (Distribution), Melbourne, we now have direct influence in the commercial vehicle wholesale and retail business in the states of Victoria, New South

Wales and South Australia, and with it a better foundation for deeper market penetration. The addition of the car wholesale function to the importing activity, to which the company had been previously limited, will enable us to extend our market position. The consolidated sales revenue of the new Group came to the equivalent of DM 479 million (last year DM 403 million). Results of operations were break even.

Mercedes-Benz Hellas

In its second year of operation, Mercedes-Benz Hellas, Athens, again had to do business in a sharply depressed motor vehicle market. The sales of cars, trucks and busses were well off the previous year's mark. This is reflected in the decline of sales revenue to the equivalent of DM 108 million (last year DM 181 million). Accordingly, results of operations were unsatisfactory.

Other affiliated companies

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-Langenhagen, was joined in 1983 by Kuehnle, Kopp & Kausch (KKK), Frankenthal, makers of turbo machinery, whose capital stock majority had been acquired at the turn of the year 1982/83. The Group now has consolidated sales of DM 2.4 billion. Despite continued weak demand both from civilian air transport operators and for high-performance diesel engines, the MTU Group - without KKK - slightly increased sales 2.5 % over last year, to DM 2.2 billion. MTU benefitted from its growing activities in the civilian aircraft engine business and from its worldwide sales activities with a comprehensive range of diesel engines.

Various large orders increased the order backlog once more, to about DM 3.4 billion. Deliveries are spaced out over several years so that the plants in Munich and Friedrichshafen are both assured utilization of base capacities. As a consequence of the declining order inflow for diesel engines in the years before, the facilities in Friedrichshafen were not operating at full capacity. To adapt to this situation, MTU Friedrichshafen had to institute - if only to a modest degree - short-time work in the latter part of 1983 which lasted until the beginning of 1984. MTU Muenchen took the logical step to broaden its activities in the civilian sector by joining an international consortium to develop and build an engine for aircrafts seating 150 people. With this cooperation agreement MTU is now represented in all important power ranges of the future market for large civilian jet engines.

With the Rolls Royce jet engine RB 211, MTU Maintenance included a second civilian jet engine in its maintenance and repair program and thus added more airlines to its clientele. The development of the company and the strengthening of its work force continued parallel to this. The capital stock was raised from DM 20 million to DM 30 million At Kuehnle, Kopp & Kausch AG, low capitel investment activity in the power plant construction, steel production and chemical industries, impaired orders for and sales of blowers, compressors and steam turbines. By contrast, turbocharger deliveries were increased over 1982.

At home, the MTU Group - without KKK - had 12,684 employees at year-end (last year 12,859 employees), with KKK 14,316. After due provision for income taxes, the MTU Group paid DM 5.2 million (last year DM 5.8 million) to each of the two shareholders, Daimler-Benz and M.A.N., in accordance with the profit and loss pooling agreement.

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 electric drive and storage systems in 1983. The results were equally shared by both partners in accordance with the profit and loss transfer agreement.

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 presented its first products at the Hannover Fair. The novel nickel-cadmium batteries for stationary applications were introduced to the market with considerable success.

NAW Nutzfahrzeuggesellschaft, Switzerland

NAW Nutzfahrzeuggesellschaft Arbon & Wetzikon AG, formed at the end of 1982, began operations in April, 1983. In addition to the completion of old orders for the Saurer and FBW programs, which are being phased out, 192 Saurer heavy-duty cross-country trucks were assembled for Swiss customers. The assembly of special-purpose vehicles on the basis of the Mercedes heavy-duty truck program was a fast-growing business. Under this program, 348 units could be assembled, converted and made complete as compared to last year's 109 units at FBW-Fahrzeug AG. The bus chassis department also has first successes to show.

The company had 380 employees at the end of 1983. Revenue totalled DM 32.8 million. Earnings were affected by the startup period.

Winner for the second time in the Paris-Dakar Rallye for trucks: Mercedes-Benz model 1936 AK all-wheel-drive dump-truck (19 tons GVW, 261 kw = 355 hp).

Mercedes-Benz of South Africa

A full-fledged recession in South Africa resulted in further declines in both car and commercial vehicle sales. Contrary to this trend, the demand for Mercedes cars continued undiminished in 1983. However, 1982 output and sales could not be matched due to labor unrest in East London. With 12,956 sales (last year 14,816), Mercedes cars remained market leaders in their class.

Since October, 1982, one model of Honda cars is being built under license. In the first full year, 10,202 cars were manufactured. This broadening of business, in a market segment which does not overlap with the Mercedes class, serves both the better utilization of our production capacities and the strengthening of our dealer organization with supplemental sales volume.

For cyclical reasons, demand for commercial vehicles in South Africa declined by 26 %. Our subsidiary also felt the effects of this. Its sales fell 25 %, to 4,313 vehicles. We consolidated our leading position in the truck class of over 5 tons GVW with a market share of over 28 %.

Company sales revenue in D-mark increased by 10 %, to DM 1.6 billion. Overall results of operations were once again satisfactory.

In connection with the capital stock increases in December, 1983, and March, 1984, Daimler-Benz AG raised its share interest in UCDD from 36.7 % to 50.1 %. The company has been renamed Mercedes-Benz of South Africa (Pty.) Ltd., Pretoria. The South African Volkskas still holds 26.5 % of company stock, and the Swiss Ernst-Goehner-Stiftung's interest is unchanged at 23.4 %.

ANAMMCO, Nigeria

Nigeria's economic situation remained critical in 1983. Sharply diminished foreign exchange revenue from exports of crude oil and restrictive economic policy measures resulted in an acute shortage of essential imports and seriously impaired industrial activities in broad sections of the economy. Anambra Motor Manufacturing Company Ltd. (ANAMMCO), Enugu, Anambra State, was also adversely affected. Its commercial vehicle output had to be cut 30 % to 2,551 units for lack of parts. Sales, however - 3,434 units - were maintained at last year's level (3,610) through additional inventory reductions. The market share in the class over 2 tons GVW rose further, from 30 % to 34 %.

The company broke even on sales valued at the equivalent of DM 332 million (last year DM 327 million).

Due to the dependence of the Nigerian economy on the world crude oil market, an appreciable improvement of the market situation can not yet be expected for 1984.

NAI, Saudi Arabia

In Saudi Arabia, diminished revenues from the oil business also slowed economic activity and with it commercial vehicle sales. National Automobile Industry Company Ltd. (NAI), Jidda, had to cut assembly output back to 5,192 commercial vehicles (last year 7,834). Sales of imported, completely built-up vehicles also declined, while market share remained steady.

Converted to D-marks, company sales revenue fell to DM 511 million (last year DM 817 million). Earnings declined, but were still good.

Since Saudi Arabia's oil revenue is hardly likely to increase to any large extent at the present, a marked recovery cannot be expected for 1984.

OTOMARSAN, Turkey

The upswing of the Turkish economy continued through 1983, though the ambitious export goals could not be fully achieved. We expect the Turkish economy to continue its favorable trend.

Otobues ve Motorlu Araclar Sanayii A.S. (OTOMARSAN), Istanbul, almost doubled its domestic bus sales. Exports, on the other hand, declined considerably due to the Gulf War. In keeping with available production capacity, the 1,501 unit sales of models O 302, O 302 S and O 309 were on the scale of 1982. The market responded favorably to the inclusion of model O 302 S in the production program.

Sales in local currency rose 7 % but, converted to D-marks, declined to DM 261 million (last year 323 million). Earnings were again quite satisfactory. At the beginning of 1983 the Turkish government approved the broadening of OTOMARSAN's activities for the manufacture and sale of trucks and engines.

To realize the project, the number of shareholders will be enlarged - Daimler-Benz retaining its 36 % interest - and the capital stock will be increased in stages from previously TL 550 million to TL 12,000 million (approximately DM 100 million). The company will take over existing facilities of the AKMOSAN state company in Aksaray, 220 km southeast of Ankara, and begin vehicle and engine assembly at the end of 1984.

Planned capacity in the first phase is 5,200 medium- and heavy-duty trucks and 8,600 diesel engines, using two-shifts. In addition, about 400 O 309 busses will be built there. The present OTOMARSAN production facility in Istanbul is to be reorganized and its annual production capacity raised by up to 300 units, to 1,700 O 302 S busses.

In-house machine-tool manufacture at Mercedes-Benz do Brazil: machine tools are made here with Mercedes-Benz quality.

IDEM, Iran

Iran's economic situation further improved in 1983. Business was particularly good for the licensees producing Mercedes-Benz commercial vehicles, resulting in turn in a substantially larger demand for diesel engines manufactured under license by our affiliate Iranian Diesel Engine Manufacturing Company (IDEM), Tabris. Engine sales increased 56 %, to 21,021 units (last year 13,499).

Sales revenue in local currency rose 60 %, and in D-mark terms increased to DM 294 million (last year DM 183 million). For the first time in years, therefore, the company had a slight profit. The company is now operating at the limit of its capacity. A gradual adjustment of production capacity to the long-term market trend, which we expect to rise further, is being considered.

German Motor, Star Motors and Star Engines, Indonesia

The Indonesian economy has been stagnating since 1982 owing to sharply reduced exports of crude oil. In 1983, the overall motor vehicle market declined a further 20 %.

Our Indonesian affiliates P.T. German Motor Manufacturing, Wanaherang (assembly and manufacture), and PT. Star Motors Indonesia, Jakarta (import and marketing) suffered a drop in commercial vehicle sales by 24 % in all, to 1,991 units, but managed to maintain their market share. Car sales were raised to 632 units (last year 598). Sales revenue - converted - declined 32 %, to DM 176 million. There was a slight profit nonetheless.

In September of 1983 we formed PT. Star Engines Indonesia together with our Indonesian partner. This company's task will be the assembly and, later, manufacture of diesel engines for vans and medium-duty trucks under a license granted by the Indonesian government. Of the capital stock amounting to the equivalent of DM 14.2 million, Daimler-Benz holds 60 %. It is planned to take up assembly of engines in the 62 to 125 kw range (85 to 170 hp) in the spring of 1985. At present, new plant facilities are being set up on property immediately adjacent to the site of German Motor Manufacturing in Wanaherang. We thus have created the essential prerequisites for complying with the Indonesian industrialization rules so that we will be able to stay in this important market with our commercial vehicles also in the future.

The Wanaharang plant assembles Mercedes-Benz models 200 and 280 E. These cars have an enthusiastic and steady clientele in Indonesia.

FAP FAMOS, Yugoslavia

The measures taken to stabilize the Yugoslavian economy more and more affected the industry's materials supply, particularly as a result of the difficulties in providing foreign exchange. Our joint venture partner FAP FAMOS, Belgrade, nonetheless succeeded in nearly maintaining output at 1982 levels. Output amounted to 5,453 units as compared to 5,529 units the year before. Sales revenue in local currency rose 20 % and, converted to D-marks, amounted to DM 567 million (last year DM 461 million). Results of operations were again good.

Daimler-Benz Austria

Daimler-Benz Oesterreich Vertriebssgesellschaft mbH, Salzburg, coordinates our sales activities in Austria. In addition, it took over the sale of busses to end users. To better serve this market, a used bus center was opened in Linz in the autumn of 1983.

Car sales in Austria rose 26 % in 1983. Especially the rescission of the tax measures, which had produced a pent-up demand and which particularly affected Mercedes cars, had a favorable effect. Our deliveries to Austria increased by 58 %, to 8,565 cars. Our share of the overall market thus rose from 2.5 % to 3.2 %.

The market for commercial vehicles also picked up slightly. Our shipments to Austria of 3,261 units surpassed the previous year's total by 6 %.

Daimler-Benz AG and its Principal Subsidiaries and Affiliates

Subsidiary Companies

Domestic

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

Maschinenfabrik Esslingen AG
Esslingen a.N.
DM 42,515,000
94.2% owned

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

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

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

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

Foreign

Daimler-Benz of North America Holding Company, Inc.
New York/USA
US $ 35,932,628
(DM 97.9 million)
100% owned

Mercedes-Benz of North America, Inc.
Montvale, N.J./USA
US $ 60,000,000
(DM 163.4 million)
100% owned

Mercedes-Benz Canada, Inc.
Toronto/Canada
Cdn. $ 5,000,000
(DM 11.0 million)
100% owned

Freightliner Corp.
Portland, Oregon/USA
US $ 180,000,000
(DM 490.3 million)
100% owned

Mercedes-Benz Credit Corp.
Norwalk, Connecticut/USA
US $ 57,831,200
(DM 157.5 million)
86% owned

Mercedes-Benz Argentina S.A.
Buenos Aires/Argentina
$ a 87,693,362
(DM 10.3 million)
100% owned

Mercedes-Benz España S.A.
Madrid/Spain
Ptas. 8,019,648,000
(DM 139.5 million)
56.1% owned

Mercedes-Benz (Australia) Pty. Ltd.
Mulgrave/Melbourne/ Australia
A$ 20,000,000
(DM 48.4 million) 100% owned

Mercedes-Benz do Brasil S.A.
São Bernardo do Campo/ Brazil
Cr $ 140,000,000,000
(DM 390.3 million) 100% owned

Sociedade Técnica de Fundições Gerais S.A. (SOFUNGE)
São Paulo/Brazil
Cr $ 4,400,000,000
(DM 12.3 million) 100% owned

SOFIDEL S.A.
Rocquencourt/France
FF 90,000,000
(DM 29.4 million)
98.7% owned

Mercedes-Benz France S.A.
Rocquencourt/France
FF 230,000,000
(DM 75.2 million)
100% owned

Mercedes-Benz Italia S.p.A.
Rome/Italy
Lit. 65,000,000,000
(DM 107.0 million)
88.5% owned

Mercedes-Benz (United Kingdom) Ltd.
Hayes/London/United Kingdom
£ 30,000,000
(DM 118.2 million)
100% owned

Daimler-Benz Holding Belgium S.A./N.V.
Brussels/Belgium
bfrs. 2,420,000,000
(DM 118.6 million)
100% owned

Mercedes-Benz Belgium S.A./N.V.
Brussels/Belgium
bfrs. 1,800,000,000
(DM 88.2 million)
100% owned

Mercedes-Benz Hellas S.A.
Athens/Greece
Dr. 800,000,000
(DM 22.1 million)
96.8% owned

Daimler-Benz Holding AG
Zuerich/Switzerland
sfr. 147,000,000
(DM 183.8 million)
100% owned

Daimler-Benz Finanz AG
Zuerich/Switzerland
sfr 30,000,000
(DM 37.5 million)
100% owned

Daimler-Benz Finanz-Holding S.A.
Luxemburg
sfr 25,000,000
(DM 31.3 million)
100% owned

Merfina S.p.A.
Rome/Italy
Lit. 3,000,000,000
(DM 4.9 million)
70% owned

Mercedes-Benz (Schweiz) AG
Zuerich/Switzerland
sfr. 6,000,000
(DM 7.5 million)
51% owned

Mercedes-Benz Nederland B.V.
Utrecht/Netherlands
hfl. 57,000,000
(DM 50.7 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-Langenhagen
DM 30,000,000
100% owned ●

AG Kuehnle, Kopp & Kausch
Frankenthal
DM 7,000,000 [1]
61.6% owned ●

Deutsche Automobilgesellschaft mbH
Hannover
DM 5,000,000
50% owned

14 Housing companies of which:

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

Wohnbau Gaggenau GmbH
Gaggenau
DM 5,000,000
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
₦ 24,000,000
(DM 87.0 million)
40% owned

National Automobile Industry Company Ltd. (NAI)
Jeddah/Saudi Arabia
SR 70,000,000
(DM 55.1 million)
26% owned

Otobues ve Motorlu Araçlar Sanayii Anonim Sirketi (OTOMARSAN)
Istanbul/Turkey
TL 550,000,000
(DM 5.4 Million) 36% owned

UCDD (Pty.) Ltd. [2]
Pretoria/South Africa
R 2,000,000
(DM 4.5 million)
43.5% 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
Rp. 3,175,200,000
(DM 8.7 million)
33.3% owned

P.T. Star Engines Indonesia
Jakarta/Indonesia
Rp. 3,784,406,250
(DM 10.4 million)
60% owned ●

P.T. Star motors Indonesia
Jakarta/Indonesia
Rp. 846,720,000
(DM 2.3 million)
49% owned

Iranian Diesel Engine Manufacturing Company (IDEM)
Tabris/Iran
Rl 2,000,000,000
(DM 61.5 million)
30% owned

Tata Engineering and Locomotive Comp. Ltd. (TELCO)
Bombay/India
iR 480,240,000
(DM 138.0 million)
12.2% owned ●

Bajaj-Tempo Ltd.
Poona/India
iR 31,855,858
(DM 9.2 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 18.8 million) 40% owned

Manufacturing or assembly companies
Distribution and service companies
Real estate, finance and holding companies
Other companies
() Capital converted into DM at year-end exchange rates
[1] Capital stock
[2] Effective April 1984, name changed to Mercedes-Benz of South Africa (50.1% owned)
● New additions or changes

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Notes to Financial Statements Daimler-Benz AG

Balance Sheet

Asset and Capital Structure

Fixed assets, with additions of DM 2.8 billion in tangible fixed and financial assets and DM 2.2 billion depreciation rose by DM .6 billion, to DM 6.0 billion. Their share of total assets remained unchanged at 33 %. The increase of DM 1.0 billion in **current assets,** to DM 12.1 billion, was largely attributable to receivables (+ DM .6 billion) and to other assets (+ DM .4 billion); the funds which became available through a DM .2 billion reduction in inventories are contrasted by an increase in cash and temporary investments in securities in like amount.

