E | Consolidated Financial Statements

Notes to the Consolidated Financial Statements

1. Significant accounting policies

General information

The consolidated financial statements of Daimler AG and its subsidiaries ("Daimler" or "the Group") have been prepared in accordance with Section 315a of the German Commercial Code (HGB) and comply with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

Daimler AG is a stock corporation organized under the laws of the Federal Republic of Germany. The Company is entered in the Commercial Register of the Stuttgart District Court under No. HRB 19360 and its registered office is located at Mercedesstraße 137, 70327 Stuttgart, Germany.

The consolidated financial statements of Daimler AG are presented in euros (€). Unless otherwise stated, all amounts are stated in millions of euros. All figures shown are rounded in accordance with standard business rounding principles.

The Board of Management authorized the consolidated financial statements for publication on February 16, 2016.

Basis of preparation

Applied IFRSs
The accounting policies applied in the consolidated financial statements comply with the IFRSs required to be applied in the EU as of December 31, 2015.

IFRSs issued, EU endorsed and initially adopted in the reporting period
IFRSs with mandatory initial application in the EU as of January 1, 2015 had no significant impact on the consolidated financial statements.

IFRSs issued but neither EU endorsed nor yet adopted
In July 2014, the IASB published IFRS 9 Financial Instruments, which shall supersede IAS 39. IFRS 9 deals with the classification, recognition and measurement (including impairment) of financial instruments as well as with regulations for general hedge accounting. With IFRS 9, additional notes will be required, as specified by the revised IFRS 7 Financial Instruments - Disclosures. Subject to being endorsed by the EU, application of IFRS 9 is mandatory for reporting periods beginning on or after January 1, 2018. Early adoption is permitted. Investigation of the effects on the consolidated financial statements of adopting IFRS 9 has not yet been completed.

In May 2014, the IASB published IFRS 15 Revenue from Contracts with Customers. It replaces existing guidance for revenue recognition, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.
The new standard defines a comprehensive framework for determining whether, in which amount and at which date revenue is recognized. The new standard specifies a uniform, five-step model for revenue recognition, which is generally to be applied to all contracts with customers. Subject to being endorsed by the EU, application of IFRS 15 is mandatory for reporting periods beginning on or after January 1, 2018. Early adoption is permitted. Investigation of the effects on the consolidated financial statements of adopting IFRS 15 has not yet been completed. Effects on Daimler may occur, in particular with regard to the date of revenue recognition for multiple-element arrangements. Disclosure requirements are also extended. From today's perspective, the application of IFRS 15 is not expected to have any major impact on the Group's profitability, liquidity and capital resources or financial position.

The final standard IFRS 16 Leases was published by the IASB on January 13, 2016. The changes resulting from this new standard mainly affect lessee accounting and generally require lessees to recognize assets and liabilities for all leases.
The exact effects still have to be analyzed.

Subject to EU endorsement of these standards, which are then to be adopted in future periods, Daimler does not currently plan to apply these standards earlier. Other IFRSs issued but not EU endorsed are not expected to have a significant impact on the Group's profitability, liquidity and capital resources or financial position.

Presentation
Presentation in the consolidated statement of financial position differentiates between current and non-current assets and liabilities. Assets and liabilities are classified as current if they are expected to be realized or settled within one year or within a longer and normal operating cycle. Deferred tax assets and liabilities as well as assets and provisions for pensions and similar obligations are generally presented as non-current items.

The consolidated statement of income is presented using the cost-of-sales method.

The Group's consolidated financial statements are significantly influenced by the activities of its financial services business. To enhance readers' understanding of the Group's profitability, liquidity and capital resources and financial position, unaudited information with respect to the Group's industrial and financial services business activities (Daimler Financial Services) is provided in addition to the audited consolidated financial statements. Such information is not required by IFRS and is not intended to, and does not represent the separate IFRS profitability, liquidity and capital resources and financial position of the Group's industrial or financial services business activities. Eliminations of the effects of transactions between the industrial and financial services businesses have generally been allocated to the industrial business columns.

Measurement
The consolidated financial statements have been prepared on the historical cost basis with the exception of certain items such as available-for-sale financial assets, derivative financial instruments, hedged items, and pensions and similar obligations. The measurement models applied to those exceptions are described below.

Principles of consolidation
The consolidated financial statements include the financial statements of Daimler AG and the financial statements of all subsidiaries, including structured entities which are directly or indirectly controlled by Daimler AG. Control exists if the parent company has the power of decision over a subsidiary based on voting rights or other rights, if it participates in positive and negative variable returns from a subsidiary, and if it can affect these returns by its power of decision.

Structured entities which are controlled also have to be consolidated. Accordingly, the assets and liabilities remain in the consolidated statement of financial position. Structured entities are entities which have been designed so that voting or similar rights are not relevant in deciding who controls the entity. This is the case for example if voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

The financial statements of consolidated subsidiaries which are included in the consolidated financial statements are generally prepared as of the reporting date of the consolidated financial statements. The financial statements of Daimler AG and its subsidiaries included in the consolidated financial statements are prepared using uniform recognition and measurement principles. All intercompany assets and liabilities, equity, income and expenses as well as cash flows from transactions between consolidated entities are entirely eliminated in the course of the consolidation process.

Business combinations are accounted for using the purchase method.

Changes in equity interests in Group subsidiaries that reduce or increase Daimler's percentage ownership without loss of control are accounted for as an equity transaction between owners.

Investments in associated companies, joint ventures or joint operations
An associated company is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee. Associated companies are generally accounted for using the equity method.

For entities over which Daimler has joint control together with a partner (joint arrangements), it has to be decided if a joint operation or a joint venture exists. In a joint venture, the parties that have joint control of the arrangement have rights to the net assets of the arrangement. For joint ventures, the equity method has to be applied. A joint operation exists when the jointly controlling parties have direct rights to the assets and obligations for the liabilities. In this case, the prorated assets and liabilities and the prorated income and expenses are generally to be recognized. As the joint operations recognized at the end of the reporting period have no significant impact on the consolidated financial statements, they are accounted for using the equity method.

In the special event that the financial statements of associated companies, joint ventures or joint operations should not be available in good time, the Group's proportionate share of the results of operations is included in Daimler's consolidated financial statements with a one to three-month time lag. Adjustments are made for all significant events or transactions that occur during the time lag (see also Note 13).

Subsidiaries measured at amortized cost
Subsidiaries, associated companies, joint ventures and joint operations whose business is non-active or of low volume and that are not material for the Group and the fair presentation of financial position, liquidity and capital resources, and profitability are generally measured at amortized cost in the consolidated financial statements.

Foreign currency translation
Transactions in foreign currency are translated at the relevant foreign exchange rates prevailing at the transaction date. In subsequent periods, assets and liabilities denominated in foreign currency are translated into euros using period-end exchange rates; gains and losses from this measurement are recognized in profit and loss (except for gains and losses resulting from the translation of available-for-sale equity instruments, which are recognized in other comprehensive income/loss).

Assets and liabilities of foreign companies for which the functional currency is not the euro are translated into euros using period-end exchange rates. The translation adjustments are presented in other comprehensive income/loss. The components of equity are translated using historical rates. The statements of income and cash flows are translated into euros using average exchange rates during the respective periods.

The exchange rates of the US dollar, the British pound, the Japanese yen, the Chinese renminbi and the Russian ruble – the most significant foreign currencies for Daimler – were as shown in table ↗ E.06.

Accounting policies

Revenue recognition
Revenue from sales of vehicles, service parts and other related products is recognized when the risks and rewards of ownership of the goods are transferred to the customer, the amount of revenue can be estimated reliably and collectability is reasonably assured. Revenue is recognized net of sales reductions such as cash discounts and sales incentives granted.

Daimler uses a variety of sales promotion programs dependent on various market conditions in individual countries as well as the respective product life cycles and product-related factors (such as amounts of discounts offered by competitors, excess industry production capacity, the intensity of market competition and consumer demand for the products). These programs comprise cash offers to dealers and customers as well as lease subsidies or loans at reduced interest rates.

Revenue also includes revenue from the rental and leasing business as well as interest from the financial services business at Daimler Financial Services. The revenue from the rental and leasing business results from operating leases and is recognized on a straight-line basis over the periods of the contracts. In addition, sales revenue is generated at the end of lease contracts from the subsequent sale of the vehicles. Revenue from receivables from financial services is recognized using the effective interest method. When loans are issued below market rates, related receivables are recognized at present value and revenue is reduced for the interest incentive granted. If subsidized leasing fees are agreed upon in connection with finance leases, revenue from the sale of a vehicle is reduced by the amount of the interest incentive granted.

E.06
Exchange rates

					2015					2014
	USD	**GBP**	**JPY**	**CNY**	**RUB**	USD	GBP	JPY	CNY	RUB
	1 € =	1 € =	1 € =	1 € =	1 € =	1 € =	1 € =	1 € =	1 € =	1 € =
Average exchange rate on December 31	**1.0887**	**0.7340**	**131.0700**	**7.0608**	**80.6736**	1.2141	0.7789	145.2300	7.5358	72.3370
Average exchange rates during the respective period										
First quarter	**1.1261**	**0.7434**	**134.1200**	**7.0231**	**70.9608**	1.3696	0.8279	140.8000	8.3576	48.0425
Second quarter	**1.1053**	**0.7211**	**134.2900**	**6.8572**	**58.2187**	1.3711	0.8147	140.0000	8.5438	47.9415
Third quarter	**1.1116**	**0.7173**	**135.8600**	**7.0083**	**70.3033**	1.3256	0.7938	137.7500	8.1734	48.0583
Fourth quarter	**1.0953**	**0.7220**	**132.9500**	**7.0003**	**72.4051**	1.2498	0.7891	142.7500	7.6824	59.7160

The Group offers extended, separately priced warranties for certain products. Revenue from these contracts is deferred and recognized over the contract period in proportion to the costs expected to be incurred based on historical information. In circumstances in which there is insufficient historical information, income from extended warranty contracts is recognized on a straight-line basis. A loss on these contracts is recognized in the current period if the sum of the expected costs for services under the contract exceeds unearned revenue.

For multiple-element arrangements, such as when vehicles are sold with free or reduced-in-price maintenance programs or with free online services, the Group allocates revenue to the various elements based on their estimated fair values.

Research and non-capitalized development costs
Expenditure for research and development that does not meet the conditions for capitalization according to IAS 38 Intangible Assets is expensed as incurred.

Borrowing costs
Borrowing costs are expensed as incurred unless they are directly attributable to the acquisition, construction or production of a qualifying asset and are therefore part of the cost of that asset. Depreciation of the capitalized borrowing costs is presented within cost of sales.

Government grants
Government grants related to assets are deducted from the carrying amount of the asset and are recognized in earnings over the life of a depreciable asset as a reduced depreciation expense. Government grants which compensate the Group for expenses are recognized as other operating income in the same period as the expenses themselves.

Profit/loss from equity-method investments
This item includes all income and expenses in connection with investments accounted for using the equity method. In addition to the prorated profits and losses from financial investments, it also includes profits and losses resulting from the sale of equity interests or the remeasurement of equity interests following a loss of significant influence. Daimler's share of dilution gains and losses occurring if the Group or other owners do not participate in capital increases of companies in which shares are held and accounted for using the equity method are also included in profit/loss from equity-method investments. This item also includes losses on the impairment of an investment's carrying amounts and/or gains on the reversal of such impairments.

Other financial income/expense, net
Other financial income/expense, net includes all income and expense from financial transactions which are not included in interest income and/or interest expense, and for Daimler Financial Services are not included in revenue and/or cost of sales. For example, expense from the compounding of interest on provisions for other risks is recorded in this line item.

Furthermore, income and expenses from equity interests are included in other financial income/expense, net, if such income or expenses are not presented under equity-method investments.

Interest income and interest expense
Interest income and interest expense include interest income from investments in securities, cash and cash equivalents as well as interest expense from liabilities. Furthermore, interest and changes in fair values related to interest rate hedging activities as well as income and expense resulting from the allocation of premiums and discounts are included. The interest components of defined benefit pension obligations and other similar obligations as well as of the plan assets available to cover these obligations are also presented in this line item.

An exception to the aforementioned principles is made for Daimler Financial Services. In this case, interest income and expense and gains or losses from derivative financial instruments are disclosed under revenue and cost of sales respectively.

Income taxes
Income taxes are comprised of current income taxes and deferred taxes.

Current income taxes are calculated based on the respective local taxable income and local tax rules for the period. In addition, current income taxes presented for the period include adjustments for uncertain tax payments or tax refunds for periods not yet finally assessed including interest expense and penalties on the underpayment of taxes. For the case that amounts included in the tax return might not be realized (uncertain tax positions), a provision for income taxes is recognized. The amount is based on the best possible assessment of the expected tax payment. Tax refund claims from uncertain tax positions are recognized when it is predominantly likely and thus reasonably expected that they can be realized. Only in the case of tax loss carryforwards or unused tax credits, no provision for taxes or tax claim is recognized for these uncertain tax positions. Instead, the deferred tax assets for the unused tax loss carryforwards or tax credits are to be adjusted.

Changes in deferred tax assets and liabilities are generally recognized through profit and loss in deferred taxes in the consolidated statement of income, except for changes recognized in other comprehensive income/loss or directly in equity.

Deferred tax assets or liabilities are calculated on the basis of temporary differences between the tax basis and the financial reporting of assets and liabilities including differences from consolidation, on unused tax loss carryforwards and unused tax credits. Measurement is based on the tax rates expected to be effective in the period in which an asset is recognized or a liability is settled. For this purpose, the tax rates and tax rules are used which have been enacted at the reporting date or are soon to be enacted. Daimler recognizes a valuation allowance for deferred tax assets when it is unlikely that a corresponding amount of future taxable profit will be available against which the deductible temporary differences, tax loss carryforwards and tax credits can be utilized. Deferred tax liabilities for taxable temporary differences in connection with investments in subsidiaries, branches, associates and interests in joint arrangements are not recognized if the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Earnings per share
Basic earnings per share are calculated by dividing profit attributable to shareholders of Daimler AG by the weighted average number of shares outstanding. As nothing occurred in the years 2015 and 2014 that resulted in any dilution, diluted earnings per share were the same as basic earnings per share in those years.

Intangible assets
Intangible assets acquired are measured at acquisition or manufacturing cost less accumulated amortization. If necessary, accumulated impairment losses are recognized.

Intangible assets with indefinite lives are reviewed annually to determine whether indefinite-life assessment continues to be appropriate. If not, the change in the useful-life assessment from indefinite to finite is made on a prospective basis.

Intangible assets other than development costs with finite useful lives are generally amortized on a straight-line basis over their useful lives (three to ten years) and are tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period for intangible assets with finite useful lives is reviewed at least at each year-end. Changes in expected useful lives are treated as changes in accounting estimates. The amortization expense on intangible assets with finite useful lives is recorded in functional costs.

Development costs for vehicles and components are recognized if the conditions for capitalization according to IAS 38 are met. Subsequent to initial recognition, the asset is carried at cost less accumulated amortization and accumulated impairment losses. Capitalized development costs include all direct costs and allocable overheads and are amortized on a straight-line basis over the expected product life cycle (a maximum of ten years). Amortization of capitalized development costs is an element of manufacturing costs and is allocated to those vehicles and components by which they were generated and is included in cost of sales when the inventory (vehicles) is sold.

Goodwill
For acquisitions, goodwill represents the excess of the consideration transferred over the fair values assigned to the identifiable assets proportionally acquired and liabilities assumed. Goodwill is accounted for at the subsidiaries in the functional currency of those subsidiaries.

In connection with obtaining control, non-controlling interest in the acquiree is principally recognized at the proportionate share of the acquiree's identifiable assets, which are measured at fair value.

Property, plant and equipment
Property, plant and equipment are measured at acquisition or manufacturing costs less accumulated depreciation. If necessary, accumulated impairment losses are recognized.

The costs of internally produced equipment and facilities include all direct costs and allocable overheads. Acquisition or manufacturing costs include the estimated costs, if any, of dismantling and removing the item and restoring the site.

Property, plant and equipment are depreciated over the useful lives as shown in table ↗ **E.07**.

E.07
Useful lives of property, plant and equipment

Buildings and site improvements	10 to 50 years
Technical equipment and machinery	6 to 25 years
Other equipment, factory and office equipment	3 to 30 years

Leasing
Leasing includes all arrangements that transfer the right to use a specified asset for a stated period of time in return for a payment, even if the right to use such asset is not explicitly described in an arrangement. The Group is a lessee of property, plant and equipment and a lessor of its products. It is evaluated on the basis of the risks and rewards of a leased asset whether the ownership of the leased asset is attributed to the lessee (finance lease) or to the lessor (operating lease).

Daimler as lessee
In the case of an operating lease, the lease payments or rental payments are immediately expensed.

Assets carried as finance leases are measured at the beginning of the (lease) contract at the lower of the present value of the minimum lease payments and the fair value of the leased object, and in the following periods less accumulated depreciation and other accumulated impairment losses. Depreciation is on a straight-line basis; residual values of the assets are given due consideration. Payment obligations resulting from future lease payments are discounted and disclosed under financing liabilities.

Sale and lease back
The same accounting principles apply to assets if Daimler sells such assets and leases them back from the buyer.

Daimler as lessor
Operating leases relate to vehicles that the Group produces itself and leases to third parties or vehicles that the Group sells and guarantees to buy back or guarantees a residual value. These vehicles are capitalized at (depreciated) cost of production under leased equipment in the industrial business and are depreciated over the contract term on a straight-line basis with consideration of the expected residual values. Changes in the expected residual values lead either to prospective adjustments of the scheduled depreciation or to an impairment loss if necessary.

Operating leases also relate to Group products that Daimler Financial Services acquires from non-Group dealers or other third parties and leases to end customers. These vehicles are presented at (depreciated) cost of acquisition under leased equipment in the Daimler Financial Services segment. If these vehicles are subsidized, the subsidies are deducted from the cost of acquisition. After revenue is received from the sale to independent dealers, these vehicles generate revenue from lease payments and subsequent resale on the basis of the separate leasing contracts. The revenue received from the sale of these vehicles to the dealers is estimated by the Group as being of the magnitude of the addition to leased equipment at Daimler Financial Services. In 2015, additions to leased equipment at Daimler Financial Services amounted to approximately €12 billion (2014: approximately €9 billion).

In the case of finance leases, the Group presents the receivables in amount of the net investment of the lease agreements under receivables from financial services. The net investment of a lease agreement is the gross investment (future minimum lease payments and non-guaranteed residual value) discounted at the rate upon which the lease agreement is based.

Equity-method investments
On the date of acquisition, a positive difference between cost of acquisition and Daimler's share of the fair values of the identifiable assets and liabilities of the associated company or joint venture are determined and recognized as investor level goodwill. The goodwill is included in the carrying amount of the equity-method investment. With step acquisition of an equity interest by which significant influence or joint control is achieved for the first time, the investment is generally accounted for on the basis of IFRS 3 Business Combinations. This means that the previously held equity interest is remeasured on the date of acquisition; any resulting gain or loss is recognized through profit and loss. If an equity interest in an existing associated company is increased without any resulting change in significant influence, goodwill is determined only for the additionally acquired interest; the previous investment is not remeasured at fair value.

