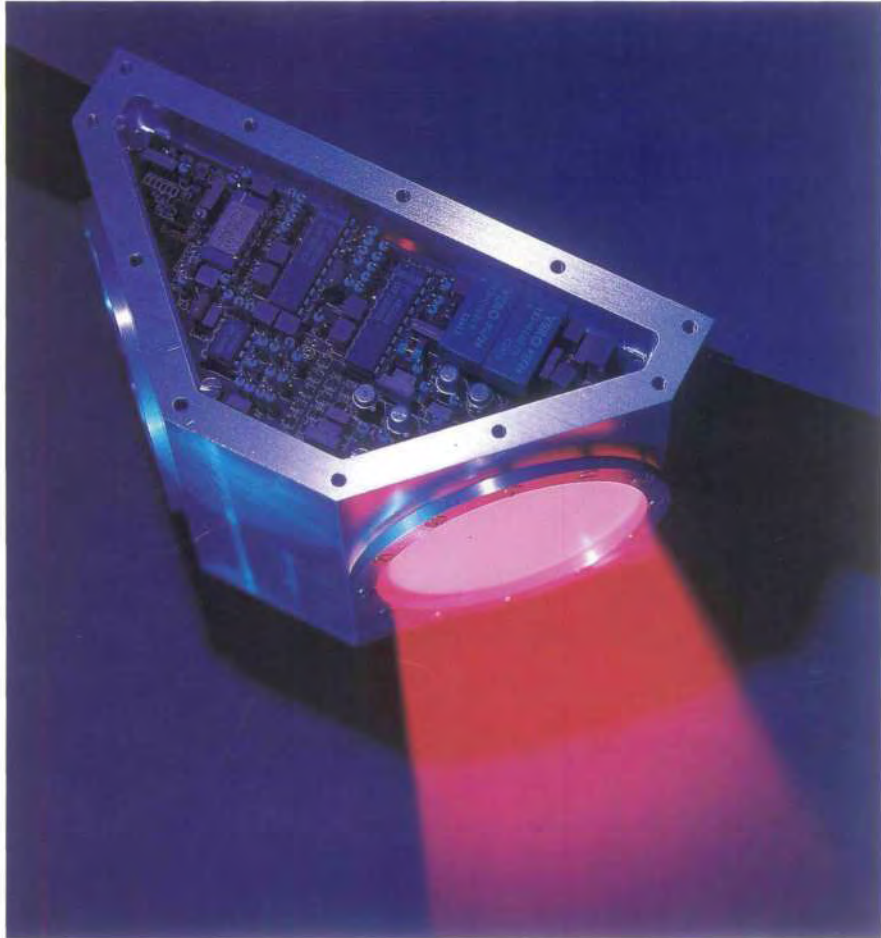


DAIMLERBENZ



Annual Report
1992

Daimler-Benz Highlights

Daimler-Benz-Group

DM Amounts in Millions	1992	1991	1990
Sales	98,549	96,276*	85,500
EC-Market	64,921	65,123	55,550
Germany	42,572	42,658	36,674
EC (Without Germany)	22,349	22,465	18,876
U.S.A.	12,792	11,827	12,097
Other Markets	20,836	19,326	17,853
Employees (at Year-End)	376,467	388,696*	376,785
Germany	302,464	317,461	303,404
Foreign	74,003	71,235	73,381
Depreciation Allowances	4,990	4,328	3,780
Cash Flow from Business Activities	5,861	7,814	6,622
Investments	8,363	9,535	6,857
Research and Development	9,312	9,013*	8,193
Net Income	1,451	1,942	1,795

Daimler-Benz AG

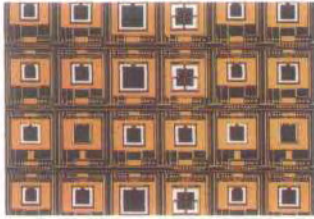
Capital Stock	2,330	2,330	2,330
Total Dividend Amount	604	603	557
Dividend per DM 50 Share (in DM)	13	13	12

*) Adjusted to take account of significant changes in consolidation at AEG and Deutsche Aerospace.

The financial statements of Daimler-Benz Aktiengesellschaft have received the independent auditors' (KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft) unqualified opinion, i.e. without qualification or disclaimer; they will be published in the Bundesanzeiger (federal registry) and filed at the County Court House in Stuttgart. These financial statements may be obtained from Daimler-Benz AG, BPA, P.O.Box 80 02 30, D-7000 Stuttgart 80, from July 1, 1993 on: 70546 Stuttgart.

Cover:
Millimetric wave radar sensor for contactless, slip-free measurement of vehicle speed – one of a range of ever more sophisticated electronic aids. Critical conditions – such as sharp braking, wheelspin or breakaway – are thus identified at the earliest possible moment.

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Supervisory Board

HERMANN J. ABS
Frankfurt am Main
Honorary Chairman,
Deutsche Bank AG
Honorary Chairman

HILMAR KOPPER
Frankfurt am Main
Member of the Board of
Management,
Deutsche Bank AG
Chairman

KARL FEUERSTEIN *)
Mannheim
Chairman of the Corporate Labor
Council, Daimler-Benz AG
Chairman of the Joint Labor Council,
Mercedes-Benz AG
Deputy Chairman

PROF. DR. RER. NAT. GERD BINNIG
Munich
Head of IBM Physics Group

DIPL.-ING. RICHARD BOLLMANN *)
Mannheim
Senior Manager, Deputy Chairman
of the Senior Managers' Committee,
Mercedes-Benz AG

PROF. DR.-ING. E.H.
WERNER BREITSCHWERDT
Stuttgart

DR. RER. POL. HORST I. BURGARD
Frankfurt am Main
Member of the Board of
Management,
Deutsche Bank AG

HELMUT FUNK *)
Stuttgart
Chairman of the Labor Council,
Untertürkheim Plant and Main
Office,
Mercedes-Benz AG

ERICH KLEMM *)
Calw
Member of the Labor Council,
Sindelfingen Plant,
Mercedes-Benz AG

MARTIN KOHLHAUSSEN
Frankfurt am Main
Speaker for the
Board of Management,
Commerzbank AG

RUDOLF KUDA *)
Frankfurt am Main
Departmental Manager within the
Board of Management,
Metal-Workers' Union

HUGO LOTZE *)
Reinhardshagen
Chairman of the Labor Council,
Kassel Plant, Mercedes-Benz AG

DIPL.-ING. HANS-GEORG POHL
Hamburg
Deutsche Shell AG

DR. RER. POL. WOLFGANG ROLLER
Frankfurt am Main
Speaker for the
Board of Management,
Dresdner Bank AG

SIEGFRIED SAUTER *)
Frankfurt am Main
Deputy Chairman of the Corporate
Labor Council, Daimler-Benz AG
Chairman of the Joint Labor Council,
AEG Aktiengesellschaft

DR. JUR. ROLAND SCHELLING
Stuttgart
Attorney at Law

PETER SCHONFELDER *)
Augsburg
Member of the Labor Council,
Deutsche Aerospace AG

PROF. DR. JUR. JOHANNES SEMLER
Kronberg/Taunus
Member of the Board of
Management,
Mercedes Aktiengesellschaft
Holding

FRANZ STEINKUHLER *)
Frankfurt am Main
First Chairman,
Metal-Workers' Union

HERMANN-JOSEF STRENGER
Leverkusen
Chairman of the
Board of Management,
Bayer AG

BERNHARD WURL *)
Mainz
Departmental Manager within the
Board of Management,
Metal-Workers' Union

*) Elected by the employees.

Board of Management

EDZARD REUTER

Stuttgart

Chairman

PROF. DR.-ING. E.H. DR. H.C.

WERNER NIEFER

Stuttgart

Mercedes-Benz

Deputy Chairman

DR. JUR. MANFRED GENTZ

Berlin/Stuttgart

Daimler-Benz InterServices

(debis)

DR. JUR. HANS-WOLFGANG

HIRSCHBRUNN

Stuttgart

Personnel

DR. RER. POL. GERHARD LIENER

Stuttgart

Finance and Materials

JURGEN E. SCHREMPP

Munich

Deutsche Aerospace (DASA)

ERNST G. STOCKL

Frankfurt am Main

AEG

HELMUT WERNER

Stuttgart

Mercedes-Benz

PROF. DR.-ING. HARTMUT WEULE

Stuttgart

Research and Technology

The Corporate Principles of Daimler-Benz

Our work at Daimler-Benz serves people and their environment. We aim to offer the world's most advanced products, systems and services.

This requires a continual commitment to technical, business, and social innovation as well as a corporate culture characterized not by complacency, but by creative unrest.

In a world increasingly complex, with promising opportunities - but also risks - even minor events can take on consequences of major proportions. Therefore, we must carefully weigh our every action.

We owe it to future generations to use our natural resources prudently and sparingly. This sense of responsibility must be reflected in all our thoughts and activities throughout the Group.

Our customers are the focus of our efforts. We must strive not just to meet their expectations, but to exceed them. Cooperation and the open exchange of know-how throughout all areas of our companies are central to meeting this goal.

Just as we are accountable to our customers, we are equally responsible to the companies' owners as well as to the public. This means we must be willing to provide feedback to others and to assess ourselves openly and honestly.

We aim to learn better and faster than our competitors. To achieve this, we need not only flexible organizational structures but also employees who think entrepreneurial[^].

Key to our success are employees with a sense of responsibility, independence, creativity, drive, teamwork, and openness to new ideas. We therefore promote every employee's personal development to the best of our abilities.

Daimler-Benz does business in all corners of the globe. We are convinced of the advantages to everyone of open trade borders throughout the world. Therefore, we view competition as a welcome proving ground. The measure of our success is the recognition our work receives, and economic success is an undeniable part of this recognition.

Inherent to our philosophy is respect for other cultures. As an international company, we reject all forms of discrimination. This principle applies, moreover, to the filling of management positions, where we will extend equal opportunities to every employee regardless of nationality.

Daimler-Benz is an integrated technology group. This means that our various business areas are linked by cross cutting technologies and system structures. We place a special emphasis on our know-how and experience in traffic management systems and transportation technologies.

Our core businesses include vehicles for passenger and freight transportation, rail systems, aerospace, propulsion systems, defense systems, automation, power transmission and distribution, and information-technology services. In these areas, Daimler-Benz strives to be a world leader.

Furthermore, we are active in certain specialized areas, such as applied microelectronics, domestic appliances, selected financial services, and countertrading, where we aim to be highly competitive. To a great extent, these activities interlink our core business areas.

Each of our business areas falls under the responsibility of one of our four corporate units. Thus, Mercedes-Benz, AEG, DASA, and Daimler-Benz InterServices (debis) work together under the umbrella of Daimler-Benz, the managing holding company of our group.

Our cooperation aims to:

Combine know-how and experience to create new dimensions - Responsibly promoting progress for everyone

We are proud to continue a distinguished tradition guided by these principles.

Executive Management and Daimler-Benz Group Representatives

Executive Management and Daimler-Benz Group Representatives

DR. JUR. BOY-JURGEN ANDRESEN
Personnel and Social Policy

HANSJORG BAUMGART
Daimler-Benz Art Possessions

MARTIN BERGER
Annual Accounts and Disclosure

DR. RER. POL. ROLF A. HANSSEN *)
Corporate Planning and Controlling

MATTHIAS KLEINERT *)
Public Relations and Economic
Policy

DR.-ING. MICHAEL KRAMER
Research 1

DR. RER. NAT. VOLKER LEHMANN
Research 2

WERNER POLLMANN
Technology, Environmental Officer
Daimler-Benz

JORG SEIZER
Subsidiaries and Affiliated
Companies

KONRAD STRAUB
Corporate Auditing

DR. OEC. PUBL. PAUL WICK *)
Finance and Taxes

DR. IUR. SOLMS WITTIG *)
Staff Lawyer

GERD WORIESCHECK
Personnel Development
for Senior Executives

Daimler-Benz Group Representatives

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Bonn

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Hong Kong

(until December 31, 1992)

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RICHARD H. IMUS
Suite 800, 1350 I Street, N. W.
Washington D. C. 20005
U.S.A.

*) With general power of procurement.

To the Stockholders and Friends of our Company



Up until the middle of the 1992 financial year, we were firmly convinced that our corporate approach would again lead to strong growth in our operating results. But things have turned out much differently than anyone could have expected. What happened, and why?

A number of unforeseeable events occurred in 1992; a constellation of circumstances that affected not only us, but nearly all of German industry.

One of the major incidents here has been the drastic decline, since mid-1992, in domestic demand in the Federal Republic of Germany. At the same time, we are still waiting

for the international business cycle to recover from its slump and once again spur export opportunities. As a result, we find that almost all our West European trade partners are also suffering from this economic downturn. Moreover, public contracts and orders have dropped off sharply, while politicians responsible seem unsure about which basic future sourcing policies to pursue. Finally, the turmoil the European Monetary System is undergoing has dramatically worsened the situation of the German economy.

The key fields of activity of your company have not been spared by these upheavals. In particular, the demand for passenger cars and commercial vehicles has plunged, hurting us seriously.

With the inclusion of Deutsche Aerospace Airbus, now consolidated for the first time, Group turnover was projected for more than DM 105,000,000,000. As it was, we just missed reaching the magic number of DM 100 billion. It was expected that consolidated net income of the Group, as well as operating results, would rise strongly, but instead they fell by 25%. One sign of this is that Group income and revenue tax expenditures did not increase, but decreased by more than DM 450 million. But what is especially disheartening is that in the course of the 1992 fiscal year, we had to reduce our workforce in Germany by over 18,000 people.

1993 will also bring far more trials and tribulations than we could have foreseen at the start of 1992. For the way things stand now, an upturn in the economy will not come about as quickly as had been hoped. We can expect exports to pick up in the second half of the year at the earliest, but even then it will be too soon to hope for an increase in domestic demand. In addition, reconstruction of the new Eastern German states is making demands on all of us that are greatly above and beyond that which has already been provided. On the whole, it looks as if much of what German business and industry could just manage to master in the past few years now simply overstrains its capacities.

In every respect, therefore, 1993 will not be easy. But even given today's much more difficult scenario, we still have reason to be confident. We have made excellent progress towards reaching our strategic goals of internationalization, of honing our competitive edge on the European home market, of refurbishing and supplementing our product ranges. Then there are the many measures - whether planned or already implemented - to reduce costs and render our processes, procedures and organizational structures more flexible.

We were among the first to foresee coming trends and to adapt our strategies and structures accordingly. Since then, others have also realized that the present short-term downswing merely reflects phenomena long in the making; namely, the sweeping changes in the structure of the automotive industry. Your company is aware of these transformations and is prepared for them.

Against the backdrop of today's critical situation, the advantages of our new structure are thrown into high relief. For example, fully consolidating Deutsche Aerospace Airbus has had a very positive effect on the operating results for the Group as a whole. This is only one example, albeit the most important one, of how your company's new structure can balance out and compensate for economic swings.

We believe this justifies our proposal that dividends be maintained at last year's level. It is our belief that you, the shareholders, should continue to enjoy the benefits of your company's long-term earnings trends, regardless of the occasional setback.

To maintain these overall positive income trends, we have been working very hard since the mid-1980's to cut costs and improve efficiency. In the motor-vehicle division alone, these comprehensive efforts have meant annual savings of several billion marks. Similar programs have been initiated in every division of the Group, and include exploiting productivity reserves to the fullest. Given present economic stagnation, cost-efficient procedures and processes must and will be continued and intensified.

Where corresponding staff reduction has been unavoidable, we have been able to do so in a manner acceptable to all parties. Unfortunately, future interests of the Group as a whole may at some time necessitate active measures above and beyond this.

In addition, we have launched broad-based measures to make our organizational structures more flexible. Consequently, your company is already benefitting from leaner central offices, fewer levels of hierarchy, higher performance, profit centers with decentralized decision-making authority, a heightened sense of the individual's responsibility, and more room for entrepreneurial creativity. These policies are not empty phrases, but are quickly becoming the reality of our day-to-day operations. They are key components of a corporate culture characterized by creative unrest and intradivisional, intrahierarchical cooperation.

A further major component of our corporate culture is working in small groups. For example, by 1995, group work will be extended to incorporate about half of those working in production at Mercedes-Benz. Naturally, we expect this manufacturing method to also reduce costs significantly, especially since it will be subject to constant, painstaking cost-benefit analyses.

These processes entail major alterations in long-standing structures and conventional behavior. But since we had decided to undertake these steps years ago voluntarily, and not because a changed economic reality forced us to, we are certain that we will harvest the fruits of our labors ahead of others. But even more important, the men and women working for your company are helping implement these occasionally painful changes - an attitude that is not part and parcel of every company.

One of our primary strategic goals is to globalize your company. Only thus can we benefit from the advantages of specific business and industry locations; only thus can we strengthen our products' competitiveness. Moreover, the global approach prevents us from becoming too dependent on haphazard fluctuations in currency exchange rates. For although our hedging measures to stabilize exchange rates made up for some of the loss, in the closing months of 1992 such movements lowered our sales proceeds by about one billion Deutschmarks.

As noted, we have made good progress in internationalizing production structures. We have intensified our collaboration with Ssang Yong, the South Korean automobile manufacturer, and have stepped up our operations in Mexico by opening our first passenger-car assembly plant on the North American continent and by establishing a new production plant for city and regional buses. International activities like these give us solid footing on growth markets of the future.

A completely different kind of business opportunity is our joint venture between debis and Gasprom, the Russian natural-gas supplier. Our strategic alliances also serve to help internationalize Daimler-Benz; just a few examples include our active cooperation with Mitsubishi, as well as DASA and Tupolev's joint study on hydrogen propulsion systems for aircraft.

However, we are expanding our worldwide activities not only in production and supply. Global sourcing, design centers, and research field offices are part of the picture, as is the strategic extension of our worldwide communications networks to improve our public relations work.

The annual report also reflects the growing internationalization of your company, for we are now including the same kind of supplementary information found in U.S. annual reports. For this reason, we are concentrating on the consolidated financial statements, instead of publishing both that and the complete annual statement of accounts of Daimler-Benz AG as well. Of course, you may also obtain the annual statement of accounts on request, and it will be available for your perusal at the Annual General Meeting as well.

Much progress has been made in Europe. Along these lines, by acquiring the majority interest in Fokker, the Dutch aircraft firm, DASA will be able to offer a full range of products and services in the promising field of regional aircraft. This acquisition also makes DASA Europe's largest aeronautics and aerospace company. At the same time, we have completed our restructuring, including the integration under company law of Messerschmitt-Bolkow-Blohm and Telefunken Systemtechnik with DASA. This marks an important step towards restructuring Germany's aeronautics and aerospace industry into an internationally competitive entity.

1992 also saw the collaboration of debis and Cap Gemini Sogeti bear fruit; in fact, this cooperation will soon enable us to provide comprehensive information processing services Europe-wide.

Of course, we can continue implementing our strategies only if we have internationally-experienced managers and co-workers. To ensure that the men and women working in our integrated high-technology group understand and identify with our global perspective, we have drawn up a set of guidelines entitled "New, Productive Syntheses of Knowledge and Experience: For Conscientious Progress for Everyone". These guidelines set high standards for our integrated high-technology Group. But they also outline exciting perspectives for shaping the future of our company, and for all those who think in global dimensions and are ready and willing to work together to find answers to today's and tomorrow's problems. And given the men and women who work in your company, we are sure that we can meet the challenges facing us in the current financial year as well. By maintaining our strength and continuity in difficult times, we can prepare for a later upswing and take part in its prosperity even more fully.



Business Review

Disappointing World Economic Trends

In many industrial countries, economic activity was influenced by the continued low level of demand for consumer and capital goods. Only in the U.S. did a long-awaited economic recovery take place during the year under review. In the West European countries, the economic indicators for the most part showed a downturn in the second half of the year, with capacity underutilization and a rise in unemployment in almost all countries. The Japanese economy too declined in 1992.

In Germany, the economic slowdown in the middle of the year came about surprisingly suddenly and was unexpectedly fierce. High interest levels played a considerable part in this. In contrast to past economic cycles, it was not possible to compensate for the reduced domestic demand by means of increased foreign trade. Furthermore, the rise in the value of the Deutschmark within the European Monetary System made the price of German products in EC markets considerably less competitive. In the face of rising unit labor costs and dwindling profit margins, many companies were forced to modify their investment plans, with consequences also for projects in the new Federal States. Despite the continuing difficulties and a further fall in employment, the gross domestic product of East Germany rose in 1992 for the first time following sharp declines.

Daimler-Benz: Sales of over DM 98 Billion

Consolidated sales of Daimler-Benz totaled DM 98.5 billion (+ 2%) in the 1992 financial year. Sales in the European Community totaled DM 65 billion as in the previous year, of which DM 42.6 billion (1991: DM 42.7 billion) was generated in the German market. We recorded sharp increases, 8% in each case, in the U.S. (DM 13 billion) and in other exports markets (DM 21 billion). Excluding intragroup business, Mercedes-Benz accounted for about two thirds, AEG for 11%, Deutsche Aerospace for 17% and debris for 6% of consolidated sales.

Mercedes-Benz: Worldwide Sales of 527,500 Cars

In the absence of stimuli at the wider economic level, the expected increase in sales in major car markets in 1992 largely failed to come about. In Western Europe and the U.S., the markets remained static, while Japan experienced a substantial decline. With the end of the post-reunification boom, market-depressing factors won the upper hand in the German car market too. Demand in Germany slowed up considerably, particularly in the second half of the year.

At Mercedes-Benz too, car business did not meet expectations. Worldwide sales fell by 5% to 527,500 units.

In Germany 239,000 (1991: 270,400) Mercedes-Benz cars were newly registered, 10,100 (1991: 7,700) or 4% of these in the new Federal states. Business on the diesel side remained relatively stable, with 83,300 registrations (1991: 89,200). In the last year prior to the model change in the compact series, 74,000 of these cars were newly registered in Germany, the most popular cars being the entry-level 190 D and the 190 E 1.8. Mid-series regis-

trations fell to 130,300 vehicles (-10%). New registrations of our S-class in its first full year of availability increased by 12% to 22,400 vehicles. Our SL convertible, with 11,900 (1991: 7,500) registrations, remained highly popular.

Exports of Mercedes-Benz cars, at 288,500, were 2% up on those of 1991. Exports to European Community countries almost matched those of the previous year. While substantial increases were achieved in the United Kingdom, Spain and above all Portugal, declines were recorded in Italy, France and other EC countries, due to prevailing economic conditions.

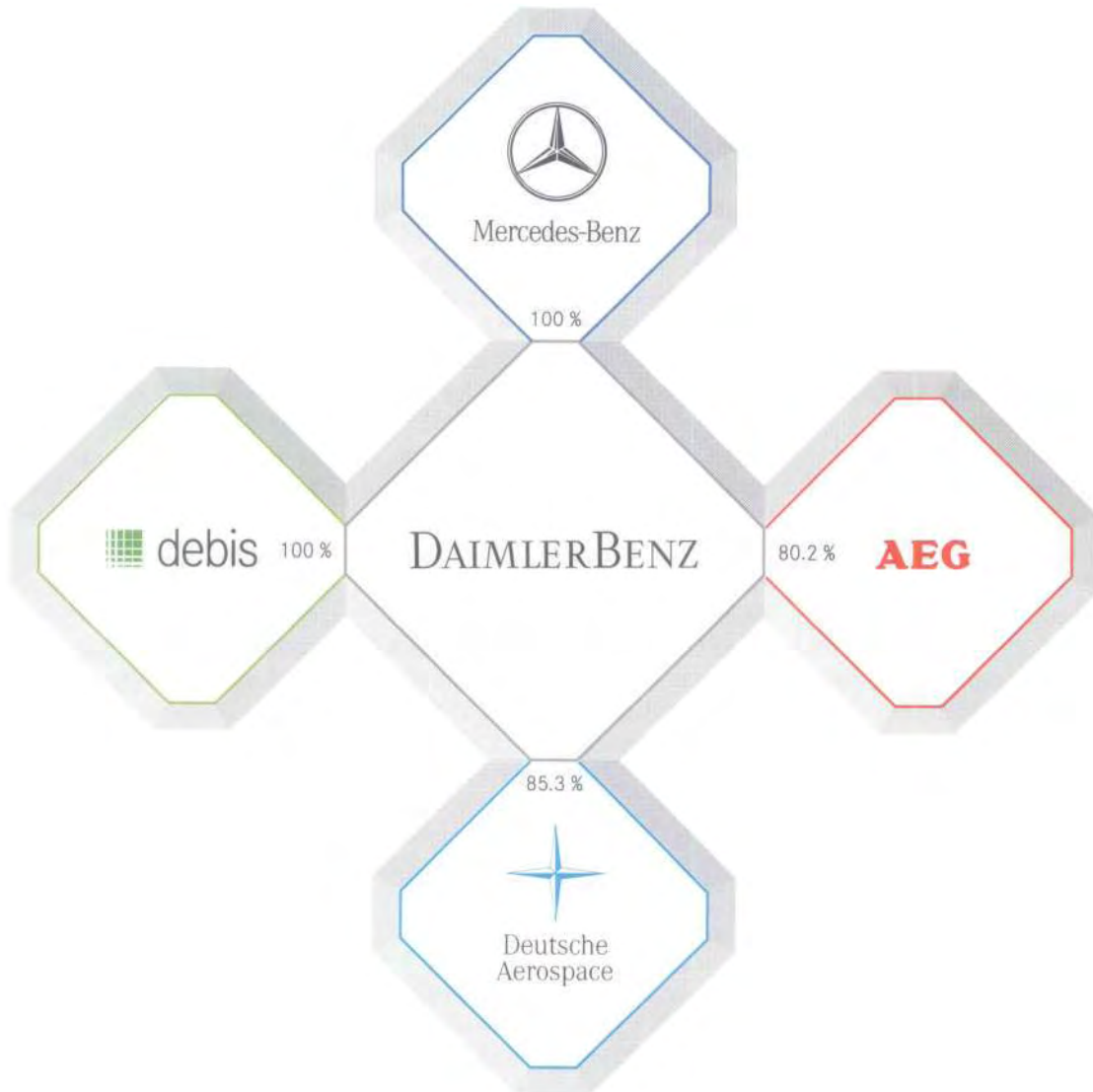
Business in the U.S. showed a gratifying increase; despite the difficult general market situation we sold 63,300 cars (+ 8%). The 1992 award of the U.S. Environmental Protection Agency went to our S-class; this series increased its share of the "high luxury segment" to 41% (1991:37.5%).

Mercedes sales were among those to suffer from the slowdown in the Japanese car market. With 29,600 new registrations (- 13%) however, the company remained the leading import marque. Our business in the Far East outside Japan made extremely positive progress.

Due to the sharp fall in car demand in Germany, which intensified considerably during the course of the year and, in contrast to earlier cycles, was also felt in the luxury car segment, Mercedes-Benz cut back its car production to 529,400 units (1991: 578,000).

Note:
The Business Review is combined for Daimler-Benz AG and for the Group.

The Daimler-Benz Group



Corporate Unit Mercedes-Benz	Corporate Unit AEG	Corporate Unit Deutsche Aerospace	Corporate Unit debis
	Automation	Aircraft	Systemhaus
Passenger Car Division	Electrotechnical Systems and Components	Space Systems	Financial Services
Commercial Vehicle Division	Rail Systems	Defense and Civil Systems	Insurance
	Domestic Appliances	Propulsion Systems	Trading
	Microelectronics	Additional Business Fields	Marketing Services
			debitel

Mercedes-Benz: Commercial Vehicle Business Becomes More Difficult Still

In the commercial vehicle markets too, conditions were generally difficult in the year under review. The downward trend in demand for commercial vehicles continued in almost all the West European countries. The U.S. market however saw the start of a recovery, while in Mexico and Argentina the volume of business increased further.

Due to the unfavorable conditions in the West European commercial vehicle markets, Mercedes-Benz was unable to maintain the positive business trend of 1991. New registrations of Mercedes-Benz commercial vehicles in Germany fell by 10% to 109,800. Vans from 2 to 6 t and trucks over 6 t were both affected by this. The trend in buses however was positive. 2,800 new Mercedes-Benz buses were registered, 35% more than in the previous year. At 31%, the company maintained its share of the West European market for trucks over 6 t at last year's high level, despite the intensified competition. However, our total new registrations in Western Europe were 9% down on 1991.

Due to this generally unsatisfactory market situation, production at our German factories had to be reduced by 13% from the extremely high level of the previous year, to 164,600 vehicles.

At 112,800 commercial vehicles (+ 5%), the production volume of the foreign companies of the group was higher than ever before. In the U.S., Freightliner increased its production by 33% to 33,300 trucks and in the fiercely contested market for heavy Category 8 trucks (upwards of 15 t gw), moved into the lead for the first time, with a market share of 23%. Our companies in Mexico, Argentina and Turkey also increased their production and sales. Mercedes-Benz do Brasil on the other hand was forced to cut back its production schedules substantially due to difficult conditions in the domestic market. The general weakness of the West European market was not without consequences for Mercedes-Benz Espana; production, which had increased in the previous year by 26%, had to be reduced by 6% to 26,500 vans.

In the group as a whole, 277,300 commercial vehicles were produced during the year under review. The share of foreign production companies in this increased to 41% (1991: 36%).