Stockholders' equity (capital stock, unallocated retained earnings and 40 % of special equity reserves) rose DM .5 billion to DM 5.2 billion, as a result of the capital stock increase at the end of 1983 and through allocation from net income for the year to retained earnings. The ratio of stockholder's equity to total capitalization remained unchanged at about 29 %. Within **liabilities,** provisions rose DM 1.3 billion, to DM 8.4 billion. They thus reached about 46 % (last year 43 %) of total capitalization. Pension provisions totalling DM 4.4 billion (last year DM 3.6 billion) accounted for more than half of all provisions.

Fixed Asset Coverage

The ratio of stockholders' equity to fixed assets remained unchanged at about 88 %. Fixed assets, inventories and a substantial portion of other current assets continue to be financed on a long- and medium-term basis.

Assets

Fixed Assets

Fixed assets (tangible fixed assets and financial assets) rose DM 389 million, to DM 4,871 million and are accounted for by additions of DM 2,517 million less depreciation and disposals of DM 2,128 million. As in the previous year, fixed assets are valued at acquisition or manufacturing costs respectively, reduced by accumulated depreciation. The opportunities for special tax deductible accelerated depreciation were fully utilized, mostly in connection with Section 7d of the Income Tax Act and Section 82d of the Income Tax Regulation (environmental protection, and research and development investments), Section 14 of the Berlin Assistance Act and Section 3 of the Border Area Assistance Act. Investment tax credits earned were used to reduce the relevant acquisition costs. The manufacturing costs of in-house-produced fixed assets include direct materials, direct labor and manufacturing overhead (exclusive of 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 used for multi-shift operations was depreciated using correspondingly lower useful lives.

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

Depreciation on 1983 additions, including transfers from construction in progress and advance payments relating to property, plant and equipment, and capitalized in prior years, was as follows:

	Additions, including transfers in millions of DM	Depreciation in millions of DM
Land and equivalent titles with office, factory and other buildings	484	79
Buildings on land owned by others	14	3
Machinery and equipment	1,292	528
Factory and office equipment	840	559
Construction in progress and advance payments relating to buildings and plants	– 113	33
	2,517	1,202

Daimler-Benz has recorded leasehold rights in favor of third parties who have erected factory and office buildings for our plants and retail branches on land owned by the company. As of December 31,1983, there were 14 (last year 12) leasing agreements for buildings improvements; payments for such leases amounted to DM 15 million (last year DM11 million).

Investments
in Affiliated Companies

The balance sheet amount of investments in affiliated companies rose DM 196 million, to DM 978 million.

Additions for the year amounted to DM 308 million, and related to capital stock increases in domestic and foreign companies. Domestic companies accounted for DM 45 million (mostly at Porcher & Meffert), foreign companies for DM 263 million of the total (largely at our European and South African sales and manufacturing companies).

Our investments in affiliated companies are valued in accordance with the conservative principle of lower of cost or market. Write-downs of DM 109 million (of which DM 31 million relate to additions in 1983) were made mostly for our companies in Italy and Spain, which were confronted with generally difficult market conditions.

Inventories

Of the DM 223 million inventory decrease, to DM 2,898 million, DM 177 million was in finished goods. The valuation methods remained unchanged: raw materials and supplies were valued at the lower of cost or market. Finished goods were valued including direct materials, direct labor and manufacturing overhead. Reasonable deductions were made for obsolete items after longer storage or after design changes.

Receivables

Trade accounts receivable, notes receivable and receivables from affiliated companies rose DM 577 million, to DM 3,425 million. Of this increase, alone DM 536 million applied to our domestic and foreign affiliates, that is DM 383 million to higher trade receivables and DM 153 million to higher notes receivable.

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

Cash and Temporary Investments
in Securities

Cash and temporary investments in securities rose DM 225 million, to DM 3,064 million, of which DM 170 million were derived from the capital stock increase at the end of 1983. Other liquid funds were invested in short- and medium-term debt instruments, which represent by far the single largest item in the balance sheet caption "Other Assets".

Treasury Stock

For the purpose of issuing shares under the employee stock purchase plan, a total of 53,150 shares (with a par value of DM 2.7 million = .16 % of total common stock) was purchased during the year at an average price of DM 461 a share, namely 26,900 shares in January, 20,250 shares in March and 6,000 shares in December.

In July, 77,137 shares (with a par value of DM 3.9 million = .23 % of total common stock) were sold to our employees at a preferential purchase price of DM 268 a share. As of December 31,1983, we held 57,955 shares (with a par value of DM 2.9 million = .17 % of total common stock), of which 4,805 shares were purchased in 1982. The shares were valued at DM 18 million.

Other Assets

The increase of DM 445 million, to DM 2,672 million, was mainly due to investments of liquid funds in short- and medium-term time deposits and similar debt instruments. Moreover, this balance sheet caption includes interest receivables, claims for added value tax refunds, receivables from lessors and receivables from profit and loss pooling agreements etc.

Stockholders' Equity and Liabilities

Capital Stock and Retained Earnings

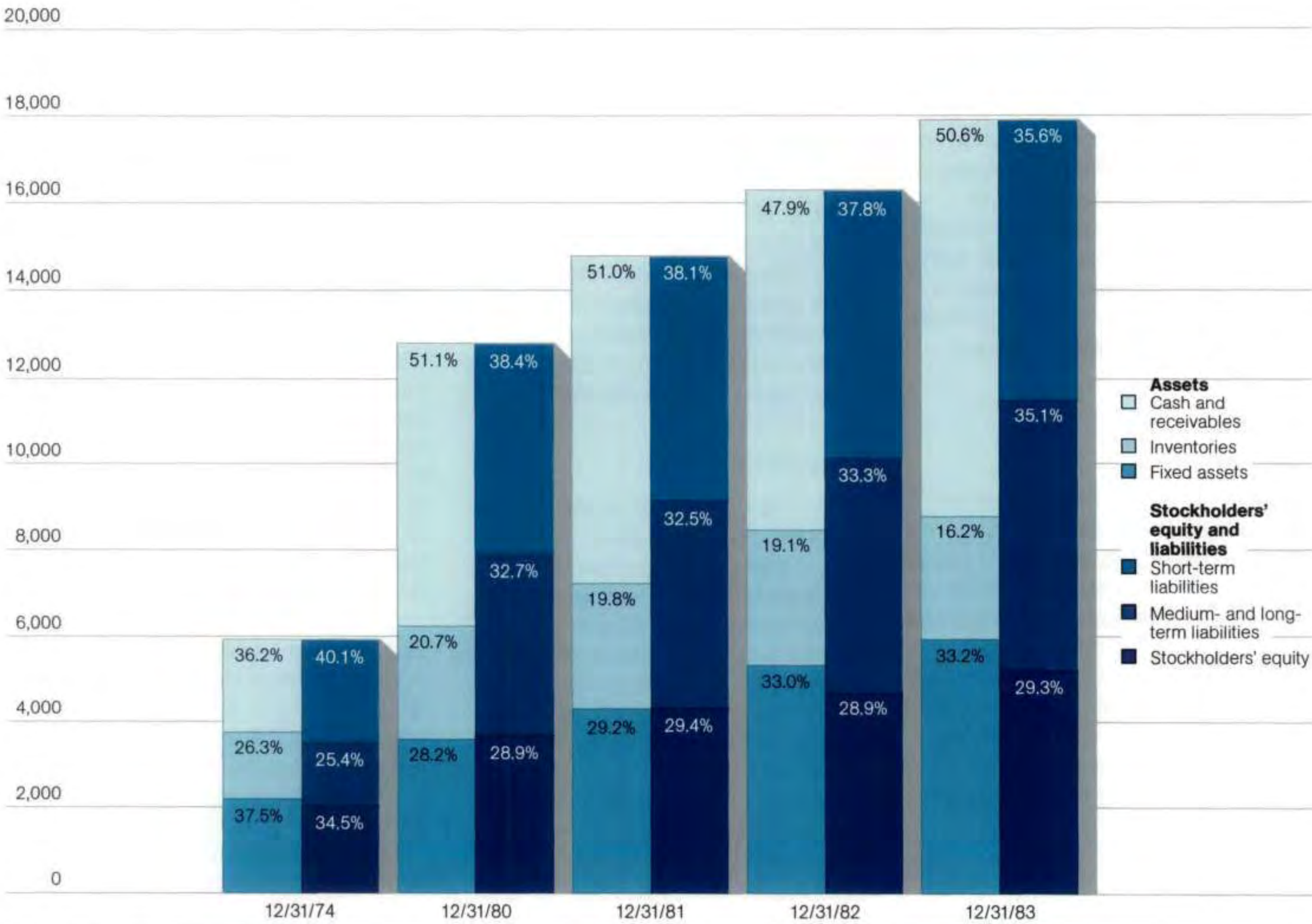
Capital stock increased DM 170 million, to DM 1,699 million at the end of 1983, as a result of the issuance of new shares out of "authorized share capital". Accordingly, of the DM 350 million authorized share capital approved by the shareholders on July 1,1981, there still remains a balance of DM 180 million which may be used through June 30,1986.

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

Retained earnings allocated under statute increased DM 14 million, of which DM 10 million was allocated from net income for the

Balance Sheet Structure – Daimler-Benz AG

(in millions of DM)	1974	1980	1981	1982	1983
Balance sheet total[1]	**5,926**	**12,873**	**14,845**	**16,324**	**17,933**
Assets					
Cash and receivables[1]	2,143	6,584	7,561	7,824	9,078
Inventories	1,560	2,666	2,943	3,121	2,898
Fixed assets	2,223	3,623	4,341	5,379	5,957
Stockholders' equity and liabilities					
Short-term liabilities	2,377	4,943	5,655	6,173	6,387
Medium- and long-term liabilities	1,502	4,210	4,819	5,429	6,292
Stockholders' equity	2,047	3,720	4,371	4,722	5,254



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

year and DM 4 million from the premium received on fractional shares sold on the open market in connection with the capital stock increase at the end of 1983. In adjusting treasury stock on hand to the balance sheet value, an amount of DM 5 million was added to **retained earnings allocated for treasury stock.** An amount of DM 340 million was allocated from net income to **unallocated net income.**

Special Equity Reserve

Of the special equity reserve totalling DM 296 million, DM 136 million pertain to reserves allowed under Section 3, Sub-Section 1 of the Foreign Investment Act (losses of foreign subsidiaries), DM 114 million to reserves allowed under Section I, Sub-Section I of the Income Tax Act for Developing Countries, and DM 42 million pertain to reserves allowed for price increases under Section 74 of the Income Tax Regulations.

Lump-Sum Allowance for Doubtful Accounts

The general credit risk at home and abroad has been considered on a country-specific scale of 4 % to 10 %. On account of a more favorable receivable structure overall, the lump-sum allowance for doubtful accounts declined slightly from DM 165 million last year to DM 157 million this year.

Provisions for Old-Age Pensions

Old-age pension provisions amounted to DM 4,366 million (last year DM 3,633 million). Their actual calculation was, as heretofore, based on the individual level premium method: the interest assumption used in calculating pension obligations for our defined benefit plan was 4.25 % in 1983 and 5 % the year before; the other pension provisions have been calculated on the basis of an interest rate assumption of 3.5 % as heretofore. In 1983, and for the first time, we included pro rata administrative expenses in the calculation. After receipt of DM 51 million from Daimler-Benz AG, the assets of the Daimler-Benz Provident Fund amounted to DM 2.6 billion.

Provision for Deferred Maintenance

For maintenance planned in the reporting year but not carried out, we have made a provision of DM 125 million.

Other Provisions

The other provisions, which rose DM 533 million, to DM 3,891 million, are primarily for our worldwide warranty obligations and for legal and litigation risks. Moreover, they cover obligations in the social benefit area, outstanding tax assessments and possible losses inherent in pending business transactions.

Long-Term Liabilities

Long-term liabilities increased to DM 140 million; new loans and loan repayments amounted to DM 32 million and DM 22 million respectively. The new borrowings pertained almost exclusively to low- interest loans which are available under the Berlin-Promotion Act. In 1984, planned repayments will amount to DM 18 million.

Other Liabilities

The reduction in other liabilities by DM 127 million, to DM 3,569 million, was mainly the result of lower "other liabilities" as opposed to higher "trade payables".

Contingent Liabilities

Discounted notes receivable totalled DM 14 million. Pledges given for domestic and foreign affiliated companies amounted to DM 136 million.

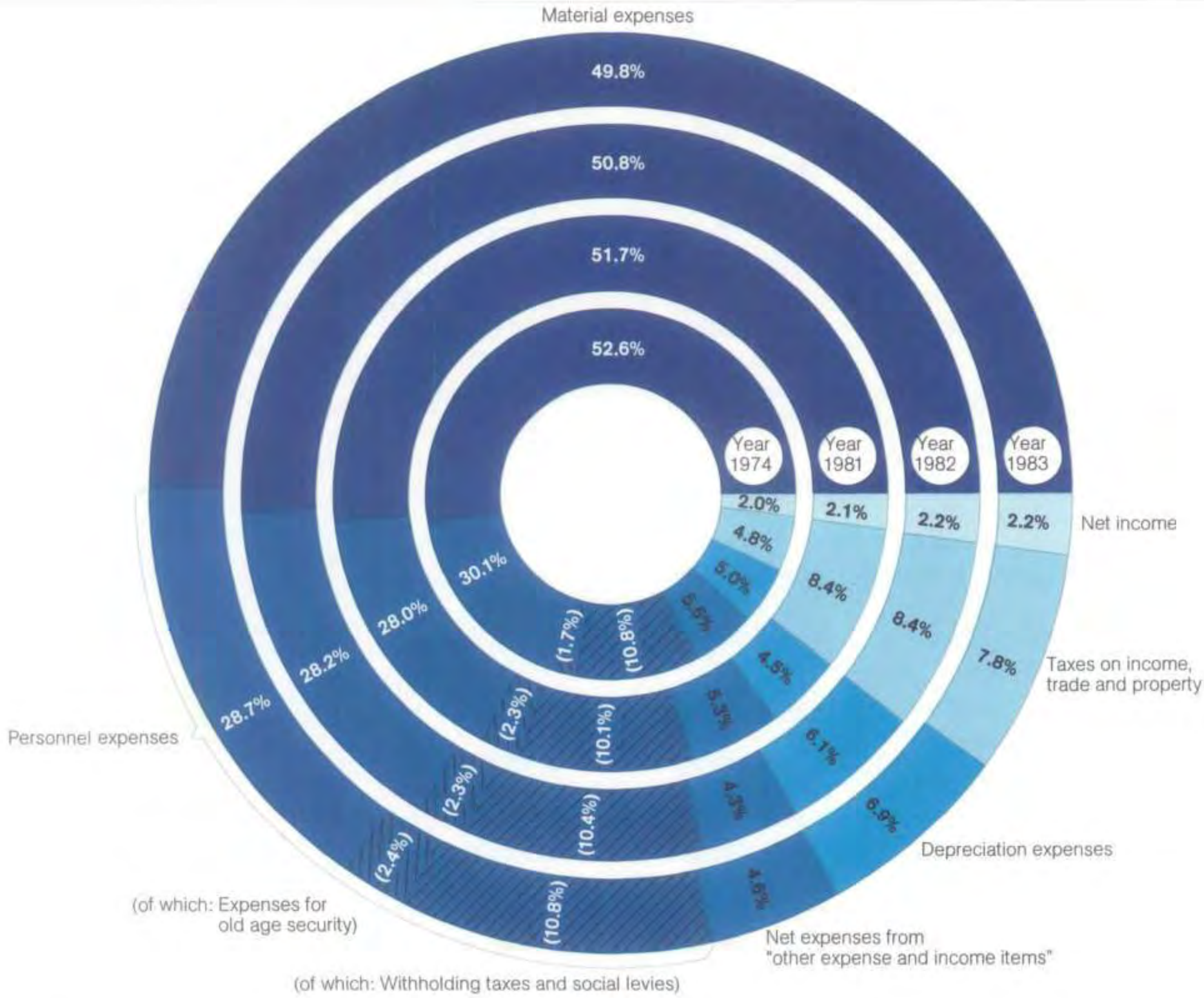
Existing payment guarantees totalled DM 42 million; they were given in favor of creditors in connection with the 1970-DM bond issue and the 1982-lfr bond issue of Daimler-Benz Holding S.A., Luxemburg.

