

Speech by

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“Determination Is Paying Off”

**Annual Shareholders’ Meeting of Daimler AG
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Introduction

Shareholders,
shareholder representatives,
ladies and gentlemen,

On behalf of the Board of Management and the employees of Daimler AG, I too welcome you to the 2014 Annual Shareholders' Meeting.

I normally conclude my remarks by thanking you for your trust in our company. This year, however, I would like to begin my speech with an expression of thanks for the faith you've shown in our long-term strategy. After all, even though the pace of our business has accelerated, achieving success in the automotive industry requires a great deal of patience. The products and technologies we benefit from today have their origins in strategic decisions made in the past. That requires extensive investment, which can temporarily reduce earnings, and that's why we sometimes lose sight of the momentum they are generating in the background. This momentum is now becoming clearly visible at Daimler. Our determination is paying off. Your company's situation is good – but the future outlook is even better. This is reflected most clearly by the fact that our share price rose by about 70 percent since our last Annual Shareholder's Meeting.

You have supported us along the way and thus played a key role in Daimler's success. For this I would like to thank you on behalf of the entire Board of Management. One year ago, I said to you here, *"The course we have set is the right one – but we also have to follow it. Consistently and persistently."* I would like to underscore this point today – and I would also like to expressly add that despite our satisfaction with the "fruits" of our work, we will not neglect what needs to be done to ensure our future success.

I would like to explain to you today exactly what I mean by that. I will begin with

- a review of 2013,
- followed by a description of our current situation
- and our expectations for 2014, as well as
- a look at our goals and strategies for the more distant future.

Review of 2013

First the review of 2013 – a year in which we got off to a difficult start but gradually picked up speed.

- The entire Group delivered nearly 2.4 million vehicles in 2013, of which nearly 1.6 million were cars. None of our direct competitors grew faster than Mercedes-Benz Cars last year.
- Unit sales of both trucks and buses rose by five percent compared to the prior year, and van sales increased by as much as seven percent.
- Daimler Financial Services once again set new records in terms of contract volume and new business. For the first time, we financed or leased more than three million vehicles.

Group revenue totaled 118 billion euros. Our Group's EBIT amounted to 10.8 billion euros; adjusted for special items, it totaled 7.9 billion euros. The Group's net profit amounted to 8.7 billion euros last year. In view of these results, the Board of Management and the Supervisory Board are proposing to the Annual Shareholders' Meeting a dividend increase to two euros and 25 cents per share –the highest dividend paid out by Daimler AG to date. This reflects our confidence in the further development of our business operations.

This confidence is largely based on one of our company's strengths – a strength that cannot be found in the financial statements. I'm referring to the dedication of the entire Daimler workforce. This commitment was especially apparent last year, and that's why our more than 130,000 eligible employees in Germany will receive a total profit sharing payout of 350 million euros, one of the highest in the automotive industry. We will also award our employees a special one-time bonus in recognition of their outstanding efforts and achievements.

Let me present to you some of those achievements. The first one is a fascinating technological innovation that celebrated its world premiere in our new S-Class. As you might recall, we showed you an animated film here last year that presented our vision of autonomous driving. Just four months later, we had already turned that vision into reality in the form of an S-Class that masterfully drove itself over a distance of more than 100 kilometers. The vehicle successfully navigated both city streets and country roads without being operated by its human driver. More than 100 years ago, Gottlieb Daimler was convinced that a lack of chauffeurs alone would put limits on the success that automobiles could achieve. I'm sure he would be proud to see that Daimler can now create vehicles with a built-in chauffeur. We in any case are extremely proud of this outstanding achievement by our development engineers!

However, our determination doesn't just pay off in terms of new technologies. It has also enabled us to establish new vehicle segments. This is exactly what we did with our CLA. We've been rewarded here with penetration rates as high as 80 percent – in the United States, for example. In other words, eight out of ten customers there are new to the Mercedes-Benz brand.

We also sold a total of more than 380,000 of our new compact models in 2013. That's an increase of 66 percent. Our compact offensive is thus exactly what it's supposed to be: a rejuvenation of our brand. The fact that Mercedes-Benz is the most popular automotive brand on Facebook impressively demonstrates that this rejuvenation is now in full swing.

At the same time, we have not neglected our traditional strengths, especially our high quality standards. For example, a recent study found that Mercedes has the lowest recall rate in the U.S. automotive market.