AEG: Concentration of Forces as a Result of Structural Adjustments

The difficult economic conditions caused output in the West German electrical engineering industry to fall by almost 5%. Nevertheless, business of the AEG corporate unit increased in important areas of activity, particularly Rail Systems and Power Transmission and Distribution.

Incoming orders totaled DM 12.1 billion in the year under review, an increase of 6% on the comparable figure for 1991. This increase was achieved only in the German market, where demand increased by 16% to DM 7.4 billion. New export orders fell by 6%.

The Rail Systems field of activity recorded a particularly large increase of more than 60% in orders. Numerous large orders received by MAN GHH Schienenverkehrstechnik GmbH for low-floor streetcars and an order for 90 locomotives by the Deutsche Bundesbahn/Deutsche Reichsbahn placed with the newly acquired AEG Schienenfahrzeuge GmbH contributed in large measure to this. In the automated manufacturing, process engineering, environmental technology and postal automation markets, the Automation field of activity received numerous orders despite the unfavorable market conditions in the plant and engineering industry. In the Electro-technical Systems and Components field of activity, orders did not quite match the high level of 1991, since the economic trend led to a pronounced decline in orders for motors. In Microelectronics, TEMIC TELEFUNKEN microelectronic GmbH, a joint venture formed by AEG and Deutsche Aerospace AG, was included on a 50% basis in the financial statements of AEG as of July 1, 1992; comparably calculated, incoming orders showed an increase.

Deutsche Aerospace Concludes Integration Process

In the year under review, the activities of Messerschmitt-Bolkow-Blohm (MBB) and Telefunken Systemtechnik (TST) were combined with those of the old Deutsche Aerospace. The newly created Deutsche Aerospace will form the core company for the operative business of the aerospace corporate unit of the Daimler-Benz group. With this step, the company will substantially improve its capacity for action and co-operation on the international markets and will also achieve greater clarity and efficiency of operation.

Due to a decision of the GATT panel, Daimler-Benz AG decided in negotiations with the German government to forego exchange rate support for Deutsche Airbus GmbH. In return it was agreed, in addition to other considerations, that DASA should acquire the 20% stake held by Kreditanstalt für Wiederaufbau earlier than originally planned. This transfer allowed the subsidiary Deutsche Airbus GmbH, Hamburg, which was previously not fully consolidated, to be integrated fully into the group retroactively from January 1, 1992. Since October 1, this company has been operating under the name Deutsche Aerospace Airbus GmbH.

In parallel with this restructuring, the process of organizational streamlining and cost reduction continued, particularly in the central administrative departments.

In mid 1992, DASA transferred its microsystems and vehicle safety activities to TEMIC TELEFUNKEN microelectronic GmbH, a joint venture in which Deutsche Aerospace and AEG each have a 50% stake. In this new company, all the activities of the Daimler-Benz group in the fields of semiconductors, microsystems and vehicle equipment have been grouped together. After the

inclusion of Deutsche Aerospace Airbus and TEMIC (comparably calculated), Deutsche Aerospace slightly increased its consolidated sales during the year under review. The increase was chiefly due to the invoicing of large satellite projects.

The trend in incoming orders was heavily influenced by the Airbus programs; however, the comparable figure for the group, at DM 12.5 billion, was down on the 1991 level of DM 15.1 billion.

debis: Further Increase in Total Output

debis again achieved a sharp increase in total output in the year under review. The divisions Systemhaus, Financial Services and Trading made above average contributions to growth. The Financial Services division remained the mainstay of business with a share of 72%.

debis obtained 48% of its total business in Germany, 12% in the EC partner countries, 31% in the U.S. 79% (1991: 77%) of total output in the year under review related to customers outside the Daimler-Benz group.

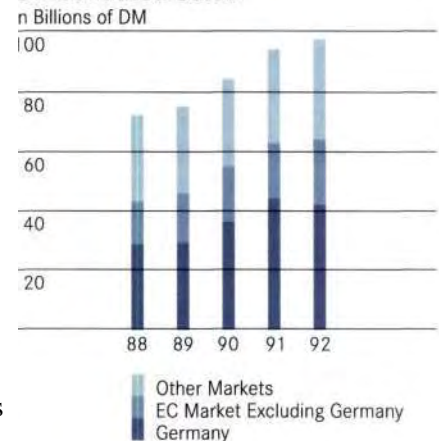
In addition to further growth from within, the inclusion of the former German Cap Gemini SCS companies had a positive effect at debis Systemhaus.

Dynamic growth in the Financial Services division continued in 1992. Particularly the companies in Germany, the U.S., the United Kingdom, the Netherlands and Italy contributed to this gratifying trend. The financing and leasing of Mercedes-Benz vehicles was the unchanged focus of activities. The newly formed companies debis Leasing GmbH in Germany and debis Financial Services Inc. in the U.S. began operation in the year under review, providing financing for products other than motor vehicles, debis Aviation Leasing GmbH, Stuttgart, will do business with customers beginning in 1993.

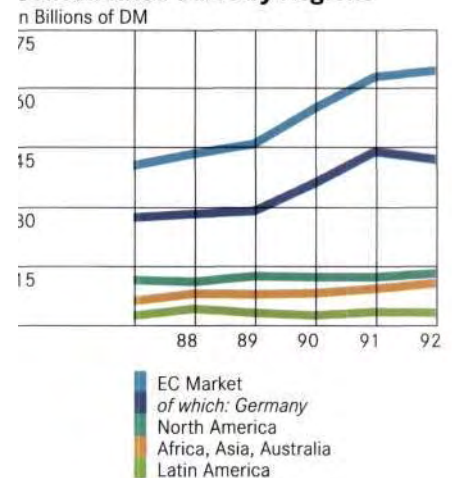
Despite more difficult conditions, consolidated sales rose by 2% to over DM 98 billion.

The largest increases, 8% in each case, were recorded in the U.S. and other foreign markets outside the EC.

Consolidated Sales



Consolidated Sales by Regions



The organizational restructuring of insurance activities in the Daimler-Benz group and in the external industrial client sector under the roof of debis Assekuranz Vermittlungs GmbH was concluded in the year under review.

The Trading division, with its companies debis International Trading GmbH and debis Industriehandel GmbH, substantially improved its market position. The development of the Marketing Services division was impaired by the economic downturn in Germany in the year under review. The pleasing growth of business with customers outside the Daimler-Benz group continued, however.

Since the start of trial service for the D1 and D2 networks in the second half of 1992, debitel, as a private telephone company, has provided access to these mobile communications services coupled with competent, individual advice to customers.

Employment in the Daimler-Benz Group

At the year-end, the Daimler-Benz group employed 376,467 people (1991: 388,696), 302,464 (1991: 317,461) of them in Germany.

At the end of December, Mercedes-Benz employed 222,482 people, AEG 60,784, DASA 81,872 and debis 8,258. Daimler-Benz AG (Holding) had 3,071 employees, some 555 of them in corporate management functions, 1,287 in central research activities and 1,229 in service sectors working for the corporate units and for the Mohringen offices.

In Germany, employment at the corporate units was generally unsatisfactory due to the downturn in the economy. At our foreign companies however, capacity was for the most part fully utilized.

Due to the unsatisfactory level of orders in the vehicle sector, there was an increasing need for adjustments at the domestic plants of Mercedes-Benz AG. At AEG, employment in 1992 was generally satisfactory. During the last months of the year however, production had to be adjusted to the poor trend, particularly in Germany, in demand. The employee numbers of Deutsche Aerospace reflect the inclusion for the first time, on a pro rata basis, of Eurocopter and TEMIC and the full consolidation of Deutsche Aerospace Airbus. Changes in government budgets however resulted in capacity of Deutsche Aerospace being inadequately utilized in the year under review. The increase, comparably calculated, in employee numbers at Daimler-Benz InterServices (debis), was due to the inclusion of the German subsidiaries of CAP Gemini.

Increased International Purchasing Activities

The Daimler-Benz group purchased goods and services from around the world to the value of DM 55.7 billion (1991: DM 55.4 billion). Mercedes-Benz accounted for almost three quarters of this, AEG for 10.7%, Deutsche Aerospace for 14.8% and debis for 4%.

Our purchasing activities were affected to a large degree by the difficult economic situation. Overall, prices of goods and services purchased remained virtually static.

With our global sourcing strategy, we continued to further internationalize our purchasing. Our purchasing departments in Germany are assisted in important procurement markets by corporate coordinating offices. We expect to find new opportunities in the East Asia region and particularly in South China, with its extremely rapid pace of economic development.

The new structure of Daimler-Benz, based on performance centres and leaner management, promotes and intensifies the integration of the suppliers into our planning and permits further progress to be made towards ensuring the complete-systems capability of suppliers. With these competent partners who contribute their know-how from the earliest evolution of the product, and also through low costs and high quality, we shall together be able to keep pace with the demands of the market. In these activities we give the highest priority to meeting our environmental responsibilities. We also, along with other West German companies, support the idea of a

purchasing drive for the new Federal States, as instigated by the German government. By helping East German suppliers to become fully competitive and by increasing the volume of goods and services we obtain from the new Federal States substantially in the coming years, we intend to make our contribution to the economic upturn in that part of Germany.

Investment Remains at a High Level

During the year under review, we again invested substantial sums to safeguard the future of the Daimler-Benz group of companies. Additions to fixed assets totaled DM 7.8 billion (1991: DM 6.5 billion) and intangible assets rose by DM 0.2 billion; the net additions to financial assets amounted to DM 0.3 billion (1991: DM 2.3 billion), depreciation and disposals of fixed and intangible assets to DM 5.5 billion.

Mercedes-Benz again accounted for DM 4.2 billion of the investment in fixed assets; DM 3.6 billion (1991: DM 3.3 billion) of this sum was deployed in Germany. As in past years, the emphasis was on the Passenger Car division. DM 2.7 billion was invested in efficient, modern manufacturing facilities, in new products and in preparations for future tasks. The car assembly plant in Rastatt, along with preparations for the new compact series, were at the forefront of these activities. Investment in the Commercial Vehicle division totaled DM 1.1 billion, of which DM 0.6 billion, around half, was spent at the plants in Germany and was directed towards additions and renewals in the product ranges, modernization of manufacturing plant and the introduction of new technologies.

Additions to fixed assets amounted to DM 1.1 billion at DASA (excluding the first time contribution of DM 1.4 billion by Deutsche Aerospace Airbus), DM 0.8 billion at AEG and DM 0.2 billion each at both debis and the holding company. At the operative level, the funds were chiefly used in order to develop new products and to further increase productivity.

Additions to leased equipment increased from DM 4.2 to DM 5.2 billion. The leasing business is financed by depreciation and disposal charges and by sequential additions to liabilities. Borrowing to finance the leasing and sales financing companies totaled DM 11 billion (1991: DM 8.1 billion).

DM 9.3 Billion Spent on Research and Development

The spending of the Daimler-Benz group on research and development in 1992 totaled DM 9.3 billion (1991: DM 9.0 billion). Contract research, almost exclusively at Deutsche Aerospace, accounted for DM 4.4 billion. More than 36,000 people are employed worldwide in the research, development and testing sectors of Daimler-Benz.

The central division "Research and Technology" is engaged in a permanent dialogue with the four corporate units of the Daimler-Benz group, in order to assess and analyse their requirements for new technologies. Following this, recommendations are made or specific innovation projects launched. Focal points of group-wide research are propulsion technology, vehicle design, transport technology, development of new materials and materials technologies, information technology and the environment.

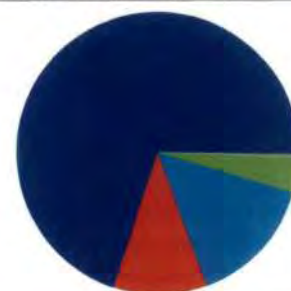
Mercedes-Benz: Vehicle business becomes more difficult still.

AEG: concentration of forces as a result of structural adjustments.

Integration continues at Deutsche Aerospace.

Further increase in total output of debis.

Purchasing Volume
DM 55.7 Billion (1991: DM 55.4 Billion)



	92	91
	in %	in %
Mercedes-Benz	70.1	73.0
AEG	10.7	13.6
DASA	14.8	11.1
debis	4.0	1.6
Daimler-Benz AG	0.4	0.7

Mercedes-Benz spent DM 3.1 billion (1991: DM 3.2 billion) on research and development in its Passenger Car and Commercial Vehicle divisions in 1992.

At the Detroit Auto Show in January, 1992, the Passenger Car division presented the new 600 SEC top-of-the-range model. With this coupe, which combines advanced design with the highest levels of comfort and safety, Mercedes-Benz now offers the largest range of any manufacturer catering to the luxury car market. Our co-operation with AMG resulted in the course of the year in further individualization of the passenger car range and led to AMG versions being offered for almost all our model series. In June 1992, our sales organization presented the new Mercedes-Benz 600 SL to the public. With the new generation of 4-valve gasoline engines and an extended range of standard and optional appointments, our mid-series models now offer even greater value. Further innovations were presented at the Paris Motor Show in October, 1992, with the gasoline-driven 300 SE 2.8 and, new to Europe, the highly economical 300 SD diesel.

During the year under review, new products joined the Mercedes-Benz commercial vehicle range and product improvements were introduced. One of the outstanding events of the year was the start of production of all the models in the new O 404 generation of touring coaches. At the beginning of 1992, the low-floor articulated O 405 GN also went into production. The Hanover International Commercial Vehicle Show saw the presentation of an innovation with a most promising future,

the "O 100 City" minibus. This lowfloor bus with a fiber-glass reinforced synthetic body is tailored to future trends in urban line-service operation. A further addition to the bus range for Europe was the O 340 built by our Turkish subsidiary.

In the Unimog product sector, the new light and medium model series were introduced on the market. The completely new U 90 to U 140 L models replace the most successful Unimog series to date, the U 600 to U 1150 L, in the 4.8 to 8.5 t perm. GVW category.

In the Commercial Vehicle division, design plays an important role in sales and as an instrument of competition. The commercial vehicle study "EXT", which was shown in May 1992 at the Hanover Commercial Vehicle Show, is intended for long-haul operation and features a design which is highly innovative for this sector.

AEG spent DM 754 million on research and development in 1992; this was 12% more than in the previous year (DM 672 million) and was equivalent to more than 6% of AEG sales. Focal areas of research during the year under review were decentralized automation equipment, running gear and drive systems, transport systems, systems and software technology, pattern recognition, very high frequency microelectronic components and high-temperature superconductors.

At DASA, DM 5.2 billion (1991: 5.0 billion), equivalent to 30% of sales, was spent on research and development; DM 4.3 billion of this was spent on externally commissioned projects. Projects financed by DASA itself again totaled DM 0.9 billion. In the Aircraft group, the main activities relevant to the aircraft business were the Airbus A 330/A 340 programs, the Dornier 328 and the European

Fighter Aircraft; the most notable event on the helicopter side was the completion of development work on the German-French Tiger anti-tank and escort helicopter. In the Space Systems group, research and development work concentrated on the various ESA programs and the Ariane program. In the Defense and Civil Systems group, work on the Trigat anti-tank system continued. In the civilian sector, increased emphasis was placed on radio and television transmitters and on traffic management systems. In the Propulsion Systems group, major efforts were undertaken to ensure a further expansion of non-military aero-engine business in the long term; on the diesel engine side, the focus was on development of a new product generation. In the field of medical systems, work centered on further development of existing lithotripters and on new ultrasound systems.

Consolidated Net Income: DM 1.45 Billion

The consolidated income statement of the Daimler-Benz group for 1992 shows a net income of DM 1.45 billion. The fall of DM 0.5 billion from the previous year's figure resulted primarily from the onset of unexpectedly difficult conditions for vehicle business in the third quarter of the year and from the changed operating environment for major areas of the aerospace industry. Results from ordinary business activities fell by one third to DM 2.5 billion.

As in previous years, the largest contribution - albeit a substantially lower one in 1992 - to consolidated earnings was made by the vehicle sector. The abrupt fall in demand for both cars and commercial vehicles in Germany and the absence of the expected recovery in major foreign markets had a substantial influence on this decline. The situation was further aggravated by the fall in the value of currencies of major European partner countries which significantly impaired the competitiveness of our product prices.

Following the extremely high expenses of the previous year in preparation for the withdrawal from office and communication systems, AEG achieved break-even group results in 1992, whereas operating results remained negative and did not reach last years' level. Here too, business was handicapped by static or downward economic trends in important sales markets, particularly in the second half of the year.

Deutsche Aerospace has made extensive preparations for the adjustments which will be necessary due to the fall in orders already evident in the year under review, particularly in the defense sector. Preliminary outlay relating to future business also depressed results. The high positive contribution of Deutsche Aerospace Airbus, which was fully consolidated for the first time, was not able to compensate completely for the negative factors.

The contribution of debis to the consolidated result was similar to that of the previous year. This was due above all to the again favorable trend in earnings of the Financial Services division. Earnings of the Systemhaus division were negatively influenced by intensified competition in the information technology sector.

The interest expense of our leasing and sales financing companies was slightly below last years' level at DM 0.4 billion. Excluding this interest expense our net interest income amounted to DM 1.0 billion (1991: DM 1.1 billion); the decline was due to reduced liquidity. The monetary adjustments made by our subsidiaries in high-inflation countries in their financial statements have been retained in the Daimler-Benz financial statements, effectively preventing the reflection of inflationary profits.

Sound Balance Sheet Structures

The balance sheet total rose by DM 10.5 billion to DM 86.2 billion. This was mainly attributable to the fact that Deutsche Aerospace Airbus was fully consolidated for the first time. On the assets side of the consolidated balance sheet, both non-current and current assets increased in roughly the same proportion as the balance sheet total.

On the liabilities side, the equity ratio fell from 30 % to 28 %; the proportion of non-current assets covered by stockholders' equity fell from 89 % to 81 %. Neither of these figures include the financial services business, which is largely financed by borrowings. Taking into account medium and long-term provisions, particularly pension provisions, long and medium-term capital amount to 61% of the consolidated balance sheet total. This is sufficient to fully cover both non-current assets and inventories.

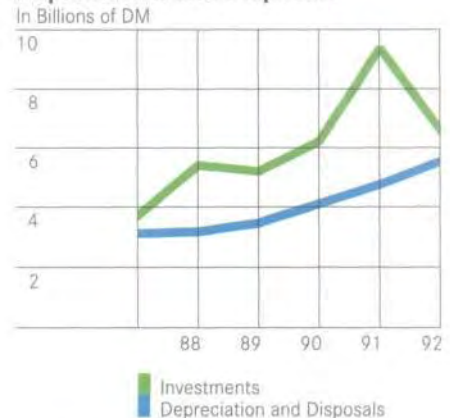
Group global sourcing extended.

Investment remains high at DM 7.8 billion.

DM 9.3 billion spent on research and development.

Consolidated net income of DM 1.45 billion.

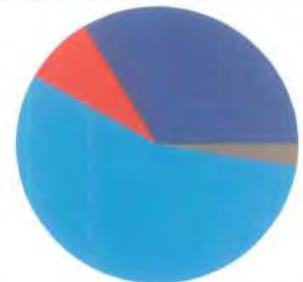
Investments*, Depreciation and Disposals



*) Excl. Non-Current Assets from Deutsche Aerospace Airbus

Research and Development Expenditure (incl. Contract) by Divisions

DM 9.3 Billion (1991: DM 9.0 Billion)



	92	91
	in %	in %
Mercedes-Benz	33.5	35.6
AEG	8.1	7.5
DASA	55.7	55.4
debis	2.7	1.5
Daimler-Benz AG		

Allocation of Earnings

The net income of Daimler-Benz AG totaled DM 5,193 million. This figure includes extraordinary income of DM 4,490 million resulting from valuation adjustments of pension provisions and inventories at Daimler-Benz AG and Mercedes-Benz to bring them into line with the practice which has been followed in the Daimler-Benz consolidated statements since 1989.

This means that the same accounting and valuation methods are on the whole now used at the different levels and within each area of the Daimler-Benz group. This increases "transparency" and ensures comparability. At the same time, segmental reporting as required for the future listing of our shares on the New York Stock Exchange is also facilitated.

At our Annual General Meeting, we shall propose that the profits arising from the valuation adjustment be transferred in their entirety to retained earnings and so remain in the company.

Calculated excluding income from valuation adjustments, net income fell from DM 1,194 to DM 703 million. As in previous years, Mercedes-Benz AG made by far the largest contribution. While debis also contributed a positive result and AEG broke even, a loss had to be assumed from Daimler-Benz Luft-und Raumfahrt Holding AG.

From the net income of Daimler-Benz AG, DM 101 million will be transferred to the retained earnings of the holding company, in accordance with Paragraph 58 of the Companies Act. At our Annual General Meeting on May 26, 1993, we shall propose that an unchanged dividend of DM 13 be paid per share of DM 50 par value. The total dividend amount will increase, due to the reduction in treasury stock, to DM 604 million.

Outlook

At the start of 1993, the economic outlook in most industrialized countries is uncertain. In the U.S., a further upturn in demand is expected, while in Japan recovery is not likely before the end of the year. Economic trends in the West European countries will differ widely, the strongest chance of an economic recovery being in the United Kingdom and France. In Germany, an upturn cannot be expected before the second half of the year at the earliest.

In the first two months of 1993 sales in some areas of both commercial vehicles and cars were significantly below expectations. Thus short-time working could not be avoided. The increase in value added tax in 1993 as well as the increase in the tax-relevant useful life of cars led to many purchases in the German market being brought forward to 1992. For the remainder of 1993 we expect positive stimuli for the entire car range from the introduction of the new compact class in the middle of the year.

In the European Community, there will be a decline not only in our car sales but also in sales of commercial vehicles from our German factories. Against the background of continued depressed markets and increased prices of our products in foreign markets due to

exchange rate factors, we must be prepared to have to reduce output at our German plants. The slightly better conditions in overseas markets on the other hand will make it possible to increase our foreign commercial vehicle production, but not sufficiently to compensate for the downturn in domestic output.

In order to keep pace with increasingly fierce competition, Mercedes-Benz will be redoubling the efforts already underway to reduce costs and improve productivity. This will include a further reduction in workforce numbers.

For the current year, AEG expects a slight increase in its volume of business; business in foreign markets will grow somewhat more than that in Germany. An increase in business is expected particularly in the Power Transmission and Distribution and Microelectronics fields of activity. Research and development work will be stepped up, as will investment in fixed assets. In addition, further co-operation and acquisitions are planned, with a view to an all-round strengthening in the position of AEG.

Deutsche Aerospace expects to achieve a sales volume similar to that of 1992. Higher revenue can be expected in the Aircraft group with the deliveries of the first Airbus A 340 aircraft to customers. Also, the joint venture TEMIC will make a substantially larger contribution to the volume of business of DASA. In the Space Systems group, we expect a sharp sales rise in the Ariane program. No other major projects are due to be invoiced in the near future however, so that sales will fall considerably short of the exceptionally high level of 1992. In the

Defense and Civil Systems group too, it is likely that business will fall substantially as a result of the continuing unfavorable trend in orders. In the Propulsion Systems group, sales of civilian aero-engines will not yet be able to compensate for the substantial fall in military business.

An important aim of DASA in the current year is to adapt capacity as quickly as possible to the expected fall in orders, a trend which is likely to be considerably more pronounced in the coming years, particularly in the defense sector, than was originally expected. Since production schedules in the Aircraft and Space Systems groups are also declining and are beset by considerable uncertainties, appropriate adjustment of employee numbers in all areas will be unavoidable.

Following lengthy negotiations, we concluded an agreement with the Dutch government in February, 1993, allowing us to acquire a 51% majority holding in aircraft manufacturers Fokker.

Daimler-Benz InterServices will further increase its business with customers outside the Daimler-Benz group, a focal area being the Systemhaus division, where software activities will be stepped up, for the most part in collaboration with CAP Gemini. The Financial Services division is aiming to assume a leading role as a supplier of integrated

solutions. The Insurance division, debis Assekuranz, will increasingly be establishing offices of its own in the coming years not only in Western Europe but also in the American and South East Asian regions, debis Risk Consult and debis Marketing Services GmbH also plan to expand their business, debis Handel will increase its activities, particularly in the area of barter trade, through the establishment of additional foreign offices in important counter-trade markets, debis expects to substantially increase its total output in 1993.

With the help of the joint ventures which were formed in 1992, it is our intention to improve our performance, to reduce costs and to offer new products on the market. We expect these joint ventures to exhibit a high level of growth in the coming years. This applies particularly to the field of transport and traffic management systems, where intelligent, future-oriented solutions are increasingly in demand.

We shall continue the cost-cutting programs already underway; the high wage levels in Germany compel us to introduce leaner production structures. The expansion of production capacity abroad will therefore assume increasing importance.

The number of hierarchical levels within the companies of the group is being reduced, with the aim of shortening decision-making processes and increasing the motivation of our employees. Overall, we expect sales to remain static in the 1993 financial year, with a further decline in earnings.

We expect the introduction of the new compact series to have a positive effect for the entire Mercedes-Benz car range.

Intensified joint venture activities.

For 1993 we expect consolidated sales similar to those of 1992.

Corporate Unit Mercedes-Benz

DM Amounts in Millions	1992	1991
Sales	66,480	67,104
Year-End Result*)	849	1,548
Investment in Fixed Assets	4,199	4,132
R + D Expenditure	3,119	3,207
Employees (12/31)	222,482	237,442

*) 1992 figure comparable.

*) 1992 figure comparable.

Due to the unfavorable business environment, Mercedes-Benz was unable to maintain its positive trend of the previous years. Consolidated sales were 1% below those of the previous year, at DM 66.5 billion. Sales revenue of the Commercial Vehicle division fell by 3% to DM 26.9 billion, whereas that of the Passenger Car division matched its high level of the previous year at DM 39.6 billion.

Sales of Mercedes-Benz in the European Community fell by 5% to DM 41.5 billion. This result was influenced by the unfavorable trend in the German market, where sales fell by 5% to DM 29.2 billion. In countries outside the EC, the volume of business increased by 6% to DM 24.9 billion. Large increases were recorded in South East Asia, the United States and Central America.

At Mercedes-Benz, as throughout the automotive industry, adjustments in employment numbers had to be made, in response to the economic and structural difficulties facing the world automotive industry at the present time. At the year-end, the number of employees in the group had fallen to 222,482 (1991: 237,442), 10,752 (1991: 11,104) of whom were apprentices and trainees. The workforce of Mercedes-Benz AG declined by 14,981 to 169,080 employees. The car plants, the commercial vehicle plants, the sales division and the administrative headquarters all saw a fall in employee numbers.

In order to respond more quickly and more flexibly to changes in the company's operating environment and to more intensive competition, Mercedes-Benz produced plans for a revised management structure, implementation of which began in January 1993. With the creation of product and service centres, each of which is accountable for its own results, all areas of the company are being geared more closely to the market and to the needs of the customers.

Mercedes-Benz invested DM 4.2 billion (1991: DM 4.1 billion) in fixed assets in 1992; DM 3.6 billion (1991: DM 3.3 billion) of this spending took place at locations in Germany. As in past years, the emphasis was on the Passenger Car division, where at DM 2.7 billion the substantial investment volume of the previous year was maintained.

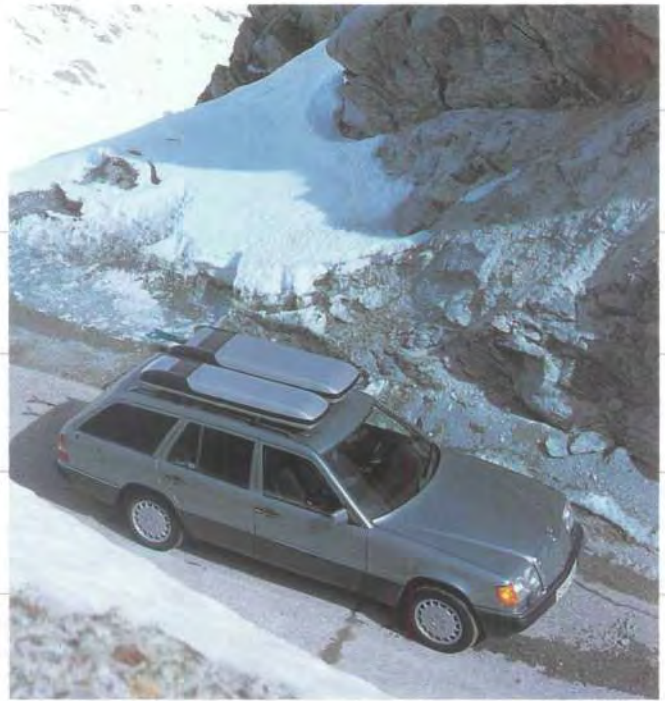
In the Commercial Vehicle division, our worldwide investment again totaled more than DM 1 billion. DM 0.6 billion, over half the total, was invested at the factories in Germany. Here we concentrated on additions to our product range and on the introduction of new technologies. Outside Germany, the emphasis was on renewal of the vehicle ranges and on a modernisation and expansion of our production plants.

A total of DM 3.1 billion (1991: DM 3.2 billion) was spent on research and development in the Passenger Car and Commercial Vehicle divisions, much of this, as in the past, in the environmental and safety fields.

Due to the difficult conditions in the most important markets, a slight recovery is the most that can be expected for sales of the Mercedes-Benz cars in the second half of 1993. For commercial vehicles, we expect a further decline in demand in Western Europe, while the growth in our overseas sales and production will probably continue.