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 57 million.

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

Under the assumption that the proposed dividend is ratified by the shareholders at the annual meeting, the renumerations of the members of the Board of Management amounted to DM 6,898,117. Disbursements to former members of the Board of Management or their survivors totalled DM 3,836,495. Disbursements to members of the Supervisory Board totalled DM 1,160,520 (including value-added tax).

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



(in millions of DM)	1974	1981	1982	1983
Total Revenue	**13,656**	**29,461**	**31,410**	**32,139**
Material expenses	7,187	15,216	15,957	16,000
Personnel expenses	4,117	8,260	8,850	9,238
of which: Net wages and salaries	(2,405)	(4,596)	(4,856)	(4,996)
Expenses for old-age security	(238)	(688)	(742)	(770)
Withholding taxes and social levies	(1,474)	(2,976)	(3,252)	(3,472)
Net expenses from "other expense and income items"	748	1,568	1,361	1,488
Depreciation expenses	678	1,333	1,907	2,202
Taxes on income, trade and property	657	2,476	2,648	2,501
Net income	269	608	687	710
of which: Additions to retained earnings (net)	(91)	(304)	(337)	(355)
Dividends	(178)	(304)	(350)	(355)

Statement of Income

Total Revenue

The 2.3 % increase of total revenue to DM 32.1 billion was the result of a 3.4 % increase in sales and a reduction of vehicle inventories.

Cost of Materials

Cost of raw materials and supplies and of goods purchased for resale, amounting to approximately DM 16 billion, were on about the same level as last year.

Excess Income over Losses from Affiliated Companies

Net income from affiliated companies was as follows:

	1983 in millions of DM	1982 in millions of DM
Dividends Received		
FAP FAMOS, Belgrade	10	-
Mercedes-Benz (United Kingdom) Ltd., Hayes	6	8
Otomarsan, Istanbul	6	6
Maschinenfabrik Esslingen AG, Esslingen a.N.	5	5
Mercedes-Versicherungsdienst GmbH, Stuttgart	5	5
Other Companies	20	23
	+52	+47
Income Transferred from Affiliated Companies under Profit Pooling Agreements		
MTU Motoren- und Turbinen-Union Muenchen GmbH, Muenchen	5	6
Other Companies	4	1
	+ 9	+ 7
Losses Transferred from Affiliated Companies under Loss Pooling Agreements	– 1	– 1
Excess Income	+60	+53

Net Interest Income

Interest income and interest expense amounted to DM 586 million (last year DM 679 million) and DM 51 million (last year DM 69 million), respectively. The decline in net interest income from DM 610 million last year to DM 535 million in 1983 was caused by a drop in interest rates.

Income from Dissolution of Reserves

The DM 187 million total (last year DM 207 million) included income from the partial dissolution of litigation reserves, which, on account of recent court rulings with respect to the invalidity of the so called daily price clause, were no longer required.

Other Income

Other income totalling DM 191 million (last year DM 200 million) comprises profits from the sale of securities, recoveries for prior-year write-offs of individual customer accounts, allocation of administrative expenses and rental income.

Personnel Expenses

With 2,200 more employees, "wages and salaries" and "social security levies" rose to DM 8.5 billion (last year DM 8.1 billion). The 3.2 % union-negotiated increase at the beginning of 1983 in wages and salaries was also a contributing factor. Expenses for "old age pension and support payments" rose only slightly, to DM 770 million (last year DM 742 million), because the additional expense resulting from the reduction during the reporting year of the actuarial interest assumption was about the same as the previous year's additional expense resulting from a similar interest reduction plus the assumption of additional pension obligations by the DB-Provident Fund.

Taxes on Income and Property

Taxes on income and property declined by DM 147 million, to DM 2,501 million. The previous year's amount of DM 2,648 million included an extraordinary charge of DM 101 million caused by an increase from 5.5 % to 6 % in the tax-allowable interest rate for the purpose of calculating pension provisions.

Other Expenses

This summary expense caption, amounting to about DM 2.4 billion, is nearly unchanged from last year. It comprises predominately administrative and selling expenses including sales commissions, freight-out and packaging, rental and lease expenses, and additions to provisions which by law must be classified here.

Net Income and Unappropriated Surplus

Net income for the year rose DM 23 million, to DM 710 million. According to our calculations, net income for the year includes no "inflationary profits".

For the reporting year, net income was reduced by DM 304 million, pursuant to Section 160, Sub-Section 2, Clause 5 of the Company Act. This was largely due to the reduction in the interest rate assumption that was used in calculating the amount of the pension provisions pursuant to our pension benefit rules.

Out of net income for the year, an amount of DM 355 million was allocated to retained earnings; this left in the "unappropriated surplus" account an amount of likewise DM 355 million for the payment of dividends.

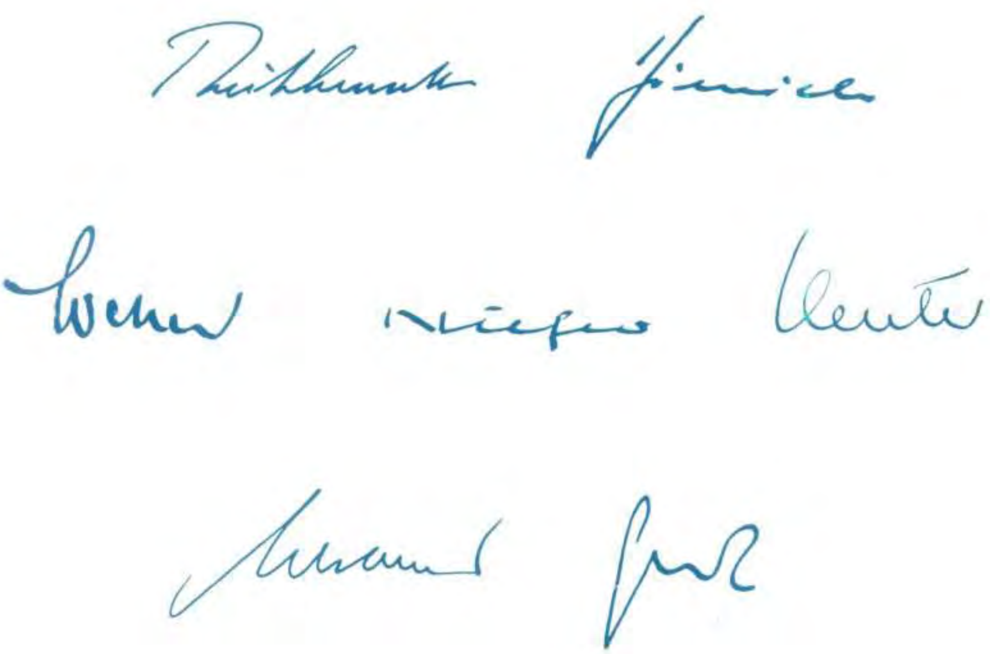
The annual financial statements as of December 31, 1983, show an unappropriated surplus of DM 355,252,852.50.

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

$3\frac{1}{3}$ %	dividend on the eligible preferred share capital of DM 1,921,500	DM	64,050.00
DM 10.50	dividend for each eligible common share of DM 50 par value	DM	355,188,802.50
Unappropriated surplus		DM	355,252,852.50

Stuttgart-Untertuerkheim, March 30, 1984

The Board of Management



Report of the Supervisory Board

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

We have examined the financial statements, the annual report, and the recommendations for the payment of dividends. The financial statements as of December 31, 1983, 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.

At the rotational election of Supervisory Board members at the annual shareholders' meeting on July 6, 1983, Professor Dr. jur. Gunther Hartmann voluntarily did not stand for re-election. He thus left the Supervisory Board of which he had been a member since 1977. In this report we also wish to express our special thanks for his bond of friendship, his judicious advice and his trustworthy cooperation.

Concurrent with the conclusion of the annual stockholders' meeting on July 6, 1983, Messrs. Karl Aspacher and Erich Hirth, as representatives of our employees, retired from the Supervisory Board to which they had belonged since 1975 and 1978 respectively. We wish to thank both gentlemen for their good cooperation. On May 25, 1983, the employee nominating meeting newly elected to the Supervisory Board Messrs. Helmut Funk, Stuttgart, Chairman of the Labor Council Untertuerkheim Plant and Head Office, and Richard Helken, Achim-Bierden, Chairman of the Labor Council Bremen Plant.

Dr. jur. Gerhard Prinz, Chairman of the Daimler-Benz Board of Management, suddenly and unexpectedly passed away on October 29, 1983, at the age of 55. He had been a member of the Management Board since 1974 and in 1980 became its chairman. With great managerial skill, sense of responsibility and exemplary personal engagement he has decisively contributed in strengthening the worldwide reputation of Daimler-Benz and, during difficult times, in securing new growth. He has given Daimler-Benz definite direction for the future. With his kind manner, his openness and modesty, Gerhard Prinz will not be forgotten. We all owe him our gratitude.

Effective December 1, 1983, the Supervisory Board of Daimler-Benz AG appointed Prof. Dipl.-Ing. Werner Breitschwerdt, Chairman of the Board of Management.

Messrs. Hans Juergen Hinrichs and Dr. rer. pol. Gerhard Liener, heretofore deputy members of the Board of Management, were appointed full members effective July 6, 1983, and March 14, 1984, respectively.

In the meeting of May 3, 1984, Dr.-Ing. Rudolf Hoerning was appointed deputy member of the Board of Management; he has taken over the "Research and Development" division.

Stuttgart-Untertuerkheim, May 1984

The Supervisory Board

Chairman

Balance Sheet of Daimler-Benz AG

ASSETS

	Balance Jan. 1, 1983 DM	Additions DM	Transfers DM	Disposals DM	Depreciation expense DM	Balance Dec. 31, 1983 DM	Balance Dec. 31, 1982 in thousands of DM
Fixed and financial assets							
Property, plant and equipment							
Land and equivalent titles							
with office, factory and other buildings	1,973,809,641	240,489,227	+242,909,821	14,755,178	239,854,103	2,202,599,408	1,973,810
with residential buildings	11,488,069	279,368	− 434,926	675,985	594,535	10,061,991	11,488
without buildings	1,630,433	–	–	–	–	1,630,433	1,630
Buildings on land owned by others	87,987,801	9,006,023	+ 5,346,800	494,765	9,987,585	91,858,274	87,988
Machinery and plant	1,033,406,036	940,851,220	+351,448,570	8,306,625	954,286,978	1,363,112,223	1,033,406
Factory and office equipment	525,528,561	815,814,606	+ 24,660,308	9,116,593	855,696,068	501,190,814	525,528
Construction in progress and advance payments relating to buildings and plants	848,199,789	510,972,632	−623,930,573	1,525,836	32,868,409	700,847,603	848,200
	4,482,050,330	2,517,413,076	–	34,874,982	2,093,287,678	4,871,300,746	4,482,050
Financial assets							
Investments in subsidiary and affiliated companies	782,163,920	307,800,940	–	2,977,455	108,955,456	978,031,949	782,164
Investments in long-term securities	113,858,557	–	–	7,228,360	–	106,630,197	113,858
Loans made for a term of at least four years	1,155,644	100,975	–	231,279	–	1,025,340	1,156
of which secured by mortgage DM 814,323 (last year DM 935,497)							
	897,178,121	307,901,915	–	10,437,094	108,955,456	1,085,687,486	897,178
	5,379,228,451	**2,825,314,991**	**–**	**45,312,076**	**2,202,243,134**	**5,956,988,232**	**5,379,228**
Current assets							
Inventories							
Raw materials and supplies						707,763,691	736,363
Work in process						695,844,425	712,756
Finished goods, and goods purchased for resale						1,065,591,755	1,242,355
Spare parts						428,685,315	429,357
						2,897,885,186	**3,120,831**
Other current assets							
Advance payments to suppliers other than for fixed assets						36,430,177	41,245
Receivables for goods sold and services rendered						1,628,487,350	1,567,220
Including receivables maturing in more than one year DM 22,897,179 (last year DM 18,305,464)							
Notes receivable						449,518,995	316,803
of which: discountable at German Federal Reserve Bank DM 24,933,744 (last year DM 36,005,291)							
notes receivable maturing in more than one year DM 12,838,314 (last year DM 26,274,763)							
from affiliated companies DM 309,954,515 (last year DM 156,737,946)							
Checks						1,454,797	756
Cash on hand, in German Federal Reserve Bank and in post office checking accounts						3,584,782	2,836
Cash in banks						1,381,940,972	1,330,376
Temporary investments in securities						1,676,756,455	1,504,397
Treasury stock Par value DM 2,897,750 (last year DM 4,097,100)						17,943,605	12,783
Receivables from affiliated companies						1,347,213,686	964,354
Receivables from members of the Board of Management etc. (Section 89 of the Company Act)						11,859,958	11,754
Other current assets						2,672,224,540	2,226,770
						9,227,415,317	**7,979,294**
Prepaid and deferred charges						**7,734,394**	**9,149**
Total assets						**18,090,023,129**	**16,488,502**

STOCKHOLDERS' EQUITY AND LIABILITIES

			DM	Balance Dec. 31, 1983 DM	Balance Dec. 31, 1982 in thousands of DM
Capital stock					
Common stock		33,935,460 votes		1,696,773,000	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			
				1,698,694,500	**1,528,825**
Retained earnings, as allocated					
Allocated under statute					
Balance at beginning of period			156,338,214		
Capital contributed for shares in excess of par value			3,734,921		
Transfer from net income			9,796,315	169,869,450	156,338
Allocated for treasury stock					
Balance at beginning of period			12,782,952		
Transfer from net income			5,160,653	17,943,605	12,783
Unallocated					
Balance at beginning of period			2,908,815,745		
Transfer from net income			340,295,880	3,249,111,625	2,908,816
				3,436,924,680	**3,077,937**
Special equity reserves				**295,626,050**	**287,366**
Reserves in accordance with Section 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 Guidelines					
Lump-sum allowance for doubtful accounts				**157,100,000**	**165,000**
Provisions					
Old-age pensions				4,365,873,839	3,632,746
Deferred maintenance				124,500,000	108,400
Other				3,891,122,000	3,358,631
				8,381,495,839	**7,099,777**
Liabilities with a term of at least four years					
Liabilities to banks				131,879,368	123,700
of which secured by mortgage	DM 131,879,368 (last year DM 123,700,533)				
Other liabilities				8,281,559	6,708
of which secured by mortgage	DM 1,021,966 (last year DM 1,445,379)				
Due within four year	DM 73.481.981 (last year DM 72,663,995)				
				140,160,927	**130,408**
Liabilites to the Daimler-Benz Unterstützungskasse GmbH, Stuttgart				**52,268,621**	**150,128**
Other liabilities					
Accounts payable-trade				1,819,640,072	1,731,626
Notes payable				4,322,000	26,316
Advance payments received				137,135,136	121,836
Accounts payable to affiliated companies				57,057,619	58,473
Other liabilities				1,551,265,463	1,758,461
				3,569,420,290	**3,696,712**
Deferred credits				**3,079,370**	**2,582**
Unappropriated surplus				**355,252,852**	**349,767**
	1983	1982			
Contingent liabilities from:	DM	DM			
Trade acceptances	13,855,015	27,629,664			
of which to affiliated companies	(8,119)	(2,668,815)			
Guaranty of payment	135,901,486	241,049,333			
Payment guarantees for bonds of Daimler-Benz Finanz-Holding S.A., Luxemburg					
DM-bond	30,000,000	45,000,000			
lfr-bond – lfr 250,000,000 –	12,272,500	12,710,000			
Total stockholders' equity and liabilities				**18,090,023,129**	**16,488,502**