Our strategic planning processes for commercial vehicles have also produced measurable successes. Consider this example: Prior to the introduction of the Euro VI emission standard, the conventional wisdom in our industry was that we can reduce either emissions or fuel consumption; it was supposed to be impossible to do both. But our new Mercedes-Benz truck family shows that both can in fact be done. We were the first in the industry to comply with the Euro VI standard – and we did so eight months before it became mandatory in Europe. We also reduced the fuel consumption of our Euro VI trucks – by as much as five percent for the new Actros, for example. This is fantastic news for the haulage industry, where every cent that's spent at the filling station counts. And new assistance systems such as our Predictive Powertrain Control also save our fleet customers several thousands of euros each year on every vehicle they operate.

Developing such sophisticated technologies of course requires not only innovative capability but also financial strength. We have therefore been working with great determination also in that area with our efficiency programs.

- Our *Fit for Leadership* car program is designed to improve our cost position by approximately two billion euros by the end of 2014. Our goal in 2013 was to achieve 30 percent of that amount. However, the actual improvement of 800 million euros significantly surpassed that target.
- Our goal for the *Daimler Trucks Number One* program is to implement measures that will result in improvements of 1.6 billion euros by the end of this year. As planned, we already achieved 30 percent of that amount in 2013.

With regard to our markets, the one requiring the most attention in 2013 was China. We implemented appropriate measures there. The most important ones are as follows:

- We integrated our previously separate sales companies for imported and locally manufactured cars into a single organization.
- We added 75 new dealers to expand our dealership network to more than 330 outlets.
- We expanded the range of products we offer in China to include seven new Mercedes car models, including the long-wheelbase version of the E-Class, which we developed especially for the Chinese market.
- In May, we began manufacturing four and six-cylinder engines in Beijing at our first car engine plant outside Germany.

This too shows that our strategy is paying off. Our unit sales rose by 15 percent in China in 2013. And in November 2013, we acquired a 12 percent interest in our longstanding partner BAIC Motor. This makes us the first foreign car manufacturer ever to hold shares in a Chinese OEM.

At the end of 2013, we established yet another new partnership, this time with Aston Martin, which we will supply with V8 engines from AMG and high grade electric/electronic components as a first step. In return, we will receive up to five percent of Aston Martin's equity. It's a good deal for both sides.

As planned, we sold off our remaining shares in EADS in 2013. We will invest the proceeds of 2.3 billion euros in new products and technologies – and thus in the sustained success of your company. We will take a similar approach with the proceeds from the sale of our shares in Rolls-Royce Power Systems Holding, or RRPS. As we recently announced, we plan to transfer those shares to our joint venture partner Rolls-Royce.

Ladies and gentlemen, despite the clear positive results of our strategy, we cannot simply proclaim that 2013 as a whole was a flawless year of success. However, what we can say is that we delivered what we had promised. And we are also keeping a second promise: to begin 2014 at the same fast pace with which we finished 2013. This is confirmed by a look at our sales figures for the first quarter of this year.

Current Situation: Q1 2014

At **Mercedes-Benz Cars** we achieved a new sales record as of March 2014. The increase amounted to 14 percent. In retail sales, the division also celebrated its 13th consecutive record month in March, as well as its ninth month of double-digit sales growth.

Business developed particularly well in China: Over the first three months of 2014, group sales increased by more than 50 percent.

Comparing our sales to those of our competitors, we can state again: Mercedes-Benz is on track. In the first quarter of 2014 we were once again the fastest-growing premium brand and the Number One premium manufacturer in a growing number of markets, including Germany and Japan.

We delivered nearly 25,000 units of the new S-Class to our customers in the first quarter. The exceptional position of our flagship model becomes clear when you consider that our S-Class unit sales were higher than the combined sales of the Audi A8 and BMW 7 Series in a hotly contested segment that features very competitive rival vehicles.

At the Geneva Motor Show in March, we presented the next member of our new S-Class family: the S-Class Coupe, which you can see to your left on the stage.

Customers and journalists are thrilled. For example, the *Süddeutsche* newspaper said, and I quote: “*One must bow before the beauty, power and luxury it exudes.*” Such a statement is, of course, particularly pleasing to us when it comes from a Munich newspaper ...The S-Class Coupe will arrive at dealerships in September.

Demand for our compact cars remains so high that our production can barely keep up. Compact model sales were up 26 percent in March. We will therefore start three-shift operation as currently practiced in Rastatt at a second location – our manufacturing facility for compact cars in Kecskemét, Hungary – in May. The GLA is enabling us to immediately make inroads in the fast-growing compact SUV segment. We launched the GLA in mid-March together with the new C-Class. About half a million visitors at dealerships and more than 22,000 test drives taken on the weekend of the product launch in Europe convincingly illustrate just how much the new models of our products appeal to customers.