The acclaimed SL is now also available as a 12-cylinder version.



The T-series from Mercedes-Benz: ideal for business and leisure use.



The gasoline 300 SE 2.8 makes an attractive and economical addition to the S-class range.



The mid-series cabriolet: for exhilarating motoring all year round.



The luxury-class Mercedes-Benz coupé was first presented in Detroit.

Passenger Car Division

DM Amounts in Millions	1992	1991
Sales	39,601	39,513
Investment in Fixed Assets	2,722	2,589
R + D Expenditure	2,008	2,111
Production (units)	529,428	577,990
Employees (12/31)	95,492	103,632

Depressed World Car Markets

The recovery in important car markets which had been expected for 1992 did not come about, due to the low level of world economic activity. In Western Europe and the U.S., sales were static, while in Japan new registrations fell. The post-reunification boom in the German market came to an end and the market has returned to a normal level.

Although world production of passenger cars matched the volume of the previous year, plant utilization declined further, due to the continued build-up of manufacturing capacity. Increasing employment problems, falling profits and fiercer worldwide competition in all market segments set the tone for the world car industry.

Federal Republic of Germany: Fall in Demand Accelerates During the Year

After record volumes in 1991, swollen by exceptional factors, the German car market rapidly lost momentum during the year under review. New registrations nevertheless totaled approximately 3.9 million cars (- 6%), the fall being attributable exclusively to the West German States. This volume, which was still high on a long-term comparison, was overshadowed however by a plunge in domestic orders from the early summer onwards and by a build-up of stocks of new and used vehicles.

Mercedes-Benz: Slight Increase in Car Sales

Despite the unfavorable overall conditions, car sales of Mercedes-Benz increased slightly in 1992 to DM 39.6 billion. Growth momentum came chiefly from overseas markets, the volume of business in the EC being 2% below the level of the previous year.

Mercedes-Benz was unable to escape the general downward trend in the German vehicle market. New registrations of Mercedes-Benz cars fell to 239,000 units (1991: 270,400 units); the new Federal States accounted for 4% of this total, or 10,100 units (1991: 7,700 units). 74,000 (1991: 96,100) Mercedes compact models were newly registered in Germany. New registrations of the mid-series fell to 130,300 vehicles (-10%). New registrations of our S-class increased by 12% to 22,400 vehicles. Our SL models too continued to enjoy high popularity in Germany, with 11,900 (1991: 7,500) cars sold. The new S-class coupes only became available on the market towards the end of the year under review.

Increased Foreign Sales

Export sales of Mercedes-Benz increased by 2% to 288,500 cars; in Germany's partner countries of the European Community, they almost matched those of 1991. Although our sales in Italy fell by 8%, 1992 was our second best year for business in this market. Our sales in France were 5% below the previous year's level, while in the United Kingdom we achieved an increase of more than 8% despite the continuing recession. In Spain too, our car sales were gratifying, continuing the upward trend which has been maintained ever since 1985.

With sales of 63,300 Mercedes-Benz cars (+ 8%), the trend in our U.S. business was generally pleasing. Our S-class was awarded the 1992 U.S. Environment Prize by the Environmental Protection Agency; this series increased its share of the "high luxury" segment to 41% (1991:37.5%).

We too were affected by the downturn in the Japanese car market, although we nonetheless maintained our position as the leading imported marque. Our business in the Far East outside Japan showed a very positive trend. We also achieved relatively high growth in the Middle East and Australia.

Due to the low overall level of demand, Mercedes-Benz cut back its car production to 529,400 units (1991: 578,000 units). The reduced production particularly affected the compact series (- 17%), where a model change was imminent. 7% fewer mid-series vehicles were produced, while production of the S-class, the coupes and the SL models increased by 6%.

Additions to the Model Range

The outstanding newcomers to the Passenger Car division were the 500 SEC and 600 SEC S-class coupes, which made their world debut at the Detroit Auto Show in January 1992. At the 77th Paris Motor Show, the 300 SE 2.8 and 300 SD S-class models, the 600 SL, the 400 E and the enhanced mid-series models with new 4-valve engines were presented to the public.

Also in Paris, our S-class was voted "The World Car 1992" by an international jury of motoring journalists from Western Europe, Japan and the U.S.

Highest Safety Levels as Standard Specification

The high active and passive safety standards of our vehicles were raised still further by a number of measures during the year under review. Since autumn, 1992, all Mercedes-Benz passenger cars have been fitted as standard with the driver's airbag. On account of the considerably superior protection it provides, we fit a "full-size" airbag in our vehicles and not the smaller "Euro-airbag". On various models, the front passenger's airbag too is included in the standard specification. Further improvements in safety are being developed as a matter of utmost priority.

DM 2.7 Billion Invested to Safeguard the Future

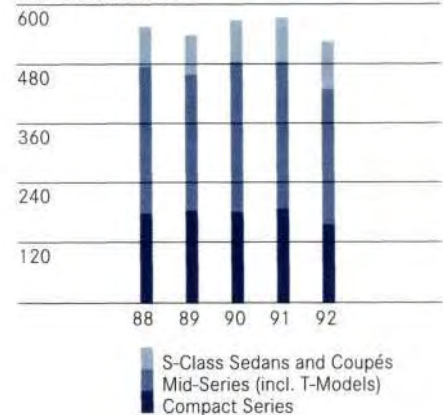
In 1992, we invested DM 2.7 billion in the Passenger Car division to secure the company's future operations in the long term, the highest spending level in the history of the company. Principal objects of investment were the car assembly plant in Rastatt, preparations for production of the new compact series and the 4-valve gasoline and diesel engines and introduction of water-based paints in further areas of our manufacturing.

Car sales of Mercedes-Benz increased slightly to DM 39.6 billion.

Growth momentum came mainly from overseas markets; in the EC, the volume of business was 2% below the level of the previous year.

Mercedes-Benz Passenger Car Production

In Thousands of Units



On May 25, 1992, the Rastatt plant, third car assembly plant of Mercedes-Benz AG was inaugurated. This forward-looking move will safeguard the long-term competitiveness of our German-based operations. In terms of productivity, flexibility, product quality and environmental compatibility, the Rastatt plant will serve as a model for all the other Mercedes-Benz plants.

Further Progress Towards Shorter Development Cycles

In addition to price and quality, the traditional components of competition, questions of time-scale and innovation are now also acquiring ever greater importance. Using modern development management methods with a strong emphasis on an interdisciplinary approach we are in a position to face these challenges.

Close coordination takes place between the research, development, sales, marketing, production engineering, materials management and business management sectors when new products are designed. In the development phase, teams are set up for the various components of the vehicle, in which development and production engineering staff work side by side. The result is shorter development times compared with the previous sequential ordering of the development and production engineering processes.

Strong Performance in the German Touring Car Championships

1992 was a year of records in the German Touring Car championship. More spectators and wider reporting than ever before were proof of the popularity of this series. Mercedes-Benz played a leading role in the 1992 season, winning 16 of 24 races. Klaus Ludwig, in the AMG Mercedes-Benz 190 E took the Championship title, followed by Kurt Thiim and Bernd Schneider, a success unrivalled by any other competitor in this fiercely contested series.

Outlook

Given the difficult conditions in almost all major car markets, we expect at the most a slightly more positive trend in sales of Mercedes-Benz cars in the second half of 1993. The first two months of 1993 were substantially below our expectations for car sales in Germany. The introduction of our new compact series should lend sustained impetus to our sales.

Commercial Vehicle Division

DM Amounts in Millions	1992	1991
Sales	26,879	27,591
Investment in Fixed Assets	1,072	1,124
R + D Expenditure	1,111	1,096
Production (units)	277,346	295,794
Employees (12/31)	90,786	96,762

Weak Commercial Vehicle Markets in Western Europe

Conditions were generally difficult in the most important commercial vehicle markets in 1992. The markets in Italy, the United Kingdom, France and Scandinavia were particularly weak; competition on prices and terms again intensified. In contrast to the generally declining trend in Europe, a recovery took place in commercial vehicle business in the US, particularly in the heavy-duty segments. The markets in Mexico and Argentina continued to grow. In Brazil however, continuing political and economic uncertainty led to a considerable fall in demand. Although the worldwide production of the commercial vehicle industry increased by 3% to 12.5 million vehicles, production in Western Europe of trucks over 6 t fell by 10% to 299,000 units.

End of Post-Reunification Boom in Germany

The post-reunification boom in Germany which continued into the first part of 1992 came to an abrupt end in the middle of the year. Due to the buoyancy of the first half of the year however, the market showed an increase for the eighth consecutive year, with new registrations of commercial vehicles totaling 337,100 units (+ 1%). The growth was largely fuelled by the market for vans and

Tipper built by NAW are noted for agility and robustness.



The UNIMOG with implements, a versatile helper in the field of safety and the environment.



This Mercedes-Benz coach from Turkish production has now joined our European range.



MB 100: the van for family, leisure and business.

Freightliner, leader in the US heavy-duty truck market with half a century's experience.



trucks up to 6 t. In the truck segment over 6 t, however, 98,700 vehicles were newly registered, 6% fewer than in 1991.

Mercedes-Benz Maintains Market Position in Western Europe

Due to the unfavorable conditions in important markets, Mercedes-Benz was unable to maintain its positive trend of 1991.

Sales of the Commercial Vehicle division fell by 3% during the year under review to DM 26.9 billion.

Business in the German market fell by 10% to somewhat below DM 11 billion, while business abroad rose to DM 15.9 billion (1991: DM 15.5 billion). With worldwide sales of 94,000 trucks (1991: 109,400 trucks) over 6 t, we maintained our position as world market leader in this segment.

Due to the low level of demand in the second half of the year, new Mercedes-Benz registrations in Germany fell to 109,800 commercial vehicles, 10% below the record volume of 1991.

Exports from our German factories fell by 2% to 78,200 units. Nevertheless, we held our West European market share for trucks over 6 t at the previous year's high level of 31%.

Due to the unsatisfactory situation in the West European markets and the fall in demand in Germany, we had to reduce production at our German factories by 13% from the exceptionally high level of the previous year, to 164,600 vehicles. The adjustments in production levels affected particularly the Worth and Diisseldorf assembly plants but also, after a time-lag, Mannheim, Gaggenau and Kassel, which build major assemblies for commercial vehicles.

Increased Production at Foreign Companies

With an increase of 5% to 112,800 units, production at the foreign companies in the Mercedes-Benz group reached its highest level ever. Our American company Freightliner, whose production increased by 33% to 33,300 trucks, made a substantial contribution to this. In the fiercely contested U.S. market for heavy Category 8 trucks (upwards of 15 t gvwt), Freightliner moved into the lead for the first time, with a market share of 23%.

A pleasing trend in business was also recorded at our companies in Mexico, Argentina and Turkey. Due to the unfavorable situation in its home market, Mercedes-Benz do Brasil had to cut back production substantially, despite increased exports.

Mercedes-Benz Espafia was hit by the weakness of the West European markets; following an increase of 26% in the previous year, production had to be cut back by 6% to 26,500 vans.

Group commercial vehicle production of Mercedes-Benz fell in 1992 by 6% to 277,300 units from the high level of the previous year. Our foreign companies increased their share of production from 36% to 41%.

Leading Manufacturer of Buses Over 8 t

In 1992, group production of Mercedes-Benz buses and bus chassis totaled 29,000 units (1991: 28,600 units). We thus maintained our position as the world's leading manufacturer of buses over 8 t permissible gross vehicle weight. Mercedes-Benz buses in this category set a new record in 1992 for registrations in Germany, at 2,500 units (+ 40%). At our Mannheim plant, the last O 303 model left the assembly line after a production run lasting 18 years. 38,000 O 303's were sold, making this the world's most successful touring coach. Production of the new O 404 coaches started at the beginning of 1992.

Increased Unimog Sales

Our Unimog sales rose during the year under review to 4,600 units (1991: 4,100 units). Major orders, notably from China and Greece, more than compensated for the fall in sales in Germany and important world markets due to economic conditions. 650 (1991: 550) of the 2,300 (- 5%) vehicles sold in Germany were supplied to customers in the new Federal states.

New Products and Product Improvements

During the year under review, new products joined the Mercedes-Benz commercial vehicle range and product improvements were introduced. The overall philosophy is to offer at all times the very latest state of the art in environmentally compatible, economical and individually-tailored transport solutions.

The outstanding event of the year in the bus sector was the start of production of all the models in the new O 404 generation of touring coaches, which was presented at the end of 1991. Reactions from customers have been universally positive. At the beginning of 1992, the low-floor articulated O 405 GN also went into production. The Hanover International Commercial Vehicle Show saw the presentation of an innovation with a most promising future, the "O 100 City" minibuss. This completely new low-floor bus, developed in cooperation with a Dutch design and development center, is tailored to future trends in urban line-service operation. A further addition to the bus range for Europe was the O 340 built by our Turkish subsidiary.

In the Unimog sector, the 1992 financial year saw the production and market launch of the new light and medium Unimog series. From the outside, these models are distinguished by the new spacious safety-design driver's cab, with an engine hood which slopes more sharply on the driver's side to give a better view when working.

Increased Collaboration with SsangYong Motor Company

Mercedes-Benz AG and South Korea's fourth-largest vehicle manufacturer, the SsangYong Motor Company (SYMC) concluded an agreement on co-operation in October, 1992. This means that in addition to license production of diesel engines and vans as provided for in an earlier agreement, SYMC will as of 1994 be able to produce Mercedes-Benz gasoline engines under license. By this long-term cooperation, which was initiated in 1991, it is our intention to create an improved position from which to serve the South East Asian market. To reinforce the partnership, Daimler-Benz AG has acquired a 5% holding in the capital stock of SYMC. From 1994, more than 100,000 Mercedes-Benz gasoline and diesel engines will be produced annually on jointly designed production facilities at the Changwon plant.

Outlook

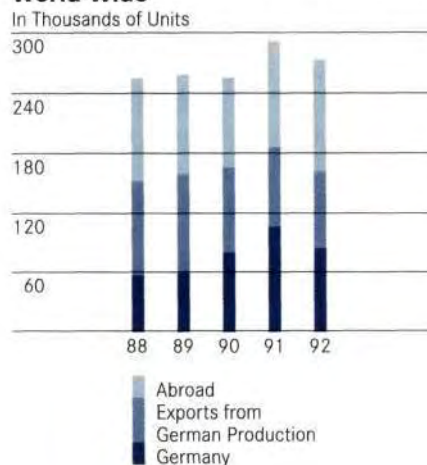
The prospects for the commercial vehicle markets at the beginning of 1993 are not good. Only a substantial recovery in the West European volume markets and overseas markets would be capable of compensating for the continuing slowdown in the German economy, where we experienced marked sales declines in the first two months of 1993.

The Mercedes-Benz Commercial Vehicle division faces still fiercer competition due to the Single European Market. In the coming years, we shall therefore have to exploit all possible means of preserving and strengthening the competitiveness of our German-based operations.

We hope to improve on the record 112,800 units produced by the foreign commercial vehicle companies of the Mercedes-Benz group in 1992 and further strengthen our position as the world market leader for trucks over 6 t.

With an increase of 5% to 112,800 units, production at the foreign companies in the Mercedes-Benz group reached its highest level ever.

Mercedes-Benz Commercial Vehicle Production World-Wide



Corporate Unit AEG

DM Amounts in Millions	1992	1991
Sales	11,595	10,780*
Year-End Result	10	(624)
Incoming Orders	12,099	11,375*
Investment in Fixed Assets	765	872
R + D Expenditure	754	672*
Employees (12/31)	60,784	58,642*

*) Adjusted to take account of significant changes in consolidation.

Despite the weakness of the West German electrical engineering market, the AEG group recorded an increase in the volume of business in important areas of operation, particularly Rail Systems and Power Transmission and Distribution.

Sales of the AEG group rose by 8% on the comparable figure for the previous year to DM 11.6 billion. Revenue from sales in Germany rose by 11% to DM 6.8 billion, while foreign business increased by only 3%.

The earnings trend of the AEG group did not come up to expectations. This was due to static or recessive economic conditions in important sales markets, particularly in the second half of the year. Overall therefore, operating results did not match the level of 1991. Postal Automation made a substantial profit; the Electrotechnical Systems and Components field of activity improved on its good position and achieved positive results; Rail Systems improved its earnings substantially and almost broke even, while the Domestic Appliances field of

activity improved on the profits of the previous year. In Industrial Automation, the motors sector and Microelectronics, earnings remained negative or worsened, due in part, to considerable burdens.

Provisions contained in the 1991 financial statements for the withdrawal from office and communication systems could in part be credited to income, thus contributing to an increase of DM 63 million in the result from ordinary business activity, which stood at DM + 8 million.

Incoming orders of the AEG group totaled DM 12.1 billion in the year under review, an increase of over 6% on the comparable figure for 1991. This increase was achieved solely in the German market, where demand increased by 16% to DM 7.4 billion. Export orders fell by 6%.

At the end of 1992, AEG employed 60,784 people around the world, 46,559 of them in Germany. 50% of the employees of TEMIC TELEFUNKEN microelectronic GmbH are included in this figure.

As in 1991, AEG invested a total of some DM 1.8 billion in intangible assets, fixed and financial assets, research and development and training, equivalent to 15% (1991: 13%) of total output.

Including the non-current assets taken over from newly acquired companies, investment by AEG in 1992 totaled DM 916 million (1991: DM 943 million). The additions to fixed assets, which totaled DM 765 million (1991: DM 872 million), include DM 113 million (1991: DM 270 million) of additions outside Germany. DM 98 million (1991: DM 43 million) was invested in related companies. Investment activity focused on factory renewal at AEG Starkstromanlagen Dresden and AEG Schienenfahrzeuge in Hennigsdorf, modernization of the Sickingstraße site in Berlin and the completion of rehabilitation work at MAN GHH Schienenverkehrstechnik

in Nuremberg. Large-scale investment also took place at TEMIC for the production of integrated circuits in Heilbronn and airbag production in Aschau.

The AEG group spent DM 754 million on research and development in 1992, a rise of 12% on the comparably calculated figure for the previous year. Focal areas of research in the year under review were decentralized automation equipment, running gear and drive systems, transport systems, systems and software technology, pattern recognition, very high frequency microelectronic components and high-temperature superconductors.

On July 1, 1992, AEG's subsidiary TELEFUNKEN electronic GmbH, Heilbronn, and its affiliated companies were brought into TEMIC TELEFUNKEN microelectronic GmbH together with the microelectronics activities of Deutsche Aerospace AG (DASA). AEG and DASA each have a half share in this company, which they are consolidating on a pro rata basis in their financial statements.

For the current year, 1993, AEG expects to slightly increase its volume of business, particularly in the Power Transmission and Distribution and Microelectronics fields of activity.



The first metro on its way to Shanghai.

Production of vacuum high-performance power-breakers at the medium-voltage factory in Regensburg.



Manufacture of subassemblies for vacuum interruptors.



Decentralised operating and viewing station for materials handling equipment at the Mercedes-Benz Rastatt plant.

The new Micromat microwave equipment with steel-look finish.

New AEG

Automation Centre Opened

	1992	1991
Sales (Millions of DM)	2,969	2,999
Foreign Share in %	40	44
Employees (12/31)	16,008	16,491

The Automation field of activity comprises *Industrial Automation* - with the three divisions Products and Basic Systems, Systems Technology and Support, Industrial Systems - and *Postal Automation*. Business volume matched the high level of the previous year.

In October 1992, the new AEG Automation Centre, the "Geomatics House", was opened in Frankfurt-Niederrad. The Geomatics House serves as a know-how focus for the entire field of activity and as a coordinating center for international activities.

In Industrial Automation, MODICON, based in Andover/U.S. and Seligenstadt, further increased its business in the field of programmable logic control (PLC) systems. In the US, MODICON received the "NEMA Renewal Award" for the most successful innovation in PLC technology and for its modern, rational manufacturing. In the Industrial Systems division, AEG presented the "Geomatics P/E/N" control system for the automation of processes, power supply systems and networks, along with the corresponding "Viewstar 750" operating and viewing station. The new system met with a good response from the market. In Postal Automation, AEG Electrocom GmbH (AEC) further strengthened its leading market position in the US, Canada and Western Europe in 1992 and expanded its position in the Far East and Latin America. Testimony to the outstanding status of AEC technology is provided by two awards conferred by the American

"National Institute of Standards and Technology". In a competition in which all the major suppliers of systems for the automatic reading of handwriting were represented, AEG won two first prizes for upper and lower case characters.

In the current financial year, we expect the Automation field of activity to achieve a similar volume of business to that of 1992.

Electrotechnical Systems and Components: Substantial Increase in Sales

	1992	1991
Sales (Millions of DM)	3,127	2,939
Foreign Share in %	38	39
Employees (12/31)	17,711	17,551

The Electrotechnical Systems and Components field of activity comprises the divisions *Power Transmission and Distribution* and *Components*. Once again, the volume of business increased, although some important markets remained depressed.

Sales of the Power Transmission and Distribution division exceeded those of 1991 substantially, while incoming orders matched the high level of that year. In high-voltage systems, activity focused on enlargement of the product range. As business became increasingly internationalized, the new plant of AEG's affiliate E.I.B. in Dison, Belgium, was opened in May. Investment in the new plant totaled some DM 40 million. Besides medium-voltage systems, the company produces high-voltage switchgear and circuit breakers. With the acquisition of AEG TRO Transformatoren und

Schaltgerate GmbH, Berlin, and the Polish company MEFTA sp.z.o.o., Mikolow, the transformers sector was strengthened substantially. In the Components division, increases were achieved in the area of power supplies for data processing and telecommunications, emergency power supply systems and unit-type heating power stations, power meters and lighting systems. On the other hand, the difficult market affected sales of electrical machinery. With effect from July 1, 1992, AEG acquired Starkstrom-Anlagenbau Magdeburg GmbH.

The Electrotechnical Systems and Components field of activity expects the level of business to increase slightly in 1993.

Rail Systems: Sharp Rise in Business Volume

	1992	1991
Sales (Millions of DM)	1,493	1,011
Foreign Share in %	39	40
Employees (12/31)	7,490	4,078

The Rail Systems division comprises the divisions *Integrated Rail Systems*, *Mainline Railroads*, *Mass Transit and Railcars* and *Mass Transit and Railcars America*. Business volume increased by 48% during the year under review. This sharp rise is partly a reflection of successful performance in an expanding market, while the acquisition of AEG Schienenfahrzeuge GmbH in Hennigsdorf on January 1, 1992, has also resulted in a strengthening of business. AEG played a large part in the further expansion of the ICE high-speed system introduced in Germany in 1991, supplying products and systems both for the trains and for track installations. For the new Shanghai metro, a German consortium headed by AEG supplied the first of an ordered 16 metro trains, each consisting of six parts, along

with traction contact systems and power substations. Low-floor street-car business continued to flourish. In the field of automated people mover systems, the group was able to improve on its leading world position once again.

Business in the Rail Systems field of activity is expected to remain at the previous years' level in 1993.

**Domestic Appliances:
Slowdown in Growth**

	1992	1991
Sales (Millions of DM)	2,653	2,593
Foreign Share in %	42	45
Employees (12/31)	10,052	10,663

AEG Domestic Appliances increased its sales by 2% to DM 2,653 million in the year under review. In Germany, further growth in business was recorded, assisted particularly by the newly launched range of floor vacuum cleaners and microwave equipment and also the high-quality front-loader washing machine series. AEG increased its market share in these product areas. In line with the general market trend, export sales fell slightly short of their 1991 level. In June, 1992, AEG Aktiengesellschaft and the Swedish group Electrolux AB approved plans for long-term cooperation in the field of electrical domestic appliances. With this cooperation, the partners are aiming above all to substantially improve their cost structures and thus strengthen their competitive position.

For 1993, the division is aiming to increase sales on the basis of innovative products such as energy-saving washing machines and refrigerators and a floor vacuum cleaner made of recycled materials.

**Microelectronics Activities
Transferred to TEMIC**

	1992	1991
Sales (Millions of DM)	1,188	1,147
Foreign Share in %	50	51
Employees (12/31)	7,763	7,973

The Microelectronics field of activity comprises *TEMIC TELE-EUNKEN microelectronic GmbH*, a joint venture between AEG and Deutsche Aerospace AG, and the *Opto- and Vacuum Electronics* division. Sales showed a slight rise on the previous year. More information about TEMIC is contained in the chapter "Joint Ventures".

Business in the Opto- and Vacuum Electronics division was unsatisfactory. This was mainly due to the considerable decline in demand for defense technology. In response to this, activity was stepped up in new fields of work, including large-format liquid-crystal displays, identification systems for the registering and recognition of masses and a high-performance battery, at present intended primarily for use in the automotive sector.

Sales of the AEG group rose by 8% on the comparable figure for the previous year to DM 11.6 billion, with an increase of 11% in Germany to DM 6.8 billion and an increase of 3% in foreign markets to DM 4.8 billion.

Incoming orders totaled DM 12.1 billion (1991: DM 11.4 billion).

**Sales by Regions
AEG Group**

DM 11.6 Billion (1991: DM 10.8 Billion)



	92	91
	in %	in %
Germany	58.4	56.6
EC without Germany	17.5	19.3
Other European Countries	8.2	8.5
America	11.4	11.2
Asia/Australia	3.2	3.1
Africa	1.3	1.3

Corporate Unit Deutsche Aerospace (DASA)

DM amounts in million	1992	1991
Sales	17,276	16,779*
Year-End Result	(341)	50
Incoming Orders	12,498	15,116*
Investments in Fixed Assets	1,100	986
R+D Expenditure	5,179	4,997*
Employees (12/31)	81,872	83,605*

*) Adjusted to take account of significant changes in consolidation (Deutsche Aerospace Airbus and TEMIC).

In the year under review, the activities of Messerschmitt-Bölkow-Blohm (MBB) and Telefunken Systemtechnik (TST) were combined with those of the old Deutsche Aerospace. The newly created Deutsche Aerospace AG (DASA) will form the core company for the operative business of the aerospace corporate unit of the Daimler-Benz group. Furthermore, we acquired the 20% stake held by the Kreditanstalt für Wiederaufbau in Deutsche Aerospace Airbus GmbH earlier than originally planned and were able to integrate this company, which was previously consolidated at equity, fully into the group, retroactively as of January 1, 1992.

In parallel with this restructuring, we also continued the process of organizational streamlining and cost reduction. In the civilian energy and industrial systems division similar activities of Dornier, MBB and TST were combined; the structural concept for the Space Systems group was fully implemented.

In mid 1992 we transferred our microsystems and vehicle safety activities to TEMIC TELEFUNKEN microelectronic GmbH, a joint venture in which Deutsche Aerospace and AEG each have a 50% stake. We continued during the year under review to pursue intensively our aim of increased collaboration with the CIS countries in the field of aviation and of participation in the ESA's planned space programs.

In February 1993 we reached an agreement with the Dutch government to acquire a 51 % majority stake in the aircraft manufacturing company Fokker. As an integral part of the Aircraft group of Deutsche Aerospace, Fokker will take over the systems management for the segment of the 65 to 120 seater regional jets.

At DM 17.3 billion, consolidated sales of Deutsche Aerospace increased by 3 % in the year under review. The group results for the year declined to DM -341 billion. At DM 12.5 billion, orders received were substantially below last year's value of DM 15.1 billion.

In 1992 we invested DM 1.1 billion (1991: DM 1.0 billion) in fixed assets. DM 5.2 billion (1991: DM 5.0 billion), representing 30 % of sales, was spent on research and development work, of which externally commissioned projects accounted for DM 4.3 billion. At the end of the year, the DASA group employed 81,872 people (1991: 83,605). The fall largely reflects the unfavorable trend in business in virtually all areas.

In the current financial year, we expect the DASA group to achieve a sales volume similar to that of 1992. Higher revenue can be expected particularly in the Aircraft group. In the Space Systems as well as the Defense and Civil Systems groups, sales will be considerably lower. An important aim in the current year is to adapt capacity as quickly as possible to the expected further fall in orders.

Substantial Decrease in Sales and Orders Received in the Aircraft Group

	1992	1991
Sales (Millions of DM)	7,530	7,679
Foreign Share in %	72	64
Employees (12/31)	39,360	39,555*

*) 1991 including the employees of the Eurocopter Group (626 people).

Sales in the Aircraft group at DM 7.5 billion, nearly reached the volume of the previous year. At DM 5.0 billion orders received, however, were substantially below last year's level.

The Deutsche Aerospace Airbus produces and delivers assemblies within the framework of the European Airbus program. In the year under review, the Airbus consortium chalked up orders for 136 aircraft; on the other hand there were also cancellations of orders. The order backlog of 836 aircraft, however, is still satisfactory.

The final assembly start-up for the first Airbus A321 on June 15, 1992 in Hamburg represents a major milestone in expanding the Deutsche Aerospace Airbus capabilities. The Airbus A330, the world's largest twin-engine medium/long-haul airliner, performed its maiden flight on November 2, 1992. The four-engine A340 is designed for extreme long hauls with ranges from 12,500 to 14,000 km. Subsequent to type certification, the first A340 was delivered to the German airline Lufthansa in early February of 1993.

It was a good business year for the Aircraft Service Center (ASC) in Lemwerder, where the focus was on product support for the Airbus family.