Statement of Income of Daimler-Benz AG

		1983		1982	
		DM	DM	in thousands of DM	in thousands of DM
Sales		32,178,639,442		31,124,384	
Decrease (last year, increase) of work in process and finished goods inventories including spare parts		186,845,533	31,991,793,909	153,493	31,277,877
Other capitalized in-house output			147,529,697		132,466
Total revenue			32,139,323,606		31,410,343
Cost of raw materials and supplies and of goods purchased for resale			15,999,663,759		15,956,827
Excess of total revenue over cost of raw materials etc.			16,139,659,847		15,453,516
Income transferred from affiliated companies under profit and loss pooling agreements		9,348,142		6,812	
Income from investments in affiliated companies		51,589,603		47,247	
Income from other financial investments		10,070,350		9,537	
Other interest and similar income		586,363,560		678,695	
Gain from disposal of fixed assets		31,239,719		16,465	
Gain from reduction of lump-sum allowance for doubtful accounts		7,900,000		38,580	
Gain from dissolution of provisions		187,394,057		207,105	
Gain from dissolution of special equity reserves		30,155,224		53,041	
Other income		191,211,090		200,397	
of which extraordinary	DM 48,749,504 (last year DM 35,102,452)		1,105,271,745		1,257,879
			17,244,931,592		16,711,395
Wages and salaries		7,334,250,133		7,036,891	
Social levies		1,134,014,168		1,071,701	
Expenditures for old-age pension and support payments to dependants		770,190,714		741,780	
Depreciation of fixed assets		2,093,287,678		1,823,328	
Write-down of financial assets		108,955,456		83,360	
Losses from reduction in value of or from sale of current assets, excluding inventories		68,800,788		64,335	
Losses from disposal of fixed assets		6,920,383		7,314	
Interest and similar charges		51,270,472		68,742	
Taxes					
a) on income, trade and property	DM 2,538,868,845				
of which payments for prior years which were covered by other provisions	DM 18,296,790				
	DM 2,520,572,055				
of which charged to parent companies	DM 19,495,043	2,501,077,012		2,647,997	
b) other		8,347,036		6,467	
Losses transferred from affiliated companies under profit and loss pooling agreements		569,972		1,184	
Additions to special equity reserves		38,415,496		83,348	
Other expenses		2,418,326,584	16,534,425,892	2,387,630	16,024,077
Net income			710,505,700		687,318
Withdrawal from retained earnings allocated for treasury stock			–		6,108
			710,505,700		693,426
Transfer from net income to:					
Retained earnings allocated under statute		9,796,315		–	
Retained earnings allocated for treasury stock		5,160,653		–	
Unallocated retained earnings		340,295,880	355,252,848	343,659	343,659
Unappropriated surplus			355,252,852		349,767

In 1983, pension payments to retirees and payments to the Daimler-Benz Provident Fund GmbH for current obligations amounted to DM 145,322,036. In the following five years, payments – not considering adjustment obligations pursuant to Section 16 of the Corporation Pension Law – will in all likelihood be made amounting to 120, 127, 134, 142, 150% of this amount.

Stuttgart-Untertuerkheim, March 30, 1984

Daimler-Benz Aktiengesellschaft
Board of Management

Breitschwerdt Hinrichs Liener
Niefer Reuter Ulsamer Gentz

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

Frankfurt (Main), April 17, 1984

Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftspruefungsgesellschaft

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

Annual Report for the Group

Notes to Consolidated Financial Statements

Companies Included in Consolidation

The consolidated financial statements basically include all domestic and foreign subsidiaries in which Daimler-Benz AG (hereinafter referred to as DBAG) has a direct or indirect interest of more than 50 %. The consolidated financial statements, as submitted and including DBAG, comprise 19 (last year 22) domestic companies and 85 (last year 83) foreign companies (see page 88f).

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

Daimler-Benz Unterstuetzungskasse GmbH, Stuttgart

Holzindustrie Bruchsal Unterstuetzungskasse GmbH, Bruchsal

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

The companies included in consolidation were increased at home, by one service company and abroad by three retail companies and two real estate companies. In Germany, the Baumwoll-Spinnerei und -Weberei (cotton spinning and weaving company) bei Esslingen am Neckar, Esslingen a. N., and the Maschinen-Werkzeugbau (machine &toolmaking company) Zuffenhausen AG, Stuttgart, were merged, and the Wohnungsbau (residential construction company) GmbH, Weinstrasse Mettingen, Esslingen a. N., was combined with Maschinenfabrik (machine manufacturing) Esslingen AG, Esslingen a. N., through reorganization.

Abroad, three retail companies were merged with Mercedes-Benz Belgium; a real estate company in France ceased operations during the year. The Chemie- und Textil-Gesellschaft mbH (chemical and textile company) was sold to MTU Motoren- und Turbinen-Union, Muenchen GmbH and is thus no longer included in consolidation.

Principles of Consolidation

Classification and Valuation

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

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 appropriated surplus.

As a result of foreign exchange fluctuations between balance sheet dates of individual local currencies in relation to the D-mark, changes in the D-mark net equity always occur when its amount differs from the amount of fixed assets translated at historical exchange rates. Because portions of current assets are also financed with equity capital at some foreign subsidiaries, they produce negative translation differences - largely from the high devaluations of the South American currencies vis-a-vis the D-mark - and positive translation differences from revaluations, particularly of the U.S. dollar vis-a-vis the D-mark. This left a substantial negative translation difference which was, as in prior years, charged to profit and loss. This charge thus neutralizes the high inflationary profits, notably those of 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. The uniform valuation method used in consolidation produces different results than those shown in local currencies.

Consolidated Balance Sheet

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 the 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 1983 - excluding minority interests - are added to retained earnings. Thus, the unappropriated surplus of DM 355 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. Write-downs for the decline in asset values of subsidiaries and intercompany valuation adjustments and provisions have been eliminated in consolidation. These elimination measures in 1983 have slightly decreased retained earnings.

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.

Asset and Capital Structure

The 8.2 % increase in the **Group's total assets,** to DM 24.8 billion, was largely due to the 9.7 % increase in total assets of DBAG whose share in the Group's assets and capital amounted to about two-thirds as in prior years.

Fixed assets rose 11.7 % to DM 7.7 billion; they now amount to 31 % (last year 30 %) of total assets.

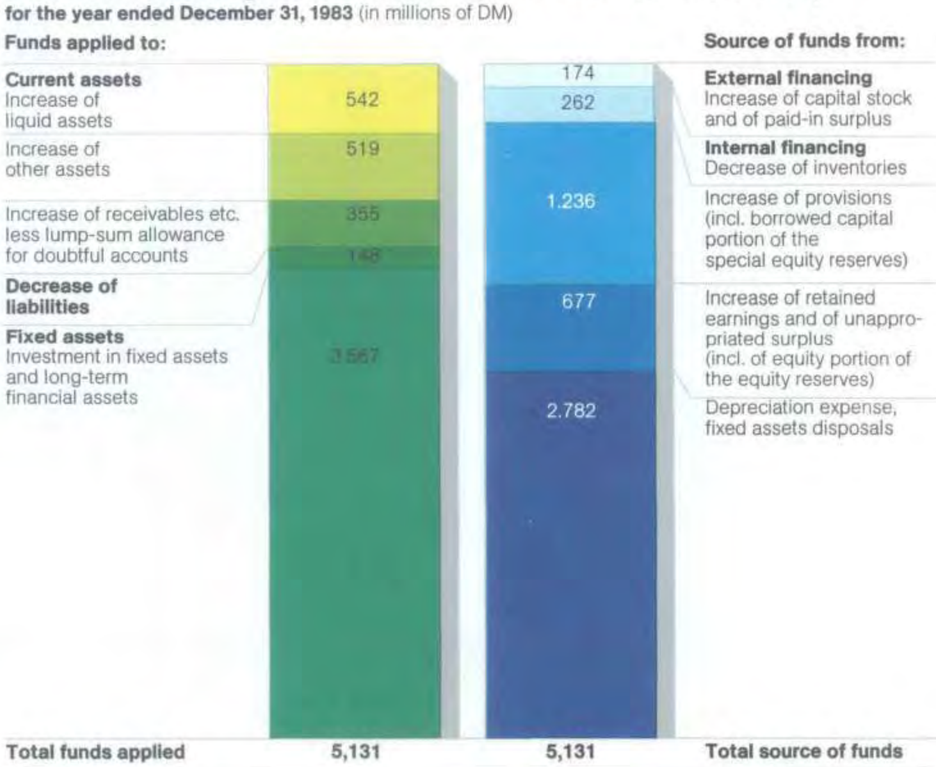
Stockholders' equity (capital stock, allocated retained earnings, minority interests and 40 % of special equity reserves) rose .8 %, to DM 7.5 billion. The ratio of stockholders' equity to total capitalization increased slightly, to 30 % (last year 29 %), on account of the capital stock increase at DBAG and the allocation to retained earnings from the consolidated net income for the year. The ratio of stockholders' equity to fixed assets remained unchanged at 97 %.

Outside capital (liabilities and provisions) amounted to DM 17.1 billion (last year DM 16 billion). About 50 % thereof pertains to provisions.

The "Statement of Changes in Financial Position" of the Daimler-Benz Group gives an overview of the sources and application of funds. Capital investments during the reporting year could again be financed internally, i. e. nearly exclusively from depreciation, disposal of fixed assets and increase of retained earnings.

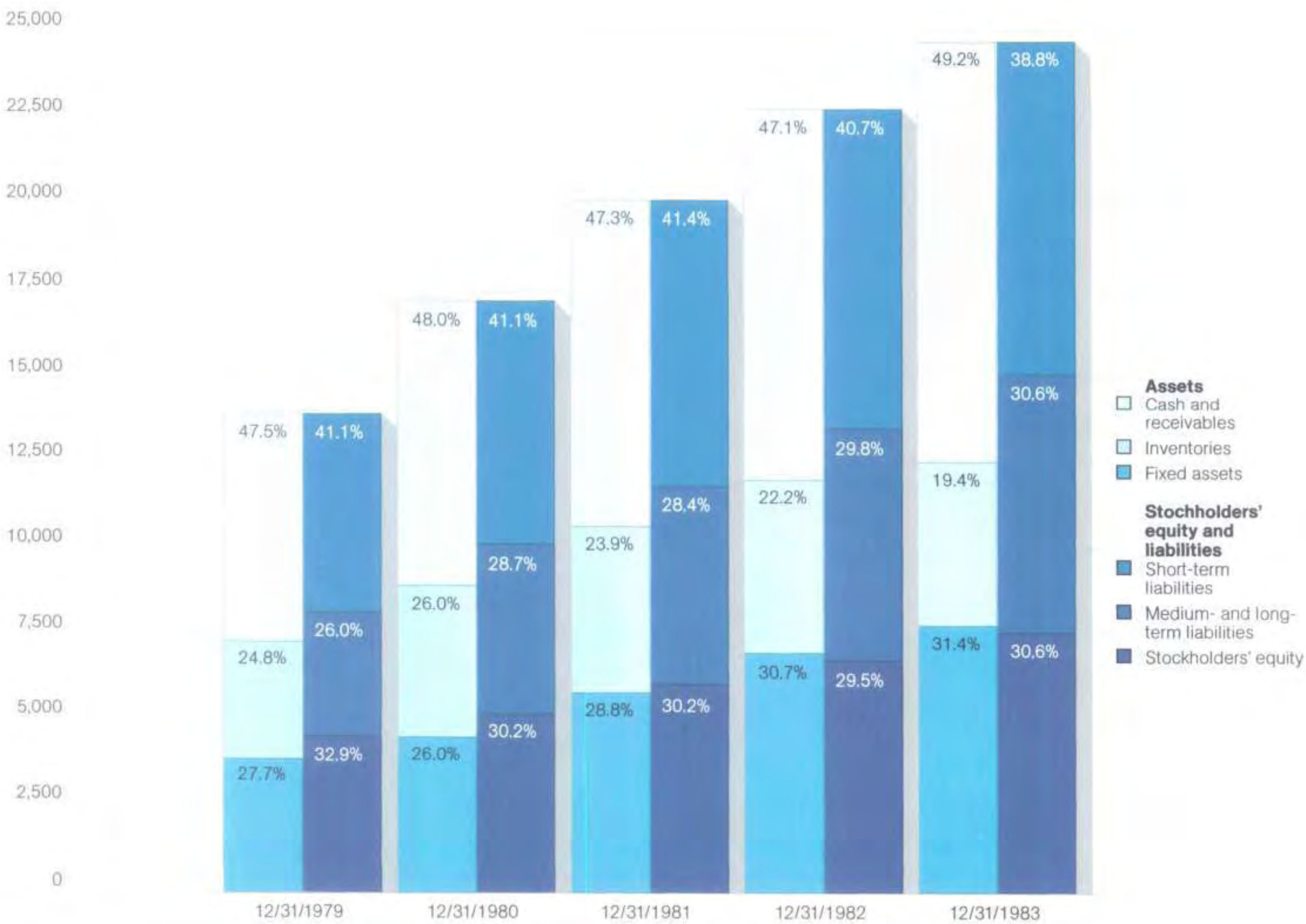
Statement of Changes in Financial Position – Daimler-Benz-Group

for the year ended December 31, 1983 (in millions of DM)



Balance Sheet Structure - Daimler-Benz-Group

(in millions of DM)	1979	1980	1981	1982	1983
Balance sheet total[1]	**13,908**	**17,203**	**20,112**	**22,696**	**24,635**
Assets					
Cash and receivables[1]	6,609	8,250	9,504	10,698	12,114
Inventories	3,453	4,473	4,817	5,040	4,778
Fixed assets	3,846	4,480	5,791	6,958	7,743
Stockholders' equity and liabilities					
Short-term liabilities	5,719	7,074	8,327	9,225	9,554
Medium and long-term liabilities	3,614	4,933	5,710	6,768	7,534
Stockholders' equity	4,575	5,196	6,075	6,703	7,547



[1] Reduced by the lump-sum allowance for doubtful accounts.

Assets

Tangible Fixed Assets and Intangible Assets

The increase in this balance sheet caption by DM 763 million, to DM 7,199 million, resulted from additions of DM 3,464 million less depreciation and disposals totalling DM 2,701 million. Capital investments in Germany amounted to 88 % of the Group's total (mostly at DBAG and at Mercedes-Benz-Leasing-GmbH), while the share in the Group's depreciation amounted to 81.5 % for DBAG, 7 % for Mercedes-Leasing GmbH and 7.5 % for foreign manufacturing companies.

Investments in Affiliated Companies

The investments included in this caption pertain to shares in companies which are not included in consolidation, in particular MTU Motoren- und Turbinen-Union Muenchen GmbH, Allgemeine Verwaltungsgesellschaft fuer Industriebeteiligungen mbH, Muenchen, and Mercedes-Benz of South Africa.

Inventories

The Group's inventories were reduced by 5.2 %, to DM 4,778 million as compared to last year. This was largely due to higher deliveries of cars and commercial vehicles by DBAG toward the end of 1983.