Sales of the new V-Class also commenced in March. I’ll discuss the strategic significance of our new full-size MPV a little later on. As you can see, our product offensive continues at full speed. Our goal is once again to grow faster than the market during the year as a whole. We expect the market to expand by between four and five percent.

Now let’s turn to **Daimler Trucks**, where we sold seven percent more trucks than in the first quarter of last year. As expected, in Western Europe we are now feeling the effects of last year’s advance purchases of Euro V trucks. Nevertheless, first-quarter sales of nearly 12,000 units were slightly below the prior-year level. Our heavy-duty trucks are very popular in the NAFTA region, where we sold a total of almost 35,000 trucks in the first three months of this year. The new Freightliner Cascadia Evolution has met with an outstanding response in the market, largely due to the fact that it consumes up to seven percent less fuel than its predecessor. This saves our customers money, which explains why the current volume of incoming orders is very good. Our dominant position in North America is mainly reflected by our market share, which stands at around 40 percent, making us the undisputed Number One truck manufacturer in the region. We also remain Number One in Western Europe. Our market share rose slightly in Brazil and Japan compared to 2013.

Daimler Trucks is still “on the offensive.” We already presented seven new trucks in the first three months of this year:

- the heavy-duty Actros and Arocs semitrailer tractors,
- four new BharatBenz models,
- and the Fuso Medium Duty Canter.

We will launch additional models throughout the year, including a new Western Star truck for the NAFTA region. On the whole, we expect unit sales at Daimler Trucks to increase significantly this year.

Let's now turn to **Mercedes-Benz Vans**.

Our Vans division sold approximately 61,000 vehicles in the first three months of this year, or 16 percent more than during the same period of 2013.

This increase was primarily due to the great success of our new Sprinter. In addition, our key van markets developed positively: Europe is growing slightly, and demand in the U.S. remains high.

As things stand today, we expect to see substantial sales growth at Mercedes-Benz Vans also for the year as a whole.

The situation is similar at **Daimler Buses**, which also recorded good results in the first quarter of 2014. More than 6,600 units were sold by the end of March, an increase of eleven percent compared with the first quarter of 2013. We're satisfied with our current level of incoming orders. Our plants will operate at full capacity until the middle of 2014, despite the fact that the bus market by its nature tends to be sluggish in the first six months of the year. Still, we don't expect the markets to provide much impetus this year.

As to **Daimler Financial Services'** performance in the first quarter, the answer is simple: It performed well. We significantly boosted new business with a total of nearly 290,000 new financing or leasing contracts worldwide, an increase of 14 percent. And we more than doubled the number of new financing and leasing contracts for vehicles in China.

The success of our car2go mobility service, which is allocated to Daimler Financial Services, has made us hungry for more. This is why we have launched *car2go black*, which offers Mercedes-Benz vehicles for short-term rentals for the first time ever. To begin with, it is serving customers in Berlin and Hamburg with 100 B-Class models in each city. All of these developments give us good reason to expect that Daimler Financial Services will also grow significantly once again this year.

In view of the plans in place at our divisions and our current market assumptions, we expect the Group's EBIT from ongoing business to increase significantly in 2014. I would like to point out that our expectations here do not include non-recurring items such as the sale of our equity interest in Rolls-Royce Power Systems that I mentioned before.

For the divisions, this means that:

- We expect EBIT at Mercedes-Benz Cars and Daimler Trucks to be substantially higher than last year.
- EBIT from ongoing business at Daimler Buses should be slightly above the prior year's level.
- We anticipate a stable earnings development at Mercedes-Benz Vans and Daimler Financial Services.

Obviously, these expectations can be impacted by external developments. After all, the sustained success of a company such as Daimler also depends on political stability, security, the rule of law and fair access to markets. For this, we need cooperation rather than confrontation.

I mention this because it has recently become apparent in many instances that not everyone accepts this premise. If we look to the east, we are confronted with the type of rhetoric that recalls the days of the Iron Curtain. The West presents a picture marked by a planned free-trade agreement between the EU and the U.S. that will offer new opportunities for more growth, prosperity and jobs. According to some studies, this agreement could increase the EU's gross domestic product by roughly 120 billion euros. However, instead of exploiting these opportunities, the negotiating partners are bogged down in details about things like the amount of bacteria that should be allowed in unpasteurized cheese. In many regions in Europe, political forces are at work that view the European Union not as a historic opportunity but rather as a risk.