Daimler reviews on each balance-sheet date whether there is any objective indication of impairments of equity-method investments. If such indications exist, the Group determines the impairment loss to be recognized. If the carrying amount exceeds the recoverable amount of an investment, the carrying amount is written down to the recoverable amount. The recoverable amount is the greater of fair value less costs to sell and value in use. An impairment or impairment reversal is recognized in the consolidated statement of income under income/loss on equity-method investments; this also includes any gains and/or losses on the sale of equity-method investments.

Interim gains or losses (to be eliminated) from transactions with companies accounted for at-equity are recognized through profit and loss with corresponding adjustments of the investments' carrying amounts.

Impairment of non-current non-financial assets
Daimler assesses at each reporting date whether there is an indication that an asset may be impaired. If such indication exists, Daimler estimates the recoverable amount of the asset. The recoverable amount is determined for each individual asset unless the asset generates cash inflows that are not largely independent of those from other assets or groups of assets (cash-generating units). In addition, goodwill and other intangible assets with indefinite useful lives are tested annually for impairment; this takes place at the level of the cash-generating units. If the carrying amount of an asset or of a cash-generating unit exceeds the recoverable amount, an impairment loss is recognized for the difference.

The recoverable amount is the higher of fair value less costs of disposal and value in use. For cash-generating units, which at Daimler correspond to the reportable segments, Daimler in a first step determines the respective recoverable amount as value in use and compares it with the respective carrying amount (including goodwill). Value in use is measured by discounting expected future cash flows from the continuing use of the cash-generating units using a risk-adjusted interest rate. Future cash flows are determined on the basis of the long-term planning, which is approved by the Board of Management and which is valid at the date when the impairment test is conducted. This planning is based on expectations regarding future market share, the growth of the respective markets as well as the products' profitability. The multi-year planning comprises a planning horizon until 2022 and therefore mainly covers the product life cycles of our automotive business. The rounded risk-adjusted interest rates used to discount cash flows, which are calculated for each segment, are currently unchanged from the previous year at 8% after taxes for the cash-generating units of the industrial business and 9% after taxes for Daimler Financial Services. Whereas the discount rate for Daimler Financial Services represents the cost of equity, the risk-adjusted interest rate for the cash-generating units of the industrial business is based on the weighted average cost of capital (WACC). These are calculated based on the capital asset pricing model (CAPM) taking into account current market expectations. In calculating the risk-adjusted interest rate for impairment test purposes, specific peer group information for beta factors, capital structure data and cost of debt are used. Periods not covered by the forecast are taken into account by recognizing a residual value (terminal value), which generally does not consider any growth rates. In addition, several sensitivity analyses are conducted. These show that even in case of more unfavorable premises for main influencing factors with respect to the original planning, no need for impairment exists. If value in use is lower than the carrying amount, fair value less costs of disposal is additionally calculated to determine the recoverable amount.

An assessment for assets other than goodwill is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If this is the case, Daimler records a partial or entire reversal of the impairment; the carrying amount is thereby increased to its recoverable amount. However, the increased carrying amount may not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized in prior years.

Non-current assets held for sale and disposal groups
The Group classifies non-current assets or disposal groups as held for sale if the conditions of IFRS 5 Non-current assets held for sale and discontinued operations are fulfilled. In this case, the assets or disposal groups are no longer depreciated but measured at the lower of carrying amount and fair value less costs to sell. If fair value less costs to sell subsequently increases, any impairment loss previously recognized is reversed, this reversal is restricted to the impairment loss previously recognized for the assets or disposal group concerned. The Group generally discloses these assets or disposal groups separately in the consolidated statement of financial position.

Inventories
Inventories are measured at the lower of acquisition or manufacturing cost and net realizable value. The net realizable value is the estimated selling price less any remaining costs to sell. The acquisition or manufacturing costs of inventories are generally based on the specific identification method and include costs incurred in acquiring the inventories and bringing them to their existing location and condition. Costs for large numbers of inventories that are interchangeable are allocated under the average cost formula. In the case of manufactured inventories and work in progress, acquisition or manufacturing cost also includes production overheads based on normal capacity.

Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments in the form of financial assets and financial liabilities are generally presented separately. Financial instruments are recognized as soon as Daimler becomes a party to the contractual provisions of the financial instrument. In the case of purchases or sales of financial assets through the regular market, Daimler uses the transaction date as the date of initial recognition or derecognition.

Upon initial recognition, financial instruments are measured at fair value. For the purpose of subsequent measurement, financial instruments are allocated to one of the categories mentioned in IAS 39 Financial Instruments: Recognition and Measurement. Transaction costs directly attributable to acquisition or issuance are considered by determining the carrying amount if the financial instruments are not measured at fair value through profit or loss.

Financial assets
Financial assets primarily comprise receivables from financial services, trade receivables, receivables from banks, cash on hand, derivative financial assets and marketable securities and financial investments.

Financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss include those financial assets designated as held for trading.

Derivatives, including embedded derivatives separated from the host contract, which are not classified as hedging instruments in hedge accounting, as well as shares and marketable debt securities acquired for the purpose of selling in the near term are classified as held for trading. Gains or losses on these financial assets are recognized in profit or loss.

Loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, such as receivables from financial services or trade receivables. After initial recognition, loans and receivables are subsequently carried at amortized cost using the effective interest method less any impairment losses. Gains and losses are recognized in the statement of income when the loans and receivables are impaired or derecognized. Interest effects on the application of the effective interest method are also recognized in profit or loss.

Available-for-sale financial assets. Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or that are not classified in any of the preceding categories. This category includes equity instruments and debt instruments such as government bonds, corporate bonds and commercial papers.

After initial measurement, available-for-sale financial assets are measured at fair value, with unrealized gains or losses being recognized in other comprehensive income/loss. If objective evidence of impairment exists or if changes occur in the fair value of a debt instrument resulting from currency fluctuations, these changes are recognized in profit or loss. Upon disposal of financial assets, the accumulated gains and losses recognized in other comprehensive income/loss resulting from measurement at fair value are recognized in profit or loss. If a reliable estimate cannot be made of the fair value of an unquoted equity instrument, such as an investment in a German limited liability company, this instrument is measured at cost (less any impairment losses). Interest earned on available-for-sale financial assets is generally reported as interest income using the effective interest method. Dividends are recognized in profit or loss when the right of payment has been established.

Cash and cash equivalents. Cash and cash equivalents consist primarily of cash on hand, checks and demand deposits at banks, as well as debt instruments and certificates of deposits with a remaining term when acquired of up to three months, which are not subject to any material value fluctuations. Cash and cash equivalents correspond with the classification in the consolidated statement of cash flows.

Impairment of financial assets
At each reporting date, the carrying amounts of financial assets other than those to be measured at fair value through profit or loss are assessed to determine whether there is objective evidence of impairment. Objective evidence may exist for example if a debtor is facing serious financial difficulties or there is a substantial change in the debtor's technological, economic, legal or market environment. For quoted equity instruments, a significant or prolonged decline in fair value is additional objective evidence of possible impairment. Daimler has defined criteria for the significance and duration of a decline in fair value. A decline in fair value is deemed significant if it exceeds 20% of the carrying amount of the investment; a decline is deemed prolonged if the carrying amount exceeds the fair value for a period longer than nine months.

Loans and receivables. If there are objective indications that the value of a loan or receivable has to be impaired, the amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of expected future cash flows (excluding expected future credit losses that have not yet been incurred), discounted at the original effective interest rate of the financial asset. The amount of the impairment loss is recognized in profit or loss.

If, in a subsequent reporting period, the amount of the impairment loss decreases and the decrease can be attributed objectively to an event occurring after the impairment was recognized, the impairment loss recorded in prior periods is reversed and recognized in profit or loss.

In most cases, an impairment loss on loans and receivables (e.g. receivables from financial services including finance lease receivables and trade receivables) is recorded using allowance accounts. The decision to account for credit risks using an allowance account or by directly reducing the receivable depends on the estimated probability of the loss of receivables.

Available-for-sale financial assets. If an available-for-sale financial asset is impaired, the difference between its cost (net of any principal payment and amortization) and its current fair value (less any impairment loss previously recognized in the statement of income) is reclassified from other comprehensive income/loss to the statement of income. Reversals with respect to equity instruments classified as available for sale are recognized in other comprehensive income/loss. Reversals of impairment losses on debt instruments are recognized through the statement of income if the increase in fair value of the instrument can be objectively attributed to an event occurring after the impairment losses were recognized in the consolidated statement of income.

Offsetting financial instruments
Financial assets and financial liabilities are offset and the net amount is presented in the consolidated statement of financial position provided that an enforceable right currently exists to offset the amounts involved, and there is an intention either to carry out the offsetting on a net basis or to settle a liability when the related asset is sold.

Financial liabilities
Financial liabilities primarily include trade payables, liabilities to banks, bonds, derivative financial liabilities and other liabilities.

Financial liabilities measured at amortized cost. After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest method.

Financial liabilities at fair value through profit or loss. Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Derivatives, (including embedded derivatives separated from the host contract) which are not used as hedging instruments in hedge accounting, are classified as held for trading. Gains or losses on liabilities held for trading are recognized in profit or loss.

Derivative financial instruments and hedge accounting
The Group uses derivative financial instruments exclusively for hedging financial risks that arise from its commercial business or refinancing activities. These are mainly interest rate risks, currency risks and commodity price risks.

Embedded derivatives are separated from the host contract, which is not measured at fair value through profit or loss, if an analysis shows that the economic characteristics and risks of embedded derivatives are not closely related to those of the host contract.

Derivative financial instruments are measured at fair value upon initial recognition and at each subsequent reporting date. The fair value of listed derivatives is equal to their positive or negative market value. If a market value is not available, fair value is calculated using standard financial valuation models such as discounted cash flow or option pricing models. Derivatives are presented as assets if their fair value is positive and as liabilities if the fair value is negative.

If the requirements for hedge accounting set out in IAS 39 are met, Daimler designates and documents the hedge relationship from the date a derivative contract is entered into as a fair value hedge, a cash flow hedge or a hedge of a net investment in a foreign business operation. In a fair value hedge, the fair value of a recognized asset or liability or an unrecognized firm commitment is hedged. In a cash flow hedge, the variability of cash flows to be received or paid from expected transactions related to a recognized asset or liability or a highly probable forecast transaction are hedged. The documentation of the hedging relationship includes the objectives and strategy of risk management, the type of hedging relationship, the nature of the risk being hedged, the identification of the hedging instrument and the hedged item, as well as a description of the method used to assess hedge effectiveness. Hedging transactions are expected to be highly effective in achieving offsetting risks from changes in fair value or cash flows and are regularly assessed to determine that they have actually been highly effective throughout the financial reporting periods for which they are designated.

Changes in the fair value of derivative financial instruments are recognized periodically in either profit or loss or other comprehensive income/loss, depending on whether the derivative is designated as a hedge of changes in fair value or cash flows. For fair value hedges, changes in the fair value of the hedged item and the derivative are recognized in profit or loss. For cash flow hedges, fair value changes in the effective portion of the hedging instrument after taxes are recognized in other comprehensive income/loss. Amounts recognized in other comprehensive income/loss are reclassified to the statement of income when the hedged underlying transaction affects the statement of income. The ineffective portions of fair value changes are recognized in profit or loss.

If derivative financial instruments do not or no longer qualify for hedge accounting because the qualifying criteria for hedge accounting are not or are no longer met, the derivative financial instruments are classified as held for trading and are measured at fair value through profit or loss.

Pensions and similar obligations

The measurement of defined benefit plans for pensions and other post-employment benefit obligations (medical care) in accordance with IAS 19 Employee Benefits is based on the projected unit credit method. Plan assets invested to cover defined benefit pension obligations and other post-employment benefit obligations (medical care) are measured at fair value and offset against the corresponding obligations. For the valuation of defined benefit plans, differences between actuarial assumptions used and actual developments as well as changes in actuarial assumptions result in actuarial gains and losses, which have a direct impact on the consolidated statement of financial position or on the consolidated statement of comprehensive income/loss.

The balance of defined benefit plans for pensions and other post-employment benefits obligations and plan assets (net pension obligation or net pension assets) accrues interest at the discount rate used as a basis for the measurement of the gross pension obligation. The resulting net interest expense or income is recognized in profit and loss under interest expense or interest income in the consolidated statement of income. The other expenses resulting from pension obligations and other post-employment benefit obligations (medical care), which mainly result from entitlements acquired during the year under review, are taken into consideration in the functional costs in the consolidated statement of income.

The discount factors used to calculate the present values of defined benefit pension obligations are to be determined by reference to market yields at the end of the reporting period on high-quality corporate bonds in the respective markets. For very long maturities, there are no high-quality corporate bonds available as a benchmark. The respective discount factors are estimated by extrapolating current market rates along the yield curve.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognized in profit or loss when the curtailment or settlement occurs.

Provisions for other risks

A provision is recognized when a liability to third parties has been incurred, an outflow of resources is probable and the amount of the obligation can be reasonably estimated. The amount recognized as a provision represents the best estimate of the obligation at the balance sheet date. Provisions with an original maturity of more than one year are discounted to the present value of the expenditures expected to settle the obligation at the end of the reporting period. Provisions are regularly reviewed and adjusted as further information becomes available or circumstances change.

A provision for expected warranty costs is recognized when a product is sold or when a new warranty program is initiated. Estimates for accrued warranty costs are primarily based on historical experience.

Restructuring provisions are set up in connection with programs that materially change the scope of business performed by a segment or business unit or the manner in which business is conducted. In most cases, restructuring expenses include termination benefits and compensation payments due to the termination of agreements with suppliers and dealers. Restructuring provisions are recognized when the Group has a detailed formal plan that has either commenced implementation or been announced.

Share-based payment

Share-based payment comprises cash-settled liability awards.

Liability awards are measured at fair value at each balance sheet date until settlement and are classified as provisions. The profit or loss of the period equals the addition to and/or the reversal of the provision during the reporting period and the dividend equivalent paid during the period, and is included in the functional costs.

Presentation in the consolidated statement of cash flow

Interest paid as well as interest and dividends received are classified as cash provided by/used for operating activities. The cash flows from short-term marketable debt securities with high turnover rates and significant amounts are offset and presented within cash used for investing activities.

2. Accounting estimates and assessments

In the consolidated financial statements, to a certain degree, estimates, assessments and assumptions have to be made which can affect the amounts and reporting of assets and liabilities, the reporting of contingent assets and liabilities on the balance sheet date and the amounts of income and expense reported for the period. The major items affected by such estimates, assessments and assumptions are described as follows. Actual amounts may differ from the estimates. Changes in the estimates, assessments and assumptions can have a material impact on the consolidated financial statements.

Recoverable amounts of cash-generating units and equity-method investments
In the context of impairment tests for non-financial assets, estimates have to be made to determine the recoverable amounts of cash-generating units. Assumptions have to be made in particular with regard to future cash inflows and outflows for the planning period and the following periods. The estimates include assumptions regarding future market share and the growth of the respective markets as well as regarding the products' profitability. On the basis of the impairment tests carried out in 2015, the recoverable amounts are substantially larger than the net assets of the Group's cash-generating units.

When objective evidence of impairment is present, estimates and assessments also have to be made to determine the recoverable amount of an equity method financial investment. The determination of the recoverable amount is based on assumptions regarding future business developments for the determination of the expected future cash flows of that financial investment. See Note 13 for the presentation of carrying amounts and fair values of equity-method financial investments in listed companies.

Recoverable amount of equipment on operating leases
Daimler regularly reviews the factors determining the values of its leased vehicles. In particular, it is necessary to estimate the residual values of vehicles at the end of their leases, which constitute a substantial part of the expected future cash flows from leased assets. In this context, assumptions have to be made regarding the future supply of and demand for vehicles, as well as the development of vehicle prices. Those assumptions are determined either by qualified estimates or by publications provided by expert third parties; qualified estimates are based, as far as they are publicly available, on external data with consideration of internally available additional information such as historical experience of price developments and recent sale prices. The residual values thus determined serve as a basis for depreciation; changes in residual values lead either to prospective adjustments of the depreciation or, in the case of a significant decline in expected residual values, to impairment. If depreciation is prospectively adjusted, changes in estimates of residual values do not have a direct effect but are equally distributed over the remaining periods of the lease contracts.

Collectability of receivables from financial services
The Group regularly estimates the risk of default on receivables from financial services. Many factors are taken into consideration in this context, including historical loss experience, the size and composition of certain portfolios, current economic events and conditions and the estimated fair values and adequacy of collaterals. Changes in economic conditions can lead to changes in our customers' creditworthiness and to changes in used vehicle prices, which would have a direct effect on the market values of the vehicles assigned as collateral. Changes to the estimation and assessment of these factors influence the allowance for credit losses with a resulting impact on the Group's net profit. See also Notes 14 and 32 for further information.

Product warranties
The recognition and measurement of provisions for product warranties is generally connected with estimates.

The Group provides various types of product warranties depending on the type of product and market conditions. Provisions for product warranties are generally recognized when vehicles are sold or when new warranty programs are initiated. Based on historical warranty claim experience, assumptions have to be made on the type and extent of future warranty claims and customer goodwill, as well as on possible recall or buyback campaigns for each model series. In addition, the estimates also include assumptions on the amounts of potential repair costs per vehicle and the effects of possible time or mileage limits. The provisions are regularly adjusted to reflect new information.

Further information on provisions for other risks is provided in Note 23.

Legal proceedings
Various legal proceedings, claims and governmental investigations are pending against Daimler AG and its subsidiaries on a wide range of topics. If the outcome of such legal proceedings is detrimental to Daimler, the Group may be required to pay substantial compensatory and punitive damages or to undertake service actions, recall campaigns or other costly actions. Litigation and governmental investigations often involve complex legal issues and are connected with a high degree of uncertainty. Accordingly, the assessment of whether an obligation exists on the balance sheet date as a result of an event in the past, and whether a future cash outflow is likely and the obligation can be reliably estimated, largely depends on estimations by the management. Daimler regularly evaluates the current stage of legal proceedings, also with the involvement of external legal counsel. It is therefore possible that the amounts of provisions for pending or potential litigation will have to be adjusted due to future developments. Changes in estimates and premises can have a material effect on the Group's future profitability. It is also possible that provisions accrued for some legal proceedings may turn out to be insufficient once such proceedings have ended. Daimler may also become liable for payments in legal proceedings no provisions were established for. Although the final resolution of any such proceedings could have a material effect on Daimler's operating results and cash flows for a particular reporting period, Daimler believes that it should not materially affect the Group's financial position.

Pensions and similar obligations

The calculation of provisions for pensions and similar obligations and the related pension cost are based on various actuarial valuations. The calculations are subject to various assumptions on matters such as current actuarially developed probabilities (e.g. discount factors and cost-of-living increases), future fluctuations with regard to age and period of service, and experience with the probability of occurrence of pension payments, annuities or lump sums. As a result of changed market or economic conditions, the probabilities on which the influencing factors are based, may differ from current developments. The financial effects of deviations of the main factors are calculated with the use of sensitivity analyses. See Note 22 for further information.