Receivables

Trade and notes receivables rose DM 333 million, to DM 3,800 million. This increase was largely caused by an expansion in the leasing and financing activities of Mercedes-Benz Credit Corporation and by an improvement in the sales picture of Freightliner.

Cash and Temporary Investments in Securities

The increase in this balance sheet caption of DM 542 million, to DM 5,161 million, occurred mostly at DBAG and the North American subsidiaries. Further liquid funds were invested in short- and medium-term debt instruments which, as in prior years, are shown under "Other Assets"; they represent by far the largest single item.

Stockholders' Equity and Liabilities

Capital Stock

The capital stock in the consolidated balance sheet is identical to the capital stock of DBAG, and at DM 1,699 million is DM 170 higher as a result of the capital increase at the end of 1983.

Paid-in-Surplus

Paid-in-surplus increased by DM 4 million, to DM 9 million. This addition was due to capital contributions in excess of par value in connection with DBAG's 1983 capital stock increase.

Cost of Investments in Consolidated Subsidiaries Below Book Value at Acquisition

This amount represents the difference between the cost of investments in subsidiaries and their book value at the time of acquisition. Offsetting the debit amounts (cost in excess of book value) of DM 89 million (last year DM 119 million) against the credit amounts (cost below book value) of DM 92 million (last year DM 92 million) resulted in a net credit of DM 3 million. The debit amounts represented acquisition costs in excess of book value. The credit amounts arose largely with the purchase of our South American subsidiaries in the 1950's when portions of the contractual capital stock increases were paid for with tangible fixed assets (particularly machinery and equipment). The decrease in the debit amounts, by DM 30 million, was largely due to investment write-downs.

Retained Earnings

The retained earnings of DM 5,615 million (last year DM 4,966 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 interests by DM 17 million, to DM 76 million, originated mainly from the capital stock increases at Mercedes-Benz Espana and at Mercedes-Benz Credit Corporation.

Special Equity Reserves

The special equity reserves, at DM 364 million (last year DM 358 million), remained nearly unchanged. Of this amount, DBAG accounted for DM 296 million (last year DM 287 million), and Mercedes-Benz France accounted for DM 61 million.

Lump Sum Allowance for Doubtful Accounts

The lump-sum allowance for doubtful accounts, amounting to DM 192 million (last year DM 258 million), covers the general credit risks at home and abroad, and is computed at 3 % to 10 % of total receivables. The percentages are different from country to country.

Provisions

As compared to last year, provisions rose DM 1,232 million to 9,546 million. Of this amount, DM 4,532 million pertains to pension provisions, of which about 96 % was provided for by DBAG. The share of DBAG in other provisions totalling DM 4,879 million amounted to about 80 %. The reason for this large percentage is due to the fact that the worldwide warranty obligations are largely provided for by the parent company. Moreover, this caption includes obligations in the social benefit area, outstanding tax assessments and possible losses inherent in pending business transactions.

Long-Term Liabilities

Long-term liabilities, at DM 775 million, were DM 30 million lower than last year. An increase at our foreign manufacturing companies was offset by a decrease at Mercedes-Benz Credit Corporation; our North American finance company has partially substituted some hitherto outside borrowings for loans from affiliated companies. The bonds shown under this caption pertain to Daimler-Benz Finanz-Holding SA, Luxemburg and to Mercedes-Benz France; they amounted to DM 42 million and DM 16 million, respectively.

Liabilities to Provident Funds

They pertain mostly to borrowings by DBAG and by Daimler-Benz Wohnungsbau GmbH from the Daimler-Benz Provident Fund.

Other Liabilities

Short-term liabilities amounted to DM 6,119 million (last year DM 6,134 million). Liabilities to banks pertain almost exclusively to our foreign sales and finance 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 102 million. One foreign subsidiary has given customary payment guarantes within the scope of its sales financing activities.

Consolidated Statement of Income

Net Sales

For the first time, consolidated sales exceeded DM 40 billion; see details on page 9f.

Cost of Materials

The cost of raw materials and supplies, and of goods purchased for resale rose 1.2 %, to DM 20.3 billion.

Net Interest Income

The Group had interest income of DM 1,705 million (last year DM 1,410 million), in contrast to interest expense of DM 389 million (last year DM 514 million), so that net interest income for the year was increased by DM 420 million to DM 1,316. While net interest income was DM 94 million lower in Germany as a result of dropping interest rates in money markets, an increase of DM 514 million could be achieved abroad. This large increase was earned predominately by our South American companies which invested their liquid funds at inflation-caused high interest rates. These interest earnings thus reflect an inflationary profit which is largely offset, however, by charges in the income statements of the negative exchange differences resulting from the conversion of individual foreign balance sheets; these charges are reflected in "Other Expenses".

Other Income

Other income declined DM 90 million, to DM 515 million. This caption includes profits from sale of securities, credits from receivables previously written off and lease and rental income.

Personnel Expenses

Personnel expenses (wages, salaries, social levies, old-age pensions ans support payments to dependents) rose 2.3 %, to DM 10.1 billion. This development was due to the workforce reduction of 810 employees, to 184,877.

The expenditures for old-age pensions and support payments to dependents, amounting to DM 883 million, were nearly unchanged from last year (DM 878 million).

Taxes on Income and Property

Taxes on income and property declined DM 47 million, to DM 3,263 million.

Other Expenses

Other expenses rose DM 475 million, to DM 4,552 million. This caption includes sales commissions (mostly at DBAG) freight-out, packaging, additions to provisions, rental and lease expenses and charges from currency translations.

Consolidated Net Income

Consolidated net income rose 7.3 %, to DM 988 million. It is made up as follows:

	1983 in millions of DM	1982 in millions of DM
Net income of DBAG	710	687
less intercompany dividends, etc.	− 18	− 30
	692	657
Net income of domestic subsidiaries	14	19
Net income of foreign subsidiaries after elimination of intercompany dividends	285	202
Other elimination measures	− 3	+ 43
Consolidated net income	988	921

Companies included in the consolidation[1])

Domestic Companies

Daimler-Benz Aktiengesellschaft, Stuttgart

Maschinenfabrik Esslingen AG, Esslingen a.N.

Motoren- und Aggregatewartung GmbH, Stuttgart[2])

Porcher & Meffert GmbH, Stuttgart

Daimler-Benz-Wohnungsbau GmbH, Stuttgart

Mercedes-Leasing-GmbH, Stuttgart

Daimler-Benz Project Consult GmbH, Stuttgart

Holzindustrie Bruchsal GmbH, Bruchsal

Industrie- und Handelsbeteiligungen GmbH, Stuttgart

Mercedes-EDV-Beratung GmbH, Weinheim[3])

Industriehandel Handels- und Industrieausruestungsgesellschaft mbH, Stuttgart

Hanomag-Henschel GmbH, Hannover

Rohtex Aktiengesellschaft fuer Textilrohstoffe, Stuttgart

Daimler-Benz Grundstuecksgesellschaft Hamburg mbH, Sitz Stuttgart

Daimler-Benz Grundstuecksgesellschaft Bremen mbH, Sitz Stuttgart

Autohaus Braun GmbH i. L, Nuernberg

Hans Braun GmbH, Nuernberg

Mercedes-Versicherungsdienst GmbH, Stuttgart

Daimler-Benz Services GmbH, Stuttgart[4])

1) Some subsidiaries are included on the basis of "Group" statements.
2) Newly included in consolidation in 1983.
3) Formerly: Pro-Data EDV-Beratung GmbH, Weinheim.
4) Formerly: Reparaturwerk Boeblingen GmbH, Boeblingen.
5) Formerly: SA Fimarent, Brussels, Belgium.

Foreign Companies

Mercedes-Benz do Brasil SA, Sao Bernardo do Campo, Brazil

Sociedade Tecnica de Fundicoes Gerais SA, Sao Paulo, Brazil

Mercedes-Benz Argentina SA, Buenos Aires, Argentina

as well as one financing company and one realty company

Mercedes-Benz Espana SA, Madrid, Spain

Comercial Mercedes-Benz SA, Madrid/Spain

Daimler-Benz of North America Holding Company, Inc., New York, U.SA

Freightliner Corporation, Portland, U.SA

Consolidated Metco, Inc., Portland, U.S.A.

Freightliner Canada Industries Ltd., Vancouver, Canada[2])

Mercedes-Benz Truck Company, Inc., Portland, U.S.A.

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

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

Euclid Canada Ltd., Guelph, Canada

as well as one retail company and four sales companies

Mercedes-Banz of North America, Inc., Montvale, U.S.A.

Mercedes-Benz Canada, Inc., Toronto, Canada

6353 Sunset Boulevard, Inc., Hollywood, U.S.A.[2])

as well as one service company and two retail companies

Mercedes-Benz Credit Corporation, Norwalk, U.S.A.

SOFIDEL SA, Rocquencourt, France

Mercedes-Benz France SA, Rocquencourt, France

as well as ten retail companies and seven realty companies

Mercedes-Benz (United Kingdom) Ltd., Hayes, United Kingdom

as well as one realty company and four retail companies

Daimler-Benz Holding Belgium SA/N.V, Brussels, Belgium[2])

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

as well as five retail companies

Mercedes-Benz Finance Belgium SA/N.V., Brussels, Belgium[5])

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

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

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

Yorkstar Motors Pty. Ltd., Sydney, Australia[2])

Rosebery Investments Pty. Ltd., Sydney, Australia[2])

Mercedes-Benz (Distribution) Pty. Ltd., Melbourne, Australia[2])

Mercedes-Benz Hellas SA, Athens, Greece

Daimler-Benz Holding AG, Zuerich, Switzerland

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

as well as one realty company

Mercedes-Benz (Schweiz) AG, Zuerich, Switzerland

as well as four finance companies and two realty companies

AGAM Financiering B. V., Utrecht, Netherlands

as well as one finance company and two service companies

UBG-Beratungsgesellschaft mbH, Graz, Austria

Comparison of Balance Sheets as of December 31,1983 and 1982

(in condensed form)

	Consolidated Balance Sheet		Daimler-Benz AG Balance Sheet	
ASSETS	1983 in millions of DM	1982 in millions of DM	1983 in millions of DM	1982 in millions of DM
Fixed and financial assets	**7,743**	**6,931**	**5,957**	**5,379**
Property, plant and equipment	7,199	6,436	4,871	4,482
Investment in affiliated companies	308	266	978	782
Other long-term financial assets	236	229	108	115
Cost of investments in consolidated subsidiaries in excess of book value at acquisition	**–**	**27**	**–**	**–**
Current assets	**17,084**	**15,996**	**12,133**	**11,109**
Inventories	4,778	5,040	2,898	3,121
Receivables	3,800	3,502	3,425	2,848
Cash and marketable securities	5,161	4,619	3,064	2,838
Other current assets	3,345	2,835	2,746	2,302
Total assets	**24,827**	22,954	**18,090**	16,488

STOCKHOLDERS' EQUITY AND LIABILITIES

	Consolidated 1983	Consolidated 1982	Daimler-Benz AG 1983	Daimler-Benz AG 1982
Stockholders' equity, minority interests and special equity reserves	**7,547**	**6,703**	**5,254**	**4,722**
Capital stock (DBAG)	1,699	1,529	1,699	1,529
Retained earnings of consolidated companies/ appropriated retained earnings (DBAG)	5,615	4,966	3,437	3,078
Paid-in surplus, minority interests	88	65	–	–
Special equity reserves (40 %)	145	143	118	115
Lump-sum allowance for doubtful accounts	**192**	**258**	**157**	**165**
Liabilities	**17,088**	**15,993**	**12,679**	**11,601**
Provisions	9,546	8,314	8,381	7,100
Long-term liabilities	775	805	140	130
Liabilities to Provident Funds	57	158	52	150
Other liabilities and deferred credits	6,355	6,366	3,751	3,871
Unappropriated surplus	355	350	355	350
Total stockholders' equity and liabilities	**24,827**	22,954	**18,090**	16,488

Consolidated Balance Sheet

ASSETS

	Balance Jan. 1, 1983 DM	Additions DM	Transfers DM	Disposals DM	Depreciation expense DM	Balance Dec. 31, 1983 DM	Balance Dec. 31, 1982 in thousands of DM
Fixed and financial assets							
Property, plant, equipment and intangible assets							
Land and equivalent titles							
with office, factory and other buildings	3,053,889,041	344,504,177	+307,604,255	23,555,576	318,904,306	3,363,537,591	3,053,889
with residential buildings	33,232,515	2,123,453	+ 19,146,208	968,338	2,621,769	50,912,069	33,232
without buildings	42,792,887	860,488	− 5,514,111	1,824,025	–	36,315,239	42,793
Buildings on land owned by others	59,370,758	2,768,115	+ 150,241	352,129	6,631,572	55,305,413	59,371
Machinery and plant	1,218,515,397	949,603,579	+423,860,647	8,804,777	1,048,135,292	1,535,039,554	1,218,515
Factory and office equipment	1,012,472,529	1,497,135,360	+ 52,951,125	88,959,981	1,157,935,997	1,315,663,036	1,012,473
Construction in progress and advance payments							
relating to buildings and plants	1,014,942,571	666,620,362	−798,198,365	8,740,266	32,868,409	841,755,893	1,014,943
Franchises, trademarks, licences and similar rights	424,432	–	–	2	236,974	187,456	424
	6,435,640,130	3,463,615,534	–	133,205,094	2,567,334,319	7,198,716,251	6,435,640
Financial assets							
Investments in affiliated companies	265,632,585	54,712,817	–	7,149,139	4,823,279	308,372,984	265,633
Investments in long-term securities	135,047,505	8,795,524	–	16,926,879	1,785,323	125,130,827	135,047
Loans made for a term of							
at least four years	94,497,210	39,765,575	–	23,711,306	–	110,551,479	94,497
of which secured by mortgage							
DM 88,172,935 (last year DM 87,652,024)							
	495,177,300	103,273,916	–	47,787,324	6,608,602	544,055,290	495,177
	6,930,817,430	**3,566,889,450**	**–**	**180,992,418**	**2,573,942,921**	**7,742,771,541**	**6,930,817**
Cost of investments in consolidated subsidiaries in excess of book value at acquisition						–	**27,493**
Current assets							
Inventories						**4,778,170,935**	**5,039,867**
Other current assets							
Advance payments to suppliers other than for fixed assets						47,868,139	66,621
Receivables for goods sold and services rendered						3,456,813,641	3,065,262
including receivables maturing in more than one year		DM 527,931,002 (last year DM 371,270,900)					
Notes receivable						343,422,778	401,710
of which: discountable at Central Bank		DM 24,933,744 (last year DM 36,005,291)					
notes maturing in more than one year		DM 12,838,314 (last year DM 26,274,763)					
Checks						10,279,936	30,054
Cash on hand, in Central Bank and in post office checking accounts						11,754,286	9,134
Cash in banks						2,964,729,549	2,457,976
Temporary investments in securities						2,174,692,057	2,122,297
Treasury stock of the parent company		Par value DM 2,897,750 (last year DM 4,097,100)				17,943,605	12,783
Receivables from affiliated companies						97	34,509
Receivables from members of the Board of Management etc. (Section 89 of the Company Act)						13,264,211	13,296
Other current assets						3,235,828,738	2,716,414
						12,276,597,037	**10,930,056**
Prepaid and deferred charges							
Bond discount						–	624
Other						29,204,667	25,454
						29,204,667	**26,078**
Total assets						**24,826,744,180**	**22,954,311**

STOCKHOLDERS' EQUITY AND LIABILITIES

				Balance Dec. 31, 1983 DM	Balance Dec. 31, 1982 in thousands of DM
Capital stock of Daimler-Benz AG					
Common stock	33,935,460 votes			1,696,773,000	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				
				1,698,694,500	**1,528,825**
Surplus and retained earnings					
Paid-in surplus[1]				9,308,443	5,573
Cost of investments in consolidated subsidiaries below book value at acquisition				2,569,932	–
Retained earnings[2]				5,615,441,119	4,965,709
				5,627,319,494	**4,971,282**
Minority interests for shares held by outsiders				**76,008,873**	**59,337**
of which: shares in profits	DM 6,519,280 (last year DM 7,639,123)				
shares in losses	DM 52,149,537 (last year DM 30,839,972)				
Special equity reserves				**363,708,544**	**357,670**
Reserves in accordance with Section 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 Guidelines, Belgian, French, Italian, Dutch and Austrian regulations					
Lump-sum allowance for doubtful accounts				**191,928,885**	**258,112**
Provisions					
Old-age pensions				4,531,565,821	3,856,134
Deferred maintenance				136,267,432	123,544
Other				4,878,656,109	4,334,765
				9,546,489,362	**8,314,443**
Liabilities with a term of at least four years					
Bonds				58,592,500	75,325
Liabilities to banks				385,474,369	457,273
of which secured by mortgage	DM 157,474,594 (last year DM 157,227,028)				
Other liabilities				331,128,474	272,645
of which secured by mortgage	DM 74,950,264 (last year DM 70,829,228)				
Due within four years	DM 429,754,919 (last year DM 511,776,440)				
				775,195,343	**805,243**
Liabilities to Provident Funds (subsidiary companies)				**57,105,147**	**157,979**
Other liabilities					
Accounts payable-trade				2,462,714,683	2,241,595
Notes payable				213,392,855	300,287
Bank loans				1,043,795,187	1,117,175
Advance payments received				285,095,464	228,036
Liabilities to affiliated companies				17,153	–
Other liabilities				2,113,597,103	2,246,818
				6,118,612,445	**6,133,911**
Deferred credits				**16,428,735**	**17,742**
Unappropriated surplus				**355,252,852**	**349,767**
		1983	1982		
Contingent liabilities from:		DM	DM		
Trade acceptances		186,102,214	158,341,532		
Assignment of trade receivables		2,105,640	1,502,306		
Guaranty of payment		226,152,115	316,992,954		
Total stockholders' equity and liabilities				**24,826,744,180**	**22,954,311**

[1]) Corresponds to capital contributed for shares in excess of par value; it is included at DBAG in "retained earnings allocated under statute".
[2]) Inclusive of "retained earnings allocated under statute" (without capital contributed for shares in excess of par value) of DM 160,561,007 (last year DM 150,764,692) and retained earnings allocated for treasury stock of DM 17,943,605 (last year DM 12,782,952) of DBAG.