Our position is clear: Those who call for protectionism are not patriotic; they are short-sighted.

We've had enough petty nationalism in Europe. And despite all the current challenges, the old Europe definitely wasn't a better Europe. The best way to safeguard jobs, prosperity and social cohesion is through economic success. And the key to achieving this success lies in free and fair markets for competitive products. We have such products. And we do everything we can to ensure that we can continue to grow profitably with them.

Goals and Strategies for the more distant future

This brings me to our goals and strategies for the more distant future. The key message here is that we will hold fast to our course. As you know, we aim to achieve an average return on sales of nine percent from our vehicle operations across all market and product cycles in the medium term – with different return targets for the individual divisions. Daimler Financial Services has attained a return on equity of at least 17 percent since 2011, and we want to sustain this level over the long term.

In order to do so, we have defined four strategic growth areas for the entire Group. I described these to you at our last Annual Shareholders' Meeting:

- Firstly, we are strengthening our core business with our product offensives.
- Secondly, we are growing in new markets.
- Thirdly, we are developing leading alternative drive systems and safety technologies.
- And finally, we are designing new mobility solutions and exploiting the opportunities offered by increasing digitization.

I'd like to present to you today current products and innovations that are examples of the next firm steps we are taking in these four areas.

1. Strengthening the core business

First, let's look at the new C-Class, which you can see here on the right side of the stage.

Our highest-volume model series is a perfect example of the strengthening of our core business:

- The C-Class is the lightest car in its segment. This has enabled us to make enormous improvements to its fuel efficiency and agility. That's why intelligent lightweight design is a major issue at our company.
- The C-Class is also the most exclusive model in the competitive field. Its interior ambience in particular is unmatched. This demonstrates once again that we take our claim of "the best or nothing" very seriously.
- The C-Class is the most advanced automobile in its class. It includes technologies ranging from the Stop-and-Go Pilot for partially autonomous driving to solutions that integrate the latest smartphone software.
- The C-Class is also the most global vehicle from Mercedes-Benz. The car's production network is spread across four plants on four continents, and it allows us to meet the rising global demand for the model flexibly and efficiently.

Our efforts to strengthen our core business are not limited to existing model series, however. We are also seeking to gain new customers by entering new segments for Mercedes-Benz.

You can see the latest example of this approach here on the screen: our Concept Coupe SUV. This study will be officially unveiled in just under two weeks from now at Auto China in Beijing. But we wanted to show you this vehicle today. We see major potential for Mercedes-Benz in particular in this combination of a coupe and an SUV.

After all, hardly any other automaker has as much experience with SUVs as we do. Our M-Class was the first vehicle of its kind when we launched it in 1997, which means we actually established the segment for premium off-road vehicles. Today the M-Class remains the world market leader and thus the Number One premium SUV. Mercedes-Benz also dominates the market for coupes. I've already talked to you about the success of the CLA. Our CLS established the new segment for four-door coupes. The new generation of the CLS and the CLS Shooting Brake will be launched in October. And now we're bringing the best of two worlds together with a sporty coupe that also offers typical Mercedes off-road capabilities. We're confident it will be a success.

Another example of how we refine vehicle segments is the V-Class – a model that none of our competitors has available in this form. The vehicle clearly shows what we mean by a premium automobile. Consider its headlights, which boast the same full LED technology as the headlights in the S-Class and cannot be found in any comparable model. The V-Class also takes its segment to a new level in terms of its interior and appointments. This is particularly apparent in our touchpad operating concept, which is the vehicle's central operating element and premiered in the C-Class. Our passenger car technologies ensure maximum safety in the V-Class. For example, Lane Keeping Assist prevents the vehicle from straying off the road. Last but not least, our highly efficient four-cylinder turbo-diesel engines, which are now included in nearly all of our car model series and the Sprinter, have been adapted to the requirements of the V-Class. The V-Class is more closely linked to our car models also through its name. There are good reasons for that. Even our founder Carl Benz would probably have opted for this new MPV. After all, he had not only a lot of ideas but also a lot of children.

So, if Mr. Benz had owned a smart, it would probably have been as a second car. But that's what we want to change, so we are going to unveil two new smart models this summer. The strongest argument in favor of the smart fortwo is still its size: With a length of just 2.69 meters, it's the perfect car for the city. That's why we didn't change the car's length with the new fortwo model. But we are also launching the new smart forfour, which has four seats and a length of just 3.50 meters, despite boasting interior spaciousness that beats all its competitors. These two vehicles are also the first to be developed from scratch together with Renault-Nissan. They prove that the following two aspects are not mutually exclusive:

- synergies through joint development
- and a completely independent character of the vehicles that ensures that our brand remains unmistakable.