Income taxes

The calculation of income taxes of Daimler AG and its subsidiaries is based on the legislation and regulations applicable in the various countries. Due to their complexity, the tax items presented in the financial statements are possibly subject to different interpretation by taxpayers on the one hand and local tax authorities on the other hand. For the calculation of deferred tax assets, assumptions have to be made regarding future taxable income and the time of realization of the deferred tax assets. In this context, Daimler takes into consideration, among other things, the projected earnings from business operations, the effects on earnings of the reversal of taxable temporary differences, and realizable tax strategies. As future business developments are uncertain and are sometimes beyond Daimler's control, the assumptions to be made in connection with accounting for deferred tax assets are connected with a substantial degree of uncertainty. On each balance sheet date, Daimler carries out impairment tests on deferred tax assets on the basis of the planned taxable income in future financial years; if Daimler assesses that the probability of future tax advantages being partially or fully unrealized is more than 50%, the deferred tax assets are impaired. Further information is provided in Note 9.

3. Consolidated Group

Composition of the Group

Table ↗ E.08 shows the composition of the Group.

The aggregate balance sheet totals of the subsidiaries, associated companies, joint ventures and joint operations accounted for at amortized cost whose business is non-active or of low volume and which are not material for the Group and the fair presentation of its profitability, liquidity and capital resources and financial position would amount to approximately 1% of the Group's balance sheet total; the aggregate revenues and the aggregate net profit would amount to approximately 1% of the Group's revenue and net profit.

A detailed list of the companies included in the consolidated financial statements and of the equity investments of Daimler AG pursuant to Sections 285 und 313 of the German Commercial Code (HGB) is provided in the statement of investments. Further information is provided in Note 39.

E.08
Composition of the Group

	At December 31, 2015	2014
Consolidated subsidiaries	**329**	327
Germany	**59**	60
International	**270**	267
Unconsolidated subsidiaries	**82**	80
Germany	**29**	33
International	**53**	47
Subsidiaries accounted for using the equity method	**–**	5
Germany	**–**	–
International	**–**	5
Joint operations accounted for using the equity method	**3**	3
Germany	**1**	1
International	**2**	2
Joint ventures accounted for using the equity method	**13**	13
Germany	**4**	3
International	**9**	10
Associated companies accounted for using the equity method	**14**	12
Germany	**3**	3
International	**11**	9
Joint operations, joint ventures and associated companies accounted for at (amortized) cost	**29**	30
Germany	**15**	15
International	**14**	15
	470	470

Structured entities

The structured entities of the Group are rental companies and asset-backed-securities (ABS) companies. The purpose of the rental companies primarily is the acquisition, renting and management of assets. The ABS companies are primarily used for the Group's refinancing. The assets transferred to structured entities usually result from the Group's leasing and sales financing business. Those entities refinance the purchase price by issuing securities.

At the reporting date, the Group has business relationships with 11 (2014: 18) controlled structured entities, of which 9 (2014: 16) are fully consolidated. In addition, the Group has relationships with 5 (2014: 5) non-controlled structured entities. The unconsolidated structured entities are not material for the Group's profitability, liquidity and capital resources and financial position.

E.09
Revenue

	2015	2014
In millions of euros		
Revenue from sales of goods	130,705	114,013
Revenue from the rental and leasing business	14,462	12,245
Interest from the financial services business at Daimler Financial Services	3,853	3,180
Revenue frome sales of other services	447	434
	149,467	129,872

E.10
Cost of sales

	2015	2014
In millions of euros		
Expense of goods sold	-105,643	-91,574
Depreciation of equipment on operating leases	-5,946	-5,049
Refinancing costs at Daimler Financial Services	-1,666	-1,443
Impairment losses on receivables from financial services	-502	-433
Other cost of sales	-3,913	-3,189
	-117,670	-101,688

Disposals of consolidated subsidiaries

Disposals in 2015

In 2015, Daimler decided to sell its equity interest in **Atlantis Foundries (Pty.) Ltd.**, which had been allocated to the Daimler Trucks segment, to Neue Halberg-Guss GmbH. The disposal led to an expense of €61 million.

Acquisitions and disposals of equity-method investments

Acquisitions in 2015

There Holding B. V. (THBV) was founded in 2015; Daimler, Audi and BMW each hold 33.3% of the shares of the company. Each of the shareholders provided a capital contribution of €668 million.

Effective as of December 4, 2015, There Acquisition B. V., a 100% subsidiary of THBV, acquired the mapping provider HERE from Nokia Corporation for a purchase price of €2,602 million subject to any further purchase price adjustments. The acquisition was financed by capital contributions of €2,000 million and by bank loans taken out by There Acquisition B.V. of €602 million. As of January 29, 2016, There Acquisition B.V. was renamed into HERE International B.V.

THBV is accounted for in the consolidated financial statements of Daimler AG as an associated company using the equity method, and is allocated to the Mercedes-Benz Cars segment.

Disposals in 2014

In March 2014, the Board of Management and the Supervisory Board of Daimler AG decided to sell the 50% equity interest in **Rolls-Royce Power Systems Holding GmbH (RRPSH)** to the partner Rolls-Royce Holdings plc (Rolls-Royce). For that purpose, Daimler exercised a put option on its stake in RRPSH. The measurement of the put option resulted in an expense of €118 million. The agreed purchase price of €2,433 million was received in August 2014. The gain on the sale amounted to €1,006 million.

In 2014, the Group sold its 4% equity interest in **Tesla Motors, Inc. (Tesla)** and prematurely terminated the related hedging instrument. The remeasurement of the Tesla shares after the end of Daimler's significant influence on Tesla led to a non-cash gain of €718 million. An expense of approximately €124 million and a cash inflow of €625 million resulted from the hedging instrument and the sale of the equity interest. A gain of €594 million resulted in total.

See Note 13 for further information on the companies accounted for using the equity method

4. Revenue

Table ↗ E.09 shows the composition of revenue at Group level.

Revenue by segment ↗ E.84 and region ↗ E.86 is presented in Note 33.

5. Functional costs

Cost of sales

Items included in cost of sales are shown in table ↗ **E.10**.

Amortization expense of capitalized development costs in the amount of €1,245 million (2014: €1,212 million) is presented in expense of goods sold.

Selling expenses

In 2015, selling expenses amounted to €12,147 million (2014: €11,534 million). Selling expenses include direct selling costs as well as selling overhead expenses and consist of personnel expenses, material costs and other selling costs.

General administrative expenses

General administrative expenses amounted to €3,710 million in 2015 (2014: €3,329 million) and comprise expenses which were not attributable to production, sales or research and development functions, including personnel expenses, depreciation and amortization on fixed and intangible assets, and other administrative costs.

Research and non-capitalized development costs

Research and non-capitalized development costs were €4,760 million in 2015 (2014: €4,532 million) and primarily comprise personnel expenses and material costs.

Optimization programs

Measures and programs with implementation costs that materially impacted EBIT of the segments are briefly described below.

In the course of the organizational focus on the divisions, Daimler started a restructuring program for its sales organization in Germany in 2014. Selected sales-and-service centers and outlets are being combined into car and commercial-vehicle outlets in order to steadily increase the profitability of Daimler's own dealer activities in the highly competitive German market. In addition, in 2015, the Group initiated programs to restructure its sales organization abroad. These restructuring programs also include the sale of selected operations of the Group's current sales network in Germany and abroad. The programs affect all automotive segments, but mainly the Mercedes-Benz Cars segment. In the reporting period 2015, these measures had resulted in a net expense of €144 million.

At December 31, 2015, the disposal group's assets for the German locations amounted to €248 million (December 31, 2014: €300 million) and its liabilities amounted to €12 million (December 31, 2014: €27 million). Due to their minor impact on the Group's profitability, liquidity and capital resources, and financial position, the assets and liabilities held for sale are not presented separately in the consolidated statement of financial position. Measurement at fair value less cost to sell led to an impairment of property, plant and equipment in 2014 in an amount of €93 million. Daimler already sold parts of the disposal group in 2015. In 2016, the Group anticipates further negative effects on earnings of up to €0.1 billion in Germany.

In January 2013, Daimler Trucks announced workforce adjustments as part of its goal of increasing its profitability by stronger utilization of efficiencies. In Brazil, a redundancy program was launched in the first quarter of 2013. This program has led to a reduction of approximately 3,200 jobs in the administrative and productive areas as of December 31, 2015, mostly through voluntary severance agreements. These workforce adjustments also affected Daimler Buses to a small extent.

In addition, in non-productive areas of Daimler Trucks in Germany, a program based on socially acceptable voluntary measures that ran between May 2013 and December 2014 was continued in the third quarter of 2015 and led in total to a reduction of approximately 700 jobs as of December 31, 2015.

Table ↗ **E.11** shows the effects of the optimization programs on the key figures of the segments.

E.11
Optimization programs

	2015	2014
In millions of euros		
Mercedes-Benz Cars		
EBIT	**-64**	-81
Cash flow	**180**	-5
Provisions for optimization programs[1]	**82**	–
Daimler Trucks		
EBIT	**-105**	-165
Cash flow	**-64**	-170
Provisions for optimization programs[1]	**21**	6
Mercedes-Benz Vans		
EBIT	**-29**	-17
Cash flow	**5**	-1
Provisions for optimization programs[1]	**19**	–
Daimler Buses		
EBIT	**-4**	-14
Cash flow	**-1**	-25
Provisions for optimization programs[1]	**2**	13

1 Amounts of provisions for optimization programs as of December 31.

E.12
Income and expenses associated with optimization programs

In millions of euros	2015	2014
Cost of sales	-46	-95
Selling expenses	-119	-33
General administrative expenses	-7	-43
Research and non-capitalized development costs	-3	-13
Other operating expenses	-137	-93
Other operating income	110	–
	-202	-277

E.13
Average number of employees

	2015	2014
Mercedes-Benz Cars	137,431	135,345
Daimler Trucks	87,707	88,228
Mercedes-Benz Vans	22,430	21,996
Daimler Buses	17,755	17,257
Daimler Financial Services	9,665	8,594
Other	9,574	8,437
	284,562	279,857

E.14
Other operating income

In millions of euros	2015	2014
Income from costs recharged to third parties	1,131	1,039
Government grants and subsidies	107	92
Gains on sales of property, plant and equipment	242	63
Rental income not relating to sales financing	81	59
Other miscellaneous income	553	506
	2,114	1,759

E.15
Other operating expense

In millions of euros	2015	2014
Losses on sales of property, plant and equipment	-127	-120
Expenses associated with optimization programs	-137	-93
Other miscellaneous expenses	-291	-947
	-555	-1,160

Beside gains and/or losses from the sale of selected operations of the Group's current sales network, the EBIT effects listed in table ↗ E.11 primarily relate to personnel measures and are included in the line items within the consolidated statement of income as shown in table ↗ E.12.

Cash effects resulting from the optimization programs are mainly expected until the end of 2017.

Personnel expenses and average number of employees
Personnel expenses included in the consolidated statement of income amounted to €20,949 million in 2015 (2014: €19,607 million). The average numbers of people employed are shown in table ↗ E.13.

Due to the organizational focus of the divisions on their customers and markets, the numbers of employees previously reported under sales and marketing are included in the respective divisions since 2014. Since the end of 2015, this also applies to the Group's own sales and service centers in Germany and the global logistics center in Germersheim, whose employees are now grouped under Mercedes-Benz Cars, Daimler Trucks, Mercedes-Benz Vans and Daimler Buses. The figures for comparison for 2014 have been adjusted to reflect these changes.

Information on the total remuneration of the current and former members of the Board of Management and the current members of the Supervisory Board is provided in Note 37.

6. Other operating income and expense

The composition of other operating income is shown in table ↗ E.14.

Income from costs recharged to third parties includes income from licenses and patents, shipping costs and other costs charged to third parties, with related expenses primarily within the functional costs.

Government grants and subsidies mainly comprise reimbursements relating to current part-time early retirement contracts and subsidies for alternative drive systems.

Gains on sales of property, plant and equipment include gains of €87 million from the sale of real-estate properties in the United States.

The composition of other operating expense is shown in table ↗ E.15.

Further information on expenses associated with optimization programs is provided in Note 5.

Other miscellaneous expense includes losses from disposals of current assets, changes in other provisions (partially in connection with legal proceedings) and additional miscellaneous items. In the previous year, the line item included an addition of €600 million to the provision for EU Commission antitrust proceedings concerning European commercial vehicle manufacturers.

7. Other financial income/expense, net

Table ↗ **E.16** shows the components of other financial income/expense, net.

In 2014, miscellaneous other financial income/expense, net included income from the disposal of the 50% equity interest in RRPSH of €1,006 million as well as income from the disposal of the Tesla shares of €88 million. It also included in 2014 expenses of €118 million from the measurement of the RRPSH put option and expenses of €212 million from hedging the Tesla share price.

8. Interest income and interest expense

Table ↗ **E.17** shows the components of interest income and interest expense.

9. Income Taxes

Profit before income taxes is comprised as shown in table ↗ **E.18**.

Profit before income taxes in Germany includes profit/loss from equity-method investments if the equity interests in those companies are held by German companies.

Table ↗ **E.19** shows the components of income taxes.

The current tax expense includes tax benefits at German and foreign companies of €731 million (2014: €53 million) recognized for prior periods.

The deferred tax expense is comprised of the components shown in table ↗ **E.20**.

For German companies, in 2015 and 2014, deferred taxes were calculated using a federal corporate income tax rate of 15%, a solidarity tax surcharge of 5.5% on each year's federal corporate income taxes, and a trade tax rate of 14%. In total, the tax rate applied for the calculation of German deferred taxes in both years amounted to 29.825%. For non-German companies, the deferred taxes at period-end were calculated using the tax rates of the respective countries.

E.16
Other financial income/expense, net

	2015	2014
In millions of euros		
Income and expense from compounding of provisions and effects of changes in discount rates[1]	-20	-353
Miscellaneous other financial income/expense, net	-7	811
	-27	458

1 Excluding the expense from compounding provisions for pensions and similar obligations.

E.17
Interest income and interest expense

	2015	2014
In millions of euros		
Interest income		
Net interest income on the net assets of defined benefit pension plans	3	3
Interest and similar income	167	142
	170	145
Interest expense		
Net interest expense on the net obligation from defined benefit pension plans	-293	-350
Interest and similar expense	-309	-365
	-602	-715

E.18
Profit before income taxes

	2015	2014
In millions of euros		
German companies	4,980	2,960
Non-German companies	7,764	7,213
	12,744	10,173

E.19
Components of income taxes

	2015	2014
In millions of euros		
Current taxes		
German companies	-918	-1,125
Non-German companies	-1,558	-1,395
Deferred taxes		
German companies	-444	242
Non-German companies	-1,113	-605
	-4,033	-2,883

E.20
Components of deferred tax expense

	2015	2014
In millions of euros		
Deferred taxes	-1,557	-363
due to temporary differences	-595	-44
due to tax loss carryforwards and tax credits	-962	-319

E.21
Reconciliation of expected income tax expense to actual income tax expense

	2015	2014
In millions of euros		
Expected income tax expense	-3,801	-3,034
Foreign tax rate differential	-126	-91
Trade tax rate differential	44	21
Tax law changes	-49	-21
Change of valuation allowance on deferred tax assets	-147	276
Tax-free income and non-deductible expenses	41	-44
Other	5	10
Actual income tax expense	-4,033	-2,883

E.22
Deferred tax assets and liabilities

	At December 31, 2015	2014
In millions of euros		
Deferred tax assets	3,284	4,124
Deferred tax liabilities	-2,215	-1,070
Deferred tax assets, net	1,069	3,054

E.23
Split of tax assets and liabilities before offset

	At December 31, 2015	2014
In millions of euros		
Intangible assets	52	52
Property, plant and equipment	409	327
Equipment on operating leases	1,178	1,273
Inventories	992	752
Receivables from financial services	303	275
Other financial assets	4,984	4,349
Tax loss carryforwards and unused tax credits	2,693	3,323
Provisions for pensions and similar obligations	869	958
Other provisions	2,304	2,313
Liabilities	1,645	1,384
Deferred income	1,611	1,186
Other	331	315
	17,371	16,507
Valuation allowances	-988	-918
Deferred tax assets, gross	16,383	15,589
Development costs	-2,317	-2,162
Other intangible assets	-125	-73
Property, plant and equipment	-1,742	-1,639
Equipment on operating leases	-7,188	-6,053
Inventories	-63	-50
Receivables from financial services	-575	-736
Other financial assets	-363	-352
Other assets	-169	-189
Provisions for pensions and similar obligations	-2,390	-872
Other provisions	-183	-177
Other	-199	-232
Deferred tax liabilities, gross	-15,314	-12,535
Deferred tax assets, net	1,069	3,054

Table ↗ **E.21** shows a reconciliation of expected income tax expense to actual income tax expense determined using the unchanged applicable German combined statutory tax rate of 29.825%.

In 2015, the Group impaired deferred tax assets of foreign subsidiaries while in 2014, the Group released valuation allowances on deferred tax assets of foreign subsidiaries. The resulting tax expenses and benefits are included in the line item change of valuation allowance on deferred tax assets.

Tax-free income and non-deductible expenses include all other effects at foreign and German companies relating to tax-free income and non-deductible expenses, for instance tax-free gains included in net periodic pension costs at the German companies and tax-free results of our equity-method investments. Furthermore, in 2015, the line item also includes tax benefits relating to tax assessments of prior years. The tax benefits relating to tax assessments of prior years consist of the current tax benefits recognized for prior periods as well as partly offsetting deferred tax expenses recognized for prior periods. Moreover, in 2014, the line item includes tax-free gains realized on the sale of RRPSH as well as non-deductible expenses in connection with the EU commission's ongoing antitrust proceedings concerning European commercial vehicle manufacturers.

Deferred tax assets and deferred tax liabilities are offset if the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority and if there is the right to set off current tax assets against current tax liabilities. In the presentation of deferred tax assets and liabilities in the consolidated statement of financial position, no difference is made between current and non-current. In the consolidated statement of financial position, deferred tax assets and liabilities are presented as shown in table ↗ **E.22**.

In respect of each type of temporary difference and in respect of each type of unutilized tax loss carryforwards and unutilized tax credits, the deferred tax assets and liabilities before offset are summarized in table ↗ **E.23**.

The development of deferred tax assets, net, is shown in table ↗ **E.24**.

Including the items recognized in other comprehensive income/loss (including items from equity-method investments), the expense for income taxes is comprised as shown in table ↗ **E.25**.

In the consolidated statement of financial position, the valuation allowances on deferred tax assets, which are mainly attributable to foreign companies, increased by €70 million compared to December 31, 2014. On the one hand, this is a result of the additional valuation allowances of €147 million recorded in net profit. On the other hand, a decrease of the valuation allowance was recognized in equity, mainly due to currency translation.