Consolidated Statement of Income

		1983		1982	
		DM	DM	in thousands of DM	in thousands of DM
Sales		40,004,791,050		38,905,120	
Decrease (last year, increase) of work in process and finished goods inventories including spare parts		65,918,293	39,938,872,757	455,396	39,360,516
Other capitalized in-house output			587,822,663		369,182
Total revenue			40,526,695,420		39,729,698
Cost of raw materials and supplies and of goods purchased			20,298,763,700		20,047,162
Excess of total revenue over cost of raw materials etc.			20,227,931,720		19,682,536
Income transferred from affiliated companies under profit and loss pooling agreements		5,205,173		5,885	
Income from investments in affiliated companies		29,387,627		13,094	
Income from other financial investments		10,266,419		9,614	
Other interest and similar income		1,704,477,245		1,409,720	
Gain from disposal of fixed assets		42,721,476		26,889	
Gain from reduction of lump-sum allowance for doubtful accounts		66,182,772		57,368	
Gain from dissolution of provisions		400,887,982		289,590	
Gain from dissolution of special equity reserves		45,889,601		62,901	
Other income		515,471,986	2,820,490,281	604,610	2,479,671
of which extraordinary DM 74,465,553 (last year DM 56,805,853)			23,048,422,001		22,162,207
Wages and salaries		8,660,274,086		8,455,582	
Social levies		1,397,690,835		1,377,599	
Expenditures for old-age pension and support payments to dependants		883,450,678		878,390	
Depreciation of fixed assets and amortization of intangible assets		2,567,334,319		2,264,541	
Write-down of financial assets		6,608,602		8,420	
Amortization of cost of investments in consolidated subsidiaries in excess of book value at acquisition		30,107,428		36,943	
Losses from reduction in value of or from sale of current assets, excluding inventories		196,890,675		151,813	
Losses from disposal of fixed assets		10,682,503		14,226	
Interest and similar charges		388,539,420		514,005	
Taxes					
a) on income, trade and property	DM 3,289,816,757				
of which payments for prior years covered by other provisions	DM 18,296,790				
	DM 3,271,519,967				
of which charged to a non-consolidated parent company	DM 9,017,500	3,262,502,467		3,309,986	
b) other		48,038,677		44,031	
Expenditures in connection with pooling of losses for a company not included in consolidation		19,992		–	
Additions to special equity reserves		56,278,361		108,618	
Other expenses		4,552,128,267	22,060,546,310	4,076,779	21,240,933
Net income			987,875,691		921,274
Transfer from net income to retained earnings			678,253,096		594,708
Income applicable to minority shareholders		6,519,280		7,639	
Losses applicable to minority shareholders		52,149,537	45,630,257	30,840	23,201
Unappropriated surplus			355,252,852		349,767

Stuttgart-Untertuerkheim, March 30,1984

Daimler-Benz Aktiengesellschaft
Board of Management

Breitschwerdt Hinrichs Liener
Niefer Reuter Ulsamer Gentz

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

Frankfurt (Main), April 17,1984

Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftspruefungsgesellschaft

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

Appendix

Daimler-Benz Highlights

	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
Number of employees (at year-end)										
Daimler-Benz-Group	**149,175**	**149,742**	**155,003**	**163,302**	**167,165**	**174,431**	**183,532**	**188,039**	**185,687**	**184,877**
of which: Domestic	124,040	123,145	127,018	132,214	135,275	142,164	146,323	149,096	149,118	151,273
Foreign	25,135	26,597	27,985	31,088	31,890	32,267	37,209	38,943	36,569	33,604
Daimler-Benz AG	**122,899**	**122,775**	**126,652**	**131,807**	**134,437**	**141,401**	**145,532**	**148,361**	**148,411**	**150,601**
Production										
Cars	**340,006**	**350,098**	**370,348**	**401,255**	**393,203**	**422,159**	**429,078**	**440,778**	**458,345**	**476,183**
of which: Diesels	146,701	156,668	157,685	165,818	175,915	201,854	207,781	200,480	206,188	146,300
Share of total production in %	43.1	44.8	42.6	41.3	44.7	47.8	48.4	45.5	45.0	30.7
Commercial vehicles (excl. major components)	205,344	229,302	247,756	248,100	239,702	258,975	279,535	275,380	250,079	226,393
of which: Domestic	161,400	180,005	193,204	187,298	173,101	188,772	203,041	196,076	187,044	173,530
Cross-country vehicles	–	–	–	–	–	2,508	6,667	6,455	6,566	5,662
Foreign	43,944	49,297	54,552	60,802	66,601	67,695	69,827	72,849	56,469	47,201
Sales (in millions of DM)										
Daimler-Benz-Group	**15,283**	**19,051**	**21,303**	**23,496**	**24,236**	**27,367**	**31,054**	**36,661**	**38,905**	**40,005**
of which: Domestic	6,541	8,102	9,197	10,336	11,539	12,938	13,855	13,577	13,316	15,177
Foreign	8,742	10,949	12,106	13,160	12,697	14,429	17,199	23,084	25,589	24,828
Foreign share in %	57.2	57.5	56.8	56.0	52.4	52.7	55.4	63.0	65.8	62.1
of which: Cars	7,085	8,116	9,354	10,882	11,082	12,285	14,088	16,572	18,722	21,012
Commercial vehicles	7,374	10,118	11,056	11,662	12,109	13,984	15,818	18,862	18,859	17,653
Other	824	817	893	952	1,045	1,098	1,148	1,227	1,324	1,340
Daimler-Benz AG	**13,489**	**16,258**	**18,353**	**20,012**	**20,584**	**23,454**	**26,472**	**29,084**	**31,124**	**32,179**
of which: Domestic	6,496	8,070	9,169	10,321	11,522	12,987	13,845	13,579	13,300	15,311
Export	6,993	8,188	9,184	9,691	9,062	10,467	12,627	15,505	17,824	16,868
Export share in %	51.8	50.4	50.0	48.4	44.0	44.6	47.7	53.3	57.3	52.4
of which: Cars	6,865	7,506	8,848	10,363	10,622	11,775	13,136	14,396	16,121	18,133
Commercial vehicles	6,109	8,208	8,903	8,956	9,208	10,818	12,393	13,737	13,983	13,067
Other	515	544	602	693	754	861	943	951	1,020	979
Investments and depreciation (in millions of DM)										
Daimler-Benz-Group										
Investments	**871**	**1,096**	**908**	**1,140**	**1,498**	**1,969**	**2,140**	**3,114**	**3,626**	**3,567**
of which: in property, plant and equipment										
Domestic	724	911	740	892	1,239	1,718	1,663	2,233	3,004	3,047
Foreign	109	120	124	195	207	187	394	800	423	417
in financial assets	38	65	44	53	52	64	83	81	199	103
Depreciation	**731**	**884**	**917**	**918**	**1,013**	**1,342**	**1,447**	**1,688**	**2,273**	**2,574**
of which: of property, plant and equipment										
Domestic	673	834	830	772	850	1,162	1,272	1,379	1,975	2,292
Foreign	41	47	68	129	151	151	162	254	290	275
of financial assets	17	3	19	17	12	29	13	55	8	7
Daimler-Benz AG										
Investments in property, plant and equipment	672	869	697	832	1,133	1,560	1,520	1,954	2,701	2,517
Additions to investments in affiliated companies (net)	35	9	26	104	48	47	100	120	271	305
Depreciation of property, plant and equipment	629	786	785	726	804	1,094	1,189	1,259	1,823	2,093

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)	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
Daimler-Benz-Group										
Fixed and financial assets	2,223	2,348	2,261	2,873	3,298	3,846	4,452	5,727	6,931	7,743
Current assets	3,824	4,513	5,745	9,035	9,563	10,271	13,027	14,701	16,023	17,084
Capital stock	1,189	1,189	1,189	1,359	1,359	1,359	1,359	1,529	1,529	1,699
Retained earnings	877	954	1,118	2,502	2,829	3,216	3,837	4,546	5,173	5,848
Stockholders' equity	**2,066**	**2,143**	**2,307**	**3,861**	**4,188**	**4,575**	**5,196**	**6,075**	**6,703**	**7,547**
in % of fixed assets	92.9	91.3	102.0	134.4	127.0	119.0	116.7	106.1	96.7	97.5
Long- and medium-term liabilities[1]	1,483	1,787	2,078	2,883	3,244	3,614	4,933	5,710	6,768	7,534
Stockholders' equity plus long- and medium-term liabilities	**3,549**	**3,930**	**4,385**	**6,744**	**7,432**	**8,189**	**10,129**	**11,785**	**13,471**	**15,081**
in % of fixed assets	159.6	167.4	193.9	234.7	225.3	212.9	227.5	205.8	194.3	194.8
Total assets	**6,047**	**6,861**	**8,006**	**11,908**	**12,861**	**14,117**	**17,479**	**20,428**	**22,954**	**24,827**

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

Daimler-Benz AG	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
Total revenue	**13,656**	**16,414**	**18,312**	**20,407**	**20,645**	**23,736**	**26,714**	**29,461**	**31,410**	**32,139**
Material expenses	7,187	8,523	9,080	10,278	10,055	11,748	13,462	15,216	15,957	16,000
Personnel expenses	**4,117**	**4,632**	**5,205**	**5,868**	**5,972**	**6,701**	**7,297**[2]	**8,260**	**8,850**	**9,238**
Average cost per employee (DM)	33,395	38,108	41,833	45,183	46,765	48,679	50,596	56,343	59,991	62,344
Average total revenue per employee (DM)	110,771	135,040	147,177	157,133	161,659	172,430	185,231	200,958	212,916	216,895
Taxes on income, trade and property	657	911	1,378	1,715	1,840	2,130	1,345[3]	2,476	2,648	2,501
Net income	**269**	**310**	**392**	**445**	**474**	**540**	**570**[4]	**608**	**687**	**710**
in % of total revenue of Daimler-Benz AG	2.0	1.9	2.1	2.2	2.3	2.3	2.1	2.1	2.2	2.2
Included in personnel expenses: Christmas and special remuneration	144	146	176	213	232	280	328	364	396	420
Formation of personal capital	74	73	73	73	77	79	102	105	108	120
Expenses for old-age security	238	340	427	503	435	439	1,680[3]	688	742	770
Total expenditures to employees for special social purposes	**456**	**559**	**676**	**789**	**744**	**798**	**2,110**[3]	**1,157**	**1,246**	**1,310**
Dividends (paid or proposed)	**178**	**202**	**225**	**228**	**243**	**270**	**297**	**304**	**350**	**355**
in % of total revenue of Daimler-Benz AG	1.3	1.2	1.2	1.1	1.2	1.1	1.1	1.0	1.1	1.1
Dividend per share of DM 50 par value (in DM)	7.50[5]	8.50	9.50	9.00[6]	9.00	10.00	10.00+1.00[7]	10.00[8]	10.50+1.00[7]	10.50[9]
Tax credit per share of DM 50 par value (in DM)[10]	–	–	–	5.06	5.06	5.62	6.19	5.62	6.47	5.91
Dividend per share of DM 50 par value as adjusted)[11]	5.51	6.24	6.97	7.00	7.39	8.21	9.04	9.07	10.43	10.50
Tax credit per share of DM 50 par value as adjusted[10][11]	–	–	–	3.94	4.16	4.62	5.08	5.10	5.87	5.91