As you can see, we are in the middle of the biggest product offensive in the history of Mercedes-Benz Cars. We're also far from finished. Between now and 2020, we plan to introduce 12 completely new models without any predecessors.

Moreover, because we are using only two architectures for most of our new vehicles – one for front-wheel drive and one for rear-wheel drive – we can develop and manufacture these numerous new models faster and more efficiently than ever before.

This is yet another example of how we are strengthening our core business.

2. New markets

This brings me to our second strategic growth area: opening up new markets.

Although developments in some emerging markets have recently fallen short of various euphoric predictions, the low density of vehicles in these markets alone indicates that the greatest growth potential will continue to lie outside the traditional markets of Western Europe, North America and Japan in the future. For example, the Chinese market had fewer than 60 cars per 1,000 inhabitants in 2013. The same figure for Europe was more than 500 vehicles per 1,000 inhabitants. Our job is to develop clean, safe and fascinating products to meet the increasing demand for mobility in the future. And that's exactly what we're doing.

Let's start with clean: Together with our Chinese partner BYD, we have developed an electric vehicle in China designed for China. In 11 days – on Easter Sunday – we will present the DENZA at Auto China in Beijing. China plans to have five million electric vehicles on the road by 2020 – and we're ready to help. The new C-Class for China will also celebrate its premiere at the show in Beijing. Without revealing too much, I can tell you that this model is precisely tailored to the requirements of our Chinese customers.

We will also produce more and more customized models for China in China, most notably the new C-Class and the new GLA. We will therefore double the capacity of our plant in Beijing to roughly 200,000 units by 2015. To this end, we signed an agreement with our partner BAIC during a state visit to Germany by China's President Xi Jinping just under two weeks ago. The agreement calls for the investment of around 1 billion euros in our BBAC joint venture. A total of roughly 4 billion euros will be invested in BBAC by 2015.

We also plan to export additional models to China. Examples this year include the CLA. Our ultimate goal is to launch more than 20 new or updated car models in China by 2015, including numerous AMG variants.

The expansion of our dealership network is also rapidly continuing, with 100 new dealerships set to open this year. This will give us a total of well over 400 dealers in China. Our financial services operations are also growing in China. One out of five Mercedes vehicles in China is now leased or financed through Daimler Financial Services. Here as well, we offer tailored solutions, such as a smart-model financing plan for students. This plan was recently named the best automotive financing product in China.

In order to finance our strong anticipated growth in China, we issued a "panda bond" at the beginning of March. This made us the first foreign industrial company to float such a bond in China. The issue's total value is 500 million renminbi, or around 60 million euros. As you can see, we have already established deep roots in China.

Another good example of our penetration of new markets is our BharatBenz commercial vehicle brand. Our goal here is to offer Indian customers trucks whose technology and quality standards are far higher than what's normally available on the market, but whose price is not. Our strategy involves developing customized products based on proven Daimler technologies and manufacturing them with a high level of local content. For this reason, 85 percent of the truck parts are produced in India. As a result of this approach, we are now already in fourth place in the segment of medium and heavy-duty trucks in India, although we only launched our first BharatBenz vehicles on the market in 2012.

This makes us hungry for more – so we've also started building Fuso trucks at our plant in India for export to Asian markets and Africa. Our next step will be to enter the Indian bus market. Here we will use chassis from our BharatBenz trucks to develop BharatBenz buses for the volume segment. At the same time, we will serve the premium segment with our Mercedes-Benz brand chassis. We will benefit here from economies of scale that will enable us to offer our customers superior technology at competitive prices.

Overall, we have a unique position with Daimler Trucks in Asia in major markets such as India, China, Japan and Indonesia.

3. Alternative drives and safety

Further expanding our leadership in technology is one of our key tasks and therefore our third growth area.

You're familiar with our goal regarding green technologies: We want to be the leader. However, this is no longer just a goal, as a recent report by the Deutsche Umwelthilfe environmental organization demonstrates. The organization compared the CO₂ emissions of cars used by leading politicians in Germany. The Premier of Baden-Württemberg, Winfried Kretschmann, who is from the Green Party, was the only politician to be issued a "green card" for a particularly clean vehicle. Mr. Kretschmann drives a Mercedes – an S 300 Blue Tec Hybrid with CO₂ emissions of 115 grams per kilometer.