At December 31, 2015, the valuation allowance on deferred tax assets relates, among other things, to corporate income tax loss carryforwards (€590 million), tax loss carryforwards in connection with capital losses (€19 million) and tax credits (€27 million). €21 million of the deferred tax assets for corporate income tax loss carryforwards adjusted by a valuation allowance relates to tax loss carryforwards which expire at various dates from 2018 through 2020, €189 million relates to tax loss carryforwards which expire at various dates from 2021 through 2025, €4 million relates to tax loss carryforwards which expire at various dates from 2031 through 2035 and €376 million relates to tax loss carryforwards which can be carried forward indefinitely. The deferred tax assets on loss carryforwards connected with capital losses were reduced by valuation allowances because the carryforward periods of those losses are partly limited and can only be utilized with future capital gains. Of the total amount of deferred tax assets adjusted by valuation allowances, deferred tax assets in connection with capital losses amounting to €4 million expire in 2016; €15 million can be carried forward indefinitely. Of the tax credit carryforwards adjusted by a valuation allowance, €4 million expire at various dates from 2016 through 2020 and €21 million expire at various dates from 2021 through 2025; €2 million relates to tax credits which can be carried forward indefinitely. Furthermore, the valuation allowance primarily relates to temporary differences as well as net operating losses for state and local taxes at the US companies. Daimler believes that it is more likely than not that those deferred tax assets cannot be utilized. In 2015 and prior years, the Group had tax losses at several subsidiaries in several countries. After offsetting the deferred tax assets with deferred tax liabilities, the deferred tax assets not subject to valuation allowances amounted to €191 million for those subsidiaries. Daimler believes it is more likely than not that future taxable income will be sufficient to allow utilization of the deferred tax assets. Daimler's current estimate of the amount of deferred tax assets that is considered realizable may change in the future, necessitating higher or lower valuation allowances.

The retained earnings of non-German subsidiaries are largely intended to be reinvested in those operations. The Group did not recognize deferred tax liabilities on retained earnings of non-German subsidiaries of €27,005 million (2014: €21,242 million). If earnings are paid out as dividends, an amount of 5% would be taxed under German taxation rules and, if applicable, with non-German withholding tax. Additionally, income tax consequences may arise if the dividends first have to be distributed by a non-German subsidiary to a non-German holding company. Normally, the distribution would lead to an additional income tax expense. It is not practicable to estimate the amount of taxable temporary differences for these undistributed foreign earnings.

The Group has various unresolved issues concerning open income tax years with the tax authorities in a number of jurisdictions. Daimler believes that it has recognized adequate provisions for any future income taxes that may be owed for all open tax years. As a result of future adjudications or changes in the opinions of the fiscal authorities, it cannot be ruled out that Daimler might receive tax refunds for previous years.

E.24

Change of deferred tax assets, net

	2015	2014
In millions of euros		
Deferred tax assets, net as of January 1	**3,054**	937
Deferred tax expense in the financial statement of income	**-1,557**	-363
Change in deferred tax expense/benefit on financial assets available-for-sale included in other comprehensive income/loss	**-8**	-6
Change in deferred tax expense/benefit on derivative financial instruments included in other comprehensive income/loss	**278**	800
Change in deferred tax expense/benefit on actuarial gains/losses from defined benefit pension plans	**-579**	1,682
Other changes[1]	**-119**	4
Deferred tax assets, net as of December 31	**1,069**	3,054

1 Primarily effects from currency translation.

E.25

Tax expense in equity

	2015	2014
In millions of euros		
Income tax expense in the consolidated financial statement of income	**-4,033**	-2,883
Income tax expense/benefit recorded in other reserves	**-309**	2,476
	-4,342	-407

10. Intangible assets

Intangible assets developed as shown in table ↗ E.26.

At December 31, 2015, goodwill of €425 million (2014: €421 million) relates to the Daimler Trucks segment and of €194 million (2014: €192 million) relates to the Mercedes-Benz Cars segment.

Non-amortizable intangible assets primarily relate to goodwill and development costs for projects which have not yet been completed (carrying amount at December 31, 2015: €2,137 million; 2014: €1,935 million). In addition, other intangible assets with a carrying amount at December 31, 2015 of €258 million (2014: €264 million) are not amortizable. Other non-amortizable intangible assets are trademarks with indefinite useful lives, which relate to the Daimler Trucks segment, as well as distribution rights of Mercedes-Benz Cars with indefinite useful lives. The Group plans to continue to use these assets unchanged.

Table ↗ E.27 shows the line items of the consolidated statement of income in which total amortization expense for intangible assets is included.

At December 31, 2015, intangible assets include capitalized borrowing costs on qualified assets according to IAS 23 in the amount of €59 million (2014: €58 million) which related only to capitalized development costs. In 2015, borrowing costs in the amount of €11 million (2014: €7 million) were capitalized; amortization amounted to €10 million (2014: €9 million). The basis for the calculation of borrowing costs was an average cost of debt of 0.7% (2014: 0.7%).

E.26
Intangible assets

	Goodwill (acquired)	Development costs (internally generated)[2]	Other intangible assets (acquired)	Total
In millions of euros				
Acquisition or manufacturing costs				
Balance at January 1, 2014	941	11,900	3,029	15,870
Additions due to business combinations	21	–	45	66
Other additions	–	1,155	315	1,470
Reclassifications	–	–	–	–
Disposals	–	-912	-231	-1,143
Other changes[1]	55	10	93	158
Balance at December 31, 2014	1,017	12,153	3,251	16,421
Additions due to business combinations	**–**	**–**	**25**	**25**
Other additions	**–**	**1,815**	**458**	**2,273**
Reclassifications	**–**	**–**	**–**	**–**
Disposals	**-4**	**-1,018**	**-298**	**-1,320**
Other changes[1]	**2**	**12**	**146**	**160**
Balance at December 31, 2015	**1,015**	**12,962**	**3,582**	**17,559**
Amortization/impairment				
Balance at January 1, 2014	260	4,590	1,632	6,482
Additions	–	1,221	286	1,507
Reclassifications	–	–	–	–
Disposals	–	-911	-139	-1,050
Other changes[1]	17	8	90	115
Balance at December 31, 2014	277	4,908	1,869	7,054
Additions	**4**	**1,255**	**331**	**1,590**
Reclassifications	**–**	**–**	**–**	**–**
Disposals	**-4**	**-999**	**-261**	**-1,264**
Other changes[1]	**11**	**9**	**90**	**110**
Balance at December 31, 2015	**288**	**5,173**	**2,029**	**7,490**
Carrying amount at December 31, 2014	740	7,245	1,382	9,367
Carrying amount at December 31, 2015	**727**	**7,789**	**1,553**	**10,069**

1 Primarily changes from currency translation.
2 Including capitalized borrowing costs on development costs.

11. Property, plant and equipment

Property, plant and equipment developed as shown in table ↗ E.28.

In 2015, government grants of €192 million (2014: €47 million) were deducted from property, plant and equipment.

Property, plant and equipment also include buildings, technical equipment and other equipment under finance lease arrangements and thus deemed to be owned by the Group with a carrying amount of €221 million (2014: €238 million). In 2015, additions to and depreciation expense on assets under finance lease arrangements amounted to €16 million (2014: €19 million) and €39 million (2014: €40 million), respectively.

E.27

Amortization expense for intangible assets in the consolidated statement of income

	2015	2014
In millions of euros		
Cost of sales	1,434	1,344
Selling expenses	73	92
General administrative expenses	44	41
Research and non-capitalized development costs	35	30
Other operating expense	4	–
	1,590	1,507

E.28

Property, plant and equipment

	Land, leasehold improvements and buildings including buildings on land owned by others	Technical equipment and machinery	Other equipment, factory and office equipment	Advance payments relating to plant and equipment and construction in progress	Total
In millions of euros					
Acquisition or manufacturing costs					
Balance at January 1, 2014	14,835	21,575	21,508	2,273	60,191
Additions due to business acquisitions	–	–	–	–	–
Other additions	228	833	1,415	2,267	4,743
Reclassifications	238	1,239	568	-2,036	9
Disposals	-158	-930	-1,066	-32	-2,186
Other changes[1]	253	362	461	49	1,125
Balance at December 31, 2014	15,396	23,079	22,886	2,521	63,882
Additions due to business acquisitions	–	–	–	–	–
Other additions	255	854	1,521	2,279	4,909
Reclassifications	302	817	793	-1,913	-1
Disposals	-334	-738	-686	-56	-1,814
Other changes[1]	144	-34	259	15	384
Balance at December 31, 2015	15,763	23,978	24,773	2,846	67,360
Depreciation/impairment					
Balance at January 1, 2014	8,044	14,225	16,142	1	38,412
Additions[2]	420	1,210	1,861	10	3,501
Reclassifications	–	108	-108	–	–
Disposals	-118	-825	-970	–	-1,913
Other changes[1]	108	241	352	-1	700
Balance at December 31, 2014	8,454	14,959	17,277	10	40,700
Additions	335	1,358	2,102	9	3,804
Reclassifications	1	-1	–	–	–
Disposals	-275	-730	-612	-19	-1,636
Other changes[1]	-9	-38	216	1	170
Balance at December 31, 2015	8,506	15,548	18,983	1	43,038
Carrying amount at December 31, 2014	6,942	8,120	5,609	2,511	23,182
Carrying amount at December 31, 2015	7,257	8,430	5,790	2,845	24,322

1 Primarily changes from currency translation.
2 Includes impairments of €93 million in connection with the disposal of selected sites of the Group's own sales network.

12. Equipment on operating leases

The development of equipment on operating leases is shown in table ↗ E.29.

At December 31, 2015, equipment on operating leases with a carrying amount of €5,404 million is pledged as security for liabilities from ABS transactions related to a securitization transaction of future lease payments on operating leases and related vehicles (2014: €4,392 million) (see also Note 24).

Minimum lease payments

Non-cancelable future lease payments to Daimler for equipment on operating leases are due as presented in table ↗ E.30.

E.29

Equipment on operating leases

In millions of euros	
Acquisition or manufacturing costs	
Balance at January 1, 2014	34,878
Additions due to business acquisitions	–
Other additions	18,052
Reclassifications	-9
Disposals	-14,479
Other changes[1]	2,486
Balance at December 31, 2014	40,928
Additions due to business acquisitions	**–**
Other additions	**21,636**
Reclassifications	**1**
Disposals	**-16,637**
Other changes[1]	**2,163**
Balance at December 31, 2015	**48,091**
Depreciation/impairment	
Balance at January 1, 2014	6,718
Additions	5,049
Reclassifications	–
Disposals	-4,341
Other changes[1]	452
Balance at December 31, 2014	7,878
Additions	**5,946**
Reclassifications	**–**
Disposals	**-5,073**
Other changes[1]	**398**
Balance at December 31, 2015	**9,149**
Carrying amount at December 31, 2014	33,050
Carrying amount at December 31, 2015	**38,942**

1 Primarily changes from currency translation.

E.30

Maturity of minimum lease payments for equipment on operating leases

	At December 31, 2015	2014
In millions of euros		
Maturity		
within one year	**6,805**	5,742
between one and five years	**7,437**	5,990
later than 5 years	**64**	48
	14,306	11,780

13. Equity-method investments

Table ↗ **E.31** shows the carrying amounts and profits/losses from equity-method investments.

Table ↗ **E.32** presents key figures on interests in associated companies accounted for using the equity method in the Group's consolidated financial statements.

E.31

Summarized carrying amounts and profits/losses from equity-method investments

	Associated companies	Joint ventures	Joint operations	Subsidiaries	Total
In millions of euros					
At December 31, 2015					
Equity investment[1]	**3,124**	**462**	**47**	**–**	**3,633**
Equity result[1]	**490**	**-34**	**8**	**–**	**464**
At December 31, 2014					
Equity investment[1]	1,795	448	44	7	2,294
Equity result[1]	864	26	5	2	897

1 Including investor-level adjustments.

E.32

Key figures on interests in associated companies accounted for using the equity method

	BBAC	BAIC Motor[3]	THBV[4] (HERE)	Kamaz	RRPSH	Others	Total
In millions of euros							
At December 31, 2015							
Equity interest (in %)	**49.0**	**10.1**	**33.3**	**15.0**	**–**		
Stock market price[1]	**–**	**705**	**–**	**47**	**–**		
Equity investment[2]	**1,418**	**772**	**668**	**58**	**–**	**208**	**3,124**
Equity result[2]	**441**	**74**	**–**	**-6**	**–**	**-19**	**490**
Dividend payment to Daimler[5]	**208**	**34**	**–**	**-**	**–**		
At December 31, 2014							
Equity interest (in %)	49.0	10.1	–	15.0	–		
Stock market price[1]	–	730	–	38	–		
Equity investment[2]	852	686	–	71	–	186	1,795
Equity result[2]	133	34	–	–32	13	716	864
Dividend payment to Daimler	–	10	–	1	92		

1 Proportionate stock market prices.
2 Including investor-level adjustments.
3 The proportionate share of unaudited earnings of BAIC Motor Corporation Ltd. (BAIC Motor) is included in Daimler's consolidated financial statements with a three-month time lag. As the investment was acquired in November 2013, Daimler's proportionate share of earnings for 2014 relates to the months of December 2013 through September 2014. For 2015, earnings relate to the months of October 2014 through September 2015.
4 The proportionate share of earnings of There Holding B.V. (THBV) is included in Daimler's consolidated financial statements with a one-month time lag.
5 The dividend from BBAC (€208 million) was not paid out in the year 2015.

BBAC
Beijing Benz Automotive Co., Ltd. (BBAC) produces and distributes Mercedes-Benz passenger cars and spare parts in China. The investment and the proportionate share in the results of BBAC are allocated to the Mercedes-Benz Cars segment.

In 2015, capital increases of €287 million took place at BBAC. Daimler plans to contribute additional equity of €0.2 billion, in accordance with its shareholding ratio, to BBAC in the next years. In December 2015, the shareholders of BBAC declared a dividend. The amount of €208 million attributable to Daimler has decreased the investment's carrying amount accordingly.

BAIC Motor
BAIC Motor Corporation Ltd. (BAIC Motor) is the passenger car division of BAIC Group, one of the leading automotive companies in China. Directly or via subsidiaries, BAIC Motor is engaged in the business of researching, developing, manufacturing, selling, marketing and servicing of automotive vehicles and related parts and components and all related services. Due to Daimler's representation on the board of directors of BAIC Motor and other contractual arrangements, the Group classifies this investment as an investment in an associate, to be accounted for using the equity-method; in the segment reporting, the investment's carrying amount and its proportionate share of profit or loss are presented in the reconciliation of total segment's assets to Group assets and total segments' EBIT to Group EBIT, respectively. On December 19, 2014, BAIC Motor successfully placed its equity securities for trading on the Hong Kong Stock Exchange, also with the issue of new shares. As a result, Daimler's interest in BAIC Motor was diluted from 12.0% to 10.1%. Daimler continues to classify this investment as an investment in an associate, to be accounted for using the equity-method. The effect of dilution was not material. In the second quarter of 2015, the shareholders of BAIC Motor decided to pay a dividend. The amount of €34 million attributable to Daimler decreased the investment's carrying amount accordingly.

THBV (HERE)
There Holding B.V. (THBV), based in Rijswijk, Netherlands, was founded in 2015. Daimler, Audi and BMW each hold an interest in the company of 33.3%. Each of the shareholders has made a cash contribution to the company of €668 million.

Effective December 4, 2015, There Acquisition B.V., based in Rijswijk, Netherlands, a 100% subsidiary of There Holding B.V., acquired the roadmap service HERE from Nokia Corporation for a purchase price of €2,602 million, subject to possible further price adjustments. HERE is one of the biggest manufacturers of digital roadmaps for navigation systems worldwide. Future expected high resolution maps will be one of the fundamentals for future autonomous driving. The acquisition price was funded by using cash contributions of €2,000 million and by bank loans to There Acquisition B.V. of €602 million.

There Holding B.V. is accounted for in the consolidated financial statements of Daimler AG as an associated company using the equity method, and is allocated to the Mercedes-Benz Cars segment. Daimler's proportionate share of its profits and losses is included with a one-month delay. No proportionate share of profit or loss was included in Daimler's consolidated financial statements for 2015 as the amount was not material. Due to closeness in time to the balance sheet date, not all hidden reserves and obligations could be finally identified. Purchase price allocation is expected to be finalized in the first quarter 2016.

Kamaz
Daimler and the Russian truck manufacturer Kamaz PAO (Kamaz) have signed a license agreement to produce and use Axor, Atego and Actros driver's cabs as well as delivery contracts for cabs, engines and axles for trucks and buses of the Russian company within the framework of their strategic partnership. Resulting from its agreed representation on the board of directors of Kamaz and its significant contractual rights as a minority shareholder, the Group can exercise significant influence on Kamaz. Therefore, the Group accounts for its equity interest in Kamaz using the equity method; the investment and the proportionate share in the profit and loss of Kamaz are allocated to the Daimler Trucks segment.

In 2010, the Group and the European Bank for Reconstruction and Development (EBRD) agreed to increase their strategic investment in Kamaz. Daimler increased its equity interest in Kamaz to 15%. Of that interest, 4% was legally held by EBRD, but Daimler was deemed to be the economic owner of those shares due to the equity-method measurement. In October 2014, Daimler agreed with EBRD to take over the remaining 4% interest. With this step, Daimler has raised its investment in Kamaz to 15% also in legal terms.

In 2014, the Group recognized an impairment loss of €30 million with respect to its investment in Kamaz. The loss was included in the line item profit/loss on equity-method investments, net.

RRPSH
In March 2014, Daimler decided to sell its 50% equity interest in the joint venture Rolls-Royce Power Systems Holding GmbH (RRPSH) to its partner Rolls-Royce. To do so, Daimler exercised a put option on its stake in RRPSH that was agreed upon with Rolls-Royce in 2011; measurement using the equity method was ended. Until then, the proportionate share of earnings had been allocated to the Daimler Trucks segment. In mid-April 2014, a sale price of €2,433 million was agreed upon. The transaction was consummated on August 26, 2014, when antitrust-law and foreign-trade-law approvals had been obtained; the board members and management representatives from Daimler in RRPSH-companies stepped down from their positions. The proceeds of the sale of €1,006 million were classified as "Other financial result" and, in the segment reporting, were presented in the reconciliation of total segments' EBIT to Group EBIT.

Table ↗ **E.33** shows summarized IFRS financial information after purchase price allocation for the significant associated companies which were the basis for equity-method accounting in the Group's consolidated financial statements.