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

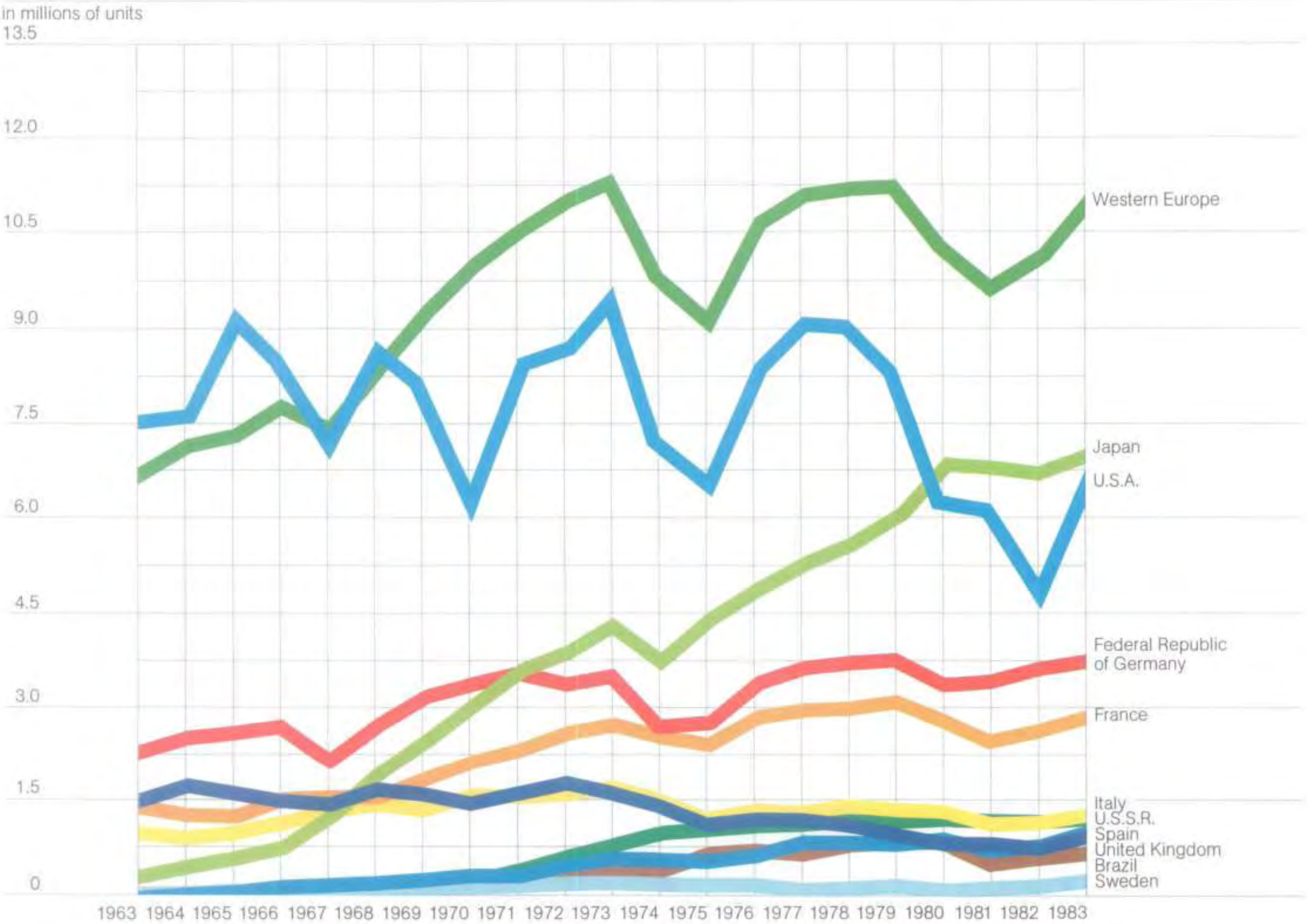
Sales and Production

in thousands of units	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
Cars										
New car registrations										
Federal Republic of Germany	1,693	2,106	2,312	2,561	2,664	2,623	2,426	2,330	2,156	2,427
of which: Domestic products	1,241	1,581	1,812	2,019	2,079	2,016	1,787	1,740	1,636	1,835
Daimler-Benz AG	170	191	197	214	214	234	241	239	225	238
Foreign products	452	525	500	542	585	607	639	590	520	592
Share in %	26.7	24.9	21.6	21.1	21.9	23.2	26.3	25.3	24.1	24.4
Exports										
Federal Republic of Germany	1,707	1,476	1,837	1,939	1,904	1,997	1,873	1,949	2,194	2,189
Daimler-Benz AG	172	159	170	185	177	183	188	200	226	238
Production										
Federal Republic of Germany	2,840	2,908	3,547	3,791	3,890	3,933	3,521	3,578	3,761	3,878
Daimler-Benz AG	340	350	370	401	393	422	429	441	458	476
Export share of production in %										
Federal Republic of Germany	60.1	50.8	51.8	51.2	49.0	50.8	53.2	54.5	58.3	56.4
Daimler-Benz AG	50.5	45.5	45.9	46.0	44.9	43.4	43.8	45.4	49.3	50.0
Commercial Vehicles*)										
New commercial vehicle registrations										
Federal Republic of Germany	108	109	137	138	156	170	176	149	124	144
Daimler-Benz AG	53	58	69	69	80	88	86	69	58	66
Exports										
Federal Republic of Germany	174	178	206	189	169	178	211	204	204	181
Daimler-Benz AG	107	112	125	110	93	97	116	122	126	107
Production										
Federal Republic of Germany	260	278	321	314	296	317	358	319	301	293
Daimler-Benz AG	161	180	193	187	173	189	203	196	187	174
Daimler-Benz-Group	205	229	248	248	240	259	280	275	250	226
Export share of production in %										
Federal Republic of Germany	66.7	63.8	64.2	60.1	57.1	56.2	58.9	63.9	67.6	61.6
Daimler-Benz AG	66.6	62.0	64.7	58.8	53.8	51.4	57.3	62.0	67.1	61.8

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

	Percentage changes as compared to prior year										Average yearly change in %
	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	
Cars											
New car registrations											
Federal Republic of Germany	−16.6	+24.4	+ 9.8	+10.8	+ 4.0	− 1.5	− 7.5	− 4.0	− 7.5	+12.6	+1.8
of which: Domestic products	−17.5	+27.4	+14.6	+11.5	+ 2.9	− 3.0	−11.3	− 2.6	− 6.0	+12.2	+2.0
Daimler-Benz AG	− 1.7	+12.3	+ 3.6	+ 8.5	− .3	+ 9.7	+ 2.9	− .9	− 5.7	+ 5.5	+3.2
Foreign products	−14.0	+16.0	− 4.6	+ 7.9	+ 8.3	+ 3.9	+ 5.1	− 7.6	−11.8	+13.7	+1.2
Exports											
Federal Republic of Germany	−21.5	−13.5	+24.5	+ 5.6	− 1.8	+ 4.9	− 6.2	+ 4.1	+12.6	− .2	+ .1
Daimler-Benz AG	+12.6	− 7.2	+ 6.6	+ 8.6	− 4.3	+ 3.6	+ 2.7	+ 6.4	+13.0	+ 5.4	+4.5
Production											
Federal Republic of Germany	−22.2	+ 2.4	+22.0	+ 6.9	+ 2.6	+ 1.1	−10.5	+ 1.6	+ 5.1	+ 3.1	+ .6
Daimler-Benz AG	+ 2.5	+ 3.0	+ 5.8	+ 8.3	− 2.0	+ 7.4	+ 1.6	+ 2.7	+ 4.0	+ 3.9	+3.7
Commercial Vehicles											
New commercial vehicle registrations											
Federal Republic of Germany	−21.9	+ 1.2	+26.0	+ .4	+13.2	+ 9.0	+ 3.1	−15.4	−16.8	+16.7	+ .4
Daimler-Benz AG	−27.4	+ 9.5	+17.9	− .2	+16.3	+10.1	− 2.3	−20.1	−15.8	+14.1	−1.1
Exports											
Federal Republic of Germany	− .5	+ 2.2	+16.2	− 8.6	−10.4	+ 5.4	+18.3	− 3.3	− .1	−11.4	+ .3
Daimler-Benz AG	+12.4	+ 3.8	+12.0	−11.9	−15.4	+ 4.1	+20.0	+ 4.4	+ 3.4	−14.6	+1.2
Production											
Federal Republic of Germany	−13.0	+ 7.0	+15.4	− 2.3	− 5.6	+ 7.1	+12.8	−10.7	− 5.6	− 2.8	− .2
Daimler-Benz AG	− 8.8	+11.5	+ 7.3	− 3.1	− 7.6	+ 9.1	+ 7.6	− 3.4	− 4.6	− 7.2	− .2
Daimler-Benz-Group	− 4.9	+11.7	+ 8.0	+ .1	− 3.4	+ 8.0	+ 7.9	− 1.5	− 9.2	− 9.5	+ .5

Car production Trends of Leading Countries 1963-1983



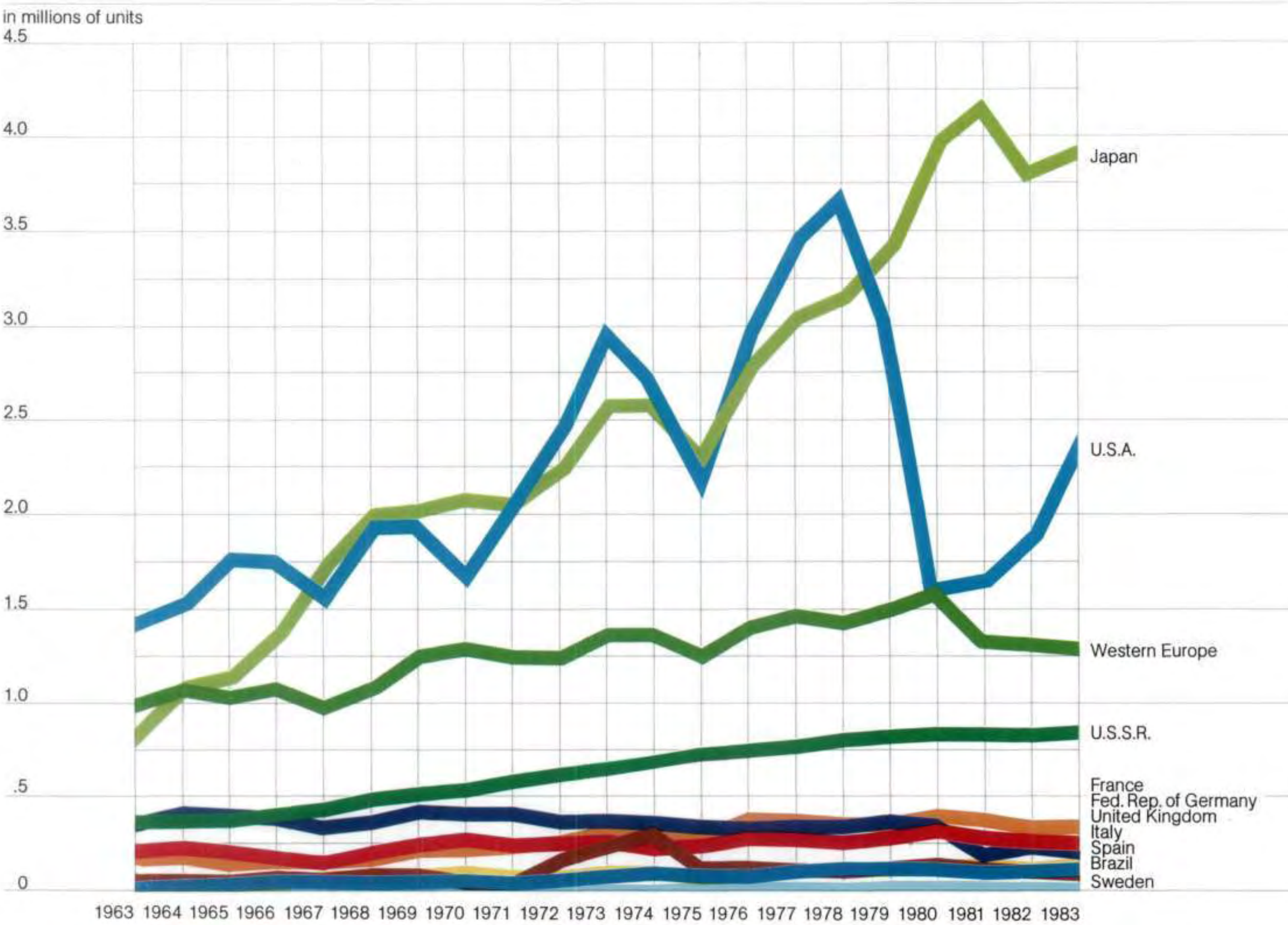
Share of world production in %									Export share of production in %									
1960	1965	1970	1975	1979	1980	1981	1982	1983	1960	1965	1970	1975	1979	1980	1981	1982	1983	
14.2	14.2	15.6	11.5	12.5	12.0	12.8	13.8	12.9	47.6	51.9	55.2	50.8	50.8	53.2	54.5	58.3	56.4	Fed. Rep. of Germany
9.0	7.1	9.9	10.1	10.2	10.0	9.3	10.2	9.8	43.7	37.0	52.6	53.5	52.7	52.1	53.4	52.7	54.5	France
10.6	8.9	7.0	5.0	3.5	3.3	3.4	3.3	3.5	42.1	36.4	43.3	40.7	37.2	37.5	36.6	35.3	26.2	United Kingdom
4.4	5.7	7.5	5.4	4.7	4.9	4.5	4.8	4.6	33.2	28.2	37.0	49.0	43.7	35.4	33.7	33.7	35.2	Italy
.9	.9	1.2	1.3	.9	.8	.9	1.1	1.1	44.7	48.5	65.5	68.7	80.3	80.2	81.0	79.0	79.4	Sweden
.3	.8	2.0	2.8	3.1	3.5	3.1	3.4	3.8	.	.	8.2	22.1	41.1	47.8	50.6	53.4	56.0	Spain
1.1	1.1	1.5	4.8	4.2	4.5	4.7	4.8	4.4	.	.	.	.	.	.	.	.	.	U.S.S.R.
1.3	3.6	14.0	18.1	19.6	24.1	24.9	25.3	23.7	4.2	14.5	22.8	40.0	50.2	56.1	56.6	54.8	53.2	Japan
52.4	48.6	28.9	26.6	26.8	21.8	22.3	18.7	22.5	2.2	2.2	5.5	9.5	8.8	8.8	8.1	7.0	7.9	U.S.A
.3	.5	1.5	3.1	3.0	3.4	2.2	2.6	2.6	.	.	.	7.3	8.5	12.3	26.8	17.9	16.8	Brazil

Car Industry of Leading Countries

	in thousands of units						Percentage changes as compared to prior year					
	1974	1979	1980	1981	1982	1983*)	1974	1979	1980	1981	1982	1983*)
Worldwide production	25,634	31,560	29,248	28,002	27,208	30,175	−14	−1	−7	−4	−3	+11
Federal Republic of Germany												
New car registrations	1,693	2,623	2,476	2,330	2,156	2,427	−17	−2	−8	−4	−8	+13
Imports	584	1,041	1,013	937	824	1,056	−23	−1	−3	−8	−12	+28
Exports	1,707	1,997	1,873	1,949	2,194	2,189	−22	+5	−6	+4	+13	−0
of which: to Europe	816	1,491	1,381	1,538	1,785	1,748	−29	+16	−7	+11	+16	−2
to U.S.A.	654	331	335	242	257	278	−17	−20	+1	−28	+6	+8
Production	2,840	3,933	3,521	3,578	3,761	3,878	−22	+1	−11	+2	+5	+3
France												
New car registrations	1,525	1,976	1,873	1,835	2,056	2,018	−13	+2	−5	−2	+12	−2
Imports	375	604	675	786	992	962	−19	+6	+12	+17	+26	−3
Exports	1,418	1,698	1,530	1,394	1,464	1,614	−2	+8	−10	−9	+5	+10
of which: to Europe	1,096	1,407	1,203	1,038	1,095	1,100	−10	+9	−15	−14	+6	+1
Production	2,699	3,220	2,939	2,612	2,777	2,961	−6	+4	−9	−11	+6	+7
United Kingdom												
New car registrations	1,271	1,718	1,516	1,487	1,557	1,794	−24	+8	−12	−2	+5	+15
Imports	375	1,061	863	805	934	1,107	−26	+33	−19	−7	+16	+19
Exports	565	410	359	310	313	274	−6	−12	−12	−14	+1	−13
of which: to Europe	212	164	143	134	140	105	−28	+9	−13	−6	+4	−25
Production	1,534	1,102	959	955	888	1,045	−12	−12	−13	−0	−7	+18
Italy												
New car registrations	1,281	1,397	1,530	1,808	1,851	1,735	−12	+17	+10	+18	+2	−6
Imports	335	626	908	865	853	651	−20	+21	+45	−5	+0	−24
Exports	686	647	511	424	437	492	+5	+1	−21	−17	+3	+12
of which: to Europe	432	480	385	346	383	450	−14	−1	−20	−10	+11	+17
Production	1,631	1,481	1,445	1,257	1,297	1,396	−11	−2	−2	−13	+3	+8
Sweden												
New car registrations	260	215	193	189	218	217	+15	+7	−11	−2	+16	−1
Imports	179	162	142	133	158	152	+24	+23	−12	−6	+19	−4
Exports	230	238	189	209	233	274	−6	+15	−21	+11	+11	+18
of which: to Europe	128	131	88	101	103	118	−16	+19	−33	+15	+2	+15
Production	327	297	235	258	295	345	−4	+17	−21	+10	+14	+17
Spain												
Exports	134	397	492	433	495	640	−15	+6	+24	−12	+14	+29
Production	705	966	1,029	855	928	1,142	−0	−2	+7	−17	+8	+23
U.S.S.R.												
Production	1,119	1,314	1,327	1,324	1,307	1,320	+22	+0	+1	−0	−1	+1
Japan												
New car registrations	2,363	3,037	2,845	2,867	3,038	3,136	−19	+6	−6	+0	+6	+3
Imports	42	65	46	32	36	37	+14	+19	−29	−31	+14	+2
Exports	1,727	3,102	3,947	3,947	3,770	3,806	+19	+10	+27	−0	−4	+1
of which: to Europe	340	806	1,003	946	896	1,037	−5	+25	+24	−6	−5	+16
to U.S.A.	704	1,588	1,887	1,814	1,741	1,772	+17	+10	+19	−4	−4	+2
Production	3,932	6,176	7,038	6,974	6,882	7,152	−12	+7	+14	−1	−1	+4
U.S.A.												
New car registrations	8,701	10,357	8,761	8,444	7,754	8,924	−23	−5	−15	−4	−8	+15
Imports	2,573	3,006	3,248	2,999	3,067	3,510	+6	−1	+8	−8	+2	+14
Exports	610	741	560	506	353	538	+6	+10	−25	−10	−30	+53
of which: to Europe	21	67	24	13	7	4	+42	+61	−64	−49	−47	−37
Production	7,325	8,434	6,376	6,253	5,074	6,781	−24	−8	−24	−2	−19	+34
Brazil												
New car registrations	748	836	794	448	557	610	+23	+5	−5	−44	+24	+10
Exports	52	78	116	157	121	133	+ ·	−1	+48	+36	−23	+10
Production	516	967	983	624	721	774	+13	+5	+2	−37	+16	+7

*) Some figures are partly estimated.