For the ESA's largest research satellite, the Infrared Space Observatory ISO, we developed the Isophot infra-red radiation receiver

The twin-engine Airbus A 320, best-seller in the European Airbus program with 656 firm orders already received.



The new 16-cylinder V16-595 engine on the flexible computerized test stand.



Mobile 3-dimensional radar system for the army anti-aircraft reconnaissance and command and control system.



In preparation for flight testing – scheduled for the summer of 1993 – of the first prototype in the EFA program, extensive ground tests were carried out during the year under review at DASA and partner companies.

The military aircraft division focused once again on the EFA and Tornado programs. The first European Fighter Aircraft body prototype was completed in Manching in the first half of 1992. Technical development and logistics support is the main focus in the Tornado program.

Further progress was made in the German-American Experimental Program X-31A. Another future-oriented project is the development of the Fan Ranger, a light jet trainer designed to train future pilots.

The regional aircraft division delivered 10 (1991: 18) Dornier 228's in the year under review. Preparation for the series-production start-up of the Dornier 328 in early 1993 has been for the most part concluded. The aircraft product support focussed on the service-life-prolongation program for the Bell UH ID helicopter. In the year under review, 37 helicopters were retrofitted.

The product line of the Eurocopter group ranges from single-engine light helicopters through twin-engine light and medium-weight helicopters on to heavy transport helicopters.

One outstanding event in 1992 was the signing of the development contract for the tactical transport and naval helicopter NH90. Larger orders were under way in the programs AS 355 Fennec and PAH-1. Test flights were continued on schedule with the first prototype of the Tiger, a Franco-German escort helicopter currently in the development phase.

Strong Increase in Sales at the Space Group

	1992	1991
Sales (Millions of DM)	1,910	1,507
Foreign Share in %	76	83
Employees (12/31)	4,864	5,031

Sales proceeds from the year under review were up 27 % from the comparatively low value of the previous year to DM 1.9 billion. Orders received reached a level of DM 1.7 billion.

The outstanding scientific programs are currently the ERS-2 and Cluster satellite projects. In both programs Dornier, functioning as systems manager, is responsible for the development and construction of subsystems for the scientific payload as well as for satellite integration.

The European Infrared Space Observatory ISO is designed to measure the infrared radiation of cosmic objects. We are responsible for the German share in this ESA project and have developed the focal instrument Isophot.

In the Polar Platform ESA project we are participating in the development of the Payload Equipment Bay (PEB), which comprises systems that are important to the operation of the accompanying payloads.

In the European Ariane 4 launcher program we manufacture liquid fuel supplementary rockets, the second stage engine as well as the thrust chambers in the HM7 engine for the launcher's third-stage engine.

Eureca (European Retrievable Carrier), Europe's first free-flying, retrievable experiment platform, was prepared for launch in the year under review and transported into space in late July by the space shuttle Atlantis. Integration work for the Spacelab-D2 mission was concluded on schedule, so that it will be equipped for launch in the first quarter of 1993.

Defense and Civil Systems Group: Further Decline of Orders Received

	1992	1991
Sales (Millions of DM)	3,624	3,426
Foreign Share in %	36	41
Employees (12/31)	14,369	15,412

In 1992, the entire group was marked by a substantial decrease in orders; compared to the previous year's level a reduction of 14 % to DM 2.4 billion (1991: DM 2.8 billion) was recorded. Sales, on the other hand, increased by 6 % to DM 3.6 billion.

Major impulses were rendered by the Stinger program, for which the preparatory phase was concluded and settled, and by the Roland anti-aircraft systems, of which we produced further units for the German Air Force and Navy. Major sales revenues were also recorded by the Milan and Hot as well as Trigat anti-tank systems.

We received an order from British Aerospace for a fiber gyro we developed. It was the first order placed for the series-production of such a product worldwide.

In the field of Broadcasting and Television Transmitters a number of long-term projects in Spain and the Near East are underway. We again manufactured and delivered a large number of mobile HF/VHF communications intelligence systems for the German and Dutch armed forces. Thanks to a contract concluded with the Ministry of the Interior of Baden-Württemberg in 1992, we managed to become a participant in the promising civil sector of official communications with the fast adaptive radio communications system Farcos.

The most significant sales in the Command and Information Systems division were once again made by the series-deliveries of the drone CL 289 reconnaissance system to the French and German armies.

In the area of Environmental Technology we continued to expand our activities in regional and environmental planning, environmental monitoring and information systems, waste-water technology and the disposal of hazardous military materials from the past.

We renewed the lighting and power supply for the main runway at the Berlin-Schönefeld airport, and it was under our systems management that the world's largest runway-lighting system was installed at the new Munich 2 airport.

Positive Development in Sales in the Propulsion Systems Group

	1992	1991
Sales (Millions of DM)	3,609	3,559
Foreign Share in %	62	66
Employees (12/31)	16,338	17,053

At DM 3.6 billion, sales in the Propulsion Systems group were slightly above the level of 1991. The DM 2.8 billion level of orders received was considerably lower than that of the previous year.

In the PW305 program a jet engine for business airplanes, MTU München already delivered over 130 low-pressure turbine modules to Pratt & Whitney Canada by the end of 1992.

An important contributor to sales in 1992 was the engine family CF6 from General Electric, for whom we manufacture parts of the high-pressure turbine and the compressor. These engines are used in aircraft from Airbus Industrie, Boeing and McDonnell Douglas.

Series-production of the Tornado engine RBI 99 was phased out in late 1991, resulting in a substantial decrease in sales in this program in comparison to the previous year.

United Airlines ordered 100 Airbus A320's with V2500 jet engines during the year under review. All in all, this major contract encompasses 222 jet engines.

MTU Maintenance GmbH maintains and repairs large civil engines as well as stationary gas turbines. Parts repairs are also effectuated.

MTU Friedrichshafen is a leading supplier of complete propulsion systems, primarily for ships, rail vehicles, electrical generation systems and heavy trucks and construction equipment.

A focal point in engine sales was once again the universal Series 396 diesel engine. In the field of propulsion systems for ships we are, for example, currently outfitting ships from the Australian, New Zealand, Norwegian and German navies. In the railroad sector we modernized twenty ex-GDR locomotives, each vehicle receiving two twelve-cylinder Series 396 diesel engines.

In 1992 Kuhnle, Koppund Kausch Aktiengesellschaft sold considerably more turbochargers than in the preceding year. Also matching the high level of the previous year's business results were the injection systems for medium- and high-speed diesel engines produced by L'Orange GmbH.

Medical Systems as the Focus of Other Activities

At DM 256 million (1991: DM 267 million) sales in medical systems remained below last year's level. A declining trend for lithotripters was contrasted by an increase in our ultrasonic and laser business. Towards the end of the year we introduced a new ultrasonic color imaging device into the market.

The activities of TEMIC are covered in the chapter "joint Ventures".

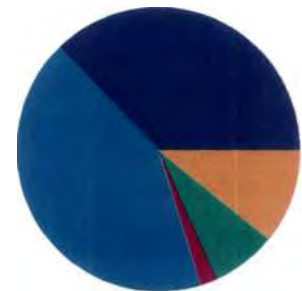
Process of Integration at Deutsche Aerospace Extended.

Consolidated sales rose by 3 % to DM 17.3 billion.

Precautionary measures and advance outlay depress results; Deutsche Aerospace Airbus makes a positive contribution to earnings.

Sales by Regions DASA Group

DM 17.3 Billion (1991: DM 16.8 Billion)



	92	91
	in %	in %
Germany	37.3	38.2
EC without Germany	42.5	42.9
Other European Countries	1.9	2.0
U.S.A.	7.5	8.3
Other Markets	10.8	8.6

Corporate Unit Daimler-Benz InterServices (debis)

DM Amounts in Millions	1992	1991
Sales	7,341	5,490
Total Output	7,941	5,979
Year-End Result	122	123
Investment in Fixed Assets	173	265
Increase in Leased Equipment	5,939	4,894
Employees (31/12)	8,258	6,203

debis increased its total output in the year under review by 33% to DM 7.9 billion. This figure comprised sales revenue of DM 7.3 billion and interest income from sales financing of DM 0.6 billion.

The growth was generated above all by the Systemhaus, Financial Services and Trading divisions; at 72%, the largest contribution to business was once again made by the Financial Services division.

debis generated 48% of its total business volume in Germany, 12% in other EC countries, 31% in the U.S. market and 9% in other markets. Business with external customers accounted for 79% (1991: 77%) of total business in the year under review. In addition to the Financial Services division, which is traditionally involved to a great extent on the external market, the other divisions too increased their turnover with companies outside the Daimler-Benz group.

At DM 122 million (1991: DM 123 million), the consolidated net income of debis for 1992 approached the high level of the previous year.

The positive trend in earnings of the Financial Services division was largely responsible for this; intensified competition in the information technology sector exerted a negative influence.

Our investment in fixed assets, largely data processing equipment, fell during the year under review by 35% to DM 173 million; some of the hardware was financed by leasing. The additions to leased equipment, at DM 5,939 million, were 21% higher than in 1991. The sharp increase in financial assets to DM 1,434 million was chiefly due to the 34% holding acquired in the French company Sogeti S.A.

The debis group employed a total of 8,258 people at the 1992 year-end, 7,343 of these in Germany and 915 in other countries.

The services industry will continue to grow in 1993 and as a supplier of integrated systems solutions, debis therefore expects that it will continue to enjoy good opportunities for developing its business and for a further growth in total output.

Market Position of the Systemhaus Division Strengthened

debis Systemhaus increased its total output from DM 1.2 billion to DM 1.5 billion. In addition to growth from within, the inclusion of the former German Cap Gemini SCS companies played a role in this.

The contraction in world markets and the worsening economic climate in Germany had perceptible consequences for debis Systemhaus and its subsidiaries, whose growth slowed particularly from the middle of the year onwards. Nevertheless, business with customers outside the Daimler-Benz group showed a further increase. The share of total output accounted for by these customers grew particularly sharply in 1992 to 41% (1991: 27%). At the same time, the volume of services supplied internally within the Daimler-Benz group also increased.

The strategic alliance with the French software group Cap Gemini Sogeti which entered into effect in the year under review lent strong impetus to the internationalization of our business activities. With the amalgamation of the software project and product activities of Systemhaus and the German Cap Gemini SCS at the turn of 1991/1992, the spectrum of services has been extended and our proximity to the customer and ability to provide integrated system solutions further improved.

With the start of the 1992 financial year, the full spectrum of information technology (IT) services was grouped into three subdivisions; debis Systemhaus CCS Computer-Communication-Services contains the non sector-specific, horizontal IT services. These include computer center and network operation, installation and support of distributed systems, backup or business continuity services and maintenance services. In the Cap debis Software und Systeme subdivision, the software activities of debis Systemhaus and the former German Cap Gemini SCS are grouped together. The third subdivision, Diebold management and technology consultancy, completes the spectrum with strategic, organizational and informatics consultancy.

From 1993, Computer-Communication-Services will also be active in major European markets. In order to gear our activities more closely still to customer requirements, sector-specific centres were formed in the CAP debis Software und Systeme subdivision to coordinate our services for major customers and the various sectors.

CAP debis developed integrated information systems for the new Munich airport which support the continuous flow of information in all areas of airport operation.



The Dr. Rentschler pharmaceutical company, which has leased its fleet through debis Financial Services, has high-flying goals.



The debis/Gasprom joint venture DITGAS Handelshaus has been responsible for organizing a large volume of trade.

debitel offers its customers parking space reservations in – currently – 21 attractively located parking facilities at airports and in the centers of big German cities.

The DFS3 satellite was insured through debis Assekuranz.



debis Marketing Services is the official marketing agency for the Kiel Week, the world's biggest sailing regatta.



International Growth for debis Financial Services

The dynamic development of the Financial Services division continued in 1992. This was due particularly to sharp growth in Germany, the US, the United Kingdom, the Netherlands and Italy. New business increased by more than 20% to over 160,000 units, with a volume of DM 10.6 billion. Reasons for this gratifying growth were the improved and more extensive range of services offered by our leasing and financing companies, changed buying habits, precisely in the above-mentioned countries (financing instead of cash payment) and also the introduction of new Mercedes-Benz products, particularly the new S-class. The focus of our financing activities is still the motor vehicle business. With the conclusion of some 98,000 contracts for new passenger cars and 36,000 for new trucks, financing makes an increasingly large contribution to supporting the sale of Mercedes-Benz vehicles. The total number of contracts outstanding rose accordingly to 381,000 units of a value of DM 18.5 billion (+29%).

Total output, including interest income from sales financing, increased to DM 5.7 billion, a rise of 28%.

Business of our Japanese leasing and financing company got off to a successful start in the year under review.

The newly formed companies debis Leasing GmbH in Germany and debis Financial Services Inc. in the US, which finance products other than motor vehicles, commenced operation in the year under review. In their first financial year, they have already financed or leased products to a total value of DM 221 million.

Insurance: National Expansion and International Presence

The centralization of all the group's insurance activities in the Insurance division and the concentration of know-how produce synergy effects which we pass on to our commercial customers in the form of intelligent, sound risk management concepts and to our private customers through brokerage of individualized insurance programs.

We established our own office in Japan in 1992 from which to look after the companies of the Daimler-Benz group operating there.

Owing to the growing importance of risk engineering - the provision of advice concerning control and reduction of risk through technical analysis - the significance of debis Risk Consult, a unit of debis Assekuranz (the Insurance division), is also growing, debis Risk Consult provides risk analysis and evaluation as well as consultancy in reducing and managing risk in matters of the environment, fire protection, product liability, quality assurance and income loss risk.

With 273 employees we brokered a worldwide total premium volume of over DM 500 million in the 1992 financial year and generated total output of some DM 44 million.

With an expansion of the product range, we see good growth prospects for the Insurance division in 1993.

Trading: Accelerated Growth

The debis Trading division has taken over the task for the Daimler-Benz group of concentrating and coordinating the know-how for barter trading with countries short on foreign exchange. In addition to that, we want to make these markets more transparent for the Daimler-Benz group and other companies in order to develop them, for example, as alternative procurement sources.

Despite strong fluctuation in the political sphere, the Trading division was able to sustain the steady upward trend of the preceding years by flexibly responding to current market requirements. Our supporting services underpinned export business totaling DM 546 million to countries weak in foreign exchange. Total output rose in the year under review to DM 436 (1991: 105) million.

Further markets were opened up in the Middle and Far East and in Central and South America, so that the number of countries with which counter-trading is possible was considerably enlarged and made a stable basis. In addition, we expanded in particular the joint venture agreed to in 1991 between the Russian natural gas supplier Gasprom and debis International Trading.

The 50% share acquired in MG NE-Produktthandel GmbH in the year under review represents another milestone in the development of the debis Trading division. MG NE, which before we acquired this interest was a wholly owned subsidiary

of Metallgesellschaft, will increasingly allow us the use of its international service network and barter trade for the market activities of debis Trading.

Marketing Services: A Year of Consolidation

The difficult economic environment in the Federal Republic of Germany also influenced business of debis Marketing Services GmbH (dMS). In spite of this, the total output of DM 205 million (1991: DM 214 million) was only slightly below the level of the previous year, which was one of strong growth.

Our complete spectrum of services extends from customer-specific marketing consulting, media planning and marketing communication to the organization of trade fairs and exhibitions, debis Marketing Services division is thus a company with a range of services which far exceeds the usual.

A focal point in the year under review was the further development of the Media subdivision, whose task is the placing of advertisements for customers in the printed media and in the electronic media. With the interest acquired in the Hamburg-based G.F.M.O. Gesellschaft für Media-Optimierung mbH in the year under review, by the beginning of 1993 debis Marketing Services had become one of Germany's six largest media agencies. This partnership will round off the existing range of services of dMS in the fields of television and radio, the printed media and poster advertising.

The Marketing Services division will purposefully continue to expand its activities in the four subdivisions. Qualitative growth will take priority over purely quantitative growth.

debitel: Promising Entry into Mobile Communications Services

In the second half of 1992, the two operators of the new digital mobile communications networks in Germany, Deutsche Bundespost Telekom and Mannesmann Mobilfunk, opened their DI and D 2 networks for trial service. Normal public service of the D2 network began in December, 1992; of the DI network, at the beginning of January, 1993. As a private telephone company, debitel has since then offered user-oriented access to these mobile communications networks and competent individual professional advice to customers. During trial service we already acquired more than 10,000 customers. Despite the delay in the original plans for entry into service of the mobile communications networks, total output of debitel in the year under review amounted to DM 16 million.

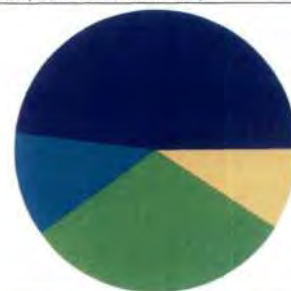
In the 1992 financial year, we expanded our sales organization and the existing distribution channels and integrated important partners into our marketing network, especially from the mobile communications trade. Since the end of 1992, our customers can avail themselves of more than 1,000 debitel sales outlets throughout Germany. In the current financial year, we shall be expanding this service network further.

Total output of debis rose by 33% to DM 7.9 billion; 48% of this was accounted for by the German market.

Notable growth was recorded in the Systemhaus, Financial Services and Trading divisions.

Total Output by Regions debis

DM 7.9 Billion (1991: DM 6.0 Billion)



	92	91
	in %	in %
Germany	47.9	48.7
EC without Germany	11.9	17.0
U.S.A.	31.0	29.1
Other Markets	9.2	5.2

Joint Venture Companies

TEMICTELEFUNKEN microelectronic GmbH founded

On July 1, 1992, AEG and Deutsche Aerospace combined their microelectronics and vehicle equipment activities in TEMIC TELEFUNKEN microelectronic GmbH, which is based in Heilbronn. AEG and DASA each have a 50% holding in this company. By combining these two companies' know-how, TEMIC is able to offer the entire spectrum of the microelectronics processing chain, from semiconductor chips and microsystems technologies to complete-system solutions such as ABS and the airbag. The company comprises the following areas: semiconductors, microsystems and vehicle equipment.

Sales of TEMIC in the first incomplete financial year totaled DM 0.7 billion; foreign business accounted for 50% of this. At the year-end, the company employed 11,179 people.

In the semiconductors field, it was possible to compensate only partially for the weakness of the entertainment electronics market, which has been depressed since 1991. The situation was aggravated by the migration of customers for these semiconductor products from Europe to the Far East, as well as by falling prices, the unfavorable dollar exchange rate and high domestic production costs. To safeguard TEMIC's semiconductor activities in the long term, more and more production activities are being transferred to the Far East, especially the Phillipines.

With its power MOS technology, which leads the market, the subsidiary Siliconix Inc., Santa Clara/U.S.A., achieved above-average successes; good business was also recorded by the affiliates Matra-MHS, Nantes/France, and Dialog Semiconductor, Swindon/United Kingdom. The research activities grouped in

Heilbronn concerning flexible, automated production of 6-inch wafers proceeded according to schedule. Also, the setting up of a worldwide semiconductor sales organization was concluded.

In the microsystems and vehicle equipments fields, the activities of AEG and DASA were rapidly integrated. The market has already reacted positively to the expanded capabilities of TEMIC* as is shown for example by the increased orders of ABS systems. In Mexico, TEMIC carried out its first orders for vehicle subassemblies; in the Czech Republic and Hungary, there was an overall expansion in production activities. At the same time, new customers were acquired, so that the company now has business relations with around half of the world's 30 leading vehicle manufacturers.

Mercedes-Benz CharterWay - A New Concept in Transport

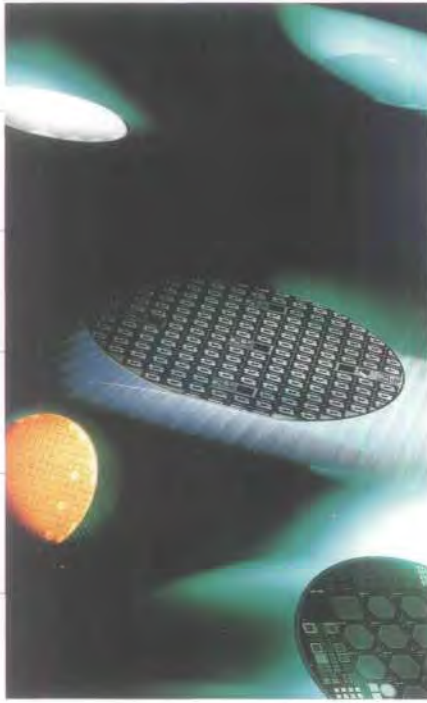
In the 1992 business year, Daimler-Benz InterServices (debis) AG and Mercedes-Benz AG established Mercedes-Benz CharterWay companies in Germany, Belgium, France, the United Kingdom and the Netherlands as joint ventures, each with a 50% holding, for the purpose of long-term leasing of commercial vehicles at prices which remain unchanged over the life of the contract. The price includes the financing of the chassis with all superstructures and attachments, service and repairs for the complete vehicle, including the necessary vehicle management, the provision of substitute vehicles, plus all vehicle-dependent expenses such as taxes, insurance, registration and inspection fees.

With Mercedes-Benz CharterWay, we are the first leading manufacturer of commercial vehicles to avail ourselves systematically of the opportunities afforded by the contract hire market.

Traffic Management by Intertraffic

During the year under review, ITF Intertraffic Gesellschaft für integrierte Verkehrsmanagementsysteme was formed, in which all corporate units of the Daimler-Benz group hold an interest; Daimler-Benz Luft- und Raumfahrt Holding AG has a stake of 50.2%, Mercedes-Benz 25.2%, AEG 14.6% and debis 10.0%. The new company, under the managerial control of DASA, encompasses the know-how of the Daimler-Benz group in the fields of traffic management systems, transport systems and information technology. Intertraffic's activities will comprise planning, consultancy, design and implementation of integrated traffic management systems. These will be offered worldwide for solving problems in the field of transport by land, water and air.

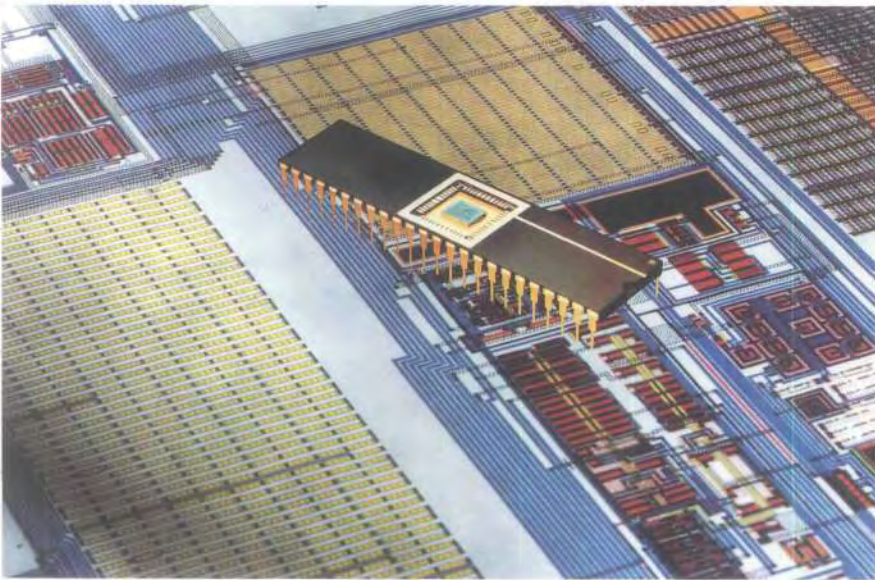
The new company also took over the leading role in the implementation of the traffic management system "STORM". Interdisciplinary research into resolving traffic problems in the Stuttgart conurbation along with trials of new technology have been taking place for a number of years now in the framework of this pilot project, which was initiated by Daimler-Benz AG in conjunction with the Federal state of Baden-Württemberg and the City of Stuttgart.



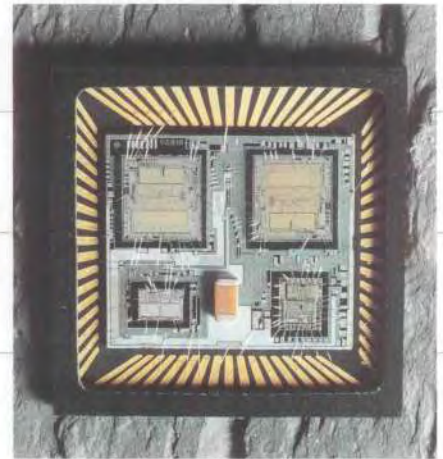
Silicon wafer with sensors.



Mercedes-Benz CharterWay: complete range of services for our commercial vehicle customers in a single package.



Analog-digital integrated circuit.



Multichip module – a highly integrated functional unit.



Flexible automated manufacturing of wafers in Heilbronn: robot charging station in diffusion.

New Impetus in Strategy Development

The continuing development of the central division Research and Technology was accompanied throughout the year under review by a systematic, comprehensive process of strategy development. This involved employees from every sector and from all levels of management. We regard such an intensive form of internal strategy communication as the expression of a company culture characterised by creativity, ambition, cooperative teamwork and an entrepreneurial spirit. Within this strategy development scheme,

the long-term orientation of research activities has been determined,

a technology strategy was developed for the entire group, and numerous management-related processes within the division have been promoted.

In addition to refining our methods, we have extended our dialogue with the four corporate units of the Daimler-Benz group in order to analyse and assess their requirements for new technologies. The results have been transformed into recommendations and specific innovation schedules.

Improvements to Drive Technology

The reduction of fuel consumption and of noxious emission levels are the principal objectives being pursued in the continued improvement of drive technology and in the search for alternative solutions. The research sector has divided the topics into five "strategic projects":

I The gasoline engine. Even after one hundred years of development, the causes of noxious emission formation have not yet been adequately determined. In addition to analysing the combustion process, research is also providing new approaches, developing tools for optimisation and producing improved components and processes in the form of prototypes.

i The diesel engine. This drive system's nitrogen oxide and particulate emission levels are to be further reduced, with no compromise regarding its favorable fuel consumption.

• The two-stroke engine. The development potential of various two-stroke designs is being demonstrated in the form of prototypes.

Electric traction. Electrically powered vehicles can help reduce levels of noxious emission and noise on urban roads. Together with Mercedes-Benz AG's Advanced Design sector, research is being carried out into existing maintenance-free batteries along with direct-current and three-phase drive systems regarding their suitability for use in an electrically powered vehicle.

& Hydrogen: As part of the "Hypasse" project subsidized by the Federal Ministry of Research, investigations are being carried out into the feasibility of a low-pollutant local transport system free of CO₂.

Vehicle Design: Methods and Tools

The market-orientated design of vehicles starts with basic product ideas, which are followed by a series of design variants. Computer simulation is indispensable here. With modifications to only a few parameters, new variants can be rapidly produced from model and compo-

nent libraries. In order to evaluate significant product characteristics such as levels of safety, fuel consumption and comfort along with driving characteristics, ease of operation and costs, the various calculation systems must be integrated and supplemented by data banks. In future, the as yet insufficiently developed linkage of individual methods and process stages will considerably reduce the time and costs incurred prior to the definitive choice of design.

The Objectives of Vehicle Systems Technology

It is only the integration of individual components as a system which provides benefits for the customer. The "Vehicle Systems Technology" research field is therefore pursuing such aims as the following:

The establishment of systems concepts for future vehicle functions,

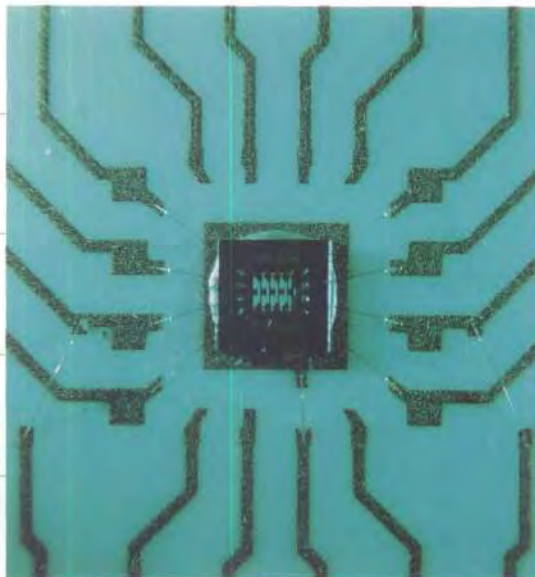
The retention of integrated system capability for electronic functions relevant to competition,

The development of safety functions for complex systems, The production of hardware/software technology for the rapid conversion of ideas into systems suitable for vehicular application.

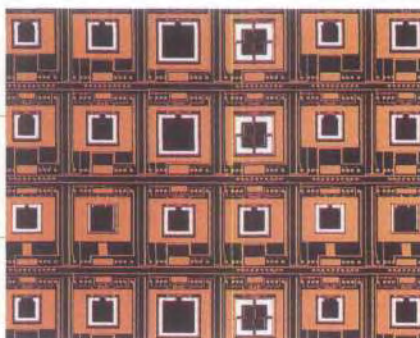
The Human and the Automobile

High cognitive and emotional demands are placed on today's driver. Safe driving does not simply mean accident-free driving: it also extends to the subjective perception of safety and comfort. The driver's physiological reactions, his behaviour and personal experience of driving are being investigated by an inter-disciplinary research team comprising engineers and behavioral scientists using state-of-the-art methods and instruments. The findings can be put to use in even better adapting technologies to the driver's requirements.