E.33

Summarized IFRS financial information on significant associated companies accounted for using the equity method

	BBAC[1]		BAIC Motor[2]		THBV[3] (HERE)		Kamaz[4]	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
In millions of euros								
Information on the statement of income								
Revenue	**9,575**	5,767	**11,336**	5,211	**–**	**–**	**1,435**	2,124
Profit/loss from continuing operations after taxes	**862**	310	**1,005**	384	**–**	**–**	**-30**	9
Profit/loss from discontinued operations after taxes	**–**	–	**–**	–	**–**	**–**	**–**	–
Other comprehensive income/loss	**–**	–	**–**	–	**–**	**–**	**–**	-5
Total comprehensive income	**862**	310	**1,005**	384	**–**	**–**	**-30**	4
Information on the statement of financial position and reconciliation to equity-method carrying amounts								
Non-current assets	**4,139**	3,314	**12,072**	10,127	**3,115**	–	**443**	595
Current assets	**4,232**	2,648	**7,028**	4,314	**365**	–	**747**	685
Non-current liabilities	**445**	584	**2,434**	1,784	**1,093**	–	**322**	210
Current liabilities	**4,903**	3,484	**8,095**	6,586	**384**	–	**503**	476
Equity (including non-controlling interest)	**3,023**	1,894	**8,571**	6,071	**2,003**	–	**365**	594
Equity (excluding non-controlling interests) attributable to the Group	**1,481**	928	**691**	594	**668**	–	**55**	89
Unrealized profit (-)/loss (+) on sales to/purchases from	**-63**	-76	**–**	–	**–**	–	**–**	–
Goodwill	**–**	–	**77**	86	**–**	–	**3**	4
Other	**–**	–	**4**	6	**–**	–	**–**	-22
Carrying amount of equity-method investment	**1,418**	852	**772**	686	**668**	–	**58**	71

1 BBAC:
Figures for the statement of income relate to the period of January 1 to December 31.
Figures for the statement of financial position and the reconciliation to equity-method carrying amounts relate to the balance sheet date December 31.
2 BAIC Motor:
Daimler recognizes its proportionate share of the unaudited profits or losses of BAIC Motor Corporation Ltd. (BAIC Motor) with a three-month time lag.
As the equity interest in BAIC Motor was acquired in November 2013, the proportionate share of the profit/loss of BAIC Motor for the year 2014 relates to the months of December 2013 and January through September 2014.
Figures for the statement of income for the year 2015 relate to the period of October 1, 2014 to September 30, 2015.
For 2014 figures for the statement of income relate to the period of January 1 to September 30.
Figures for the statement of financial position and the reconciliation to equity-method carrying amounts relate to the balance sheet date of September 30.
Figures for BAIC Motor are based on local GAAP.
3 THBV:
Daimler recognizes its proportionate share of the profits or losses of There Holding B.V. (THBV) with a one-month time lag. Figures for the statement of financial position relate to the date of acquisition of HERE of December 4, 2015.
4 Kamaz:
Figures for the statement of income relate to the period from October 1 to September 30.
Figures for the statement of financial position and the reconciliation to equity-method carrying amounts relate to the balance sheet date September 30.
In order to consolidate the company without a time lag, adjustments are made as of December 31, which are included in line item Other.

Other minor equity-method investments

The Group's investment in Tesla Motors, Inc. (Tesla) was included in other minor equity-method investments in associated companies. Since the Annual Shareholders' Meeting of Tesla on June 3, 2014, no representative of Daimler has been a member of Tesla's board of directors. Therefore, Daimler's significant influence on Tesla ended on the day of the Annual Shareholders' Meeting and until the date of sale, the equity interest was recognized as a "financial asset available for sale" at fair value based on the stock-market price. The difference between the first-time fair value measurement on June 3, 2014 using the stock-market price and the carrying amount measured by applying the equity method resulted in a non-cash gain of €718 million affecting Group EBIT in 2014. The carrying amount, which was previously assigned to the Mercedes-Benz Cars segment, and the remeasurement gain have been reallocated as corporate items in the reconciliation of total segments' figures to Group figures in the segment reporting.

In 2015, an impairment of €17 million was recognized on an investment allocated to the Mercedes-Benz Cars segment.

In addition, the equity-method results of the other minor companies in 2014 included startup losses in the area of alternative drive systems of €34 million, which were allocated to the Mercedes-Benz Cars segment. Impairments of investments of €30 million were included in this amount.

Furthermore, the Group's equity-method investments include its interest in the joint venture Fujian Benz Automotive Co., Ltd. (FBAC), which is allocated to the Mercedes-Benz Vans segment. In 2012, an impairment loss was recognized on the investment in FBAC; in the second quarter of 2014, the impairment was reversed based on improved profit expectations, leading to a gain of €61 million. FBAC received a capital increase of €18 million in the second quarter of 2015.

In April 2014, Daimler provided a joint and separate liability guarantee to external banks which provided a syndicate loan to the joint venture Shenzen BYD Daimler New Technology Co. Ltd. (SBDNT). The agreement was signed in April 2014. The guarantee provided by Daimler amounts to RMB 750 million (approximately €106 million as of December 31, 2015) and equates to the Group's share in the loan granted to SBDNT based on its 50% equity interest in SBDNT. €94 million of this loan had been utilized as of December 31, 2015. In December 2015, Daimler decided to provide a shareholder loan to the joint venture SBDNT of RMB 250 million (approximately €35 million). €24 million of this loan had been utilized as of December 31, 2015. The carrying amount of the investment in SBDNT is allocated to the Mercedes-Benz Cars segment.

In March 2014, Daimler acquired 50.1% of the shares in Li-Tec Battery GmbH (Li-Tec), which had previously been held by Evonik Degussa GmbH (Evonik), and therefore became the sole owner of the company. The effects on the consolidated financial statements were not material.

In 2015, Daimler disregarded losses in connection with equity-method investments of €47 million (2014: €60 million) as Daimler is not obliged to compensate these losses. The total of disregarded losses adds up to €107 million (2014: €60 million).

Table ↗ **E.34** shows summarized aggregated financial information for the other minor equity-method investments after purchase price allocation and on a pro rata basis.

Further information on equity-method investments is provided in Notes 3 and 36.

E.34

Summarized aggregated financial information on minor equity-method investments

	Associated companies		Joint ventures	
	2015	2014	**2015**	2014
In millions of euros				
Summarized aggregated financial information (pro rata)				
Profit/loss from continuing operations after taxes	**6**	–	**-84**	-85
Profit/loss from discontinued operations after taxes	**–**	–	**–**	–
Other comprehensive income/loss	**-7**	7	**–**	1
Total comprehensive income/loss	**-1**	7	**-84**	-84

14. Receivables from financial services

Table ↗ **E.35** shows the components of receivables from financial services.

Types of receivables
Receivables from sales financing with customers include receivables from credit financing for customers who purchased their vehicle either from a dealer or directly from Daimler.

Receivables from sales financing with dealers represent loans for floor financing programs for vehicles sold by the Group's automotive businesses to dealers or loans for assets purchased by dealers from third parties, primarily used vehicles traded in by dealers' customer or real estate such as dealers' showrooms.

Receivables from finance-lease contracts consist of receivables from leasing contracts for which all substantial risks and rewards incidental to the leasing objects are transferred to the lessee.

At December 31, 2015, finance-lease contracts included non-automotive assets from contracts of the financial services business with third parties (leveraged leases) in the amount of €238 million (December 31, 2014: €365 million).

Maturities of the finance lease contracts are shown in table ↗ **E.36**.

All cash flow effects attributable to receivables from financial services are presented within cash provided by/used for operating activities in the consolidated statement of cash flows.

E.35
Receivables from financial services

	At December 31, 2015			At December 31, 2014		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Sales financing with customers	13,561	23,900	37,461	10,307	22,852	33,159
Sales financing with dealers	15,944	2,588	18,532	11,786	2,203	13,989
Finance-lease contracts	6,166	12,371	18,537	5,084	10,368	15,452
Gross carrying amount	35,671	38,859	74,530	27,177	35,423	62,600
Allowances for doubtful accounts	-516	-500	-1,016	-408	-513	-921
Net carrying amount	35,155	38,359	73,514	26,769	34,910	61,679

E.36
Maturities of the finance lease contracts

	At December 31, 2015				At December 31, 2014			
	< 1 year	1 year up to 5 years	> 5 years	Total	< 1 year	1 year up to 5 years	> 5 years	Total
In millions of euros								
Contractual future lease payments	6,315	11,308	407	18,030	5,145	9,104	571	14,820
Unguaranteed residual values	501	1,954	12	2,467	483	1,744	46	2,273
Gross investment	6,816	13,262	419	20,497	5,628	10,848	617	17,093
Unearned finance income	-650	-1,216	-94	-1,960	-544	-995	-102	-1,641
Gross carrying amount	6,166	12,046	325	18,537	5,084	9,853	515	15,452
Allowances for doubtful accounts	-176	-201	-2	-379	-159	-208	-5	-372
Net carrying amount	5,990	11,845	323	18,158	4,925	9,645	510	15,080

Allowances
Changes in the allowance account for receivables from financial services are shown in table ↗ **E.37**.

The total expense from the impairment of receivables from financial services amounted to €502 million in 2015 (2014: €433 million).

Credit risks
Table ↗ **E.38** provides an overview of credit risks included in receivables from financial services.

Receivables not subject to an individual impairment assessment are grouped and subject to collective impairment allowances to cover credit losses.

Further information on financial risks and nature of risks is provided in Note 32.

At December 31, 2015, receivables from financial services with a carrying amount of €4,048 million (2014: €3,068 million) were pledged as collateral for liabilities from ABS transactions (see also Note 24).

E.37
Changes in the allowance account for receivables from financial services

	2015	2014
In millions of euros		
Balance at January 1	**921**	871
Charged to costs and expenses	**500**	421
Amounts written off	**-212**	-208
Reversals	**-152**	-166
Currency translation and other changes	**-41**	3
Balance at December 31	**1,016**	921

E.38
Credit risks included in receivables from financial services

	At December 31, 2015	2014
In millions of euros		
Receivables, neither past due nor impaired individually	**69,746**	58,142
Receivables past due, not impaired individually		
less than 30 days	**1,534**	1,517
30 to 59 days	**287**	330
60 to 89 days	**71**	75
90 to 119 days	**41**	42
120 days or more	**95**	116
Total	**2,028**	2,080
Receivables impaired individually	**1,740**	1,457
Net carrying amount	**73,514**	61,679

Within the context of the ongoing concentration on the automotive business, Daimler Financial Services sold non-automotive assets that were subject to finance lease contracts in 2015. This resulted in a cash inflow of €73 million (2014: €69 million). In 2015, the sale of these assets had no significant impact on the consolidated statement of income and the EBIT of the Daimler Financial Services segment (2014: €45 million).

15. Marketable debt securities

The marketable debt securities with a carrying amount of €8,273 million (2014: €6,634 million) are part of the Group's liquidity management and comprise debt instruments classified as available-for-sale. When a short-term liquidity requirement is covered with quoted securities, those securities are presented as current assets.

At December 31, 2015, a pool of marketable debt securities with a carrying amount of €4 million (2014: €204 million) was pledged as collateral, exclusively for liabilities to financial institutions.

Further information on marketable debt securities is provided in Note 31.

16. Other financial assets

The line item other financial assets presented in the consolidated statement of financial position is comprised as shown in table ↗ **E.39**.

In 2015, equity instruments measured at cost with a carrying amount of €3 million were sold (2014: €1 million). The gains realized on the sales were €17 million in 2015 (2014: €5 million). As of December 31, 2015, the Group did not generally intend to dispose of any of the reported equity instruments.

Financial assets recognized at fair value through profit or loss relate exclusively to derivative financial instruments which are not used in hedge accounting.

At December 31, 2015, receivables with a carrying amount of €633 million (2014: €302 million) were pledged as collateral for liabilities (see also Note 24).

Further information on other financial assets is provided in Note 31.

17. Other assets

Non-financial other assets are comprised as shown in table ↗ **E.40**.

Other expected reimbursements predominantly relate to recovery claims from our suppliers in connection with issued product warranties.

18. Inventories

Inventories are comprised as shown in table ↗ E.41.

The amount of write-down of inventories to net realizable value recognized as expense in cost of sales was €501 million in 2015 (2014: €391 million). Inventories that are expected to be recovered or settled after more than twelve months amounted to €930 million at December 31, 2015 (2014: €977 million) and are primarily spare parts.

Based on the requirement to provide collateral for certain vested employee benefits in Germany, the value of company cars included in inventories at Daimler AG in an amount of €718 million at December 31, 2015 (2014: €609 million) was pledged as collateral to the Daimler Pension Trust e.V.

In addition, inventories with a carrying amount of €235 million at December 31, 2015 (2014: €262 million) were pledged as collateral for liabilities from ABS transactions (see also Note 24).

The carrying amount of inventories recognized during the period by taking possession of collateral held as security amounted to €103 million at December 31, 2015 (2014: €91 million). Those assets are utilized in the context of the normal business cycle.

E.39
Other financial assets

	At December 31, 2015			At December 31, 2014		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Available-for-sale financial assets	–	3,049	3,049	–	2,269	2,269
thereof equity instruments recognized at fair value through profit or loss	–	2,303	2,303	–	1,647	1,647
thereof equity instruments carried at cost	–	746	746	–	622	622
Derivative financial instruments used in hedge accounting	397	966	1,363	574	722	1,296
Financial assets recognized at fair value through profit or loss	164	39	203	42	55	97
Other receivables and financial assets	1,985	854	2,839	1,737	588	2,325
	2,546	4,908	7,454	2,353	3,634	5,987

E.40
Other assets

	At December 31, 2015			At December 31, 2014		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Reimbursements due to income tax refunds	670	26	696	517	40	557
Reimbursements due to other tax refunds	2,421	52	2,473	2,190	22	2,212
Reimbursements due to the Medicare Act (USA)	–	68	68	–	81	81
Other expected reimbursements	192	157	349	175	146	321
Prepaid expenses	442	87	529	294	130	424
Others	546	264	810	422	136	558
	4,271	654	4,925	3,598	555	4,153

E.41
Inventories

	At December 31, 2015	2014
In millions of euros		
Raw materials and manufacturing supplies	2,643	2,409
Work in progress	3,371	2,936
Finished goods, parts and products held for resale	17,609	15,412
Advance payments to suppliers	137	107
	23,760	20,864

19. Trade receivables

Trade receivables are comprised as shown in table ↗ E.42.

At December 31, 2015, €67 million of the trade receivables mature after more than one year (2014: €78 million).

Allowances
Table ↗ E.43 shows changes in the allowance account for trade receivables.

The total expense from the impairment of trade receivables amounted to €109 million in 2015 (2014: €130 million).

E.42
Trade receivables

	At December 31, 2015	At December 31, 2014
In millions of euros		
Gross carrying amount	9,446	9,046
Allowances for doubtful accounts	-392	-412
Net carrying amount	9,054	8,634

E.43
Changes in the allowance account for trade receivables

	2015	2014
In millions of euros		
Balance at January 1	412	397
Charged to costs and expenses	66	73
Amounts written off	-80	-66
Currency translation and other changes	-6	8
Balance at December 31	392	412

E.44
Credit risks included in trade receivables

	At December 31, 2015	At December 31, 2014
In millions of euros		
Receivables, neither past due nor impaired individually	5,554	5,270
Receivables past due, not impaired individually		
less than 30 days	1,096	969
30 to 59 days	113	151
60 to 89 days	53	42
90 to 119 days	25	18
120 days or more	80	78
Total	1,367	1,258
Receivables impaired individually	2,133	2,106
Net carrying amount	9,054	8,634

Credit risks
Table ↗ E.44 provides an overview of credit risks included in trade receivables.

Receivables not subject to an individual impairment assessment are grouped and subject to collective impairment allowances to cover credit losses.

Further information on financial risk and types of risk is provided in Note 32.

20. Equity

See also the consolidated statement of changes in equity ↗ E.05.

Share capital
The share capital (authorized capital) is divided into no-par-value shares. All shares are fully paid up. Each share confers the right to one vote at the Annual Shareholders' Meeting of Daimler AG and, if applicable, with the exception of any new shares potentially not entitled to dividends, to an equal portion of the profits as defined by the dividend distribution decided upon at the Annual Shareholders' Meeting. Each share represents a proportionate amount of approximately €2.87 of the share capital.

Since January 1, 2014, there was no material change in the number of shares outstanding/issued. The number at December 31, 2015 is 1,070 million, unchanged from December 31, 2014.

Approved capital
The Annual Shareholders' Meeting held on April 9, 2014, authorized the Board of Management, with the consent of the Supervisory Board, to increase the share capital of Daimler AG in the period until April 8, 2019 by a total of €1.0 billion in one lump sum or by separate partial amounts at different times by issuing new, registered no-par-value shares in exchange for cash and/or non-cash contributions (Approved Capital 2014). The new shares are generally to be offered to the shareholders for subscription (also by way of indirect subscription pursuant to Section 186 Subsection 5 Sentence 1 of the German Stock Corporation Act (AktG)). Among other things, the Board of Management was authorized with the consent of the Supervisory Board to exclude shareholders' subscription rights under certain conditions and within defined limits.

Approved Capital 2009, which was limited until April 7, 2014 and had not been utilized is replaced by Approved Capital 2014, which has also not yet been utilized.

Conditional capital
The resolution of the Annual Shareholders' Meeting on April 14, 2010 authorizing the Company until April 13, 2015 to issue convertible and/or warrant bonds, which had not been utilized, was replaced by a new authorization of the Annual Shareholders' Meeting on April 1, 2015. From this the Board of Management is authorized, with the consent of the Supervisory Board, until March 31, 2020 to issue convertible and/or warrant bonds or a combination of these instruments ("bonds") with a total face value of up to €10.0 billion and a maturity of no more than ten years. The Board of Management is allowed to grant the holders of these bonds conversion or warrant rights for new registered no-par-value shares in Daimler AG with an allocable portion of the share capital of up to €500 million in accordance with the details defined in the terms and conditions of the bonds. The bonds can be offered in exchange for cash and/or non-cash contributions, in particular for shares in other companies. The terms and conditions of the bonds can include warranty obligations or conversion obligations. The bonds can be issued once or several times, wholly or in installments, or simultaneously in various tranches as well by affiliates of the Company within the meaning of Sections 15 et seq. of the German Stock Corporation Act (AktG). Among other things, the Board of Management was authorized to exclude shareholders' subscription rights for the bonds under certain conditions and within defined constraints with the consent of the Supervisory Board.

This new authorization to issue convertible and/or warrant bonds has not yet been utilized.

In order to fulfill the conditions of the above-mentioned authorization, the Annual Shareholders' Meeting on April 1, 2015 also resolved to increase the share capital conditionally by an amount of up to €500 million (Conditional Capital 2015). Conditional Capital 2010 has been canceled.

Stock option plan
The stock option plan initiated in 2004 expired on March 31, 2014. Of the 0.2 million options granting subscription rights to new shares representing €0.6 million of the share capital remaining from this plan on January 1, 2014, 0.1 million options granting subscription rights to new shares representing €0.2 million of the share capital were exercised in 2014. The remaining options that had not been exercised by March 31, 2014 expired on that date.

Treasury shares
The authorization resolved by the Annual Meeting on April 14, 2010 to acquire treasury shares including the authorization to use derivative financial instruments in this context until April 13, 2015 has been canceled by resolution of the Annual Shareholders' Meeting held on April 1, 2015 and has been replaced by a new authorization. This authorizes the Company until March 31, 2020 to acquire treasury shares in a volume up to 10% of the share capital issued as of the day of the resolution to be used for all legal purposes. The shares can be used, amongst other things excluding shareholders' subscription rights, for business combinations or to acquire companies or to be sold to third parties for cash at a price that is not significantly lower than the stock-exchange price of the Company's shares. The acquired shares can also be used to fulfill obligations from issued convertible bonds and/or bonds with warrants and to be issued to employees of the Company and employees and board members of the Company's affiliates pursuant to Sections 15 et seq. of the German Stock Corporation Act (AktG). The treasury shares can also be canceled.