Those who prefer locally emission-free driving can also count on us – and more and more customers are taking advantage of what we have to offer here. In terms of new registrations of electric vehicles in 2013, our smart electric drive was

- number four worldwide,
- number three in Europe, and
- the Number One model by far in Germany.

This year we're launching an electric vehicle that's ideal for families: the B-Class Electric Drive. Our customers don't need to sacrifice anything they're used to in a Mercedes by way of cargo space or appointments – and that's not a given with an electric car. With a range of around 200 kilometers, the model is absolutely right for everyday use. However, the electric powertrain from our partner Tesla guarantees a fun ride that's anything but an every-day experience.

The electric powertrain is a perfect example of our long-term perspective: When Tesla was still being mocked by other established automakers, we decided to invest in this Californian company. Just last week, we announced that we will take steps to ensure our full access to the development and production of lithium-ion batteries. We will acquire 100 percent of the companies Li-Tec Battery GmbH and Deutsche Accumotive. Evonik previously owned 50.1 percent of the former and ten percent of the latter.

That's the current status of battery technology. However, if you're looking for a long driving range, short recharging times and zero emissions, there's still no way around fuel cells. As you know, we've been working intensively on fuel cell technology for a long time. We are now jointly developing a new powertrain together with our partners Nissan and Ford. We view the fact that other competitors have now also recognized the potential of this technology as a confirmation of our approach. Perhaps this will encourage governments to speed up the development of the necessary infrastructure.

We are also continuing to make our vehicles with combustion engines more efficient.

Over the past five years, we have reduced both the fuel consumption and the emissions of our fleet in Europe by 25 percent – more than any other premium automaker. As planned, we reached our target of 134 grams of CO₂ per kilometer in 2013, which corresponds to EU fleet consumption of 5.4 liters of fuel per 100 kilometers.

Here you can see four Mercedes-Benz models that are currently the most efficient vehicles in their respective premium segments. This means that whether you're looking for a premium sedan or a premium compact car, the most efficient model will be a Mercedes-Benz. The S 500 Plug-In Hybrid that we will launch in the fall will be the most fuel-efficient luxury sedan on the market. This vehicle consumes only three liters of fuel per 100 kilometers.

Our success in Formula 1 racing is another example of how efficient Mercedes-Benz's hybrid technology is. Our commitment to motor sports therefore not only reinforces our brand, but also helps us to advance our series technology.

We will also make the new C-Class available as a plug-in hybrid; the "normal" hybrid will be launched as early as this fall. Thanks in part to these new models, our fleet emissions in 2016 will only be 125 grams of CO₂ per kilometer. This corresponds to fuel consumption of five liters per 100 kilometers.

Another issue we will not let up on in the future is vehicle safety. According to external studies, the likelihood of experiencing a severe accident with a C-Class is already 40 percent lower today than with the average for similar models in the same segment. We're proud of such achievements. Even more impressive than any statistic, however, are the many letters and e-mails we receive from our customers on the topic of safety each year. I've brought one letter with me today, and I'd like to read part of it to you:

"Dear Mr. Zetsche,

My name is Joan. I began driving a Mercedes-Benz CLA this summer.

I'm writing to you because the work done by your engineers saved my life and the life of my girlfriend.

Another car drove through a red light and slammed into our CLA at full speed. It was a horrible accident – but nothing happened to us. Neither of us had as much as a scratch. I'd like to congratulate you and your engineers on the wonderful job you did with your safety systems."

Ladies and gentlemen, stories like these show that we were right to make safety a core brand value at Mercedes-Benz. And we don't just want to mitigate the effects of accidents; we also want to help ensure that accidents no longer happen at all.

The key here is intelligent vehicles. That's why our approach to technologies that make driving more comfortable and safer is called Mercedes-Benz Intelligent Drive. For example, our systems enable vehicles to recognize traffic signs and to warn drivers if they enter a highway from the wrong direction. They also help drivers stay in their lane and maintain a safe distance to the vehicle in front and they detect danger in blind spots and stabilize the vehicle in crosswinds.

The systems do this by processing huge amounts of sensor data. Just as people use several senses for perception, our vehicles utilize radar, stereo cameras and ultrasound to perceive their surroundings. The networking of this sensor data enables our vehicles to assess potentially dangerous situations and eliminate the danger within a fraction of a second – through autonomous braking, for example. Unlike human beings, assistance systems do not suffer from sudden feelings of panic. That's why they are able to prevent rear-end collisions, or at least mitigate their effects.

Daimler is also gradually developing the safest form of driving – the autonomous automobile.