High-performance components: a prototype high-voltage chip undergoes testing.

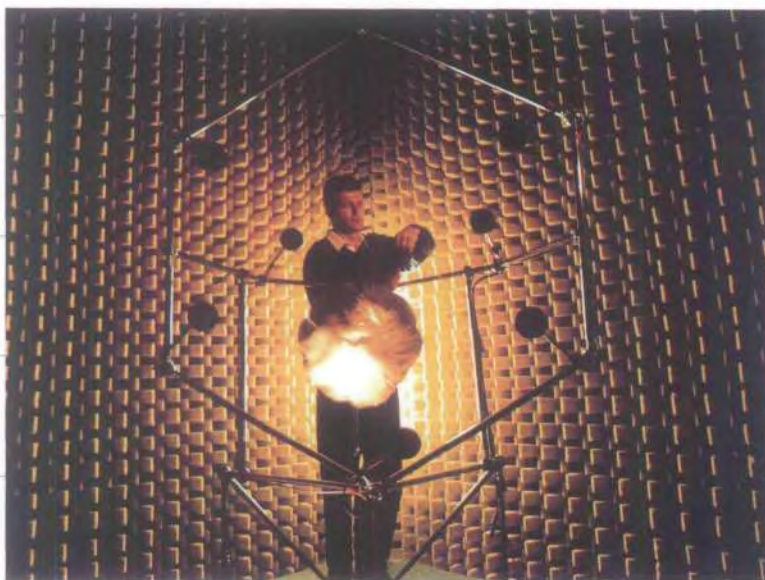


The design of nodal points will contribute in large measure to the acceptance of future integrated passenger transport systems.



Silicon micro-mechanical acceleration sensors.

Spray under the laser: a specially developed image analysis system reveals spray concentrations around the tire or in the wheel arch.



Explosion in the sound laboratory: in 26 thousandths of a second, this airbag inflates to form a safety cushion.



Sensorless mirror positioning system with a simple, robust reluctance motor.



A ceramic emission turbo-loading wheel

Transport Technology Development Continuing on Target

With increasing densities, transport must be increasingly organized as an integrated system. This calls for an appropriate distribution of responsibilities amongst the different types of transport, their optimal interconnection and an overall transport management. To this end, scenarios for transport in densely populated areas, conducted jointly within an interdisciplinary work group involving the corporate units and Corporate Planning, have been developed and consequences for the group derived.

In the European PROMETHEUS program, Daimler-Benz's Research sector is concerned with retaining mobility on European roads while increasing not only safety and efficiency, but also the environmental compatibility of transport. The current phase is primarily concerned with the further development of promising technologies and the unification of individual systems and components into an integrated transport system. This is being realised in such projects as STORM (Stuttgart Transport Operation by Regional Management) and IFMS (Integrated Fleet Management Systems).

Interdisciplinary Development of Materials and Material Technologies

In addition to exercising a decisive influence on the efficiency, quality and cost of our products, materials and material technologies provide the basis of numerous innovations. A certain degree of uniformity regarding material require-

ments throughout the various product divisions provides considerable synergy potential, which is being reinforced through the transfer of DASA materials laboratories to the Research and Technology division of Daimler-Benz AG. The activities are concentrated on interdisciplinary technological projects such as the following:

- Materials for light construction (in automotive, aerospace and rail systems technology),
- Materials for high-temperature applications (in engines, turbines and rockets),
- Materials for the energy sector.

These research projects are typically concerned with such matters as the use of ceramics and graphite in the engine, with new, highly rigid aluminium alloys, the weaving and braiding of composite fibre structures and the manufacture of diamond layers as heat conductors or - in the more distant future - as electronic materials.

Automation and Drive Technology

Decentralised automation systems are being adapted for the optimal implementation of complex, spatially distributed processes. Interconnected via fibre-optic cables, the automation apparatus stores the transmitted processing data in a uniform manner, so that all automation equipment can refer to the one data model. This provides efficient support for project planning, installation and maintenance.

In the sector of rail-bound vehicles, intensified competition is increasingly focusing on ride comfort and wear resistance. Single-wheel running gears with intelligent drive and regulating systems promise decisive advantages over previous systems incorporating wheels rigidly connected via a common axle.

Environmentally Compatible Energy Technology

The research being carried out into new rational, environmentally compatible technologies for energy conversion and storage touches upon many areas of the group's activities. At the centre of attention are electro-chemical processes which promise particularly high efficiency factors and low levels of pollutant emission.

Together with the Anglo American Corporation, AEG is developing the "Zebra" battery for electrically powered vehicles, on the basis of sodium/nickel chloride. In order further to increase the efficiency and service life of such batteries, research is concentrated on improving the electro-chemical components and on new design concepts and materials.

The high-temperature fuel cell is particularly well suited for independent power supply. The energy from combustion gases such as hydrogen or natural gas is converted in the fuel cells directly into electrical energy in a highly efficient process. We have succeeded in producing very compact flat-cell batteries on a laboratory scale.

Successful Work in Components and Microsystems

In the sector of very high frequency components and circuits, we have been continuing concentrated research into so-called heterostructures based on the semiconductor materials gallium arsenide and silicon. In the course of this work, we have succeeded in realising the world's most rapid silicon-based transistor.

The zero-loss conductance of electricity in high-temperature superconductors paves the way for even more powerful, smaller components suited for application especially in very high frequency applications. The feasibility of new types of system solutions is currently being demonstrated, for example in the form of EHF spectrometers for remote sensing satellites. Applications in energy technology are also being investigated.

The principal activity of the "Microsystems Technology" strategic research field is silicon technology, in particular micro-mechanics; this extends to processes for development, simulation and system design. A family of acceleration sensors developed in conjunction with Telefunken Microelectronic GmbH has already been introduced in the product sector, and we have put the first functioning microlaser prototypes into operation in the laboratory.

New Software Technologies

The complexity of technical systems is increasing, while development cycles are becoming shorter. This calls for high-performance development tools and innovative information processing systems.

"Fuzzy logic" and "neuronal networks" are examples of such projects; on the basis of specific applications they have been investigated, further developed and incorporated into the Automation field of activity.

In the area of expert systems, we have produced a so-called "expert system shell", a development tool for configuration tasks which has been tested in four pilot projects for the preparation of tenders and for project planning.

Together with AEG Electrocom, Daimler-Benz's Research division participated in a competition staged by the US National Institute of Standards and Technology for the automatic reading of handwriting. Against some forty competitors from throughout the world, the intelligent systems from our institutes in Ulm won two first prizes for upper and lower case characters and third prize for numerals.

Research being carried out into "Interaction between Man and the Machine" is investigating the opportunities provided by new interaction and visualisation techniques in such fields as rail systems and automation. Technological applications such as speech input or the integration of mobile communication are being tested and analysed for an individual work station and its entire scope of activities.

The procedures developed by the Ulm "Software Quality" research group for the evaluation of already installed software has proved successful in practical application at Mercedes-Benz AG and Cap debis. We are currently developing methods of assessing the quality of software in the early stages of its development.

Environmental Protection - Right From Product Development

The shortening of product development and manufacturing cycles will be the decisive developments of the years to come. A significant role is being assumed by the continuous, integrated flow of information encompassing all development and manufacturing processes relating to a product. With five pilot projects, exemplary approaches are being tested in all corporate units, using innovative information technologies and "simultaneous engineering" concepts.

For the detection of indentations and other irregularities in the surface of bodywork components, new sensors and algorithms have been developed which optically recognise and describe shape faults even at the pressed part stage, prior to painting. A further objective of research in this area is the integration of optical measurement data into CAD systems.

Along with considerations of economy, production technology must also address ecological requirements to an increasing extent. However, methods and instruments providing a holistic evaluation of products and their environmental impact throughout their life cycle are yet to be developed. The sector "Production Research and the Environment" is currently drawing up the necessary fundamentals.

The Urban Living Environment - An Interdisciplinary Research Project

Under the auspices of the "Technology and Society" research group in Berlin, scientists from various disciplines are working together in the research association "The Urban Living Environment" on the future-orientated development of expertise for solving a key problem of all industrial societies, namely the conflict of aims between quality of life and the efficient functioning of a large city. This research association is sponsored by the Gottlieb Daimler and Karl-Benz Foundation. We are uniting the necessary scientific skills of engineers, administrative experts, planners and sociologists. The development and assessment of the options available is of strategic significance to the integrated technology group.

Environmental Protection

Integrated environmental protection as a corporate principle

The Daimler-Benz group is committed to integrated environmental protection, whereby pollution is addressed at the root of the problem and all environmental effects of manufacturing and of the products themselves are incorporated into the group's decision-making process.

We have formulated our basic principles in the form of environmental protection guidelines which are binding for all employees. The core of this philosophy is summed up in the statement "Environmental protection and efficiency are not mutually exclusive; they condition each other." These guidelines are geared towards maintaining our natural basis of life and minimizing the burden on the environment. We are pursuing a policy of comprehensive, open information which enables all employees to play an active role in our endeavors.

Environmental officers

In order to ensure implementation of our "Environmental Protection Guidelines", Chief Environmental Officers for the group's four corporate units and for the executive holding company were appointed in 1991. They report directly to the Chief Executive Officers of their respective corporate units and co-ordinate their activities within the corporate "Environment" work group.

The Chief Environmental Officers promote environmentally compatible processes and products, advise the various corporate units and motivate all employees towards integrated environmental protection. The activities of the corporate "Environment" work group include the planning, approval and implementation of measures for the drafting of

environmental regulations, the assessment of draft legislation and the preparation of reports on environmental matters.

The Environmental Officers, whose activities within the group are conditioned by legal requirements, ensure compliance with all environment-related legislation in addition to monitoring the group's own environmental guidelines. They are directly responsible to the plant managements of the respective corporate units.

Through the functions of "Chief Environmental Officer" and "Environmental Officer", the Daimler-Benz group is setting standards far more stringent than those prescribed by legislation.

Interdisciplinary Projects

With interdisciplinary projects in the field of environmental protection engineering, the Daimler-Benz group has devised technologies and planning concepts which go far beyond mere compliance with currently valid legislation.

Projects already initiated include an exhaust treatment unit for stationary diesel engines, by means of which particulate and nitrogen oxide emissions can be reduced to a level far below the more stringent limits likely to be introduced in Europe in the future.

Together with Mercedes-Benz, AEG and DASA, a schedule has been drawn up for the development of a factory free of waste water. This project is being implemented in the various construction phases of the new passenger car manufacturing plant in Rastatt.

To keep air pollution from our production facilities below critical levels, we have devised an emission level network for Mercedes-Benz AG's Untertürkheim plant in which particulate and gaseous emission readings from 28 different measuring points are continuously evaluated and documented.

Environmentally Relevant Information

In addition to technological developments, active environmental protection calls for comprehensive documentation of the primary and auxiliary materials used throughout the group and of their whereabouts. To this end, an environmental information system is currently being developed which can call up the relevant data for the plant concerned, the corporate unit or the entire group. This information is also of assistance in the maintenance of an "environmental balance sheet".

The diversity of activities conducted throughout the Daimler-Benz group provides the basis for highly efficient material usage; this also applies to waste materials. Investigations are currently being carried out as to which production waste materials can be reused at different locations within the group. A corporate materials exchange is being established to provide systematic access to these materials.

It is of utmost importance to us that each and every employee bears responsibility for the environment. Our second Corporate Forum was therefore staged under the title of "Environmental Protection". At this forum, speakers from within and outside the company discussed the political and technological conditions applying to environmental protection. By means of specific programs, we shall convey these findings to all employees within the framework of the continuous training scheme.

Biological raw materials should be used in an environmentally acceptable manner, not ruthlessly exploited. In a joint project being carried out with the University of Pará, Brazil, the suitability of natural fibres, pigments and oils for use in industrial products is being investigated.



In the cascade rinsing system used in bodyshell galvanizing at Mercedes-Benz, the rinsing water is reused many times – an important contribution to reducing the volume of waste water from manufacturing.



Environmental technology also formed one area of the group's manufacturing activities. This sewage plant is equipped with instrumentation and control systems built by AEG.



Recycling of residual materials: for efficient recycling, residual materials must first be segregated.



Used catalytic converters are taken back so that valuable raw materials such as platinum and rhodium can be recovered.

The MIPAS project into emission control for stationary engines; here catalytic converter modules are being replaced.



Employees

Focal Points of Personnel Policy

Development, implementation and follow-up of new work and management structures in the individual corporate units and in the Daimler-Benz holding company were the focuses of group personnel policy in 1992. Restructuring and adjustments, establishment of performance centers, corporate integration and the further internationalization of business required the review of organization and personnel policy. In a year which was further characterized by employment problems as a consequence of structural changes in the markets, as well as by growing economic difficulties, the personnel departments were faced with the frequently difficult task of striking a balance between the different expectations of the workforce and the economic exigencies confronting the company.

Employment Situation Deteriorates

At the end of the year, the Daimler-Benz group employed a workforce of 376,467 (1991: 388,696), including 302,464 (1991: 317,461) employees in Germany.

Employees (12/31)	Germany	Abroad	Overall
Daimler-Benz AG and Holding Companies	3,021	50	3,071
Mercedes-Benz	170,137	52,345	222,482
AEG	46,559	14,225	60,784
DASA	75,404	6,468	81,872
debis	7,343	915	8,258
Daimler-Benz Group	302,464	74,003	376,467

In Germany, the employment situation in the individual corporate units was on the whole unsatisfactory. Particularly due to declining economic activity in the second half of 1992, the situation in Germany took a substantial turn for the worse. By contrast, outside Germany the employment situation in the Daimler-Benz group was largely stable.

Mercedes-Benz had an overall workforce of 222,482 at the end of 1992, including 170,137 (1991: 185,154) employees in Germany. At 52,345, employment at the foreign production and sales companies was on the previous year's level. Scaled-down production schedules necessitated a reduction of the workforce in all German plants with the exception of Rastatt. This was achieved by natural attrition and non-renewal of limited employment contracts. Excess staff then remaining was trimmed by increased granting of leave, non-work shifts, and early retirement. Short-time work is planned for the first half of 1993 in all German car and commercial vehicle factories.

At AEG, the employment situation in 1992 was satisfactory on the whole, although activity in the latter half of the year in some areas of the Automation field of activity, in Components and in Microelectronics was affected, in some cases sharply, by the economic slowdown. At the end of 1992, the AEG group had a world workforce of 60,784 (1991: 58,642), including 46,559 (1991: 43,975) employees in Germany. The number of employees in Germany increased, above all due to inclusion of the units acquired in the new Federal states. The inclusion of TEMIC TELEFUNKEN microelectronic GmbH only on a pro rata basis caused a reduction in the number of employees - particularly outside Germany.

At Deutsche Aerospace, the worldwide workforce numbered 81,872 (1991: 83,605) at the end of 1992, including 75,404 (1991: 80,191) people in Germany. Behind this change are some contradictory tendencies. A rise in personnel resulted from the pro rata inclusion of Eurocopter S.A. and TEMIC, and from full consolidation of Deutsche Aerospace Airbus GmbH. On the other hand, the changed international security situation and the shrinking budgets of government agencies had the consequence that Deutsche Aerospace capacity utilization in the year under review was on the whole unsatisfactory. In all divisions of the company, manpower was adjusted by making use of natural attrition and early retirement plans. Moreover, in the second half of 1992 short-time work became necessary.

Daimler-Benz InterServices (debis) had a total of 8,258 (1991: 6,203) employees at the end of 1992. The primary reason for the larger workforce was the inclusion of CAP Gemini in the group.

Daimler-Benz AG (holding company) had a total of 3,071 employees at year-end, of whom some 555 held group management functions, 1,287 were involved in group research activities, and 1,229 worked in services for the various corporate units and for the Mohringen location.

In the new Federal German states, at the end of the year 1992 some 10,300 persons were employed by companies of the Daimler-Benz group.

On the road to the 'zero defect' product: assembly training bay.



Inspection of the liquid hydrogen/-oxygen injection system for the Vulcain combustion chamber of the Ariane 5.

Tested daily for quality – the employees at our canteens prove their worth.

Equipment assembly in the Airbus: at this stage of aircraft construction the aircraft are fitted with all the technical systems required for flight



Each grip counts: manual care and skill are indispensable in many areas.

Employees in assembly at 'AEG Schienenfahrzeuge' (rail cars) in Hennigsdorf.



Performance, balance and movement. Different motivations leading to the same goal. Group sporting event 1992.

New Work and Management Structures in the Group

In all corporate units and in the Daimler-Benz holding company greater efforts are being undertaken to meet future requirements in international competition through modern, integrated forms of work organization. Shorter communication channels and speedier decision-making processes will raise efficiency.

Mercedes-Benz is facing up to the challenges of competition with all-around further development of its organizational structures. The planned reorganization into product and service centers has the purpose of gearing organization in all areas of the enterprise more strongly to the needs of the market and the customers. The heart of this new management structure is a large-scale decentralization of responsibility and decision-making power. This not only strengthens personal responsibility, but in logical consequence also reduces the number of hierarchical levels.

Introduction of group work in the plants and performance centers of the company is designed to improve the basis for employees to become more actively involved in and to assume greater responsibility for company operations and to make work more interesting and more efficient.

1991 having been a year in which fundamental decisions were made concerning the future strategic orientation of the AEG group, in the year under review further steps were initiated to change the management structure and improve the cost structure. The operative units

will take independent responsibility for their business in future. The group's headquarters will concentrate on managerial planning and control as a steering unit, with about 200 employees. Tasks formerly performed by head office will be transferred to the fields of activity or concentrated in service units. This will be supplemented by development of a management concept for the AEG group which includes organization in the operative units.

The previous Deutsche Aerospace was merged with the MBB and TST companies in the year under review. The administrative departments of the various headquarters were streamlined by combining the previous staff functions of the divisions Aircraft, Space Systems, Defense and Civil Systems as well as Propulsion Systems with those of the new DASA. These measures are intended to improve the capacity for action and cooperation and to increase transparency and efficiency.

In the Daimler-Benz holding company a new management structure was approved which will be put into practice beginning in 1993. Its essential elements are short communication channels, fewer management levels, and appreciably enlarged spans of control for top-level executives.

Collective Bargaining Agreements for 1992

In the old Federal German states, the accords for the metal-working and electrical industries brought an increase in wages and salaries of 5.4% effective April 1, 1992, and a further 3% increase effective April 1, 1993. The contract runs for 21 months, ending on December 31, 1993. In addition, an increase in contractually guaranteed special remuneration to 55% of monthly pay for 1992, and to 60% as

of 1993, was agreed. This special remuneration can be set off against equivalent voluntary company payments. As agreed in a phased plan, in the new German states the standard wages and salaries were raised to 70% of the amounts which were paid in 1991 in the metal-working and electrical industries of the old Federal German states.

Personnel and Social Welfare Expenditure

Group personnel expenditure rose by 9% to DM 32 billion. In Germany, the increase was due primarily to rises in standard wages and salaries and a renewed rise in social welfare contributions.

A central element of the social benefits provided by the Daimler-Benz group are the company pensions. In 1992 it was decided to increase the pension tables for employees of Daimler-Benz AG and Mercedes-Benz AG by 6% with effect from January 1, 1993. Daimler-Benz AG and Mercedes-Benz AG paid a total of DM 318 million to some 49,400 pensioners, widows and children in the year under review. A total of DM 623 million was allocated to pension provisions at Daimler-Benz AG and Mercedes-Benz AG. These expenses are calculated - bringing them into line with the practice used in the Daimler-Benz consolidated statements since 1989 - on the basis of the fiscal stipulations of Section 6a of the Income Tax Law, that is to say using a notional interest rate of 6% instead of the previous 3.5%. AEG disbursed DM 107 million and DASA DM 96 million to recipients in the year under review. A total of DM 1.5 billion was allocated in the group to company pension schemes.

Private Capital Formation

Assistance in forming private capital was also provided in 1992. Employees of the domestic plants had the opportunity to purchase shares of Daimler-Benz AG and Mercedes Aktiengesellschaft Holding at a preferential price. In all, about 120,500 employees took advantage of this offer, subscribing to some 146,000 Daimler-Benz shares and 15,200 MAH shares.

Managerial Development and Planning

A difficult business environment creates new situations for management. Demands grow on managers to deal with complex, fast-changing tasks. The available human resources in the company must be optimally utilized through systematic personnel development. Serving this purpose are also the uniform guidelines for filling senior-level management positions, which have been adopted in all corporate units, and which aim, amongst other things, at greater internationalization of management.

A particular concern in the year under review was the integration of newly added companies in managerial development and planning programs.

Company Training Activities

At the end of 1992, 13,314 young people were undergoing vocational training within the domestic group. 3,850 young men and women commenced training in the year under review. Of the 3,835 who successfully completed their courses, 82% were given jobs within the group. Training is offered in almost 60 technical trades and 10 business professions in all. This training is

supplemented by 15 special programs for school leavers, above all at the professional academy. As in the years before, these programs enjoy rising popularity.

Advanced training has great significance in the Daimler-Benz group, also in times of economic troubles. All the corporate units offer a comprehensive program consistent with the individual areas of activity. The senior managerial staff training scheme was further extended in 1992. Expenditure for basic vocational training and advanced training came to some DM 834 million in the year under review.

Preventive Health Care and Occupational Safety

Medical care for our employees is traditionally an essential facet of our personnel and social policies. The medical services of the various corporate units employ a staff of 250, including 50 doctors.

Throughout the group in Germany, 200 full-time safety experts were responsible for on-the-job safety. The success of their work is reflected in the further reduction in the number of accidents in all corporate units.

Thanks to Our Workforce

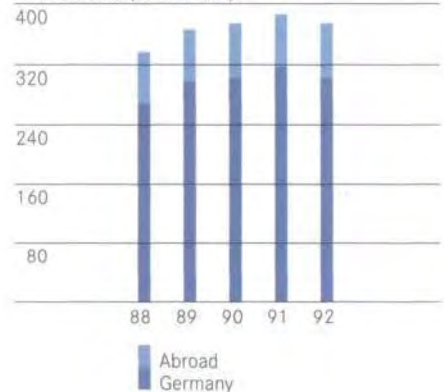
We would like to express our gratitude to all our employees for their commitment and hard work in a year in which reorganization of the group was continued and which was also characterized by special challenges and in some cases greatly changed market conditions. We also appreciate the trust and cooperation demonstrated by the representatives on the various labor councils and committees at all levels of our group.

At the year-end, the group employed 376,000 people worldwide.

The introduction of new work and management structures and the adjustment of workforce numbers in a socially acceptable manner were focal tasks of personnel work.

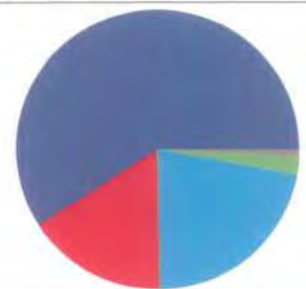
Employees

In Thousands (at Year-End)



Employees by Divisions

(at Year-End)



	92	91
	in %	in %
Mercedes-Benz	59.1	61.1
AEG	16.1	15.1
DASA	21.8	21.5
debis	2.2	1.6
Daimler-Benz AG	0.8	0.7

Group Valuation Methods Standardized Extensively

With the changes in valuation methods made in 1989, Daimler-Benz adapted its accounting policies more closely to internally accepted accounting policies because capital markets only rely on financial statements thus prepared. The valuation methods traditionally applied in the automobile business has been continued in the individual accounts of both Daimler-Benz AG and Mercedes-Benz.

In 1992, we have adapted the valuation methods for pension provisions and for inventories to the practices used in the consolidated accounts. We are thus applying the same accounting principles and valuation methods at the different levels and within each area of the Daimler-Benz group. This will increase comparability of the individual corporate sectors among themselves and of other companies with the Daimler-Benz group as a whole. At the same time, we thus improve our information by segments, which is an important part of U.S. publication requirements.

Net Income Declined to DM 1.45 Billion

The financial statements were impacted, sometimes substantially, by changes in the circle of consolidated companies. While some companies of the AEG group were removed, Deutsche Aerospace Airbus GmbH - on account of the uniform control existing now - was fully consolidated for the first time.

Sales revenues in 1992 rose 4 % to DM 98.5 billion; on a comparable basis, the increase amounted to 2 %. The positive trend in the domestic marketplace during the first six months was nearly compensated for in all markets during the following period because of the difficult economic situation. With DM 101 billion, total output exceeded the DM 100 billion mark. Since the cost of materials remained nearly unchanged, its share in terms of total output declined to 48.7 % (1991: 50.2 %). In contrast, the ratio of personnel expenses noticeably rose to 31.7 % (1991: 29.8 %) as a result of the first-time inclusion of companies with labor-intensive manufacturing. Union-negotiated wage and salary increases effective April 1, 1992, further increased expenses; offsetting this were generally lower annual average employment figures. Depreciation allowances climbed 18 % to DM 7.2 billion on account of higher investments in fixed assets and in leased equipment.

In Millions of DM	1992	1991
Interest income as per statement of income	577	623
Interest expense from leasing and sales financing	421	446
Interest result excl. operating leasing and sales financing business	998	1,069

Net interest expense of our leasing and sales financing companies remained nearly unchanged at DM 0.4 billion, just slightly below the previous year's level. The offset amount to the interest expenses that are necessary for the financing of the leasing business are the revenues which are included in the leasing rates and thus in total sales. Excluding the interest expense from the leasing and sales financing, consolidated interest income amounted to DM 1.0 billion (1991: DM 1.1 billion).

As in prior years, we have reduced the interest income earned in the high-inflation countries by the inflation portion.

The results of operations from ordinary business activities dropped by 37 % to DM 2.5 billion. Operating results (results from ordinary business activities less financial results less other taxes), declined to an even greater extent, namely by 59% to DM 1.0 billion. Of decisive influence here was the unexpected deterioration of the automobile business beginning in the third quarter, the changing climate for important sectors of the aero- and space travel industry and the burdens resulting from the devaluation of several European currencies. Net income fell disproportionately by 25 % to DM 1.45 billion, while income taxes, on account of substantial losses incurred by consolidated companies, noticeably declined also.

Balance Sheet Picture of the Group Characterized by Financial Services Business

The consolidated balance sheet is more influenced by the strongly expanding leasing and financing business than is apparent in the statement of income. Our leasing contracts are ordinarily designed in such a way that the assets are shown in the books of the lessor; leased items are valued at acquisition or manufacturing costs reduced by scheduled depreciation allowances. They are shown separately under fixed assets. Deferred taxes resulting from the elimination of intercompany profits are shown on the asset side of the balance sheet under deferred taxes.

The sales financing business is a pure credit business; it increases both sides of the balance sheet

because receivables from customers and liabilities from refinancing are simultaneously shown. Moreover, deferred leasing income and special lease payments are shown under deferred credits on the liability side of the balance sheet.

Within the Daimler-Benz group we use the financial services business as a flexible tool to support our global sales strategy. The effect that the financial services business has on the consolidated balance sheet is illustrated by the table below. Here it was assumed that the funds bound by the financial services business are available for the unscheduled repayment of liabilities. The changes in stockholders' equity result, in particular, from consolidation methods.

Group Balance-Sheet Total Noticeably Increased

The group's balance sheet total (assets/stockholders' equity and liabilities) rose 14 % to DM 86.2 billion on account of the larger business volume and the first-time inclusion in consolidation of Deutsche Aerospace Airbus GmbH. Long-term assets, including leased vehicles and equipment, climbed by 15 % to DM 33.6 billion. Fixed asset additions of DM 7.8 billion were offset by depreciation allowances of DM 4.7 billion and disposals of DM 0.4 billion. Also in 1992, leased vehicles and equipment increased disproportionately by 21 %; their share in terms of total assets rose to 11.3 %. Excluding leased vehicles and equipment, the ratio of fixed assets to total assets remained nearly unchanged at 27.7 %. Receivables from sales financing climbed 45 % to DM 6.2 billion. Inventories, which strongly increased over the

To a large extent uniform valuation at all the different levels of the Daimler-Benz group.

Decline of consolidated net income to DM 1.45 billion.

Lower income taxes on account of losses within group companies.