The Board of Management is further authorized, with the consent of the Supervisory Board, to exclude shareholders' subscription rights in other defined cases. In a volume up to 5% of the share capital issued as of the day of the resolution, the Company was authorized to acquire treasury shares also by using derivatives (put options, call options, forward purchases or a combination of these instruments), whereas the term of a derivative must not exceed 18 months and must not end later than March 31, 2020.

The authorization to acquire treasury shares was not exercised in the reporting period.

As was the case at December 31, 2014, no treasury shares are held by Daimler AG at December 31, 2015.

Employee share purchase plan
In 2015, 0.3 million Daimler shares representing €0.9 million or 0.03% of the share capital were purchased for a price of €27 million and reissued to employees (2014: 0.4 million Daimler shares representing €1.1 million or 0.04% of the share capital were purchased for a price of €26 million).

Capital reserves
Capital reserves primarily comprise premiums arising on the issue of shares as well as expenses relating to the exercise of stock option plans and the issue of employee shares, effects from changes in ownership interests in consolidated entities and directly attributable related transaction costs.

Retained earnings
Retained earnings comprise the accumulated net profits and losses of all companies included in Daimler's consolidated financial statements, less any profits distributed. In addition, the effects of remeasuring defined benefit plans as well as the related deferred taxes are presented within retained earnings.

Dividend
Under the German Stock Corporation Act (AktG), the dividend is paid out of the distributable profit reported in the annual financial statements of Daimler AG (parent company only) in accordance with the German Commercial Code (HGB). For the year ended December 31, 2015 , the Daimler management will propose to the shareholders at the Annual Shareholders' Meeting to pay out €3,477 million of the distributable profit of Daimler AG as a dividend to the shareholders, equivalent to €3.25 per no-par-value share entitled to a dividend (2014: €2,621 million and €2.45 per no-par-value share entitled to a dividend respectively).

Other reserves
Other reserves comprise accumulated unrealized gains/losses from currency translation of the financial statements of the consolidated foreign companies and accumulated unrealized gains/losses on the measurement of financial assets available-for-sale, derivative financial instruments and equity-method investments.

Table ↗ **E.02** shows the details of changes in other reserves in other comprehensive income/loss.

In the line item unrealized gains/losses from equity-method investments, the amounts for 2015 include unrealized losses from currency translation of €3 million before taxes and after taxes (amounts attributable to shareholders of Daimler AG only). In 2014, the line item includes unrealized gains from currency translation of €11 million before taxes and after taxes (amounts attributable to shareholders of Daimler AG only).

E.45
Effects of share-based payment

	Expense		Provision At December 31,	
	2015	2014	**2015**	2014
In millions of euros				
PPSP	**-177**	-173	**409**	363
Medium-term component of annual bonus of the members of the Board of Management	**-9**	-6	**15**	12
	-186	-179	**424**	375

21. Share-based payment

As of December 31, 2015, the Group has the 2012–2015 Performance Phantom Share Plans (PPSP) outstanding. The PPSP are cash-settled share-based payment instruments and are measured at their respective fair values at the balance sheet date. The PPSP are paid out at the end of the stipulated holding period; earlier, pro-rated payoff is possible in the case of benefits leaving the Group only if certain defined conditions are met. PPSP 2011 was paid out as planned in the first quarter of 2015.

Moreover, 50% of the annual bonus of the members of the Board of Management is paid out after a waiting period of one year. The actual payout is determined by the development of Daimler shares compared to an automobile related index (Auto-STOXX). The fair value of this medium-term annual bonus, which depends on this development, is measured by using the intrinsic value at the reporting date.

In 2014, rights from Stock Option Plan (SOP) 2004 also existed. The exercisable stock options granted in 2004 were equity-settled share-based payment instruments and were measured at fair value at the date of grant. The unexercised rights from Stock Option Plan 2004 expired on March 31, 2014. Options granted to the Board of Management in 2004 for which – according to the recommendations of the German Corporate Governance Code – the Presidential Committee can impose a limit or reserve the right to impose a limit in the event of exceptional and unpredictable developments were measured at their intrinsic values as of balance sheet date. The options were exercised completely in 2013.

The pre-tax effects of share-based payment arrangements for the executive managers of the Group and the members of the Board of Management of Daimler AG on the consolidated statement of income and consolidated statement of financial position are shown in table ↗ **E.45**.

Table ↗ **E.46** shows expenses in the consolidated statement of income resulting from the rights of current members of the Board of Management.

The details shown in table ↗ **E.46** do not represent any paid or committed remuneration, but refer to expenses calculated according to IFRS. Details of the remuneration of the members of the Board of Management in 2015 can be found in the Remuneration Report. Management Report from page 122

Performance Phantom Share Plans

In 2015, the Group adopted a Performance Phantom Share Plan (PPSP), similar to those used from 2005 to 2014, under which eligible employees are granted phantom shares entitling them to receive cash payments after four years. During the four-year period between the allocation of the preliminary phantom shares and the payout of the plan at the end of the term, the phantom shares earn a dividend equivalent in the amount of the actual dividend paid on ordinary Daimler shares. The amount of cash paid to eligible employees at the end of the holding period is based on the number of vested phantom shares (determined over a three-year performance period) multiplied by the quoted price of Daimler's ordinary shares (calculated as an average price over a specified period at the end of the four–year plan period). The vesting period is therefore four years. For the plans granted as of 2009, the quoted price of Daimler's ordinary shares to be used for the payout is limited to 2.5 times the Daimler share price at the date of grant. For the plans granted as of the beginning of 2012, the payout for the members of the Board of Management is also limited to 2.5 times the allotment value used to determine the preliminary number of phantom shares. The limitation of the payout for the members of the Board of Management also includes the dividend equivalents paid out after January 1, 2014.

Determination of the number of phantom shares that vest of the existing PPSP 2012 to 2013 is based on return on net assets derived from internal targets and return on sales compared with benchmarks oriented towards competitors.

The number of phantom shares that vest of the PPSPs granted in 2014 and 2015 will be based on the relative share performance, which measures the development of the price of a share price index based on a competitor group including Daimler, and the return on sales (RoS) compared with benchmarks oriented towards competitors. Special rules apply for the members of the Board of Management: Daimler's RoS must be not equal to but higher than that of the competitors in order to achieve the same target achievement as the other plan participants. For the PPSP granted in 2015, an additional limit on target achievement was agreed upon for the reference parameter RoS for the members of the Board of Management. In the case of target achievement between 195% and 200%, an additional comparison is made on the basis of the RoS achieved in absolute terms. If the actual RoS for the automotive business is below the strategic target (currently 9%) in the third year of the performance period, target achievement is limited to 195%.

The Group recognizes a provision for awarding the PPSP in the consolidated statement of financial position. Since payment per vested phantom share depends on the quoted price of Daimler's ordinary shares, that quoted price essentially represents the fair value of each phantom share. The proportionate remuneration expenses from the PPSP recognized in the individual years are determined on the price of Daimler ordinary shares and the estimated target achievement.

E.46

Expenses in the consolidated statement of income resulting from share-based payments of current members of the Board of Management

	Dr. Dieter Zetsche		Dr. Wolfgang Bernhard		Dr. Christine Hohmann-Dennhardt[1]	
	2015	2014	**2015**	2014	**2015**	2014
In millions of euros						
PPSP	**-6.0**	-6.1	**-2.4**	-2.5	**-2.4**	-2.3
Medium-term component of the annual bonus	**-2.3**	-1.8	**-0.9**	-0.7	**-0.9**	-0.7

	Ola Källenius[2]		Wilfried Porth		Andreas Renschler[3]	
	2015	2014	**2015**	2014	**2015**	2014
In millions of euros						
PPSP	**-0.6**	–	**-2.4**	-2.5	**–**	-0.2
Medium-term component of the annual bonus	**-0.9**	–	**-0.9**	-0.7	**–**	-0.1

	Hubertus Troska		Bodo Uebber		Prof. Dr. Thomas Weber	
	2015	2014	**2015**	2014	**2015**	2014
In millions of euros						
PPSP	**-1.9**	-1.6	**-2.9**	-2.9	**-2.5**	-2.6
Medium-term component of the annual bonus	**-0.9**	-0.7	**-1.1**	-0.8	**-0.9**	-0.7

1 Appointment to the Board of Management ends on December 31, 2015.
2 Appointed to the Board of Management as of January 1, 2015.
3 Stepped down from the Board of Management as of January 28, 2014. Amounts are included pro rata for 2014.

Stock option plans

In April 2000, the Annual Shareholders' Meeting approved the Daimler Stock Option Plans (SOP), which granted stock options for the purchase of Daimler ordinary shares to eligible employees. Options granted under the SOP were exercisable at a reference price per Daimler ordinary share, which was determined in advance, plus a 20% premium. The options became exercisable in equal installments at the earliest on the second and third anniversaries of the date of grant. All unexercised options expired ten years after the date of grant. If the market price per Daimler ordinary share on the date of exercise was at least 20% higher than the reference price, the holder was entitled to receive a cash payment equal to the original exercise premium of 20%. No new stock options were granted after 2004. The last SOP plan 2004 forfeited on March 31, 2014. All unexercised rights expired.

Table ↗ **E.47** shows the development of the stock options issued.

In 2014, the weighted average share price of Daimler ordinary shares during the exercise period was €66.40.

22. Pensions and similar obligations

Table ↗ **E.48** shows the composition of provisions for pension benefit plans and similar obligations.

At the Daimler Group, defined benefit pension obligations exist as well as, to a smaller extent, defined contribution pension obligations, specific to the various countries. In addition, health-care benefit obligations are recognized outside Germany.

Defined benefit pension plans

Provisions for pension obligations are made for defined commitments to active and former employees of the Daimler Group and their survivors. The defined benefit pension plans provided by Daimler generally vary according to the economic, tax and legal circumstances of the country concerned. Most of the defined benefit pension plans also provide benefits in the case of invalidity and death.

The Group's main German and non-German pension plans are described below.

E.47
Development of the stock options issued

	2015		2014	
	Number of stock options in millions	Average exercise price in euros per share	Number of stock options in millions	Average exercise price in euros per share
Balance at beginning of year	–	–	0.2	43.57
Exercised	–	–	-0.1	43.57
Disposals/Forfeited	–	–	-0.1	43.57
Outstanding at end of year	–	–	–	–
Exercisable at end of year	–	–	–	–

German plans
Most employees in Germany have defined benefit pension plans; most of the pension plans for the active workforce are based on individual retirement benefit accounts, to which the Company makes annual contributions. The amount of the contributions for employees paid according to wage-tariff agreements depends on the tariff classification in the respective year, and for executives it depends on their respective income. For the commitments to retirement benefits made until 2011, the contributions continue to be converted into capital components and credited to the individual pension account with the application of fixed factors related to each employee's age. The conversion factors include a fixed value increase. The pension plans were newly structured for new entrants in 2011 to reduce the risks associated with defined benefit plans. New entrants now benefit from value increases of the contributions through an investment fund with a special lifecycle model. The Company guarantees at a minimum the value of the contributions paid in. Pension payments are made either as a life annuity, twelve annual installments, or a single lump sum.

In addition, previously concluded defined benefit plans exist which primarily depend on employees' wage-tariff classification upon transition into the benefit phase and which foresee a life annuity.

As well as the employer-financed pension plans granted by German companies, the employees of some companies are also offered various earnings-conversion models.

Most of the pension obligations in Germany relating to defined benefit pension plans are funded by assets invested in long-term outsourced funds. Contractual trust arrangements (CTA) exist between Daimler AG as well as some subsidiaries in Germany and the Daimler Pension Trust e.V. The Daimler Pension Trust e.V. acts as a collateral trust fund.

In Germany, there are no statutory or regulatory minimum funding requirements.

Non-German plans
Significant plans exist primarily in the United States and Japan. They comprise plans relating to final salaries as well as plans relating to salary based components. Most of the obligations outside Germany from defined benefit pension plans are funded by assets outplaced into long-term investment funds.

Risks from defined benefit pension plans
The general requirements with regard to retirement benefit models are laid down in the Pension Policy, which has Group-wide validity. Accordingly, the committed benefits are intended to contribute to additional financial security during retirement, and in the case of death or invalidity to be capable of being planned and fulfilled by the respective company of the Group and to have a low-risk structure. In addition, a committee exists that approves new pension plans and amendments to existing pension plans as well as guidelines relating to company retirement benefits.

The obligations from defined benefit pension plans and the pension plan assets can be subject to fluctuations over time. This can cause the funded status to be negatively or positively impacted. Fluctuations in the defined benefit pension obligations result at the Daimler Group in particular from changes in financial assumptions such as discount rates and increases in the cost of living, but also from changes in demographic assumptions such as adjusted life expectancies. With most of the German plans, expected long-term wage and salary increases do not have an impact on the amount of the obligation.

The fair value of plan assets is predominantly determined by the situation on the capital markets. Unfavorable developments, especially of equity prices and fixed-interest securities, could reduce that fair value. The diversification of fund assets, the engagement of asset managers using quantitative and qualitative analyses, and the continual monitoring of performance and risk help to reduce associated investment risk. The Group regularly makes additional contributions to the plan assets in order to cover future obligations from defined benefit pension plans. In addition, the Group made extraordinary contributions of €1.0 billion in 2015 and €2.5 billion in 2014 to sustainably strengthen the German plan assets. In 2015, an extraordinary contribution of €0.2 billion was paid into the US pension plan assets.

As a general principle, it is the Group's objective to design new pension plans as defined benefit plans based on capital components or on annual contributions, or as defined contribution plans.

E.48
Composition of provisions for pensions and similar obligations

	December 31, 2015	2014
In millions of euros		
Provision for pension benefits	**7,534**	11,619
Provision for other post-employment benefits	**1,129**	1,187
	8,663	12,806

Reconciliation of the net obligation from defined benefit pension plans
The development of the relevant factors is shown in table ↗ E.49.

Composition of plan assets
Plan assets and income from plan assets are used solely to pay pension benefits and to administer the plans. The composition of the Group's pension plan assets is shown in table ↗ E.50.

E.49

Present value of defined benefit pension obligations and fair value of plan assets

	2015			2014		
	Total	German Plans	Non-German Plans	Total	German Plans	Non-German Plans
In millions of euros						
Present value of the defined benefit obligation at January 1	30,127	26,496	3,631	23,230	20,310	2,920
Current service cost	716	602	114	527	437	90
Interest cost	661	509	152	822	679	143
Contributions by plan participants	69	65	4	57	55	2
Actuarial gains (-)/losses from changes in demographic assumptions	-464	-435	-29	168	99	69
Actuarial gains (-)/losses from changes in financial assumptions	-2,762	-2,614	-148	5,867	5,629	238
Actuarial gains (-)/losses from experience adjustments	-94	-99	5	-32	-41	9
Actuarial gains (-)/losses	-3,320	-3,148	-172	6,003	5,687	316
Past service cost, curtailments and settlements	-15	21	-36	22	19	3
Pension benefits paid	-894	-733	-161	-841	-697	-144
Currency exchange-rate changes and other changes	296	-9	305	307	6	301
Present value of the defined benefit obligation at December 31	27,640	23,803	3,837	30,127	26,496	3,631
Fair value of plan assets at January 1	18,581	15,973	2,608	14,668	12,588	2,080
Interest income from plan assets	419	308	111	533	429	104
Actuarial gains/losses (-)	-101	–	-101	761	571	190
Actual return on plan assets	318	308	10	1,294	1,000	294
Contributions by the employer	1,900	1,640	260	3,111	2,975	136
Contributions by plan participants	70	65	5	57	53	4
Settlements	-12	–	-12	–	–	–
Pension benefits paid	-829	-688	-141	-773	-650	-123
Currency exchange-rate changes and other changes	198	8	190	224	7	217
Fair value of plan assets at December 31	20,226	17,306	2,920	18,581	15,973	2,608
Funded status	-7,414	-6,497	-917	-11,546	-10,523	-1,023
thereof recognized in other assets	120	–	120	73	–	73
thereof recognized in provisions for pensions and similar obligations	-7,534	-6,497	-1,037	-11,619	-10,523	-1,096

Market prices are available for equities and bonds due to their listing in active markets. Most of the bonds have investment grade ratings. They include government bonds of very good creditworthiness.

The investment strategy is reviewed regularly and adjusted if deemed necessary. The investment strategy is determined by Investment Committees, which are generally composed of representatives of the Finance and Human Resources departments. Several pension plans use dedicated liability driven investment approaches to take the structure of pension obligations into account in the investment process.

E.50
Composition of plan assets

	At December 31, 2015			At December 31, 2014		
	Total	German Plans	Non-German Plans	Total	German Plans	Non-German Plans
In millions of euros						
Energy, commodities and utilities	896	799	97	832	718	114
Financials	1,466	1,269	197	1,097	925	172
Healthcare	641	544	97	461	367	94
Industrials	658	578	80	503	416	87
Consumer goods	1,440	1,220	220	955	788	167
Information technology and telecommunication services	1,229	1,071	158	778	650	128
Others	50	–	50	64	–	64
Equities	6,380	5,481	899	4,690	3,864	826
Government bonds in EUR	2,353	2,340	13	3,854	3,853	1
Government bonds in USD	1,951	1,479	472	969	555	414
Government bonds in other currencies	458	–	458	443	–	443
Government bonds	4,762	3,819	943	5,266	4,408	858
Corporate bonds in EUR	2,603	2,594	9	2,247	2,241	6
Corporate bonds in USD	3,161	2,637	524	1,925	1,521	404
Corporate bonds in other currencies	205	21	184	200	44	156
Corporate bonds	5,969	5,252	717	4,372	3,806	566
Securitized bonds	64	4	60	54	5	49
Bonds	10,795	9,075	1,720	9,692	8,219	1,473
Other exchange-traded instruments[1]	2	1	1	-4	-5	1
Total exchange-traded instruments	17,177	14,557	2,620	14,378	12,078	2,300
Alternative investments[2]	616	507	109	675	567	108
Real estate	493	395	98	514	410	104
Other non-exchange-traded instruments[1]	255	219	36	-124	-154	30
Cash and cash equivalents	1,685	1,628	57	3,138	3,072	66
Total non-exchange-traded instruments	3,049	2,749	300	4,203	3,895	308
Fair value of plan assets	20,226	17,306	2,920	18,581	15,973	2,608
thereof fair value of own transferable financial instruments	–	–	–	7	7	–
thereof fair value of self-used plan assets	73	73	–	88	88	–

1 Includes derivative financial instruments which could have a negative fair value at the balance sheet date.
2 Alternative investments mainly comprise private equity.

Pension cost
The components of pension cost included in the consolidated statement of income are shown in table ↗ **E.51**.

Table ↗ **E.52** shows the line items within the consolidated statement of income in which the net periodic pension cost is included.

Measurement assumptions
The measurement date for the Group's defined benefit pension obligations and plan assets is generally December 31. The measurement date for the Group's net periodic pension cost is generally January 1. The assumptions used to calculate the defined benefit obligations vary according to the economic conditions of the countries in which the pension plans are situated.

Calculation of the defined benefit obligation uses life expectancy for the German plans based on the 2005 G mortality tables of K. Heubeck. For Non-German plans, comparable country-specific calculation methods are used.