Commercial Vehicle Production Trends of Leading Countries 1963-1983



Share of world production in %

1960	1965	1970	1975	1979	1980	1981	1982	1983
7.4	4.9	4.9	3.6	3.1	3.8	3.4	3.3	3.0
6.0	3.8	4.0	4.0	3.8	4.6	4.3	4.1	3.8
14.3	9.2	7.1	4.9	3.9	4.1	2.4	2.9	2.5
1.5	1.4	2.1	1.4	1.4	1.7	1.9	1.7	1.8
.6	.5	.5	.6	.6	.7	.6	.6	.5
.5	1.5	1.4	1.5	1.5	1.6	1.4	1.5	1.5
11.9	8.4	8.9	9.8	8.3	9.2	9.2	9.4	9.0
9.8	23.8	32.7	30.4	33.4	42.1	44.3	42.0	40.4
37.4	36.4	26.8	29.1	29.4	17.2	17.8	20.8	24.7
3.0	1.7	2.5	1.9	1.6	1.9	1.6	1.5	1.2

Export share of production in %

1960	1965	1970	1975	1979	1980	1981	1982	1983	
49.3	44.5	50.1	63.8	56.2	58.9	63.9	67.6	61.6	Fed. Rep. of Germany
29.0	22.7	37.6	43.4	41.2	40.5	38.6	37.6	38.1	France
31.9	36.5	37.7	47.2	34.5	31.3	40.4	33.8	37.5	United Kingdom
12.3	26.8	28.9	44.7	52.0	48.7	51.7	58.2	60.9	Italy
61.8	55.9	72.3	79.2	88.1	84.1	88.3	96.2	88.0	Sweden
.	.	11.3	14.5	31.5	29.8	30.4	33.7	25.0	Spain
.	.	.	.	.	.	.	.	.	U.S.S.R.
10.0	7.9	17.1	35.8	42.2	50.4	50.0	47.3	47.1	Japan
18.0	7.5	7.3	11.9	9.7	12.4	11.1	6.7	6.3	U.S.A.
.	.	.	9.4	13.5	18.5	28.5	28.4	29.3	Brazil

Commercial Vehicle Industry of Leading Countries

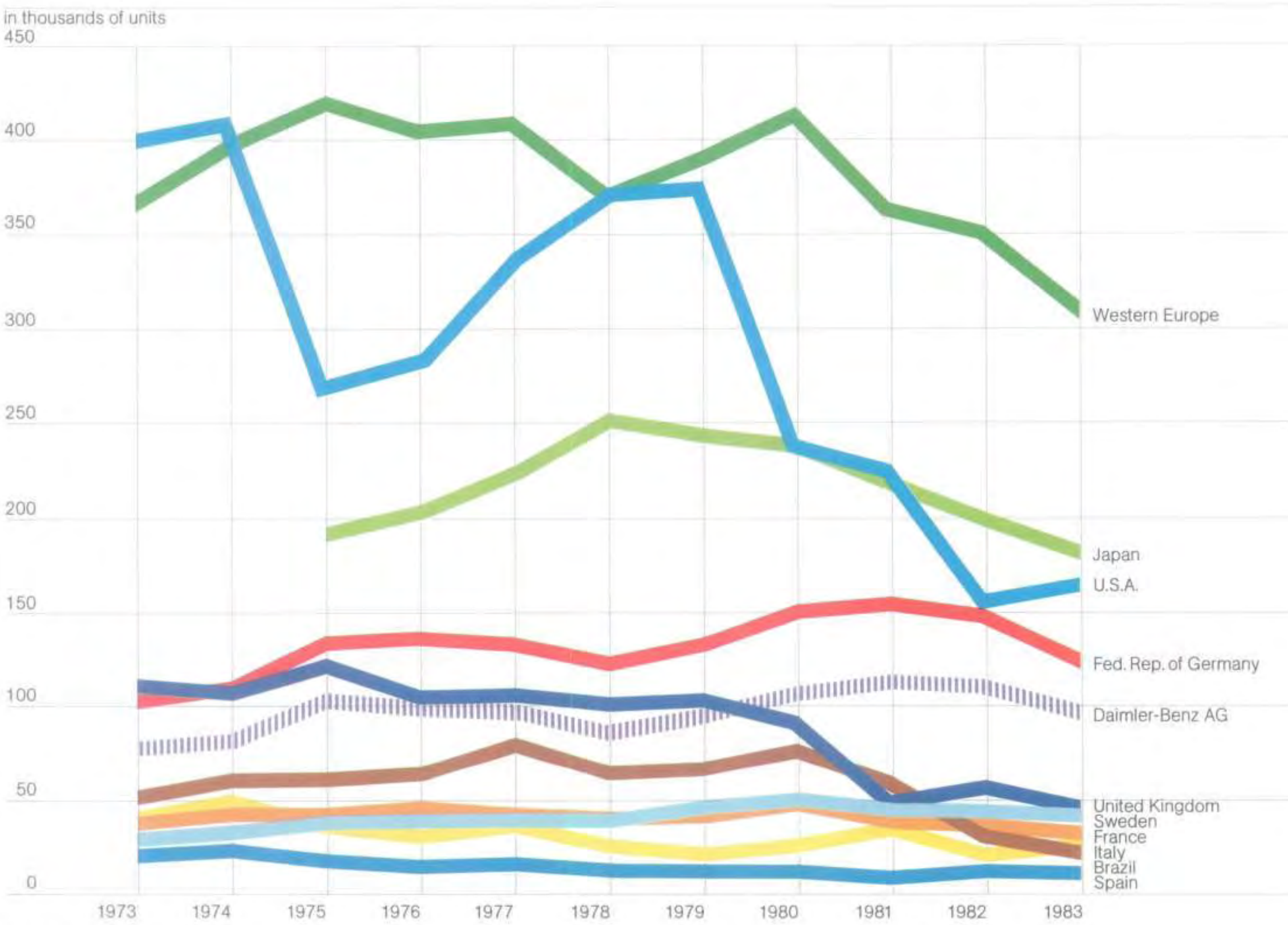
	in thousands of units						Percentage changes as compared to prior year					
	1974	1979	1980	1981	1982	1983*)	1974	1979	1980	1981	1982	1983*)
Worldwide production	8,771	10,370	9,502	9,495	9,172	9,802	− 1	− 3	− 8	− 0	− 3	+ 7
Federal Republic of Germany												
New commercial vehicle registrations	108	170	176	149	124	144	−22	+ 9	+ 3	− 15	−17	+17
Imports	18	42	45	45	36	49	−31	+19	+ 9	− 0	−21	+33
Exports	174	178	211	204	204	181	− 0	+ 5	+18	− 3	− 0	−11
of which: to Europe	94	119	130	102	113	119	−20	+20	+10	− 22	+11	+ 5
Production	260	317	358	319	301	293	−13	+ 7	+13	− 11	− 6	− 3
France												
New commercial vehicle registrations	253	315	323	334	363	346	− 6	+ 5	+ 3	+ 4	+ 8	− 5
Imports	54	108	115	116	127	132	+14	+24	+ 6	+ 1	+ 9	+ 4
Exports	142	162	178	157	140	143	+33	+ 6	+10	− 12	−11	+ 2
of which: to Europe	60	87	88	70	70	79	+ 6	+ 9	+ 2	− 21	− 1	+13
Production	376	393	440	408	372	375	+ 7	− 1	+12	− 7	− 9	+ 1
United Kingdom												
New commercial vehicle registrations	242	306	272	218	231	268	−21	+17	−11	− 20	+ 6	+16
Imports	40	68	74	47	71	99	+ 7	+45	+ 9	− 37	+53	+38
Exports	161	141	122	90	91	92	− 2	− 1	−14	− 26	+ 1	+ 1
of which: to Europe	58	75	70	60	40	62	− 2	+ 1	− 7	− 14	−33	+54
Production	403	408	389	230	269	245	− 3	+ 6	− 5	− 41	+17	− 9
Italy												
New commercial vehicle registrations	101	113	122	140	152	138	+21	+21	+ 8	+ 15	+ 9	− 9
Imports	31	63	71	75	61	48	+22	+ 9	+13	+ 6	−20	−20
Exports	48	78	80	91	91	109	− 3	+ 5	+ 3	+ 13	− 1	+21
of which: to Europe	27	68	64	71	79	95	−21	+14	− 6	+ 10	+12	+21
Production	142	150	165	176	156	181	+ 5	+ 1	+10	+ 7	−12	+16
Sweden												
New commercial vehicle registrations	17	17	20	19	19	18	+ 4	+ 1	+17	− 4	− 0	− 4
Imports	13	23	25	15	15	16	+20	+29	+12	− 43	+ 6	+ 1
Exports	35	51	53	49	52	46	+20	+22	+ 3	− 8	+ 7	−12
of which: to Europe	24	32	33	26	30	29	+11	+14	+ 3	− 23	+18	− 5
Production	42	58	63	55	54	52	+14	+14	+ 8	− 12	− 3	− 4
Spain												
Exports	19	49	46	40	48	37	+30	+ 9	− 8	− 12	+19	−23
Production	133	157	153	132	142	147	+15	− 0	− 3	− 14	+ 7	+ 4
U.S.S.R.												
Production	727	859	872	874	866	880	+ 6	+ 2	+ 2	+ 0	− 1	+ 2
Japan												
New commercial vehicle registrations	1,563	2,117	2,161	2,260	2,223	2,247	−21	+16	+ 2	+ 5	− 2	+ 2
Imports	1	2	2	1	1	0	+26	+69	+ 6	− 9	−45	−53
Exports	891	1,461	2,020	2,102	1,820	1,863	+44	+ 1	+38	+ 4	−13	+ 2
of which: to Europe	47	146	216	236	214	224	+ 7	+54	+48	+ 9	− 9	+ 5
Production	2,620	3,460	4,005	4,206	3,850	3,960	+ 0	+ 9	+16	+ 5	− 8	+ 3
U.S.A.												
New commercial vehicle registrations	2,657	3,472	2,477	2,185	2,430	2,997	−12	−12	−29	− 12	+11	+22
Imports	145	276	343	739	699	728	− 6	−27	+25	+115	− 5	+ 4
Exports	258	296	203	187	127	154	+34	+ 2	−31	− 8	−32	+21
of which: to Europe	5	12	9	7	5	5	+25	−15	−23	− 22	−27	+ 0
Production	2,747	3,046	1,637	1,687	1,910	2,422	− 9	−18	−46	+ 3	+13	+27
Brazil												
New commercial vehicle regstrations	150	177	186	132	135	119	+22	+ 3	+ 5	− 29	+ 2	−12
Exports	13	27	42	55	53	36	·	+54	+54	+ 33	− 5	−32
Production	343	161	182	156	139	122	+26	+16	+13	− 14	−11	−12

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

*) Some figures are partly estimated.

Truck Production Trends of Leading Countries 1973-1983

(over 6 tons gross vehicle weight)



Share of production of the countries included[1]) in %					Export share of production in %					
1979	1980	1981	1982	1983	1979	1980	1981	1982	1983	
32.6	37.9	37.1	42.4	41.7	.	.	.	.	.	Western Europe
31.2	21.8	23.0	18.9	22.1	8.2	8.9	12.7	6.9	1.8	U.S.A.
20.4	21.9	22.4	24.2	24.4	24.2	37.0	46.8	39.6	28.7	Japan
11.2	13.9	15.9	18.0	16.7	53.1	60.5	69.4	72.5	63.1	Fed. Rep. of Germany
8.1	10.0	11.7	13.6	13.2	55.4	64.7	70.5	74.4	68.3	*of which: Daimler-Benz*
5.8	7.3	6.3	4.1	3.4	.	19.7	24.1	14.4	12.9	Brazil
3.1	3.5	3.1	2.2	1.8	16.4	22.5	21.0	15.2	14.6	*of which: MBB*[2])
8.7	8.5	5.2	7.1	6.5	44.7	48.5	62.8	54.0	50.8	United Kingdom
4.2	5.0	5.0	5.8	6.2	89.9	84.6	88.8	96.5	89.1	Sweden
3.6	4.6	4.2	4.6	4.7	53.4	55.1	56.6	49.0	48.2	France
2.0	2.6	3.8	2.9	3.9	77.8	70.1	60.2	62.6	50.9	Italy
1.2	1.3	1.1	1.8	1.8	21.9	22.3	22.5	31.4	26.0	Spain

[1]) Countries included: Western Europe, U.S.A., Japan, Argentina, Brazil, Mexico, India.
[2]) Mercedes-Benz do Brasil.

Truck Industry of Leading Countries

(over 6 tons gross vehicle weight)

	in thousands of units						Percentage changes as compared to prior year					
	1974	1979	1980	1981	1982	1983*)	1974	1979	1980	1981	1982	1983*)
Western Europe												
Production	400	394	417	367	355	316	+ 7	+ 5	+ 6	−12	− 3	−11
Federal Republic of Germany												
New registrations	40	66	63	48	39	49	− 26	+11	− 5	−24	−18	+26
Exports	75	72	93	109	109	80	+ 46	+ 1	+29	+18	+ 0	−27
Production	113	135	153	158	151	126	+ 6	+ 8	+13	+ 3	− 4	−16
of which: Daimler-Benz	85	98	110	116	114	100	+ 5	+ 9	+12	+ 6	− 2	−12
France												
New registrations	42	39	39	37	38	39	− 10	+ 2	+ 2	− 6	+ 4	+ 1
Exports	16	24	28	23	19	17	+ 71	+ 9	+19	−16	−19	−10
Production	46	44	51	41	39	35	+ 12	+ 3	+15	−18	− 7	− 9
United Kingdom												
New registrations	49	71	54	40	40	45	− 24	+13	−25	−26	+ 1	+12
Exports	64	47	46	33	32	25	− 4	+ 0	− 4	−29	− 1	−23
Production[1])	110	106	94	52	60	49	− 3	+ 3	−11	−45	+15	−18
Italy												
New registrations	27	22	26	29	25	26	+ 48	+24	+17	+14	−13	+ 3
Exports	20	19	20	23	15	15	+ 16	−17	+ 6	+13	−33	− 0
Production	53	24	29	38	24	30	+ 20	−13	+17	+32	−36	+23
Sweden												
New registrations	8	6	7	5	5	5	+ 8	+ 2	+15	−17	−15	+ 5
Exports	31	45	47	44	47	42	+ 18	+19	+ 3	− 6	+ 7	−11
Production	38	50	55	49	48	47	+ 12	+14	+10	−11	− 2	− 4
Spain												
Exports	·	3	3	3	5	4	·	·	− 2	−21	+92	−27
Production	26	15	14	11	15	14	+ 16	− 4	− 4	−21	+29	− 6
Japan												
Exports	71	60	89	104	80	52	+120	−25	+50	+17	−23	−36
Production	·	247	241	222	203	185	·	− 3	− 2	− 8	− 9	− 9
U.S.A.												
New registrations	379	365	260	215	173	172	− 10	+ 2	−29	−17	−20	− 1
Exports[2])	35	35	24	32	12	3	+ 41	−10	−31	+33	−62	−73
Production	412	377	241	227	158	168	+ 2	+ 1	−36	− 6	−30	+ 6
Brazil												
New registrations	71	79	80	54	41	34	+ 10	− 0	+ 2	−32	−25	−16
Production	64	70	80	62	34	26	+ 16	+ 3	+14	−22	−45	−24
of which: Mercedes-Benz do Brasil	25	38	39	31	19	14	+ 12	+ 2	+ 3	−20	−39	−27

*) Some figures are estimated.
[1]) 7 tons and above.
[2]) 6,35 tons and above (factory sales).

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