Influence of Financial Services Business on Group Balance Sheet

In Millions of DM	1992	1991
Group balance sheet total as shown	86,184	75,714
Assets		
Leased vehicles	- 9,777	- 8,092
Receivables from sales financing	- 6,166	- 4,255
Deferred taxes from intercompany profits	- 868	- 686
Total assets exclusive of financial services business	69,373	62,681
Stockholders' Equity and Liabilities		
Change in net equity	+ 224	- 100
Liabilities from leasing and sales financing	-10,971	- 8,113
Unscheduled repayment of liabilities	- 5,750	- 4,577
Deferred leasing income and special lease payments	- 314	- 243
Total stockholders' equity and liabilities exclusive of financial service business	69,373	62,681

Balance Sheet Structure Daimler-Benz Group

In Billions of DM



Cash Flow Statement of the Daimler-Benz Group (In Millions of DM)

	1992			1991		
I. Operating activities						
Net income		1,451			1,942	
Extraordinary results (net of corporate income taxes)		-			220	
Adjustments to reconcile net income to net cash provided by operating activities						
Depreciation, amortization and write-downs of fixed assets		7,168			6,092	
of which leased equipment	2,178			1,764		
Increase in pension provisions		997			710	
Increase in other provisions		357			934	
Others		103			55	
Undistributed earnings of associated companies		(13)			(24)	
Gain of disposals		(69)			(177)	
Change in assets and liabilities net of change in companies included in consolidation						
Inventories (net)		(914)			(1,777)	
Receivables		(1,958)			(1,726)	
Operating liabilities		(1,571)			1,660	
Other		310			(95)	
Cash provided by operating activities		5,861			7,814	
II. Investment activities						
Additions to intangible assets and fixed assets		(8,047)			(7,124)	
Net additions of financial assets		(303)			(2,280)	
Additions to leased equipment	(5,206)	(5,206)		(4,191)	(4,191)	
Disposals of property		2,035			1,498	
of which leased equipment	1,343			853		
Disposals of businesses		-			(847)	
Additions to circle of consolidation		3,372			-	
Other		(802)			(1,975)	
of which receivables of sales financing	(1,911)			(1,085)		
Cash used for investing activities		(8,951)			(14,919)	
III. Financing activities						
Change of financial liabilities		3,546			4,287	
of which liabilities for leasing and sales financing	2,858			1,465		
Change in equity		(577)			236	
Dividend of Daimler-Benz AG		(603)			(557)	
Cash provided by financing activities		2,366			3,966	
Change in liquidity		(724)			(3,139)	
Change in liquidity	12/1992	12/1991		12/1991	12/1990	
Cash, other securities	9,024	7,719	1,305	7,719	8,879	(1,160)
Remaining liquidity	806	2,835	(2,029)	2,835	4,814	(1,979)
Liquidity at year-end	9,830	10,554	(724)	10,554	13,693	(3,139)

previous year, were financed to the tune of 25 % through advance payments received from customers. Liquidity declined to 11.4 % (1991: 13.9%) of total assets.

On the liability side of the balance sheet, shareholders' equity - excluding the amount set aside for dividend payments (unappropriated profit) - rose by DM 0.3 billion to DM 19.1 billion. Because of the noticeably higher business volume, the ratio of net equity to total capitalization fell to 22.2 % (1991: 24.9 %). Excluding the financial services companies, the net equity ratio in terms of total capitalization amounted to 27.9 % (1991: 29.9 %). The coverage of long-term assets (excluding leased vehicles and equipment) fell to 81 % (1991: 89%).

The liabilities attributable to our financial services companies amounted to DM 11.0 billion (1991: DM 8.1 billion). Their change accounted for about 75 % of the increase in total liabilities. Also, provisions increased far above average, i.e. by 24 % to DM 34.7 billion; the main cause for this was the change in the circle of companies included in consolidation; provisions accounted for 40.3 % (1991: 37 %) of total capitalization. Long-term assets (excluding leased vehicles and equipment) and net inventories are fully covered by net equity and long- and medium-term provisions.

Statement of Cash Flow

In the course of a further internationalization of our account presentation, our statement of cash flow has been closely geared to the U.S. Financial Accounting Standard (SFAS) No. 95.

The basic difference between SFAS 95 and the method heretofore applied consists in the unequivocal attribution of the payment streams to the three segments (business activities, investment activities and financing activities). In contrast, our presentation hitherto has only shown sources of funds and application funds separately. Besides this the cash flow figure currently shown from business activities is purely a financial indicator.

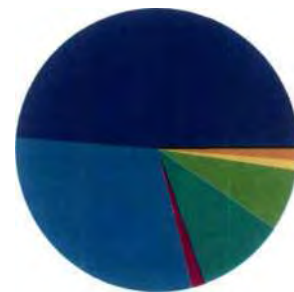
In comparison to the previous year this figure decreased by 25% to DM 5.9 billion. This resulted from a decline in operating liabilities of DM 1.6 billion against an increase of DM 1.7 billion in 1991. The cash flow from investment activities was also below that of the previous year at DM 9.0 billion; this was affected mainly by the first-time consolidation of Deutsche Aerospace Airbus GmbH. As the internally generated liquidity did not suffice to finance various investments and we took on less debt as in 1991, our liquidity declined to DM 9.8 billion (1991: DM 10.6 billion). Also in the years to come we expect investments of the Daimler-Benz Group to be at a high level. The leasing and sales financing business in particular require the injection of additional capital. Depending on favorable stock market condition we intend to secure for corporate growth also through taking on new equity.

Balance sheet picture strongly influenced by continuous expansion of leasing- and sales financing business.

Presentation of cash flow statement adapted to U.S. Financial Accounting Standard No 95.

Expense Structure in Terms of Total Output Daimler-Benz Group

DM 100.9 Billion (1991: DM 98.6 Billion)



	92 in %	91*) in %
Cost of Materials	48.7	50.2
Wages, Salaries and Social Levies	30.2	28.3
Old-Age Pensions	1.5	1.5
Additional Expenses	10.0	9.7
Depreciation	7.1	6.2
Allowances		
Taxes	1.1	1.6
Net Income	1.4	2.0

*) Extraordinary Results 0.5 %.

Activities of the Group Treasury

During the year under review, we have continued to further develop, both objectively and instrumentally, our "cash-management" in connection with the inclusion of Deutsche Aerospace Airbus GmbH and the establishment of a foreign-currency based domestic "cash-pooling". We were able to increase the flexibility and efficiency of our treasury activities through more intensive use of the commercial-paper-programs, particularly in Germany and the U.S.A.

Through active portfolio management we have again invested long-term funds - depending on interest rate and interest income expectations - primarily in fixed-interest instruments of first-class issuers. Investments in stocks represent a small portion of our portfolio.

The continued growth of our leasing and sales financing business has further increased the demands placed on our centrally managed refinancing tasks.

In order to enlarge our investor basis, we floated a Euro-Medium-Term-Note-Program in 1992, with a volume objective of two billion U.S. dollars. This instrument, which can be used by Daimler-Benz International Finance B.V., Daimler-Benz of North America and Daimler-Benz United Kingdom pic - companies already well known and active in the Euromarket - allows us to use the capital markets to the fullest extent.

As in prior years, the task of the foreign exchange management consisted in limiting the currency risks of the operating sectors, particularly with regard to the USD, JPY, GBP, CHF and ESP, through suitable foreign exchange hedging measures. Also in the future, we will be guided by continually updated currency rate expectations and then employ the financial instruments individually depending on the currency and business field.

Within the scope of the above-mentioned treasury activities, we also avail ourselves of derivative capital market instruments. They serve the purpose of limiting the group's financial risks overall and of optimizing results of operations.

Sales and Project Financing

The worldwide sales of our products is increasingly supported by standardized financing programs and individually-tailored financing solutions.

It is becoming more and more necessary to find new solutions for our companies that carry on business in the infrastructure sector. In this area, private financing models must increasingly be offered. In order for the private sector to be able to take over these tasks, the public sector in the buyer country must fulfill certain yield and risk standards. Moreover, the burden of risk must not - as is frequently requested by public contractors - be limited to the producer of capital equipment.

In the traditional export financing field, we have again in 1992 fully utilized all opportunities of existing financing and hedging instruments. The sometimes dramatic deterioration of economic conditions in some African countries and in eastern Europe resulted in restrictive

approval practices for credit insurance. In contrast, the financing opportunities available in Latin America have improved depending on the economic improvement of some countries.

The newly-developing and developed countries of Africa, Asia and Latin America are only able to finance capital investments if funds from subsidized programs of public institutions are available. This is particularly true for East European countries and CIS. With respect to future project financing, systems for aid and rehabilitation programs are already in place. Making use of such systems will become of considerable importance in financing our products.

In the solution of these tasks, the company will, also in the future, minimize financing risk inherent in sales activities. The company will, at the same time, keep open its financing options.

In 1992, our business policy at home and abroad again conformed with the "OECD-Guidelines for Multinational Companies". Our intercompany pricing policy is based on the "dealing-at-arms-length" principle.

Key Figures of Major Subsidiaries of Daimler-Benz AG

	Owner- ship ¹⁾ in %	Net Equity ²⁾ in Millions of DM	Net Income ²⁾ 1992 in Millions of DM		Sales ³⁾ 1992 in Millions of DM		Employment at Year-End 1992 1991	
Corporate Unit Mercedes-Benz								
Mercedes-Benz AG, Stuttgart	100.0	7,045	785.0	1,100.0	54,071	54,941	169,080	184,061
Mercedes-Benz España, Madrid ⁴⁾	100.0	315	21.0	61.7	1,814	1,937	3,255	3,475
Mercedes-Benz (United Kingdom), Milton Keynes ⁴⁾	100.0	. ⁵⁾	. ⁵⁾	. ⁵⁾	2,057	2,048	1,026	1,121
Mercedes-Benz Nederland, Utrecht ⁴⁾	100.0	. ⁵⁾	. ⁵⁾	. ⁵⁾	1,168	1,188	665	660
Mercedes-Benz Belgium S.A./N.V., Brussels	100.0	129	42.7	41.5	1,080	1,147	925	958
Mercedes-Benz France, Rocquencourt ⁴⁾	100.0	. ⁵⁾	. ⁵⁾	. ⁵⁾	2,789	3,086	2,093	2,084
Mercedes-Benz Italia, Rome ⁴⁾	88.5	321	-27.5	57.8	2,927	3,073	779	784
NAW Nutzfahrzeuggesellschaft Arbon & Wetzikon AG, Arbon ⁶⁾	100.0	19	1.0	0.2	185	197	551	589
Mercedes-Benz (Schweiz) AG, Zurich	51.0	106	1.8	11.2	888	1,115	306	308
Freightliner, Portland ⁴⁾	100.0	. ⁵⁾	. ⁵⁾	. ⁵⁾	3,510	2,851	6,247	5,295
Mercedes-Benz of North America, Montvale ⁴⁾	100.0	. ⁵⁾	. ⁵⁾	. ⁵⁾	5,163	5,238	1,561	1,610
Mercedes-Benz Mexico, Mexico D.F. ⁴⁾	80.0	261	58.0	49.2	733	575	1,524	1,460
Mercedes-Benz do Brasil, São Bernardo do Campo ⁴⁾	100.0	991	-81.2	10.3	2,676	3,094	20,109	20,798
Sofunge S. A., São Paulo	100.0	37	-1.0	1.3	66	92	1,896	2,246
Mercedes-Benz Argentina, Buenos Aires ⁴⁾	100.0	247	21.8	-4.0	483	317	2,481	2,393
Mercedes-Benz of South Africa, Pretoria ⁴⁾	78.1 ⁷⁾	185	0.2	8.7	1,274	1,501	3,978	4,588
Mercedes-Benz Türk A.S., Istanbul	50.3	59	4.7	1.2	612	395	2,998	2,497
Mercedes-Benz Japan Co. Ltd., Tokyo	100.0	241	26.7	34.4	2,735	2,562	433	406
Mercedes-Benz (Australia), Mulgrave/Melbourne ⁴⁾	100.0	79	0.7	-22.9	472	365	714	792
Corporate Unit AEG								
AEG Aktiengesellschaft, Berlin and Frankfurt am Main	80.2	2,160	10.1	-441.0	4,283	4,025	20,053	20,797
AEG Hausgeräte AG, Nuremberg	90.0	330	59.9	27.5	2,334	2,235	8,496	9,042
AEG Westinghouse Transport-Systeme GmbH, Berlin	100.0	90	38.1	9.4	572	583	2,106	2,008
MODICON, Andover/U.S.A. ⁴⁾	100.0	. ⁵⁾	. ⁵⁾	. ⁵⁾	251	269	928	1,021
Corporate Unit Deutsche Aerospace								
Deutsche Aerospace AG, Munich ⁸⁾	100.0	3,790	-596.9	36.0	4,083	-	20,051	309
Deutsche Aerospace Airbus GmbH, Hamburg	100.0	1,095	410.8	421.3	4,806	5,093	22,309	21,990
Dornier, Friedrichshafen ⁴⁾	57.6	271	-236.6	-183.8	2,683	2,374	9,071	9,527
MTU Motoren- und Turbinen-Union München, Munich ⁴⁾	100.0	374	-147.9	23.8	3,612	3,565	16,338	17,053
Corporate Unit Daimler-Benz InterServices (debis)								
Daimler-Benz InterServices (debis) AG, Berlin	100.0	1,936	28.8	-15.1	-	-	204	180
Mercedes-Benz Lease Finanz, Stuttgart ⁴⁾	100.0	285	21.2	20.8	1,843	1,482	461	382
Mercedes-Benz Finanziaria S.p.A., Rome	85.0	51	2.8	3.3	433	335	144	132
Mercedes-Benz Credit, Norwalk/U.S.A. ⁴⁾	100.0	. ⁵⁾	. ⁵⁾	. ⁵⁾	2,375	1,784	402	371
Unit Venture Companies								
TEMIC TELEFUNKEN microelectronic GmbH, Heilbronn	100.0	608	-38.2 ⁹⁾	-	425.8 ⁹⁾	-	3,376	-
Siliconix Inc., Santa Clara ⁴⁾	80.1	77	7.4	0.2	243.9	232.7	1,499	1,247
Regional Holding and Finance Companies								
Daimler-Benz Holding AG, Zurich	100.0	314	17.0	52.8 ⁹⁾	-	-	-	-
Daimler-Benz UK, London ⁴⁾	100.0	253	24.6	19.1	-	-	6	6
Daimler-Benz Holding France, Rocquencourt ⁴⁾	99.9	323	3.7	21.2	-	-	-	-
Daimler-Benz Holding Nederland B.V., Utrecht ⁴⁾	100.0	171	12.0	23.4	-	-	-	-
Daimler-Benz Holding Belgium S.A./N.V., Brussels	100.0	412	94.6	53.5	-	-	-	-
Daimler-Benz Coordination Center S.A., Brussels	100.0	672	79.3	51.8	-	-	18	15
Daimler-Benz North America Corporation, New York ⁴⁾	100.0	3,526	137.4	82.8	-	-	17	17

1) Relating to the respective Parent company.

2) Net equity and net income respectively, net income before income transfer from national financial statements; foreign financial statements converted at applicable year-end exchange rates.

3) Converted at applicable average exchange rates.

4) Preconsolidated financial statements.

5) Included in the consolidated financial statements of the holding company of the respective country.

6) First consolidated in 1992.

7) Allowing for an option, 76.6%.

8) Since the restructuring comprises mainly the business activities of the former Messerschmitt-Bölkow-Blohm GmbH (MBB) and Telefunken Systemtechnik GmbH (TST).

9) Short business year.

The Daimler-Benz Share

Statistics per Common Share

	1992	1991
Net income*)	30.50	40.20
Dividend	13.00	13.00
Dividend incl. tax credit	20.31	20.31
Stockholders' Equity	410.60	404.80

*) excl. minority interests

Stock Exchange Development

After an overall satisfactory development during the first six months, German stock exchanges suffered a severe backlash following the surprise increase in the discount rate. Particularly the stocks of automobile manufacturers, favored up to that point, often had to accept heavy losses. The Daimler-Benz share dropped from a yearly high of DM 815.50 at the beginning of June to DM 588.50.

During the following period, profit expectations for most German companies had to be noticeably lowered as domestic business activities weakened dramatically and the D-mark's value rose within the European currency system. The German stock index (DAX) reached a yearly low of 1,420 points in October. While the DAX index rose 9 % by the end of the year, the Daimler-Benz share dropped further to DM 538.50.

By the end of February 1993, the price of the Daimler-Benz stock jumped 11 %, while the DAX index only increased 9 %.

Again in 1992, our stock belonged to the most frequently traded shares on German stock exchanges; a total of 228 million shares were traded, amounting to DM 153.5 billion. This amount represented 11 % of all domestically traded stocks. On the German futures exchanges, Daimler-Benz options again belonged to the most actively traded issues.

Market Price of the Daimler-Benz Share

	1992	1991
High	815.50	793.50
Low	505.90	506.50
Year	538.50	743.70

Trade on Foreign Stock Exchanges

Other than the German stock exchanges, the Daimler-Benz stock is traded on seven foreign stock exchanges (Basel, Geneva, Zurich, London, Paris, Tokyo and Vienna): With the listing on these exchanges, we also show in financial markets the international orientation of our company. Long-term, moreover, we wish to be less dependent on the development of a single capital market. Trading in London in 1992 was particularly active. Total turnover amounted to 16.5 million Daimler-Benz shares.

At the beginning of the year we continued talks with the Securities and Exchange Commission (SEC) with the aim of introducing our shares to the New York Stock Exchange. The results to date have made us very confident that Daimler-Benz shares can already be traded in the course of this year on the worlds' most important stock exchange.

Investor Relations-Activities

With our investor relations activities, both at home and abroad, we are trying to respond to the increasing interest in the Daimler-Benz technology group. We not only talk to financial analysts and institutional investors, but also quite consciously to individual investors. We regularly inform all our shareholders by means of the annual shareholders meeting, the annual report and periodical interim reports. In Stuttgart, in May of 1992, we informed the members of the German Financial Analysts Society (DVFA) about our actual economic situation. Furthermore, we gave presentations in Zurich, Vienna, Paris, Milan, Boston, New York, Tokyo, London and Edinburgh.

Second International Stockholders' Fair in Dusseldorf

The second international stockholders' fair (IAM) took place in Dusseldorf from August 27, to August 30. More than 13,000 visitors informed themselves in the booths of 105 exhibitors, and in roughly 150 presentations about all aspects of investments in stocks.

We have made use of the IAM to show what the Daimler-Benz share stands for. We met with a good response both during our daily special events and our "contest", in which more than 10,000 visitors participated.

Investment in Daimler-Benz Shares; Investment Amount DM 10,000

Investment date	1/2/81	1/2/87	1/2/90
Investment duration (years)	about 12	about 6	about 3
Portfolio value at 2/28/1993 (in DM)	43,500	5,610	7,670
Average annual return in % from an investment in DEM	12.8	- 8.9	- 8.0
from an investment in USD	14.5	- 6.4	- 7.1
from an investment in JPY	9.5	- 11.0	- 12.7
from an investment in GBP	19.4	- 5.9	- 3.6

Dividend unchanged at DM 13

For the business year 1992, a dividend of DM 13 for each eligible share of DM 50 per value, will be proposed to the annual general meeting taking place on May 26, 1993. For shareholders subject to income taxes in Germany, the gross dividend thus amounts to DM 20.31. Total dividend payout of DM 604 million (1991: DM 603 million) is slightly higher because of lower inventories in treasury stock.

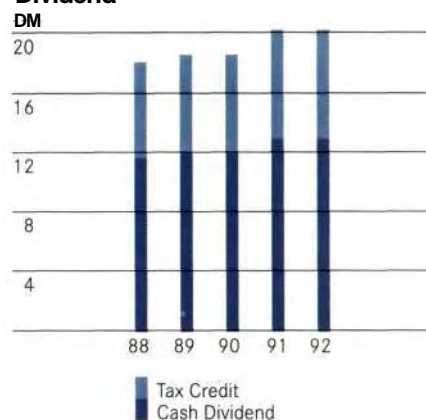
The net income of Daimler-Benz increased solely on account of the revaluation recorded on the books in 1992. Even though the income portion derived from ordinary business activities is noticeably lower in comparison to the previous year, we have maintained the dividend rate. Continuity in serving our stockholder will remain our long-term policy.

Daimler-Benz Shares Are a Good Long-Term Investment

The past year has shown that an investment in stocks offers both opportunity and risk. A six-year investment and a three-year investment both show negative results, due to the high prices at the time of purchase and the share price decline during last year. Investments made in currencies other than the D-mark increase the risk further. Longer term, however, stocks offer returns that cannot be achieved with fixed-income securities. A twelve-year investment in Daimler-Benz shares, as is typical for our shareholders, shows a positive return of 12.8 %.

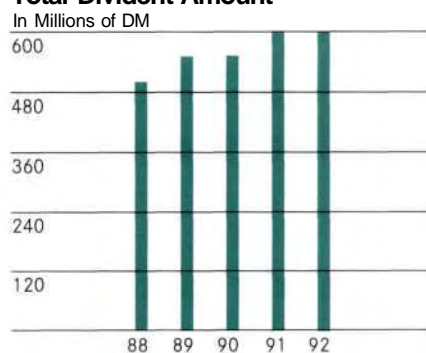
In this calculation we have assumed that the proceeds from rights issues and cash dividends (excl. tax credit) were reinvested in Daimler-Benz stocks and that no additional payments were made by shareholders.

Dividend"



*) Allowing for the 1989 Increase in Capital.

Total Dividend Amount



Share Price Development

Allowing for the 1989 Increase in Capital



Financial Statements

Consolidated Balance Sheet

ASSETS	Notes	December 31, 1992 In Millions of DM	December 31, 1991 In Millions of DM
Non-Current Assets			
Intangible Assets	(1)	611	774
Fixed Assets	(2)	19,254	16,574
Financial Assets	(3)	3,991	3,758
Leased Equipment	(4)	9,777	8,092
		33,633	29,198
Current Assets			
Inventories	(5)	23,138	20,732
Advance Payments Received	(6)	(5,549)	(5,827)
		17,589	14,905
Receivables from Leasing and Sales Financing	(7)	6,166	4,255
Other Receivables	(8)	14,771	12,370
Other Assets	(9)	3,503	5,528
Securities	(10)	6,089	5,725
Cash	(11)	2,968	2,010
		51,086	44,793
Prepaid Expenses and Deferred Taxes	(12)	1,465	1,723
		86,184	75,714
STOCKHOLDER'S EQUITY AND LIABILITIES			
Stockholders' Equity			
Capital Stock	(13)		
	(14)	2,330	2,330
Paid-In Capital	(14)	2,117	2,117
Retained Earnings	(15)	13,440	13,182
Minority Interests	(16)	1,228	1,214
Unappropriated Profit of Daimler-Benz AG		604	605
		19,719	19,448
Provisions			
Provisions for Old-Age Pensions and Similar Obligations	(17)	12,217	10,790
Other Provisions	(18)	22,478	17,239
		34,695	28,029
Liabilities			
Liabilities from Leasing and Sales Financing	(19)	10,971	8,113
Accounts Payable Trade	(20)	6,517	7,015
Other Liabilities	(21)	13,725	12,600
		31,213	27,728
Deferred Income		557	509
		86,184	75,714

Consolidated Statement of Income

	Notes	1992 In Millions of DM	1991 In Millions of DM
Sales	(22)	98,549	95,010
Increase in Inventories and Other Capitalized In-House Output	(23)	2,330	3,556
Total Output		100,879	98,566
Other Operating Income	(24)	4,506	3,545
Cost of Materials	(25)	(49,084)	(49,456)
Personnel Expenses of which for Old-Age Pensions DM 1,539 million (1991: DM 1,511 million)	(26)	(32,003)	(29,372)
Amortization of Intangible Assets, Depreciation of Fixed Assets and of Leased Equipment	(27)	(7,085)	(5,977)
Other Operating Expenses	(28)	(15,254)	(13,824)
Income from Affiliated, Associated and Related Companies	(29)	118	56
Interest Income	(30)	577	623
Write-Downs of Financial Assets and of Securities	(31)	(121)	(134)
Results from Ordinary Business Activities		2,533	4,027
Extraordinary Result	(32)	-	(544)
Income Taxes	(33)	(586)	(1,039)
Other Taxes	(33)	(496)	(502)
Net Income	(34)	1,451	1,942
Profit Carried Forward from Previous Year		2	8
Transfer to Retained Earnings		(816)	(1,275)
Income Applicable to Minority Shareholders		(184)	(99)
Loss Applicable to Minority Shareholders		151	29
Dividend (1991: Unappropriated Profit) of Daimler-Benz AG		604	605

Consolidated Statement of Non-Current Assets

In Millions of DM	Acquisition-/Manufacturing Costs				12/31/1992
	1/1/1992 *)	Additions *)	Reclassifi- cations	Deductions	
Intangible Assets					
Franchises, Industrial Property Rights and Similar Rights, as well as Licences to Such Rights	487	192	17	66	630
Goodwill	662	26	-	184	504
	1,149	218	17	250	1,134
Fixed Assets					
Land, Land Titles and Buildings Including Buildings Owned by Others	16,434	1,567	429	85	18,345
Technical Equipment and Machinery	21,258	2,480	796	777	23,757
Other Equipment, Factory and Office Equipment	16,275	1,840	610	1,173	17,552
Advance Payments Relating to Plant and Equipment and Construction in Progress	2,344	1,942	(1,852)	125	2,309
	56,311	7,829	(17)	2,160	61,963
Financial Assets					
Investments in Affiliated Companies	869	75	9	486	467
Loans to Affiliated Companies	11	2	-	2	11
Investments in Associated Companies	311	30	1,103	89	1,355
Investments in Related Companies	2,112	313	(1,079)	71	1,275
Loans to Related Companies	133	30	(37)	3	123
Investments in Long-Term Securities	551	14	-	48	517
Other Long-Term Receivables	875	183	4	109	953
	4,862	647	-	808	4,701
	62,322	8,694	-	3,218	67,798
Leased Equipment	11,853	5,206	-	2,741	14,318

*) Including carry-forward amounts of companies consolidated for the first time.

1/1/1992 *)	Amortization/Depreciation/Write-Downs				Net Book Value	
	Current Year	Reclassifications	Deductions	12/31/1992	12/31/1992	12/31/1991
306	135	-	54	387	243	181
69	73	-	6	136	368	593
375	208	-	60	523	611	774
8,167	859	-	84	8,942	9,403	8,267
17,933	1,966	17	679	19,237	4,520	3,325
13,607	1,844	16	959	14,508	3,044	2,668
30	30	(33)	5	22	2,287	2,314
39,737	4,699	-	1,727	42,709	19,254	16,574
559	2	-	448	113	354	310
2	-	-	-	2	9	9
45	46	-	5	86	1,269	266
302	2	-	-	304	971	1,810
4	1	-	1	4	119	129
22	2	-	3	21	496	529
170	30	-	20	180	773	705
1,104	83	-	477	710	3,991	3,758
41,216	4,990	-	2,264	43,942	23,856	21,106
3,761	2,178	-	1,398	4,541	9,777	8,092
					33,633	29,198

Notes to the Consolidated Financial Statements

Principles and Methods

The consolidated financial statements have been prepared in accordance with regulations set forth in the Commercial Code; the amounts are shown in millions of D-marks. The items, which are summarized in the balance sheet and the statement of income, are separately shown in the notes and, where necessary, explained.

Deviating from the previous year, we additionally show in the consolidated financial statements - apart from the caption "leased vehicles and equipment" - the captions "receivables from sales financing" and "liabilities from leasing and sales financing", in order to accommodate the peculiarities of the financial services business.

Accounting Principles and Valuation Methods

During the year under review, we have continued to apply the same accounting principles and valuation methods. Assets and liabilities presented in the consolidated balance sheet - in identical group circumstances - are uniformly valued. In 1992, as in previous years, provisions for approved conversion, reconstruction and maintenance projects have been set up, or have been systematically updated.

Intangible assets are valued at acquisition costs and are written off over the respective useful lives. Goodwill resulting from the capital consolidation, if derived from the extension of the group, is in principle amortized over five years; goodwill relating to the restructuring of the group is charged to retained earnings. Goodwill which arose from the creation of strategic alliances, is split. The portion relating to the group's expansion is written off

over the relevant useful life, the one relating to the restructuring is charged to retained earnings.

Fixed assets are valued at acquisition or manufacturing costs. The self-constructed facilities comprise direct costs and applicable materials and manufacturing overheads, including depreciation allowances.

The acquisition/manufacturing costs for fixed assets are reduced by scheduled depreciation charges. The opportunities for special tax-deductible depreciation allowances were fully utilized, i.e. in connection with Section 7d of the Income Tax Act (environmental protection investment), Section 6 b of the Income Tax Act, Section 4 of the Regional Development Law and Subsection 35 of the Income Tax Guidelines.

Scheduled fixed asset depreciation allowances are calculated generally using the following useful lives: 17 to 50 years for buildings, 8 to 20 years for site improvements, 3 to 20 years for technical facilities and machinery, and 2 to 10 years for other facilities and factory and office equipment. Facilities used for multi-shift operations are depreciated using correspondingly lower useful lives. Buildings are depreciated using straight-line depreciation rates - and where allowable under the Tax Codes - declining rates. Movable property with a useful life of four years or more is depreciated using the declining-balance method. For movable property, we change from the declining-balance method to the straight-line method of calculating depreciation allowances when the equal distribution of the remaining net book value over the remaining useful life leads to higher depreciation amounts. Depreciation allowances on additions during the first and second half of the year are calculated using the full year or half-year rates, respectively. Low-value items are expensed in the year of acquisition.

Investments in *related companies*, and in *other long-term financial assets* are valued at the lower of cost or market; non-interest bearing or low-interest bearing receivables are shown at their present value. Major *investments in associated companies* are valued according to the book value method at equity.

Leased equipment is valued at acquisition or manufacturing costs, and is depreciated using the declining-balance method. We change from the declining-balance method to the straight-line method of calculating depreciation allowances when the equal distribution of the remaining net book value over the remaining useful life leads to higher depreciation amounts. The opportunities for tax-deductible depreciation allowances were fully utilized, i.e. in connection with Subsection 35 of the Income Tax Guidelines.