Table ↗ **E.53** shows the significant weighted average measurement factors used to calculate pension benefit obligations.

Discount rates for German and non-German pension plans are determined annually as of December 31 on the basis of high-quality corporate bonds with maturities and currencies matching those of the pension payments.

Sensitivity analysis
An increase or decrease in the main actuarial assumptions would affect the present value of the defined benefit pension obligations as shown in table ↗ **E.54**.

The calculations carried out by actuaries were done in isolation for the evaluation parameters regarded as important. This means that if there is a simultaneous change in several parameters, the individual results cannot be summed due to correlation effects. With a change in the parameters, the sensitivities shown cannot be used to derive a linear development of the defined benefit obligation.

For the calculation of the sensitivity of life expectancy, by means of fixed (non-age-dependent) factors for a reference person, a life expectancy one year higher or one year lower was achieved.

Effect on future cash flows
Daimler currently plans to make contributions of €0.6 billion to its pension plans for the year 2016; the final amount is usually set in the fourth quarter of a financial year. In addition, the Group expects to make pension benefit payments of €0.9 billion in 2016.

The weighted average duration of the defined benefit obligations is shown in table ↗ **E.55**.

E.51
Pension cost

			2015			2014
	Total	German Plans	Non-German Plans	Total	German Plans	Non-German Plans
In millions of euros						
Current service cost	-716	-602	-114	-527	-437	-90
Past service cost, curtailments and settlements	3	-21	24	-22	-19	-3
Net interest expense	-245	-201	-44	-292	-250	-42
Net interest income	3	–	3	3	–	3
	-955	-824	-131	-838	-706	-132

E.52

Net periodic pension cost within the consolidated statement of income

	2015	2014
In millions of euros		
Cost of sales	-402	-318
Selling expenses	-121	-106
General administrative expenses	-68	-51
Research and non-capitalized development costs	-101	-74
Other operating expense	-21	–
Interest income	3	3
Interest expense	-245	-292
	-955	-838

E.53

Significant factors for the calculation of pension benefit obligations

	German Plans At December 31,		Non-German Plans At December 31,	
	2015	2014	2015	2014
In percent				
Discount rates	2.6	1.9	4.1	3.9
Expected increase in cost of living[1]	1.7	1.8	–	–

1 For German Plans, expected increases in cost of living may affect – depending on the design of the pension plan – the obligation to the Group's active employees as well as retirees and their survivors. For most non-German Plans, expected increases in cost of living do not have a material impact on the amount of the obligation.

E.54

Sensitivity analysis for the present value of defined benefit pension obligation

		December 31, 2015			December 31, 2014		
		Total	German Plans	Non-German Plans	Total	German Plans	Non-German Plans
In millions of euros							
Sensitivity for discount rates	+ 0.25%	-1,032	-889	-143	-1,210	-1,080	-130
Sensitivity for discount rates	- 0.25%	1,025	903	122	1,270	1,140	130
Sensitivity for expected increase in cost of living	+ 0.10%	77	65	12	120	110	10
Sensitivity for expected increase in cost of living	- 0.10%	-115	-104	-11	-130	-120	-10
Sensitivity for life expectancy	+ 1 year	375	354	21	520	480	40
Sensitivity for life expectancy	- 1 year	-412	-359	-53	-540	-500	-40

E.55

Weighted average duration of the defined benefit obligations

	2015	2014
In years		
German Plans	16	17
Non-German Plans	16	16

Defined contribution pension plans

Under defined contribution pension plans, Daimler makes defined contributions to external insurance policies or investment funds. There are fundamentally no further contractual obligations or risks for Daimler in excess of the defined contributions. The Group also pays contributions to governmental pension schemes. In 2015, the total cost from defined contribution plans amounted to €1.5 billion (2014: €1.4 billion). Of those payments €1.4 billion (2014: €1.3 billion) was related to governmental pension plans.

E.56

Key data for other post-employment benefits

	2015	2014
In millions of euros		
Present value of defined benefit obligations	1,129	1,193
Fair value of plan assets and reimbursement rights	68	87
Funded status	-1,061	-1,106
Net periodic cost for other post-employment benefits	-21	-51

Multi-employer plans

Daimler participates in some collectively bargained defined benefit pension plans maintained by more than one employer. The Group presents several of these plans in its consolidated financial statements as defined contribution plans because the information required to use defined benefit accounting is not available in a timely manner or in sufficient detail. The Group cannot exercise direct control over such plans and the plan trustees have no legal obligation to share information directly with participating employers. Higher contributions by the Group to such a pension plan could be required in particular when an underfunded status exceeds a specific level. Exit from such a plan can lead to the companies involved having to offset the potential future shortfall relating to their share of the plan. Furthermore, the possibility exists that Daimler can be liable for other participants' obligations. Compared with the prior-year assessment, the extent of the risk has increased, but at December 31, 2015, the risk to the Group continues to be classified as very low. No exit from any of these plans is intended.

Other post-employment benefits

Certain foreign subsidiaries of Daimler, mainly in the United States, provide their employees with post-employment health care benefits with defined entitlements, which have to be accounted for as defined benefit plans. These obligations are funded to a small extent through reimbursement rights and plan assets. Table ↗ E.56 shows key data for other post-employment benefits.

Significant risks in connection with commitments for other post-employment benefits (medical care) relate to rising healthcare costs and lower contributions to those costs from the public sector. In addition, these plans are subject to the usual risks for defined benefit plans, in particular the risk of changes in discount rates.

In May 2014, Daimler Trucks North America LLC and the United Auto Workers union (UAW) entered into an agreement to settle a healthcare plan as part of a collective bargaining agreement. As a result of this agreement, the obligation to the active eligible employees was settled in the fourth quarter of 2014. The resulting cash outflow from this transaction was approximately €0.3 billion. The transfer of the obligation to the retirees was subject to US court approval. The approval was received in December 2014 and became legally binding with expiration of the deadline for notices of appeal at the end of January 2015. The cash outflow from this transaction (approximately €0.1 billion) occurred in the first quarter of 2015. The settlement has no material impact on the Group's consolidated statement of income or on the EBIT of Daimler Trucks.

23. Provisions for other risks

The development of provisions for other risks is summarized in table ↗ **E.57**.

Product warranties
Daimler issues various types of product warranties, under which it generally guarantees the performance of products delivered and services rendered for a certain period. The provision for these product warranties covers expected costs for legal and contractual warranty claims as well as expected costs for policy coverage, recall campaigns and buyback commitments. The provision for buyback commitments represents the expected costs related to the Group's obligation under certain conditions to repurchase vehicles from customers. Buybacks may occur for a number of reasons including litigation, compliance with laws and regulations in a particular region and customer satisfaction issues. The utilization date of product warranties depends on the incidence of the warranty claims and can span the entire term of the product warranties. The cash outflow for non-current product warranties is principally expected within a period until 2018.

Personnel and social costs
Provisions for personnel and social costs primarily comprise expected expenses of the Group for employee anniversary bonuses, profit sharing arrangements and management bonuses as well as early retirement and partial retirement plans. The additions recorded to the provisions for profit sharing and management bonuses in the reporting year usually result in cash outflows in the following year. The cash outflow for non-current provisions for personnel and social costs is primarily expected within a period until 2026.

Other
Provisions for other risks include obligations for expected reductions in revenue already recognized such as bonuses, discounts and other price reduction commitments. They also include expected costs in connection with liability and litigation risks, provisions for optimization programs, provisions for environmental protection risks, as well as provisions for other taxes and various other risks which cannot be allocated to other categories.

Further information on other provisions for other risks is provided in Notes 5 and 29.

E.57
Provisions for other risks

	Product warranties	Personnel and social costs	Other	Total
In millions of euros				
Balance at December 31, 2014	4,988	3,941	5,050	13,979
thereof current	2,423	1,806	3,038	7,267
thereof non-current	2,565	2,135	2,012	6,712
Additions	**3,267**	**2,334**	**3,193**	**8,794**
Utilizations	**-2,448**	**-1,769**	**-1,975**	**-6,192**
Reversals	**-261**	**-71**	**-518**	**-850**
Addition of accrued interest and effects of changes in discount rates	**23**	**-22**	**19**	**20**
Currency translation and other changes	**92**	**-49**	**36**	**79**
Balance at December 31, 2015	**5,661**	**4,364**	**5,805**	**15,830**
thereof current	**2,589**	**2,189**	**4,932**	**9,710**
thereof non-current	**3,072**	**2,175**	**873**	**6,120**

24. Financing liabilities

The composition of financing liabilities is shown in table ↗ E.58.

Liabilities from finance leases relate primarily to leases of property, plant and equipment which transfer substantially all risks and rewards to the Group as lessee. Future minimum lease payments under finance leases amounted to €411 million at December 31, 2015 (2014: €436 million). The reconciliation of future minimum lease payments from finance lease arrangements to the corresponding liabilities is shown in table ↗ E.59.

E.58

Financing liabilities

	At December 31, 2015			At December 31, 2014		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Notes/bonds	10,238	41,173	51,411	9,914	33,262	43,176
Commercial paper	2,961	–	2,961	2,269	8	2,277
Liabilities to financial institutions	15,226	12,085	27,311	11,101	11,792	22,893
Deposits in the direct banking business	8,012	2,520	10,532	8,350	2,503	10,853
Liabilities from ABS transactions	3,990	3,388	7,378	4,114	1,875	5,989
Liabilities from finance leases	43	220	263	40	245	285
Loans, other financing liabilities	841	445	1,286	502	714	1,216
	41,311	59,831	101,142	36,290	50,399	86,689

E.59

Reconciliation of minimum lease payments to liabilities from finance lease arrangements

	Future minimum lease payments at December 31,		Interest included in future minimum lease payments at December 31,		Liabilities from finance lease arrangements at December 31,	
	2015	2014	2015	2014	2015	2014
In millions of euros						
Maturity						
within one year	56	56	13	16	43	40
between one and five years	155	149	70	56	85	93
later than five years	200	231	65	79	135	152
	411	436	148	151	263	285

25. Other financial liabilities

The composition of other financial liabilities is shown in table ↗ **E.60**.

Financial liabilities recognized at fair value through profit or loss relate exclusively to derivative financial instruments which are not used in hedge accounting.

Further information on other financial liabilities is provided in Note 31.

26. Deferred income

The composition of deferred income is shown in table ↗ **E.61**.

27. Other liabilities

Table ↗ **E.62** shows the composition of other liabilities.

E.60
Other financial liabilities

		At December 31, 2015			At December 31, 2014	
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Derivative financial instruments used in hedge accounting	**2,203**	**917**	**3,120**	1,409	908	2,317
Financial liabilities recognized at fair value through profit or loss	**150**	**113**	**263**	228	131	359
Liabilities from residual value guarantees	**960**	**1,144**	**2,104**	888	1,024	1,912
Liabilities from wages and salaries	**971**	**28**	**999**	885	27	912
Accrued interest expenses	**795**	**–**	**795**	800	–	800
Deposits received	**422**	**555**	**977**	400	392	792
Other	**3,983**	**119**	**4,102**	3,452	162	3,614
Miscellaneous other financial liabilities	**7,131**	**1,846**	**8,977**	6,425	1,605	8,030
	9,484	**2,876**	**12,360**	8,062	2,644	10,706

E.61
Deferred income and prepaid expenses

		At December 31, 2015			At December 31, 2014	
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Deferral of revenue from multi-year service and maintenance agreements	**1,336**	**2,983**	**4,319**	1,216	1,935	3,151
Deferral of sales revenue received from sales with residual-value guarantees	**446**	**928**	**1,374**	370	866	1,236
Deferral of advance rental payments received from operating lease arrangements	**799**	**662**	**1,461**	581	466	1,047
Other deferred income	**307**	**278**	**585**	246	314	560
	2,888	**4,851**	**7,739**	2,413	3,581	5,994

E.62
Other liabilities

		At December 31, 2015			At December 31, 2014	
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Income tax liabilities	**202**	**8**	**210**	151	11	162
Other tax liabilities	**1,800**	**21**	**1,821**	1,552	1	1,553
Miscellaneous other liabilities	**361**	**1**	**362**	304	2	306
	2,363	**30**	**2,393**	2,007	14	2,021

28. Consolidated statement of cash flows

Calculation of funds
At December 31, 2015, cash and cash equivalents included restricted funds of €183 million (2014: €112 million). The restricted funds primarily relate to subsidiaries where exchange controls apply so that the Group has restricted access to the funds.

Cash provided by/used for operating activities
Changes in other operating assets and liabilities are shown in table ↗ E.63.

E.63
Changes in other operating assets and liabilities

	2015	2014
In millions of euros		
Provisions	564	-838
Financial instruments	-82	289
Miscellaneous other assets and liabilities	1,715	1,581
	2,197	1,032

E.64
Cash flows included in cash provided by/used for operating activities

	2015	2014
In millions of euros		
Interest paid	-311	-445
Interest received	152	136
Dividends received	135	171

The increase in provisions in the reporting period resulted from the provisions for warranties which were especially affected by the recall in connection with Takata airbags. Furthermore, there was a rise of the provisions for dealer incentives and for personnel costs. Opposing effects resulted from the decrease in the provisions for pensions and similar obligations caused by extraordinary contributions to the German pension assets in particular. The decrease in provisions in the prior year was primarily influenced by an extraordinary contribution to the German pension fund assets and was related to the provisions for pensions and similar obligations. Furthermore, there were opposing effects from the addition to the provision for the EU Commission's antitrust proceedings concerning European commercial vehicle manufacturers and the increase in the provision for personnel costs.

The change in financial instruments in comparison to the prior year was mainly caused by measurement effects in fiscal year 2014. The effects were primarily related to the hedging instrument in connection with the disposal of the equity interest in Tesla Motors, Inc. and the put option in connection with the disposal of Rolls-Royce Power Systems Holding GmbH.

Table ↗ E.64 shows cash flows included in cash provided by/used for operating activities.

The line item other non-cash expense and income within the reconciliation of profit before income taxes to cash provided by/used for operating activities in the reporting year primarily comprises the Group's share in the profit/loss of companies accounted for using the equity method. In the prior year, the reconciling item mainly comprised the effect from the remeasurement of the Tesla shares (see Note 13).

Cash provided by financing activities
Cash provided by financing activities includes cash flows from hedging the currency risks of financial liabilities. In 2015, cash provided by financing activities included payments for the reduction of the outstanding finance lease liabilities of €48 million (2014: €46 million).

29. Legal proceedings

Various legal proceedings, claims and governmental investigations (legal proceedings) are pending against Daimler AG and its subsidiaries on a wide range of topics, including vehicle safety, emissions, fuel economy, financial services, dealer, supplier and other contractual relationships, intellectual property rights, product warranties, environmental matters, antitrust matters and shareholder matters. Legal proceedings relating to products deal with claims on account of alleged vehicle defects. Some of these claims are asserted by way of class action suits. If the outcome of such legal proceedings is detrimental to Daimler, the Group may be required to pay substantial compensatory and punitive damages or to undertake service actions, recall campaigns or other costly actions.

In mid-January 2011, the European Commission carried out anti-trust investigations of European commercial vehicle manufacturers, including Daimler AG. If antitrust infringements are discovered, the European Commission can impose considerable fines depending on the gravity of the infringement. In November 2014, the European Commission served Daimler with its statement of objections which, from the European Commission's perspective, further explains and legally evaluates the relevant facts. Resulting from knowledge gained from access to essential documents of the European Commission's file, Daimler AG, in December 2014, decided to increase provisions by €600 million. Daimler is taking the Commission's investigation very seriously. The Company is cooperating with the authorities but will at the same time – while stating the Company's legal view – safeguard its rights in the further proceedings and is also reviewing all of its procedural options. In accordance with IAS 37.92, the Group does not provide further information on this antitrust investigation and the associated risk for the Group, especially with regard to the measures taken in this context, in order not to impair the outcome of the proceedings.

The Federal Republic of Germany initiated arbitration proceedings against Daimler Financial Services AG, Deutsche Telekom AG and Toll Collect GbR and submitted its statement of claims in August 2005. It seeks damages, contractual penalties and the transfer of intellectual property rights to Toll Collect GmbH. In particular, the Federal Republic of Germany is claiming

- lost revenue of €3.33 billion for the period September 1, 2003 through December 31, 2004 plus interest at 5% per annum above the respective base rate since submission of claims (an amount of €2 billion as at the date of September 29, 2014),
- and contractual penalties of approximately €1.65 billion through July 31, 2005 plus interest at 5% per annum above the respective base rate since submission of claims (an amount of €225 million as at the date of September 29, 2014),
- plus refinancing costs of €196 million.

Since, among other things, some of the contractual penalties are dependent on time and further claims for contractual penalties have been asserted by the Federal Republic of Germany, the amount claimed as contractual penalties may increase. The defendants submitted their response to the statement of claims on June 30, 2006. The Federal Republic of Germany delivered its reply to the arbitrators on February 15, 2007, and the defendants delivered their rebuttal on October 1, 2007 (see also Note 30). The arbitrators held the first hearing on June 16 and 17, 2008. Additional briefs from the claimant and the defendants have been filed since then. A hearing of witnesses and experts took place between December 6 and 14, 2010. The parties submitted further written statements on July 15 and November 15, 2011. After the Tribunal's President resigned for personal reasons as of March 30, 2012, the new President was determined by the Administrative Court in Berlin as of October 29, 2012. The arbitrators held further hearings in May and October 2014 as well as in June 2015. In accordance with IAS 37.92, no further information is disclosed regarding the arbitration proceedings and the related risks to the Company, in particular regarding the measures taken by the Company, in order to prevent negative effects on the proceedings. Daimler believes the claims of the Federal Republic of Germany are without merit and will continue to defend itself vigorously.

The Group recognizes provisions in connection with pending or threatened proceedings to the extent a loss is probable and can be reasonably estimated. Such provisions are reflected in the Group's consolidated financial statements and are based on estimates. Risks resulting from legal proceedings, however, sometimes cannot be assessed reliably or only to a limited extent. Consequently, provisions accrued for some legal proceedings may turn out to be insufficient once such proceedings have ended. Daimler may also become liable for payments in legal proceedings no provisions were established for. Although the final resolution of any such proceedings could materially affect Daimler's operating results and cash flows for a particular reporting period, Daimler believes that it should not exert a sustained influence on the Group's financial position.

30. Financial guarantees, contingent liabilities and other financial obligations

Financial guarantees
Financial guarantees principally represent contractual arrangements. These guarantees generally provide that in the event of default or non-payment by the primary debtor, the Group will be required to settle such financial obligations. The maximum potential obligation resulting from these guarantees amounted to €1,033 million at December 31, 2015 (2014: €786 million) and includes liabilities recognized in the amount of €117 million (2014: €84 million). These amounts include financial guarantees which the Group issued for the benefit of Chrysler in connection with the Chrysler transactions entered into in 2007 and 2009. At December 31, 2015, these guarantees amounted to €0.3 billion. For a portion of these financial guarantees, Chrysler provided collateral of €0.2 billion to an escrow account.

Contingent liabilities
Table ↗ **E.65** shows estimates of the financial effects of contingent liabilities at December 31.