- We've already achieved this at low speeds in traffic jams with our Stop-and-Go Pilot.
- We're also only a few years away from fully automatic parking.
- Toward the end of the decade, we want our cars to be able to drive completely autonomously at high speeds on highways and country roads as well.

This opens up many new possibilities, including:

- sedans that drive themselves into parking garages,
- car2go vehicles that drive to customers when they're needed,
- and trucks that reduce the strain on drivers on long trips.

We at Mercedes are committed to expanding our technological lead in this area. However, our work will also help to increase public acceptance of autonomous driving. After all, who can people trust to bring about this transformation if not the inventor of the automobile?

We also focus on preventing accidents with trucks and buses – in other words, on active safety. The reason for this is simple: The forces unleashed when a 40-ton vehicle impacts an object at 80 km/h are roughly the same as those generated when a passenger car crashes at a speed of 400 km/h. The crumple zone and the seatbelt can only be the solutions of last resort here. Our assistance systems today are already capable of preventing accidents. For example, Active Brake Assist uses radar to detect obstacles ahead and, if necessary, it can bring a truck or bus to a standstill in an emergency.

Our sales figures illustrate just how important this issue is to customers, as more than 38,000 Mercedes trucks equipped with Active Brake Assist are already on the road today. The system will become mandatory in Europe in 2015.

4. New mobility solutions and digitization

Ladies and gentlemen, you know that our work focuses on developing and building exceptional automobiles. That's our core business. And we believe that Daimler's prospects for growth in this business are outstanding. However, we regard ourselves not only as a vehicle manufacturer but also as a provider of mobility solutions. Such solutions are our fourth strategic growth area.

Our customers are also increasingly considering automobiles within a larger context. You're all familiar with this from other technologies, such as smartphones. For example, without easy access to the App Store, the utility of your phone would be significantly diminished. In other words, the effective linking of hardware and software creates added value. With this in mind, we are also linking our "hardware" – the vehicle – with an extensive range of services. Our "Mercedes me" brand brings together everything we offer in the five areas you now see behind me.

"Mercedes move me," for example, further extends our leadership in mobility services, which consist of:

- car2go, for which we expect to have a million users worldwide by the end of the year,
- our moovel mobility platform,
- our smartphone-based MyTaxi service,
- and our Blacklane chauffeur service portal.

Those who want to purchase or lease a vehicle will soon be able to turn to "Mercedes finance me." This online service will provide important information about financing, leasing and insurance options. And via "Mercedes connect me," you will have easy access to important services such as accident assistance and remote diagnosis.

The core concept behind “Mercedes me” is that customers should be able to obtain all digital vehicle-related services from a single source at any time and without any difficulties. The system will be launched on July 1.

What we’re basically doing with “Mercedes me” is to continue what we successfully started with our new compact cars: expanding our customer base. There’s huge potential here, especially because “Mercedes me” also enables us to attract people who may never have owned a car before. At the same time, we at Mercedes-Benz have more experience serving demanding customers than any other automaker. That’s why I’m absolutely convinced that along with our product offensive, this service offensive will also make a key contribution to further growth.

5. Team and values

Ladies and gentlemen, sustained success also depends on factors other than those I’ve already mentioned – and one of these factors is our shared understanding of compliance and integrity. The very good progress we’ve made in this regard was confirmed by Louis Freeh at the last Annual Shareholders’ Meeting. Mr. Freeh, a former U.S. district court judge, independently monitored our compliance measures over the past few years. His praise makes us happy, but it also motivates us to not merely maintain our compliance performance, but to improve it and continue developing our culture of integrity at the company.

And because we’ve come so very far with regard to both topics, we need to be aware that others will also judge us on the basis of our own high standards. This also applies to contracts for work and services and to temporary employment. The fact is that the use of both instruments in line with the applicable laws is necessary to ensure flexibility and competitiveness, and thus ultimately the continued existence of jobs for the core workforce at a company such as Daimler.

To this end, we once again very carefully reviewed how we manage contracts for work and services and for temporary employment at the company. The binding standards set by the Board of Management at the beginning of October 2013 for contracts for work and services go beyond the current legal stipulations. In the future, we will work at all of our locations only with those contractors for work and services that pay their employees at least the same wage that is laid out in the collective bargaining agreement for the respective sector. Even companies that have decided not to utilize collective bargaining agreements as a basis for their wages will still have to comply with this rule.

I think we all agree that the best thing would be if short-term peaks in orders received were to turn into long-term stable growth. That would allow us to offer temporary employees good prospects for permanent jobs. This is what’s happening now in Untertürkheim, where we will take on 300 employees from temp agencies by the middle of the year.