Raw materials and supplies as well as *goods purchased for resale* are valued at the lower of cost or market. *Finished goods* are valued at manufacturing costs which comprise, apart from direct material and direct labor, applicable material and manufacturing overheads including depreciation charges.

To the extent that inventory risks are determinable, i.e. for reduced usability after prolonged storage or after design changes, reasonable deductions are made, which are calculated based on a loss-free valuation.

Receivables and other assets - if non-interest bearing - are reduced to their present value at the balance sheet date, and are valued taking into account all known risks. A lump-sum allowance for doubtful accounts on a country-specific scale is deducted from the receivables in recognition of the general risk inherent in receivables.

Treasury stock is valued at the expected selling price to employees of the Daimler-Benz group. *Securities* are valued at the lower of cost or market value at the balance sheet date.

Provisions for old-age pensions and similar obligations are actuarially determined on the basis of an assumed interest rate of 6 % using the Entry Age Actuarial Cost Method. The regulations of the 1992 Pension Reform Act have been taken into account in calculating the provision amount.

Provisions for taxes and other provisions are determined on the basis of fair and reasonable business judgments. The obligations in the personnel and social area are reflected in the financial statements at non-discounted values expected to be paid in the future as benefits are vested.

Liabilities are shown at their repayment amounts.

Companies Included in Consolidation

The companies included in consolidation encompass, apart from Daimler-Benz AG, 271 (1991: 255) domestic and foreign subsidiaries and 7 joint venture companies.

During the year under review, 26 companies have, for the first time, been added to consolidation. Moreover, one joint venture company was included pro rata, for the first time, pursuant to Section 310 of the Commercial Code. A total of 10 subsidiaries and one joint venture company were deleted from consolidation.

Deutsche Aerospace Airbus GmbH and its subsidiaries were fully consolidated in the consolidated accounts effective January 1, 1992. Up to 1991, Deutsche Aerospace Airbus GmbH was only consolidated at equity in conformity with Section 296, Subsection 1, Paragraph 1 of the Commercial Code. After the transfer by the Kreditanstalt für Wiederaufbau of its 20 % stake in Deutsche Aerospace Airbus GmbH to DASA, this limitation with respect to exercising its rights no longer applies, which, on account of agreements with the Federal Republic of Germany and of rules in the bylaws, had existed up to that point.

The first-time consolidation of the Deutsche Aerospace Airbus group effected both the consolidated balance sheet and the consolidated statement of income. These effects are explained under the relevant balance sheet and statement of income captions.

In 1991, only the balance sheet items of the Eurocopter companies were proportionally included in consolidation because of their relatively short affiliation with the group; in 1992, they were included in the statement of income as well.

Because income and expense items relative to the German helicopter activities were still included in the 1991 accounts, comparability of group financial statements with the previous year is not materially affected.

Not included are 248 subsidiaries, whose effect on the assets, liabilities, financial position and results of operations of the group is not material (their total sales volume is less than 1 % of consolidated sales), and 11 companies administering pension funds whose assets are subject to restrictions.

Principles of Consolidation

Capital consolidation was effected according to the book value method where the parent's acquisition costs are eliminated against the relevant share capital and retained earnings at the time of acquisition or first-time inclusion in consolidation. This applies analogously to the joint venture companies that were included pro rata.

The differences resulting from the capital consolidation (debit balance) are, as far as possible, allocated to the relevant balance sheet items and are written off to income over their useful lives. For the treatment of the remaining differences (goodwill), see explanations under "accounting principles and valuation methods". The remaining goodwill resulting from the addition of the *joint venture companies* of the Eurocopter group is shown under "intangible assets"; the portion applicable to the group's expansion will be amortized over a useful life of 10 years. The other portion was charged to retained earnings in 1992, without affecting income.

A difference (credit balance) resulting from the capital consolidation is shown under the balance sheet caption "other provisions" earmarked as "difference from capital consolidation with reserve characteristics".

Profits earned by subsidiaries after the date of acquisition are added to consolidated retained earnings. The unappropriated profit shown in the financial statements corresponds to the dividend payout proposed by Daimler-Benz AG. For this reason we have charged the income-affecting consolidation adjustments and the profits earned by our subsidiaries to consolidated retained earnings.

The consolidated financial statements include 127 *associated companies*.

At year-end, 13 associated companies have been included in our consolidated financial statements according to the *book value method* at equity.

The remaining associated companies are shown under investments in affiliated companies at acquisition costs - in some instances less write-downs - as they are not material to the consolidated assets, liabilities, financial position and results of operations.

The 34 % stake in Sogeti S. A., Grenoble, which was acquired by Daimler-Benz AG in December of 1991, was transferred to debis AG in October 1992. As of December 31, 1992, Sogeti was included in consolidation at equity according to the book value method. However, only the 1991 accounts were used because Sogeti's 1992 financials had not been available at the time the Daimler-Benz consolidated financial statements were prepared. The goodwill of DM 355 million will be amortized over 15 years.

Intercompany receivables and payables have been eliminated; the differences resulting from *debt consolidation* have been charged or credited to income.

All material *intercompany profits* resulting from the intercompany sales of goods and services have been eliminated, except items of minor importance. This also applies to sales of goods and services by associated companies to companies included in consolidation.

Intercompany sales and other intercompany earnings have been eliminated against the relevant costs, or reclassified to "capitalized in-house output" or to "increase in inventories", respectively.

Deferred taxes (debit balance) shown in the consolidated balance sheet result from income-affecting consolidation adjustments.

Currency Translation

Foreign currency receivables are translated in the individual financial statements at the bid price on the day they are recorded or at the spot rate on the balance sheet date if lower. Foreign currency payables are translated at the asked price on the day they are recorded or at the spot rate on the balance sheet date if higher.

The accounts of all foreign companies are translated to D-marks on the basis of historical exchange rates for non-current assets, and at year-end exchange rates for current assets, borrowed capital, and unappropriated profit. Stockholders' eq-

uity in D-marks is the remaining difference between translated assets less translated liabilities and unappropriated profit. The difference resulting from the translation of balance sheet items is recorded in consolidated retained earnings.

Expense and income items are essentially translated at average annual exchange rates. To the extent that they relate to fixed assets (fixed asset depreciation, profit or loss from disposal of fixed assets), they are translated at historical costs. Net income, additions to retained earnings, and the unappropriated profit are translated at year-end rates. The difference resulting from the translation of annual net income, between annual average rates and the exchange rates at the balance sheet date, is reflected in other operating income (1991: other operating expenses).

The adjustments made in the income statements by our subsidiaries in Brazil for monetary devaluations have been retained in the consolidated statement of income without change, effectively preventing reflection of inflationary profits. The income taxes, which were already geared to the balance sheet date in the national financial statements, have been translated at year-end rates.

Items from inflation-adjusted income statements of our Argentinian companies are translated at year-end exchange rates. Fictitious profits/losses resulting from the divergence between the inflationary trend and the changes in the currency's value have been eliminated.

Notes to the Consolidated Balance Sheet

1 Intangible Assets

Intangible assets, amounting to DM 611 million (1991: DM 774 million) comprise goodwill arising from the capital consolidation and from individual company financial statements, acquired EDP software, patents and, to a lesser extent, advance

payments made. The decrease against the previous year is largely due to amortizations of goodwill charged to income and to the write-off of Eurocopter's goodwill to retained earnings.

2 Fixed Assets

The increase in property, plant and equipment by DM 2,680 million to DM 19,254 million is derived from additions of DM 7,829 million, of which DM 1,410 million represent net book values that are to be included within the scope of the first-time full consolidation of the Deutsche Aerospace Airbus group. These additions are reduced by

re-classifications of DM 17 million, disposals of DM 433 million, and depreciation allowances of DM 4,699 million. Special tax-deductible depreciation allowances amount to DM 163 million (1991: DM 77 million); depreciation allowances in excess of scheduled depreciation amount to DM 21 million (1991: DM 39 million).

3 Financial Assets

A complete listing of our stock ownership will be filed with the commercial registry office at the county court house in Stuttgart under the number HRB 15,350.

Unscheduled write-downs, largely of investments in associated companies and of other long-term receivables totaling DM 83 million (1991: DM 115 million) had to be made.

Investments in non-current assets should have been written up by DM 7 million in accordance with the value appreciation doctrine (reinstatement of original values, Section 280 of the Commercial Code). However, such a write-up was omitted for tax reasons.

4 Leased Equipment

The increase in leased equipment - almost exclusively vehicles - by DM 1,685 million to DM 9,777 million, pertains largely to Mercedes-Benz Credit Corporation, Norwalk, U.S.A., and to Mercedes-

Benz Leasing GmbH, Stuttgart. About 85 % of the balance sheet total pertains to these two companies. Special tax-deductible depreciation allowances amount to DM 3 million (1991: DM 10 million).

5 Inventories

In millions of DM	12/31/1992	12/31/1991
Raw materials and manufacturing supplies	3,342	3,041
Work in progress	8,836	8,160
Finished goods, parts and goods purchased for resale	9,694	8,557
Advance payments to suppliers	1,266	974
	23,138	20,732

Mercedes-Benz and Deutsche Aerospace account for the majority of consolidated inventories. The increase over last year is, with roughly DM 1,150 million, derived from the Mercedes-Benz corporate division, particularly from Mercedes-

Benz AG and its foreign sales companies and with about DM 1,250 million from the DASA corporate division and DM 1,650 million as a result of the first-time, full consolidation of the Deutsche Aerospace Airbus group.

6 Advance Payments Received

Advance payments received amounting to DM 5,549 million (1991: DM 5,827 million) were almost exclusively for projects and

long-term contracts at AEG, DASA AG, Dornier, Eurocopter and MTU; they were deducted from inventories.

7 Receivables from Sales Financing

This caption pertains to accounts receivable from customers totaling DM 6,166 million (1991: DM 4,255

million), of which DM 2,804 million (1991: DM 2,699 million) mature after more than one year.

8 Receivables 9 Other Assets

In millions of DM	12/31/1992	12/31/1991
Receivables from sales of goods and services	11,916	10,625
of which maturing after more than one year DM 491 (1991: 225) million		
Receivables from affiliated companies	1,178	335
of which maturing after more than one year DM 59 (1991: 11) million		
Receivables from related companies	1,677	1,410
of which maturing after more than one year DM 58 (1991: 596) million		
Total receivables	14,771	12,370
of which maturing after more than one year DM 608 (1991: 832) million		
Other assets	3,503	5,528
of which maturing after more than one year DM 394 (1991: 1,377) million		

Approx. DM 0.4 billion (1991: DM 0.3 billion) of the receivables from related companies pertain mainly to fixed-interest debt instruments and securities.

Other assets include investments of liquid funds in debt instruments not traded on stock exchanges. They amount to DM 437 million (1991: DM 2,564 million).

10 Securities

In millions of DM	12/31/1992	12/31/1991
Treasury stock	33	16
Other securities	6,056	5,709
	6,089	5,725

During the year under review, we purchased 225,511 common shares (par value DM 11.3 million = 0.48 % of the total outstanding share capital) at an average price of DM 709 a share.

In November of 1992, we sold 145,990 shares to our employees (par value DM 7.3 million = 0.31 % of the total outstanding share capital) at a preferential price of DM 469 for each share (in the event that one share was purchased) or DM 520 for each share (in the event that two shares were purchased).

We owned 122,287 common shares on the balance sheet date (par value DM 6.1 million = 0.26 % of the total outstanding share capital).

Other securities pertain mainly to fixed interest securities.

Within "current assets" there would have been a revaluation of DM 26 million necessary under the revaluation obligation. This did not take place due to tax law.

11 Cash

Cash amounting to DM 2,968 million (1991: DM 2,010 million) consists of deposits in financial institutions, cash on hand, deposits at the Bundesbank (German Federal Bank), in post office accounts, and checks on hand.

Liquid funds, shown among various balance sheet captions, total DM 9.8 billion (1991: DM 10.6 billion).

12 Prepaid Expenses and Deferred Taxes

Deferred taxes on income-affecting elimination entries amount to DM 1,329 million (1991: DM 1,596 million). Deferred taxes -

a debit balance overall - as shown in the consolidated individual balance sheets are not included.

13 Stockholders' Equity

The changes in stockholders' equity are as follows:

	In millions of DM
Balance at 12/31/1991	19,448
Dividends paid by Daimler-Benz AG for 1991	(603)
Amount transferred from 1992 net income to retained earnings	816
Write-off of goodwill	(173)
Unappropriated profit of Daimler-Benz AG 1992	604
Change in stock ownership of minority shareholders	14
Difference from currency translation	(180)
Other changes	(207)
Balance at 12/31/1992	19,719

14 Capital Stock and Paid-in Capital

Capital stock and paid-in capital pertain to Daimler-Benz AG.

15 Retained-Earnings

Retained earnings comprise retained earnings allocated under statute of DM 160 million, retained earnings allocated for treasury stock of DM 33 million, and other retained earnings of Daimler-Benz AG of DM 8,534 million. Also reflected here are the company's share in the retained earnings and results of operations of consolidated subsidiaries,

insofar as they have been earned by them since their affiliation with the group. Additionally, this caption takes into account the cumulative results from the elimination of inter-company earnings and from debt consolidation, as well as the difference arising from currency translations.

16 Minority Interests

The stock ownership of outside third parties in the subsidiaries included in consolidation pertain mostly to Daimler-Benz Luft- und

Raumfahrt Holding AG, AEG, Mercedes-Benz of South Africa, Dornier, MTU and Eurocopter.

17 Provisions for Old-Age Pensions and Similar Obligations

Pension provisions rose to DM 12,217 million (1991: DM 10,790 million). DM 499 million of the DM 1,427 increase pertains to the change in the circle of consolidated companies.

When the assets of the provident funds are added to the provisions for old-age pensions, the company's pension obligations are fully covered.

In millions of DM	12/31/1992	12/31/1991
Provisions for taxes	1,655	1,248
Difference from capital consolidation with reserve characteristics	21	44
Other provisions	20,802	15,947
	22,478	17,239

The provisions for taxes include DM 764 million (1991: 645 million) which pertain, to a large extent, to Daimler-Benz AG for open years awaiting final assessment.

The difference amount with reserve characteristics resulting from the capital consolidation originates from the first-time consolidation of one subsidiary; this amount will be available to offset potential extraordinary expenses during the start-up years.

Apart from existing warranty obligations, other provisions take into account, above all, obligations in the personnel and social area, risks for losses inherent in pending business transactions, and risks arising from contractual liabilities and pending litigation.

Additional provisions exist for expenditures which are based on approved change-over, alteration and some development projects, for possible additional costs in connection with completed contracts, and for maintenance which had been planned for the year under review but had to be deferred until the following year. In addition, provisions have been recorded for future obligations in connection with restructuring activities.

The DM 5,239 million increase pertains with DM 4,028 to the Deutsche Aerospace Airbus Group which was consolidated via DASA.

19 Liabilities From Leasing and Sales Financing

In millions of DM	12/31/1992	12/31/1991
Bonds	3,864	3,888
of which due within one year	DM 323 (1991: 379) million	
more than 5 years	DM 1,664 (1991: 1,407) million	
Debentures	3,471	1,468
of which due within one year	DM 3,471 (1991: 1,468) million	
Liabilities to financial institutions	3,024	2,417
of which due within one year	DM 1,808 (1991: 1,171) million	
Notes payable	140	108
of which due within one year	DM 140 (1991: 108) million	
Liabilities to related companies	132	70
of which due within one year	DM 101 (1991: 70) million	
Miscellaneous liabilities	340	162
of which due within one year	DM 86 (1991: 152) million	
Total liabilities from leasing and sales financing	10,971	8,113
of which due within one year	DM 5,929 (1991: 3,348) million	
more than 5 years	DM 1,664 (1991: 1,407) million	

The liabilities from leasing and sales financing serve the refinancing of leased vehicles and equipment and of receivables derived from sales financing. The caption debentures comprises commercial paper denominated in U.S. dollars; they are shown at the issue price plus accrued interest.

Miscellaneous liabilities comprise loans payable, and interest accruals in connection with sales financing.

The liabilities due to leasing and Sales financing are secured by pledging redeemable bonds in the order of DM 45 million (1991: DM 11 million).

20 Accounts Payable Trade
21 Other Liabilities

In millions of DM	12/31/1992	12/31/1991
Accounts payable trade	6,517	7,015
of which due within one year	DM 6,496 (1991: 6,890) million	
Financial liabilities		
Bonds	1,436	1,115
of which due within one year	DM 409 (1991: 255) million	
in more than five years	DM 417 (1991: 127) million	
Debentures	202	406
of which due within one year	DM 202 (1991: 406) million	
Liabilities to financial institutions	4,300	2,963
of which due within one year	DM 3,227 (1991: 1,916) million	
in more than five years	DM 227 (1991: 316) million	
Notes payable	174	433
of which due within one year	DM 89 (1991: 413) million	
in more than five years	DM - (1991: 7) million	
Other liabilities		
Liabilities to affiliated companies	1,090	1,613
of which due within one year	DM 941 (1991: 1,580) million	
Liabilities to related companies	1,782	1,349
of which due within one year	DM 1,384 (1991: 1,025) million	
in more than five years	DM 76 (1991: 86) million	
Miscellaneous liabilities	4,741	4,721
of which due within one year	DM 3,615 (1991: 4,030) million	
in more than five years	DM 355 (1991: 288) million	
of which for taxes	DM 906 (1991: 891) million	
of which for social benefits	DM 852 (1991: 823) million	
Other liabilities	13,725	12,600
Total liabilities	20,242	19,615
of which due within one year	DM 16,363 (1991: 16,515) million	
in more than five years	DM 1,125 (1991: 824) million	

Of the liabilities to related companies, about DM 130 million (1991: DM 370 million) pertain to liabilities to financial institutions. Excluding those, they pertain mainly to obligations by Deutsche Aerospace Airbus GmbH to Airbus Industrie G.I.E., Toulouse, as well as to liabilities at DASA relating to project companies.

Debentures pertain to commercial paper issued in D-marks; they are shown at the issue price plus accrued interest.

Miscellaneous liabilities largely comprise December 1992 accruals for wages and salaries as well as tax liabilities.

Liabilities to financial institutions, notes payable, liabilities to affiliated and related companies and miscellaneous liabilities are largely secured by mortgage conveyance, liens and assignment of receivables in the order of DM 1,091 million (1991: DM 1,231 million).

Contingent Liabilities

In millions of DM	12/31/1992	12/31/1991
Collateral	1,383	1,557
Discounted notes	221	218
Contractual guarantees	536	261
Pledges for indebtedness of others	9	7

In addition, we are liable for non-estimable compensatory payments, guaranteed by Deutsche Aerospace AG for 1993 and future years. For outside shareholders of AEG Aktiengesellschaft and of Daimler-Benz Luft- und Raumfahrt

Holding AG, there exist claims for non-estimable compensatory payments.

Moreover, there exist contractual performance guarantees that could not reasonably be estimated.

Other Financial Obligations

Other financial obligations arising from rental, property lease and leasing contracts average approx. DM 748 million annually; the average contract duration is 8 years.

For companies not included in consolidation, we have other financial obligations amounting to DM 102 million; the average contract duration is 9 years.

In connection with the fiduciary settlement by Deutsche Aerospace Airbus GmbH of the federally guaranteed serial credits, the effective amount cannot be determined until the beginning of 1995 when the federal government's last tranche of DM 1 billion is due; this also applies to the reorganization profit received in 1989.

Within the scope of the government-supported Airbus-Development-Program, Deutsche Aerospace Airbus GmbH has agreed to assume performance portions itself. DM 331 million thereof relate to the time after the balance sheet date, to the extent that they are not already reflected in the annual accounts.

All assets acquired by Deutsche Aerospace Airbus GmbH with subsidiary funds have been conveyed to the Federal Republic of Germany as security.

With reference to the development work for the Airbus program, Airbus Industrie G.I.E. has given a performance guarantee to Agence

Executive (government office in charge of Airbus); this guarantee was taken over by Deutsche Aerospace Airbus GmbH - to the extent of its share interest - without restriction. Deutsche Aerospace Airbus GmbH considers the obligation arising therefrom fully covered by the relevant agreements for the financing and execution of the development work.

Beginning in 2002, the profit sharing agreement provides that the federal government will share in the profits of Deutsche Aerospace Airbus GmbH to the tune of 40 %. This rule, in its economic effect, stipulates the sequence of the government's repayment demands.

The remaining financial obligations, particularly purchase order commitments for capital investments, are within the scope of normal business activities.

The obligation arising from stock subscriptions and from capital subscriptions in close corporations pursuant to Section 24 of the GmbH Act, amount to DM 14 million.

We are jointly and severally liable for certain non-incorporated companies, partnerships and joint venture work groups. In addition, there exist performance contracts and miscellaneous guarantees in connection with ongoing business transactions.

Notes to the Consolidated Statement of Income

22 Sales

In millions of DM	1992	1991
Sales by corporate divisions:		
Mercedes-Benz	64,849	65,317
AEG	11,184	13,573
DASA	16,735	11,974
debis	5,781	4,146
	98,549	95,010

Sales for 1992 include for the first time DM 4.8 billion from the Deutsche Aerospace Airbus group.

Sales by regions:		
Domestic	42,572	44,443
Foreign	55,977	50,567
Breakdown of foreign sales:		
EC countries	22,349	18,907
Other European countries	4,682	4,896
North America	13,881	12,969
Latin America	3,850	3,993
Other countries	11,215	9,802

23 Increase in Inventories and Other Capitalized In-House Output

In millions of DM	1992	1991
Increase in inventories of finished goods and of work in progress, including parts	944	2,111
Other capitalized in-house output	1,386	1,445
	2,330	3,556

24 Other Operating Income

The income amount included in this caption for the reversal of provisions totals DM 1,519 million. (1991: DM 893 million). Additional income is derived from exchange profits in connection with ongoing purchase and payment transactions, mostly earned abroad; exchange losses against such income are

shown under other operating expenses. In addition, income is derived from costs charged to third parties, from security sales, and from rentals and leases.

Altogether, DM 2,226 million of other operating income is attributable to prior years.

25 Cost of Materials

In millions of DM	1992	1991
Cost of raw materials and supplies as well as of goods purchased for resale	43,951	44,340
Cost of services purchased	5,133	5,116
	49,084	49,456

in relation to a total output of DM 100,879 million (1991: DM 98,566 million), the ratio of cost of materials amounted to 49 % (1991: 50 %).

26 Personnel Expenses/ Employment

In millions of DM	1992	1991
Wages and salaries	26,138	23,813
Social levies and expenses for old-age pensions	5,865	5,559
	32,003	29,372
Employment (weighted annual average)	Number	Number
Wage earners	216,023	221,216
Salaried employees	150,650	144,101
Trainees/apprentices	15,960	16,194
	382,633	381,511

The 1992 employment figures for the first time include the employees of Deutsche Aerospace Airbus GmbH and its subsidiary.

In addition, 12,072 people are employed in the joint venture company Eurocopter.

27 Amortization of Intangible Assets, Depreciation of Fixed Assets and of Leased Equipment

In millions of DM	1992	1991
Amortization of intangible assets	208	137
Depreciation of fixed assets	4,699	4,076
Depreciation of leased equipment	2,178	1,764
	7,085	5,977

The depreciation of fixed assets pertains with more than 50 % to Mercedes-Benz AG. The increase in depreciation of leasing equipment

results from the growth of the leasing business of our domestic and foreign finance companies.

28 Other Operating Expenses

This caption comprises additions to provisions, maintenance expenses, administrative and selling expenses including sales commissions, rental and lease expenses, foreign exchange losses incurred in the normal course of business, freight-

out, packaging, and the expenses in connection with the currency re-valuation at our Brazilian subsidiary companies.

Overall, DM 161 million is applicable to prior years.

29 Income from Affiliated, Associated and Related Companies

In millions of DM	1992	1991
Income received from affiliated, associated and related companies	157	34
of which from affiliated companies DM 26 (1991: 13) million		
Income from profit and loss transfer agreements	19	15
Profit (loss) from companies included at equity	5	22
Loss from profit and loss transfer agreements	(63)	(15)
	118	56

30 Net Interest Income

In millions of DM	1992	1991
Income from other securities, and from long-term financial assets	158	125
Other interest and similar income	2,724	2,222
of which from affiliated companies DM 10 (1991: 19) million		
Interest and similar expenses	(2,305)	(1,724)
of which to affiliated companies DM 26 (1991: 18) million		
	577	623

The net interest expense balance from leasing and sales financing before the elimination of group internal interest income and expenses

at the leasing and financing companies amounts to DM -421 million (1991: DM -446 million).

31 Write-Downs of Financial Assets and of Securities	In millions of DM	
	1992	1991
Write-downs of long-term financial assets	83	115
Write-downs of marketable securities	38	19
	121	134

32 Extraordinary Results	In millions of DM	
	1992	1991
Extraordinary income	-	490
Extraordinary expenses	-	(1,034)
	-	(544)

33 Taxes	In millions of DM	
	1992	1991
Income taxes	586	1,039
Other taxes	496	502
	1,082	1,541

The decline in tax expenses is largely due to a decline in income in the domestic circle of companies included in the interlocking relationship with respect to taxes.

34 Net Income

Consolidated net income of DM 1,451 million has predominantly been earned by the Mercedes-Benz corporate unit. Special tax depreciation of fixed assets and tax-

allowable write-downs of current assets have reduced net income only slightly. Also, future charges in connection with such write-offs will not be material.

Other Information/Boards

Under the presumption that the proposed dividend is ratified by the shareholders at the Annual Meeting on May 26, 1993, the remuneration paid by the group companies to the members of the Board of Management and the Supervisory Board of Daimler-Benz AG amounts to DM 17,002,148 and DM 2,157,079, respectively. Disbursements to former members of the Board of Management of Daimler-Benz AG and their survivors amount to DM 10,247,694. An amount of DM 75,954,745 has been provided for on the books of Daimler-Benz AG and of Mercedes-

Benz AG for pension obligations to former members of the Board of Management and their survivors. As of December 31, 1992, advances and loans to members of the Board of Management of Daimler-Benz AG amounted to DM 220,741. Home loans included herein are not subject to interest; other loans and advances bear interest averaging 5.5 %. During the year, DM 71,468 was repaid. The stipulated maturities amounted to ten years for home loans; they did not exceed one year for other loans and advances.

Independent Auditors' Report

The accounting records and the consolidated accounts, which have been audited in accordance with professional standards, comply with the legal provisions. With due regard to the generally accepted accounting principles, the consolidated accounts give a true and fair view of the assets, liabilities, financial position and results of operations of the Daimler-Benz group. The business review report, which summarizes the state of affairs of Daimler-Benz Aktiengesellschaft and that of the group, is consistent with the financial statements of Daimler-Benz Aktiengesellschaft and the consolidated financial statements.

Frankfurt am Main, March 24, 1993

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Zielke
Wirtschaftsprüfer
(Certified Public Accountant)

Dr. Koschinsky
Wirtschaftsprüfer
(Certified Public Accountant)

Balance Sheet of Daimler-Benz AG

ASSETS	December 31, 1992 In Millions of DM	December 31, 1991 In Millions of DM
Non-Current Assets		
Intangible Assets	6	7
Fixed Assets	872	825
Financial Assets	20,648	18,640
	<u>21,526</u>	<u>19,472</u>
Current Assets		
Receivables from Affiliated Companies	4,778	3,229
Other Receivables and Other Assets	1,001	2,411
Securities	4,806	4,531
Cash	1,264	660
	<u>11,849</u>	<u>10,831</u>
Prepaid Expenses	1	-
	<u>33,376</u>	<u>30,303</u>

STOCKHOLDERS' EQUITY AND LIABILITIES

Stockholders' Equity		
Capital Stock	2,330	2,330
Paid-In Capital	2,117	2,117
Retained Earnings	8,760	8,659
Unappropriated Profit	5,094	605
	<u>18,301</u>	<u>13,711</u>
Provisions		
Provisions for Old-Age Pensions and Similar Obligations	4,473	6,856
Other Provisions	1,312	1,180
	<u>5,785</u>	<u>8,036</u>
Liabilities		
Liabilities Payable to Affiliated Companies	8,636	7,528
Other Liabilities	653	1,028
	<u>9,289</u>	<u>8,556</u>
Prepaid Expenses	1	-
	<u>33,376</u>	<u>30,303</u>

Statement of Income of Daimler-Benz AG

	1992 In Millions of DM	1991 In Millions of DM
Income from Affiliated, Associated and Related Companies	1,583	3,288
Net Interest Income	60	105
Other Operating Income	664	590
Personnel Expenses of Which for Old-Age Pensions DM 34 million (1991: DM 33 million)	(365)	(336)
Amortization of Intangible Assets and Depreciation of Fixed Assets	(132)	(162)
Write-Downs of Financial Assets and of Securities	(37)	(38)
Other Operating Expenses	(1,092)	(1,213)
Results from Ordinary Business Activities	681	2,234
Income Taxes	189	(869)
Other Taxes	(167)	(171)
Profit from Ordinary Business Activities after Taxes	703	1,194
Extraordinary Income of Which from Investments in Related Companies DM 1,689 million (1991: -)	4,490	-
Net Income	5,193	1,194
Profit Carried Forward from Previous Year	2	8
Transfer to Retained Earnings	(101)	(597)
Unappropriated Profit	5,094	605

Proposal for the Allocation of Unappropriated Profit

The annual financial statements of Daimler-Benz AG as of December 31, 1992, show an unappropriated profit of DM 5,094,165,653. It will be proposed to the Annual General Meeting that this amount be applied as follows:

		DM	
3 1/3 %	dividend on the eligible preferred share capital of DM 2,196,000	DM	73,200
DM 13	dividend for each eligible common share of DM 50 par value	DM	603,545,189
Dividend amount		DM	603,618,389
Profit carried-forward (incl. extraordinary income)		DM	4,490,547,264
Unappropriated profit		DM	5,094,165,653

Stuttgart-Mohringen, March, 9, 1993

The Board of Management

Report of the Supervisory Board



In the four Supervisory Board meetings held last year and by means of written and verbal reports, we were informed in detail about the state of the corporation and principal matters of corporate policy, and discussed these issues with the Board of Management. In particular, discussions centered on questions in connection with the development of the company into an integrated technology group. We also concerned ourselves with the trend in employment and earnings and with corporate planning, including investment policy. In addition, we discussed important individual business transactions and made business decisions which, by law or company bylaws, had to be submitted to us for approval.