We are also implementing many other measures in order to fulfill our responsibility as an employer. Let me give you just three examples.

First, we set the standards for training programs. The things our trainees have already been learning for years about the technologies of the future, such as battery systems, are now mandatory components of all training programs for automotive mechatronics technicians. I’m especially pleased by the fact that the Group was able to hire a good 90 percent of the trainees who completed their programs in 2013. The hiring rate at our manufacturing plants was actually nearly 100 percent. If you’re interested in learning about exactly what happens on a normal day for a trainee at Daimler, you can find out more in the central foyer of the ICC today.

Secondly, we have set ourselves measurable targets for women at the company. Our plans call for women to account for 20 percent of our executives by 2020. Last year, we reached our planned target of 13 percent. And even though that makes us the leader in our industry, we still want to do better.

Finally, we offer experienced specialists the opportunity to contribute their expertise to our projects even after they've retired. I'm referring here to our Senior Experts program, which has been a big success ever since we launched it in 2013. The program convinces me even more that retirement at 63 is not the right policy.

As a globally active company, we also assume global responsibility – not just for our employees, but also for the societies within which we live and work. That's why we donated more than four million euros in disaster relief aid last year. The funds were used to help victims of flooding in Germany, Syrian refugees in Turkey, and victims of the earthquake in China and the typhoon in the Philippines. I'm especially pleased that our employees also expressed their desire to help these projects through private donations; they collected more than 150,000 euros in that way.

You'll find many other examples of our social commitment in our Sustainability Report, which is published today.

Conclusion

Ladies and gentlemen,

I hope I have been able to provide you with a good understanding of why I stated at the very beginning that "our determination is paying off." Step by step, the building blocks of our strategy are coming together to form a cohesive whole.

Our product offensive for cars continues to move ahead at full steam. Our recently introduced models are meeting with a great response, and they will be followed by additional new attractive products. Our operations in China are picking up speed. All the signs point to growth for our commercial vehicles as well. We want to expand our leadership in fuel efficiency gains, active safety and digital networking, and we also plan to further increase our profitability. We will also continue to grow in the area of financial services, while developing into a supplier of integrated mobility solutions.

Our efficiency measures are having an impact across all divisions, and we will structurally safeguard and expand these measures. All in all, we can say that the good times have only just begun. Our company can accomplish a great deal more in the future. More than anything else, the many conversations my colleagues and I have had with Daimler employees over the past few months have shown us that our team is more determined than ever to build on the success of our strategy to achieve many further goals in the future. There is a spirit of optimism and progress at the company today that is almost tangible, and I'm firmly convinced that if you continue to support us in the future, we can all look forward to very good years ahead.

Thank you very much!

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This document contains forward-looking statements that reflect our current views about future events. The words “anticipate,” “assume,” “believe,” “estimate,” “expect,” “intend,” “may,” “can,” “could,” “plan,” “project,” “should” and similar expressions are used to identify forward-looking statements. These statements are subject to many risks and uncertainties, including an adverse development of global economic conditions, in particular a decline of demand in our most important markets; a worsening of the sovereign-debt crisis in the Eurozone; an exacerbation of the budgetary situation in the United States; a deterioration of our refinancing possibilities on the credit and financial markets; events of force majeure including natural disasters, acts of terrorism, political unrest, industrial accidents and their effects on our sales, purchasing, production or financial services activities; changes in currency exchange rates; a shift in consumer preference towards smaller, lower-margin vehicles; or a possible lack of acceptance of our products or services which limits our ability to achieve prices and adequately utilize our production capacities; price increases in fuel or raw materials; disruption of production due to shortages of materials, labor strikes or supplier insolvencies; a decline in resale prices of used vehicles; the effective implementation of cost-reduction and efficiency-optimization measures; the business outlook of companies in which we hold a significant equity interest; the successful implementation of strategic cooperations and joint ventures; changes in laws, regulations and government policies, particularly those relating to vehicle emissions, fuel economy and safety; the resolution of pending government investigations and the conclusion of pending or threatened future legal proceedings; and other risks and uncertainties, some of which we describe under the heading “Risk and Opportunity Report” in Daimler’s most recent Annual Report. If any of these risks and uncertainties materialize or if the assumptions underlying any of our forward-looking statements prove to be incorrect, the actual results may be materially different from those we express or imply by such statements. We do not intend or assume any obligation to update these forward-looking statements since they are based solely on the circumstances at the publication da