We examined the financial statements and the business review compiled for both Daimler-Benz AG and the group, as well as the proposal for the application of unappropriated profit. The financial statements of Daimler-Benz AG and of the group as at December 31, 1992, including the business review and the accounting principles used, were verified by KPMG Deutsche Treuhand-Gesellschaft AG, Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, and found to be in accordance with the books and with the pertinent legal requirements. The Supervisory Board, in a joint meeting with the Board of Management on April 2, 1993, approved the result of the audit.

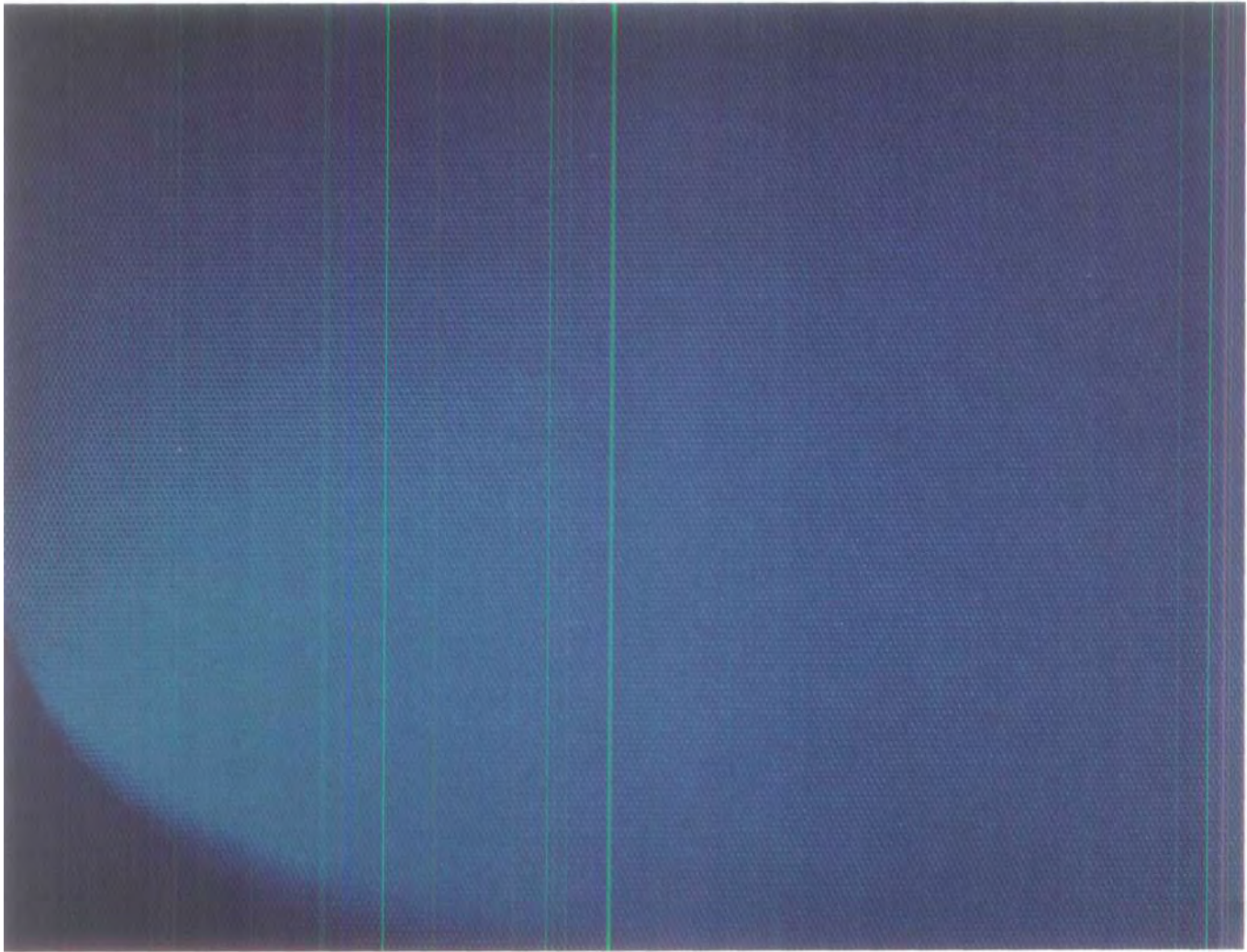
The result of the examinations made by the Supervisory Board and the auditors showed no cause for questioning. We approved the financial statements of Daimler-Benz AG as prepared by the Board of Management; they are hereby ratified. We concur with the proposal of the Board of Management regarding the application of the unappropriated profit. The financial statements, the business review and the external auditors' report were available to the Supervisory Board.

Stuttgart-Mohringen
April 1993

The Supervisory Board

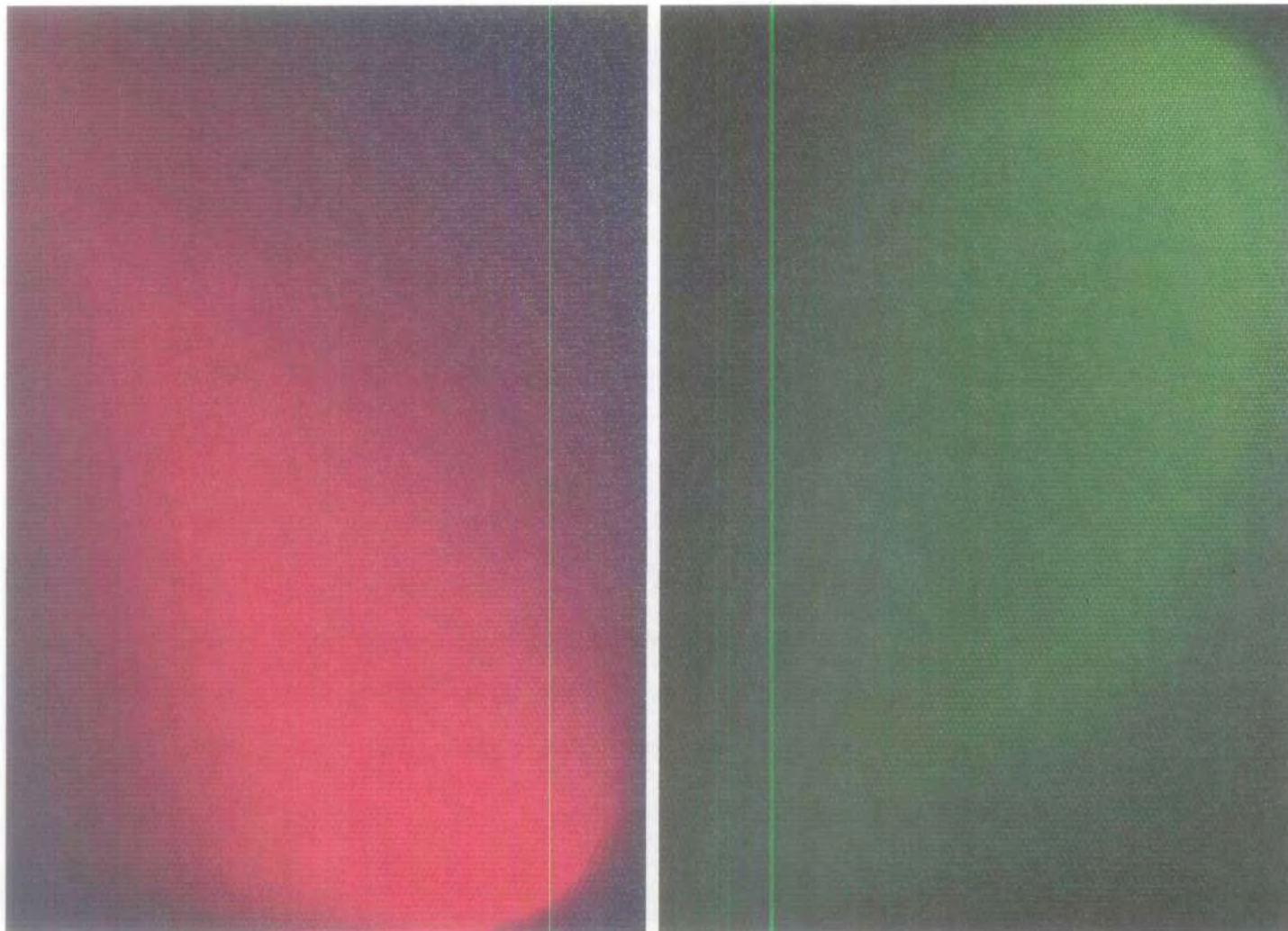
A handwritten signature in blue ink, appearing to be 'Bayer', written over a horizontal line.

Chairman



Günter Scharein
*1949

Sehnsuchstriptychon, 1987/88
Oil on hard foam panel
124 x 330 cm



The paintings of Günter Scharein, with their living, vibrant, "breathing" colors which appear to bathe in an unreal light, hinting at unfathomable depths, evoke a mystic, meditative mood strongly reminiscent of modern altar pictures. Light and dark graduations of the same color, honed with meticulous care, are the objective foundation for a highly emotional color "experience" which transcends empirical dimensions.

Daimler-Benz in Figures

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Number of Employees (at Year-End)										
Daimler-Benz-Group	184,877	199,872	231,077	319,965	326,288	338,749	368,226	376,785	379,252	376,467
of which: Germany	151,273	158,043	186,652	257,538	262,658	268,277	298,199	303,404	305,295	302,464
Foreign	33,604	41,829	44,425	62,427	63,630	70,472	70,027	73,381	73,957	74,003
Mercedes-Benz	-	-	-	-	-	-	223,219	230,974	237,442	222,482
AEG	-	-	-	78,199	80,499	89,585	77,722	76,949	76,338	60,784
Deutsche Aerospace	-	-	-	-	-	-	62,959	61,276	56,465	81,872
debis	-	-	-	-	-	-	-	4,879	6,203	8,258

Major Balance Sheet and Income Figures

- in Millions of DM -

Daimler-Benz-Group										
Non-Current Assets	7,743	8,228	10,209	10,857	12,202	17,342	20,084	23,448	29,198	33,633
Current Assets	17,084	20,398	25,571	31,168	34,336	34,589	42,653	43,891	46,516	52,551
Capital Stock	1,699	1,699	1,699	2,118	2,118	2,118	2,330	2,330	2,330	2,330
Total Paid-In Capital and Retained Earnings ¹⁾	5,848	6,831	8,070	7,742	6,778	8,075	13,314	14,059	15,301	15,557
of which: Paid-In Capital	-	-	-	368	370	370	2,114	2,117	2,117	2,117
Retained Earnings ¹⁾	-	-	-	7,374	6,408	7,705	11,200	11,942	13,184	13,440
Minority Interests in Subsidiaries	76	143	330	1,251	768	626	767	881	1,214	1,228
Stockholders' Equity²⁾	7,547	8,530	9,769	11,111	9,663	10,819	16,411	17,270	18,845	19,115
% of Total Assets	30.4	29.8	27.3	26.4	20.8	20.8	26.2	25.6	24.9	22.2
% of Non-Current Assets ³⁾	97.5	103.7	95.7	102.3	97.7	79.2	109.1	102.0	89.3	80.1
Long- and Medium-Term Liabilities ⁴⁾	7,534	9,452	11,201	17,696	22,744	24,485	24,331	25,529	28,045	33,833
Stockholders' Equity Plus Long- and Medium-Term Liabilities	15,081	17,982	20,970	28,807	32,407	35,304	40,742	42,799	46,890	52,948
% of Non-Current Assets ³⁾	194.8	218.5	205.4	265.3	327.6	258.4	270.9	252.8	222.2	221.9
Balance Sheet Total	24,827	28,626	35,780	42,025	46,538	51,931	62,737	67,339	75,714	86,184
Total Investments⁵⁾	3,519	3,523	5,492	5,580	3,736	7,007	7,620	6,857	9,535	8,363
% of Sales	8.8	8.1	10.5	8.5	5.5	9.5	10.0	8.0	10.0	8.5
of which: in Fixed Assets and Intangible Assets	3,464	3,374	4,014	5,385	3,834	6,628	7,242	6,539	7,231	8,047
Germany	3,047	2,166	2,753	3,891	3,392	6,038	6,459	5,680	6,115	7,284
Foreign	417	1,208	1,261	1,494	442	590	783	859	1,116	763
in Financial Assets (Net)	55	149	1,478	195	-98	379	378	318	2,304	316
Total Depreciation and Write-Downs³⁾	2,574	2,828	3,275	3,361	2,560	3,086	3,218	3,780	4,328	4,990
of which: in Fixed Assets and Intangible Assets	2,567	2,825	3,242	3,239	2,505	3,074	3,138	3,670	4,213	4,907
Germany	2,292	2,342	2,514	2,575	2,192	2,708	2,620	3,071	3,639	4,269
Foreign	275	483	728	664	313	366	518	599	574	638
in Financial Assets	7	3	33	122	55	12	80	110	115	83
Cash Flow⁶⁾	4,554	5,562	5,012	6,214	6,626	6,130	5,991	6,711	7,814	5,861
% of Sales	11.4	12.8	9.6	9.5	9.8	8.3	7.8	7.8	8.2	5.9

- 1) Including allocations authorized by the Annual General Meeting and profit carried forward as unappropriated profit.
- 2) Excluding dividend; including equity portion contained in equity reserve.
- 3) Excluding leased vehicles (from 1987 on).
- 4) Long- and medium-term provisions as well as long- and medium-term liabilities.
- 5) Intangible assets, fixed assets, long-term financial assets (net) and cost of investments in excess of book value at acquisition (to 1986), excluding leased vehicles (from 1987 on).
- 6) From 1991 on cash flow from business activities.
- 7) In group sales included consolidated values of Dornier and MTU.
- 8) Due to one-time income and expense items not comparable with other years.
- 9) Excluding extraordinary income of DM 4,490 million.
- 10) Dividend plus bonus.
- 11) For our stockholders' who are taxable in Germany.
- 12) Allowing for increases in capital stock (retroactive adjustment).

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
- in Millions of DM -										
Sales	40,005	43,505	52,409	65,498	67,475	73,495	76,392	85,500	95,010	98,549
of which: Germany	15,177	14,682	18,706	27,838	28,064	29,094	29,562	36,674	44,443	42,572
Foreign	24,828	28,823	33,703	37,660	39,411	44,401	46,830	48,826	50,567	55,977
Foreign Share in %	62.1	66.3	64.3	57.5	58.4	60.4	61.3	57.1	53.2	56.8
Mercedes-Benz	-	-	-	-	-	-	54,969	57,872	65,317	64,849
of which: Passenger Cars	21,012	23,245	28,549	31,405	31,472	31,833	31,865	34,142	38,331	38,650
Commercial Vehicles	17,653	18,367	20,204	17,755	19,454	23,063	23,104	23,730	26,986	26,199
AEG	-	-	-	11,070	11,480	13,152	11,852	12,721	13,573	11,184
Deutsche Aerospace	-	-	3,194 ⁷⁾	4,882 ⁷⁾	4,421 ⁷⁾	4,976 ⁷⁾	7,489	12,168	11,974	16,735
debis	-	-	-	-	-	-	-	2,739	4,146	5,781
Total Output	40,527	44,078	53,775	66,418	69,061	75,637	80,552	88,340	98,566	100,879
Total Average Annual Output per Employee (in DM)	219,808	225,572	235,648	207,759	211,996	224,459	237,005	236,066	258,357	263,644
Purchases of Goods and Services	20,299	22,707	27,245	32,467	33,701	37,646	39,552	44,477	49,456	49,084
Personnel Expenses	10,941	11,598	13,657	19,367	20,670	22,371	23,199	26,890	29,372	32,003
Average Annual Personnel Expenses per Employee (in DM)	59,344	59,355	59,846	60,581	63,451	66,388	68,257	71,857	76,989	83,639
Results from Ordinary Business Activities	-	-	-	5,880	5,297	5,197	10,096⁸⁾	4,221	4,027	2,533
% of Total Output	-	-	-	8.9	7.7	6.9	12.5	4.8	4.1	2.5
Taxes	3,263	3,027	4,341	4,113	3,515	3,495	3,287	2,426	1,541	1,082
Net Income	988	1,104	1,682	1,767	1,782	1,702	6,809⁸⁾	1,795	1,942	1,451
% of Total Output	2.4	2.5	3.1	2.7	2.6	2.3	8.5	2.0	2.0	1.4
Daimler-Benz AG										
Net Income	710	711	1,252	1,404	1,403	1,382	1,120	1,120	1,194	703⁹⁾
Total Dividend Amount (Paid Respectively Proposed)	355	356	491	507	503	504	555	557	603	604
Dividend for Each DM 50 par Value Share (in DM)	10.50	10.50	12.- + 2.50 ¹⁰⁾	12.-	12.-	12.-	12.-	12.-	13.-	13.-
Tax Credit for Each DM 50 par Value Share (in DM) ¹¹⁾	5.91	5.91	8.16	6.75	6.75	6.75	6.75	6.75	7.31	7.31
Dividend for Each DM 50 par Value Share Adjusted (in DM) ¹²⁾	8.26	8.26	11.41	11.65	11.65	11.65	12.-	12.-	13.-	13.-
Tax Credit for Each DM 50 par Value Share Adjusted (in DM) ¹²⁾	4.65	4.65	6.42	6.56	6.56	6.56	6.75	6.75	7.31	7.31

Principal Subsidiaries of Daimler-Benz AG

Mercedes-Benz

Mercedes-Benz AG Stuttgart DEM 1,950,000,000 Owned 100%	Mercedes-Benz Hellas S.A. Athen/Greece GRD 2,190,000,000 (DEM 16.5 Million) Owned 100%
Maschinenfabrik Esslingen AG Esslingen a. N. DEM 42,515,000 Owned 98.8%	Mercedes-Benz Portugal Comércio de Automóveis, S.A. Abrunheira/Portugal PTE 500,000,000 (DEM 5.6 Million) Owned 100%
Holzindustrie Bruchsal GmbH Bruchsal DEM 22,000,000 Owned 100%	Mercedes-Benz Danmark AS Hillerød/Denmark DKK 70,000,000 (DEM 18.1 Million) Owned 100%
Mercedes-Benz España S.A. Madrid/Spain ESP 21,027,849,000 (DEM 296.5 Million) Owned 100%	Freightliner Corp. Portland, Oregon/USA USD 180,000,000 (DEM 290.5 Million) Owned 100%
Mercedes-Benz (United Kingdom) Ltd. Milton Keynes/United Kingdom GBP 40,000,000 (DEM 97.6 Million) Owned 100%	Mercedes-Benz of North America, Inc. Montvale, New Jersey/USA USD 130,000,000 (DEM 209.8 Million) Owned 100%
Mercedes-Benz Nederland B.V. Utrecht/The Netherlands NLG 57,000,000 (DEM 50.8 Million) Owned 100%	Mercedes-Benz Canada, Inc. Toronto/Canada CAD 5,000,000 (DEM 6.4 Million) Owned 100%
Mercedes-Benz Belgium S.A./N.V. Brussels/Belgium BEF 1,800,050,000 (DEM 87.7 Million) Owned 100%	Mercedes-Benz Mexico S.A. de C.V. Mexico D.F./Mexico MXP 66,449,591,200 (DEM 33.8 Million) Owned 80%
Mercedes-Benz France S.A. Rocquencourt/France FRF 230,000,000 (DEM 67.5 Million) Owned 100%	Mercedes-Benz do Brasil S.A. São Bernardo do Campo/Brazil BRC 5,396,540,000,000 (DEM 701.6 Million) Owned 100%
Mercedes-Benz Italia S.p.A. Rom/Italy ITL 65,000,000,000 (DEM 71.1 Million) Owned 88.5%	Sociedade Técnica de Fundições Gerais S.A. (SOFUNGE) São Paulo/Brazil BRC 189,630,000,000 (DEM 24.7 Million) Owned 100%
Mercedes-Benz (Schweiz) AG Zurich/Switzerland CHF 6,000,000 (DEM 6.7 Million) Owned 51%	Mercedes-Benz Argentina S.A. Buenos Aires/Argentina ARS 30,000,000 (DEM 48.4 Million) Owned 100%
NAW Nutzfahrzeuggesellschaft Arbon & Wetzikon AG Arbon/Switzerland CHF 15,000,000 (DEM 16.6 Million) Owned 100%	Mercedes-Benz of South Africa (Pty.) Ltd. Pretoria/Rep. of South Africa ZAR 25,800,000 (DEM 13.6 Million) Owned 78.1% *)
Mercedes-Benz Österreich Vertriebsgesellschaft m.b.H. Salzburg/Austria ATS 5,000,000 (DEM 0.7 Million) Owned 50%	Anambra Motor Manufacturing Co. Ltd (ANAMMCO) Enugu/Nigeria NGN 37,500,000 (DEM 2.9 Million) Owned 40%

AEG

Mercedes-Benz Türk A.S. Istanbul/Turkey TRL 64,000,000,000 (DEM 12.0 Million) Owned 50.3%	AEG Aktiengesellschaft Berlin und Frankfurt am Main DEM 931,171,700 Owned 80.2%
Mercedes-Benz Japan Co. Ltd. Tokyo/Japan JPY 8,000,000,000 (DEM 103.7 Million) Owned 100%	AEG Hausgeräte AG Nuremberg DEM 120,000,000 Owned 90%
P.T. German Motor Manufacturing Jakarta/Indonesia IDR 5,103,000,000 (DEM 4.0 Million) Owned 33.3%	AEG Westinghouse Transport-Systeme Beteiligungsgesellschaft mbH Berlin DEM 131,000,000 Owned 80.9%
P.T. Star Motors Indonesia Jakarta/Indonesia IDR 846,720,000 (DEM 0.7 Million) Owned 49%	AEG Westinghouse Transportation Systems, Inc. Pittsburg, Pennsylvania/USA USD 39,200,000 (DEM 59.1 Million) Owned 100%
Iranian Diesel Engine Manufacturing Comp. (IDEM) Täbris/Iran IRR 5,000,000,000 (DEM 120.0 Million) Owned 30%	AEG Schienenfahrzeuge GmbH Hennigsdorf DEM 15,000,000 Owned 100%
Tata Engineering and Locomotive Comp. Ltd. (TELCO) Bombay/India INR 1,250,688,433 (DEM 69.9 Million) Owned 10.6%	MODICON, Inc. Andover, Massachusetts/USA USD 137,432,000 (DEM 221.8 Million) Owned 100%
Mercedes-Benz (Australia) Pty. Ltd. Mulgrave, Melbourne/Australia AUD 70,000,000 (DEM 77.8 Million) Owned 100%	AEG Electrocom GmbH Frankfurt am Main DEM 40,000,000 Owned 100%
	AEG ETI Elektrik Endüstri A.S. Gebze, Istanbul/Turkey TRL 108,000,000,000 (DEM 32.3 Million) Owned 59.9%
	AEG Starkstromanlagen Dresden GmbH Dresden DEM 19,200,000 Owned 100%
	AEG Ibérica de Electricidad S.A. Madrid/Spain ESP 5,135,524,500 (DEM 72.4 Million) Owned 100%
	AEG Austria Gesellschaft m.b.H. Vienna/Austria ATS 300,000,000 (DEM 42.6 Million) Owned 57%
	AEG Fábrica de Motores S.A. Terrassa, Barcelona/Spain ESP 3,000,000,000 (DEM 42.3 Million) Owned 100%

Deutsche Aerospace

Daimler-Benz Luft- und Raumfahrt Holding AG Munich
DEM 2,008,042,000 Owned 85.25%
Deutsche Aerospace AG Munich
DEM 873,000,000 Owned 100%
Deutsche Aerospace Airbus GmbH Hamburg
DEM 930,000,000 Owned 100%
Eurocopter Holding S.A. Paris/France
FRF 3,720,587,500 (DEM 1,089.0 Million) Owned 40% ³⁾
ERNO Raumfahrttechnik GmbH Bremen
DEM 10,000,000 Owned 100%
MTU Motoren- und Turbinen-Union München GmbH Munich
DEM 156,600,000 Owned 100%
MTU Motoren- und Turbinen-Union Friedrichshafen GmbH Friedrichshafen
DEM 100,000,000 Owned 88.4%
MTU Maintenance GmbH Langenhagen
DEM 30,000,000 Owned 100%
AG Kühnle, Kopp & Kausch Frankenthal
DEM 14,000,000 Owned 61.6% ⁵⁾
Dornier GmbH Friedrichshafen
DEM 150,402,800 Owned 57.6% ⁴⁾
Dornier Luftfahrt GmbH Oberpfaffenhofen
DEM 50,000,000 Owned 100%
Dornier Medizintechnik GmbH Munich
DEM 10,000,000 Owned 100%

Daimler-Benz InterServices (debis)

Daimler-Benz InterServices (debis) AG Berlin
DEM 600,000,000 Owned 100%
debis Systemhaus GmbH Stuttgart
DEM 200,000,000 Owned 100%
debis Systemhaus CCS GmbH Stuttgart
DEM 100,000,000 Owned 100%
CAP debis Software und Systeme GmbH Hamburg
DEM 50,020,000 Owned 51%
Diebold Deutschland GmbH Eschborn
DEM 1,098,000 Owned 84%
Mercedes-Benz Finanz GmbH Stuttgart
DEM 220,000,000 Owned 100%
Mercedes-Benz Credit Corp. Norwalk, Connecticut/USA
USD 274,970,000 (DEM 443.8 Million) Owned 100%
debis Assekuranz Vermittlungs GmbH Stuttgart
DEM 3,500,000 Owned 100%
debis Industriehandel GmbH Stuttgart
DEM 10,000,000 Owned 100%
debis Marketing Services GmbH Frankfurt/Main
DEM 5,000,000 Owned 100%
debitel Kommunikations-technik GmbH & Co. KG Stuttgart
DEM 10,000,000 Owned 54.5%
Sogeti S.A. Grenoble/France
FRF 769,132,600 (DEM 225.8 Million) Owned 34% ²⁾

Joint Venture Companies

TEMIC TELEFUNKEN microelectronic GmbH Heilbronn
DEM 238,000,000 Owned 100%
TELEFUNKEN Kabelsatz GmbH Frankfurt/Main
DEM 10,000,000 Owned 100%
TEMIC MBB Mikrosysteme GmbH Kirchheim unter Teck
DEM 46,000,000 Owned 100%
TEMIC Bayern-Chemie Airbag GmbH Aschau
DEM 22,000,000 Owned 100%
Siliconix Inc. Santa Clara, California/USA
USD 58,690,000 (DEM 94.7 Million) Owned 80.1%
Mercedes-Benz CharterWay GmbH Stuttgart
DEM 1,000,000 Owned 100% ¹⁾

Holding and Finance Companies

Daimler-Benz Holding AG Zurich/Switzerland
CHF 147,000,000 (DEM 162.3 Million) Owned 100%
Daimler-Benz UK plc London/United Kingdom
GBP 60,000,000 (DEM 146.5 Million) Owned 100%
Daimler-Benz Holding France S.A. Rocquencourt/France
FRF 120,000,000 (DEM 35.2 Million) Owned 99.9%
Daimler-Benz Holding Nederland B.V. Utrecht/The Netherlands
NLG 150,000,000 (DEM 133.6 Million) Owned 100%
Daimler-Benz Holding Belgium S.A./N.V. Brussels/Belgium
BEF 3,370,000,000 (DEM 164.2 Million) Owned 100%
Daimler-Benz Coordination Center S.A. Brussels/Belgium
BEF 12,300,000,000 (DEM 599.3 Million) Owned 100%
Daimler-Benz North America Corporation New York, N.Y./U.S.A.
USD 606,941,457 (DEM 979.6 Million) Owned 100%

Note:

Selected consolidated and non-consolidated companies.

Percentage ownership with regard to the relevant parent company.

(1) Capital converted into DEM at year-end exchange rates.

1) Not consolidated.

2) Included at equity.

3) Consolidated pro rata.

4) Voting stock 87.5%.

5) Of eligible voting stock (DEM 7,000,000).

6) Allowing for an option, 76.6%.

Annual General Meeting

May 26, 1993

10.00 o'clock

Hanns-Martin-Schleyer-Halle

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7000 Stuttgart 50 (Bad Cannstatt)

Daimler-Benz AG

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