Guarantees under buyback commitments represent arrangements whereby the Group guarantees specified trade-in or resale values for sold vehicles. Such guarantees provide the holder with the right to return purchased vehicles to the Group, the right being primarily contingent on the future purchase of vehicles or services. The provisions recognized in connection with these buyback commitments, amounted to €85 million at December 31, 2015 (2014: €58 million). On the other hand, residual value guarantees related to arrangements for which revenue recognition is precluded due to the Group's obligation to repurchase assets are included in other financial liabilities.

E.65
Composition of contingent liabilities

	At December 31, 2015	2014
In millions of euros		
Guarantees under buyback commitments	**1,560**	1,208
Other contingent liabilities	**360**	383
	1,920	1,591

Other contingent liabilities comprise contingent liabilities which constitute other guarantees as well as potential obligations from other tax and customs duty risks. At December 31, 2015, the best estimate for potential obligations from other contingent liabilities for which no provisions had yet been recognized was €360 million (2014: €383 million).

In 2002, our subsidiary Daimler Financial Services AG, Deutsche Telekom AG and Compagnie Financière et Industrielle des Autoroutes S.A. (Cofiroute) entered into a consortium agreement in order to jointly develop, install and operate under a contract with the Federal Republic of Germany (operating agreement) a system for the electronic collection of tolls for all commercial vehicles over 12 tons gross vehicle weight using German highways. Daimler Financial Services AG and Deutsche Telekom AG each hold a 45% equity interest and Cofiroute holds the remaining 10% equity interest in both the consortium (Toll Collect GbR) and the joint venture company (Toll Collect GmbH) (together Toll Collect).

According to the operating agreement, the toll collection system had to be operational no later than August 31, 2003. After a delay of the launch date of the toll collection system, which resulted in a loss of revenue for Toll Collect and in payments of contractual penalties for delays, the toll collection system was introduced on January 1, 2005 with on-board units that allowed for slightly less than full technical performance in accordance with the technical specification (phase 1). On January 1, 2006, the toll collection system was installed and started to operate with full effectiveness as specified in the operating agreement (phase 2). On December 20, 2005, Toll Collect GmbH received a preliminary operating permit as specified in the operating agreement. Toll Collect GmbH expects to receive the final operating permit, and continues to operate the toll collection system under the preliminary operating permit in the interim.

Failure to perform various obligations under the operating agreement may result in penalties, additional revenue reductions and damage claims that could become significant over time.

However, penalties and revenue reductions are capped at €150 million per year until the final operating permit has been issued and at €100 million per year following the issuance of the final operating permit. These cap amounts are subject to a 3% increase for every year of operation.

Beginning in June 2006, the Federal Republic of Germany began reducing monthly payments to Toll Collect GmbH by €8 million in partial set-off against amounts claimed in the arbitration proceedings referred to below. This offsetting may require the consortium members to provide additional operating funds to Toll Collect GmbH.

The operating agreement calls for the submission of all disputes related to the toll collection system to arbitration. The Federal Republic of Germany has initiated arbitration proceedings against Daimler Financial Services AG, Deutsche Telekom AG and the consortium. According to the statement of claims received in August 2005, the Federal Republic of Germany is seeking damages including contractual penalties and reimbursement of lost revenue that allegedly arose from delays in the operability of the toll collection system. See Note 29 for additional information.

Each of the consortium members (including Daimler Financial Services AG) has provided guarantees supporting the obligations of Toll Collect GmbH towards the Federal Republic of Germany relating to the completion and operation of the toll collection system, which are subject to specific triggering events. In addition, Daimler AG has guaranteed bank loans obtained by Toll Collect GmbH. The guarantees are described in detail below:

- *Guarantee of bank loans.* Daimler AG issued a guarantee to third parties up to a maximum amount of €100 million for bank loans which could be obtained by Toll Collect GmbH. This amount represents the Group's 50% share of Toll Collect GmbH's external financing guaranteed by its shareholders.
- *Equity maintenance undertaking.* The consortium members have the obligation to contribute, on a joint and several basis, additional funds to Toll Collect GmbH as may be necessary for Toll Collect GmbH to maintain a minimum equity (based on German Commercial Code accounting principles) of 15% of total assets (a so-called "equity maintenance undertaking"). This obligation will terminate on August 31, 2018, when the extended operating agreement expires, or earlier if the agreement is terminated. Such obligation may arise if Toll Collect GmbH is subject to revenue reductions caused by underperformance, if the Federal Republic of Germany is successful in claiming lost revenue against Toll Collect GmbH for any period the system was not fully operational, or if Toll Collect GmbH incurs penalties that may become payable under the above mentioned agreements. If such penalties, revenue reductions or other events reduce Toll Collect GmbH's equity to a level below the minimum equity percentage agreed upon, the consortium members are obligated to fund Toll Collect GmbH's operations to the extent necessary to reach the required minimum equity.

Cofiroute's risks and obligations are limited to €70 million. Daimler Financial Services AG and Deutsche Telekom AG are jointly obliged to indemnify Cofiroute for amounts exceeding this limitation.

While Daimler's maximum future obligation resulting from the guarantee of the bank loan can be determined (2015: €100 million), the Group is unable to reasonably estimate the amount or range of amounts of possible loss resulting from the financial guarantee in form of the equity maintenance undertaking due to the various uncertainties described above, although it could be material. Only the guarantee for the bank loan is included in the above disclosures for financial guarantees.

Obligations from product warranties and extended product warranties are not included in the above disclosures. See Note 23 for provisions relating to such obligations.

Other financial obligations

The composition of other financial obligations is shown in table ↗ **E.66**.

In connection with its production programs and the ongoing expansion of its business activities, Daimler has signed additional agreements with suppliers in 2015 to purchase various volumes of parts and components over extended periods. The Group also has entered into further arrangements for the provision of future services. In addition, the Group has committed to purchase or invest in the construction and maintenance of production facilities. At December 31, 2015, contractual commitments for the acquisition of property, plant and equipment amount to €2.2 billion.

E.66

Composition of other financial obligations (nominal amounts)

	At December 31, 2015	2014
In millions of euros		
Commitments from purchasing contracts	**13,371**	9,769
Long-term rental and leasing agreements	**2,156**	2,157
Irrevocable credit commitments	**1,931**	1,320
Other miscellaneous financial commitments	**1,518**	2,318
	18,976	15,564

The Group has additional other financial obligations resulting from non-cancelable long-term rental agreements and operating leases for property, plant and equipment; the contracts partially include renewal or repurchase options and escalation clauses. In 2015, Daimler recognized as expense rental payments of €491 million (2014: €517 million). Table ↗ E.67 provides an overview of when future minimum lease payments under non-cancelable long-term rental and lease agreements fall due (nominal amounts).

In addition, the Group had issued irrevocable loan commitments as of December 31, 2015. These loan commitments had not been utilized as of that date. An overview of the maturities of irrevocable credit commitments is shown in Table ↗ E.82 in Note 32.

Miscellaneous other financial commitments primarily comprise financial obligations to make payments in connection with capital contributions to be made into the share capital of unconsolidated subsidiaries or associated companies as well as obligations in connection with cooperation agreements. In prior year, commitments from purchasing contracts of €1.2 billion were disclosed under other miscellaneous financial commitments.

E.67

Future minimum lease payments under long-term rental and lease agreements (nominal amounts)

	At December 31, 2015	2014
In millions of euros		
Maturity		
within one year	**505**	416
between one and five years	**1,111**	1,112
later than five years	**540**	629
	2,156	2,157

31. Financial instruments

Carrying amounts and fair values of financial instruments

Table ↗ E.68 shows the carrying amounts and fair values of the respective classes of the Group's financial instruments. The fair value of a financial instrument is the price at which a party would accept the rights and/or obligations of that financial instrument from another independent party. Given the varying influencing factors, the reported fair values can only be viewed as indicators of the prices that may actually be achieved on the market.

The fair values of financial instruments were calculated on the basis of market information available on the balance sheet date. The following methods and premises were used:

Receivables from financial services
The fair values of receivables from financial services with variable interest rates are estimated to be equal to the respective carrying amounts because the interest rates agreed and those available in the market do not significantly differ. The fair values of receivables from financial services with fixed interest rates are determined on the basis of discounted expected future cash flows.

The discounting is based on the current interest rates at which similar loans with identical terms could have been obtained as of December 31, 2015 and December 31, 2014.

Trade receivables and cash and cash equivalents
Due to the short terms of these financial instruments and the fundamentally lower credit risk, it is assumed that their fair values are equal to the carrying amounts.

Marketable debt securities and other financial assets
Financial assets available-for-sale include:
- debt and equity instruments measured at fair value; these instruments were measured using quoted market prices at December 31. Otherwise, the fair value measurement of these debt and equity instruments is based on inputs that are either directly or indirectly observable on active markets. Equity instruments measured at fair value predominantly comprise the investments in Nissan Motor Co., Ltd. (Nissan) and Renault SA (Renault).
- equity interests measured at cost; fair values could not be determined for these financial instruments because no stock exchange or market prices are available. These equity interests comprise investments in non-listed companies for which no objective evidence existed at the balance sheet date that these assets were impaired and whose fair values cannot be determined with sufficient reliability. It is assumed that the fair values approximate the carrying amounts.

Financial assets recognized at fair value through profit or loss include derivative financial instruments not used in hedge accounting. These financial instruments as well as *derivative financial instruments used in hedge accounting* comprise:
- derivative currency hedging contracts; the fair values of cross currency interest rate swaps are determined on the basis of the discounted estimated future cash flows using market interest rates appropriate to the remaining terms of the financial instruments. The valuation of currency forwards is based on market quotes of forward curves; currency options were measured using price quotations or option pricing models using market data.
- derivative interest rate hedging contracts; the fair values of interest rate hedging instruments (e.g. interest rate swaps) are calculated on the basis of the discounted estimated future cash flows using the market interest rates appropriate to the remaining terms of the financial instruments.
- derivative commodity hedging contracts; the fair values of commodity hedging contracts (e.g. commodity forwards) are determined on the basis of current reference prices with consideration of forward premiums and discounts.

Other receivables and assets are carried at amortized cost. Because of the predominantly short maturities of these financial instruments, it is assumed that the fair values approximate the carrying amounts.

Financing liabilities
The fair values of bonds, loans, commercial paper, deposits in the direct banking business and liabilities from ABS transactions are calculated as present values of the estimated future cash flows. Market interest rates for the appropriate terms are used for discounting.

Trade payables
Due to the short maturities of these financial instruments, it is assumed that their fair values are equal to the carrying amounts.

E.68
Carrying amounts and fair values of financial instruments

	At December 31, 2015		At December 31, 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
In millions of euros				
Financial assets				
Receivables from financial services	73,514	73,837	61,679	62,057
Trade receivables	9,054	9,054	8,634	8,634
Cash and cash equivalents	9,936	9,936	9,667	9,667
Marketable debt securities				
Available-for-sale financial assets	8,273	8,273	6,634	6,634
Other financial assets				
Available-for-sale financial assets	3,049	3,049	2,269	2,269
thereof equity instruments measured at fair value	2,303	2,303	1,647	1,647
thereof equity instruments measured at cost	746	746	622	622
Financial assets recognized at fair value through profit or loss	203	203	97	97
Derivative financial instruments used in hedge accounting	1,363	1,363	1,296	1,296
Other receivables and financial assets	2,839	2,839	2,325	2,325
	108,231	108,554	92,601	92,979
Financial liabilities				
Financing liabilities	101,142	101,759	86,689	88,043
Trade payables	10,548	10,548	10,178	10,178
Other financial liabilities				
Financial liabilities recognized at fair value through profit or loss	263	263	359	359
Derivative financial instruments used in hedge accounting	3,120	3,120	2,317	2,317
Miscellaneous other financial liabilities	8,977	8,977	8,030	8,030
	124,050	124,667	107,573	108,927

Other financial liabilities
Financial liabilities recognized at fair value through profit or loss comprise derivative financial instruments not used in hedge accounting. For information regarding these financial instruments as well as *derivative financial instruments used in hedge accounting*, see the notes above under marketable debt securities and other financial assets.

Miscellaneous other financial liabilities are carried at amortized cost. Because of the predominantly short maturities of these financial instruments, it is assumed that the fair values approximate the carrying amounts.

Offsetting of financial instruments
The Group concludes derivative transactions in accordance with the master netting arrangements (framework agreement) of the International Swaps and Derivatives Association (ISDA) and other appropriate national framework agreements. However, these arrangements do not meet the criteria for netting in the consolidated statement of financial position, as they allow netting only in the case of future events such as default or insolvency on the part of the Group or the counterparty.

Table ↗ **E.69** shows the carrying amounts of the derivative financial instruments subject to the described arrangements as well as the possible financial effects of netting in accordance with the master netting arrangements.

Table ↗ **E.70** provides an overview of the classification into measurement hierarchies of financial assets and liabilities measured at fair value (according to IFRS 13).

At the end of each reporting period, Daimler reviews the necessity of reclassification between the measurement hierarchies.

E.69
Disclosure for recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement

	At December 31, 2015			At December 31, 2014		
	Gross and net amounts of financial instruments in the balance sheet	Amounts subject to a master netting arrangement	Net amounts	Gross and net amounts of financial instruments in the balance sheet	Amounts subject to a master netting arrangement	Net amounts
In millions of euros						
Other financial assets[1]	**1,566**	**-1,045**	**521**	1,393	-670	723
Other financial liabilities[2]	**3,383**	**-1,045**	**2,338**	2,676	-670	2,006

1 The other financial assets which are subject to a master netting arrangement comprise derivative financial instruments that are included in hedge accounting and financial assets measured at fair value through profit or loss (see Note 16).
2 The other financial liabilities which are subject to a master netting arrangement comprise derivative financial instruments that are included in hedge accounting and financial liabilities measured at fair value through profit or loss (see Note 25).

For the determination of the credit risk from derivative financial instruments which are allocated to the Level 2 measurement hierarchy, portfolios managed on basis of net exposure are applied.

The development of financial assets recognized at fair value through profit or loss and classified as Level 3 is shown in table ↗ E.71.

As of January 1, 2014, the financial assets shown as classified as Level 3 and presented in table ↗ E.71 consisted solely of Daimler's option to sell the shares it held in RRPSH to Rolls-Royce (see also Note 13). Daimler sold its shares in RRPSH to Rolls-Royce in 2014. The option was exercised and derecognized through profit or loss.

E.70

Measurement hierarchy of financial assets and liabilities measured at fair value

			At December 31, 2015				At December 31, 2014	
	Total	Level 1[1]	Level 2[2]	Level 3[3]	Total	Level 1[1]	Level 2[2]	Level 3[3]
In millions of euros								
Financial assets measured at fair value								
Financial assets available for sale	**10,576**	**6,976**	**3,600**	**–**	8,281	6,158	2,123	–
thereof equity instruments measured at fair value	**2,303**	**2,297**	**6**	**–**	1,647	1,642	5	–
thereof marketable debt securities	**8,273**	**4,679**	**3,594**	**–**	6,634	4,516	2,118	–
Financial assets measured at fair value through profit or loss	**203**	**–**	**203**	**–**	97	–	97	–
Derivative financial instruments used in hedge accounting	**1,363**	**–**	**1,363**	**–**	1,296	–	1,296	–
	12,142	**6,976**	**5,166**	**–**	9,674	6,158	3,516	–
Liabilities measured at fair value								
Financial liabilities measured at fair value through profit or loss	**263**	**–**	**263**	**–**	359	–	359	–
Derivative financial instruments used in hedge accounting	**3,120**	**–**	**3,120**	**–**	2,317	–	2,317	–
	3,383	**–**	**3,383**	**–**	2,676	–	2,676	–

1 Fair value measurement of these assets and liabilities is based on quoted prices (unadjusted) in active markets for these or identical assets or liabilities.
2 Fair value measurement of these assets and liabilities is based on inputs that are observable on active markets either directly (i.e. as prices) or indirectly (i.e. derived from prices).
3 Fair value measurement of these assets and liabilities is based on inputs for which no observable market data is available.

E.71

Development of financial assets recognized at fair value through profit or loss classified as Level 3

	2015	2014
In millions of euros		
Balance at January 1	**–**	118
Losses recognized in other financial income/expense, net	**–**	-118
Balance at December 31	**–**	–

Table ↗ E.72 shows into which measurement hierarchy (according to IFRS 13) the fair values of the financial assets and liabilities are classified which are not measured at fair value in the consolidated statement of financial position.

The carrying amounts of financial instruments presented according to IAS 39 measurement categories are shown in table ↗ E.73.

E.72

Measurement hierarchy of financial assets and liabilities not measured at fair value

	At December 31, 2015				At December 31, 2014			
	Total	Level 1[1]	Level 2[2]	Level 3[3]	Total	Level 1[1]	Level 2[2]	Level 3[3]
In millions of euros								
Fair values of financial assets measured at cost								
Receivables from financial services	**73,837**	**–**	**73,837**	**–**	62,057	–	62,057	–
Fair values of financial liabilities measured at cost								
Financing liabilities	**101,759**	**45,535**	**56,224**	**–**	88,043	39,525	48,518	–
thereof bonds	**52,031**	**45,535**	**6,496**	**–**	44,367	39,525	4,842	–
thereof liabilities from ABS transactions	**7,390**	**–**	**7,390**	**–**	5,996	–	5,996	–
thereof other financing liabilities	**42,338**	**–**	**42,338**	**–**	37,680	–	37,680	–

1 Fair value measurement of these assets and liabilities is based on quoted prices (unadjusted) in active markets for these or identical assets or liabilities.
2 Fair value measurement of these assets and liabilities is based on inputs that are observable on active markets either directly (i.e. as prices) or indirectly (i.e. derived from prices).
3 Fair value measurement of these assets and liabilities is based on inputs for which no observable market data is available.

Net gains or losses

Table ↗ E.74 shows the net gains or losses of financial instruments included in the consolidated statement of income (excluding derivative financial instruments used in hedge accounting).

Net gains and in the prior year net losses of financial assets and liabilities recognized at fair value through profit or loss primarily include gains and losses attributable to changes in fair values.

Net gains on available-for-sale financial assets mainly include income from the measurement of equity interests as well as gains realized on their disposal.

Net losses on loans and receivables mainly include impairment losses that are charged to cost of sales, selling expenses and other financial income/expense, net. Foreign currency gains and losses are also included.

Net gains on financial liabilities measured at (amortized) cost mainly include gains and losses from currency translation.

E.73

Carrying amounts of financial instruments presented according to IAS 39 measurement categories

	At December 31, 2015	2014
In millions of euros		
Assets		
Receivables from financial services[1]	55,356	46,599
Trade receivables	9,054	8,634
Other receivables and financial assets	2,839	2,325
Loans and receivables	67,249	57,558
Marketable debt securities	8,273	6,634
Other financial assets	3,049	2,269
Available-for-sale financial assets	11,322	8,903
Financial assets measured at fair value through profit or loss[2]	203	97
Liabilities		
Trade payables	10,548	10,178
Financing liabilities[3]	100,879	86,404
Other financial liabilities[4]	8,860	7,946
Financial liabilities measured at (amortized) cost	120,287	104,528
Financial liabilities measured at fair value through profit or loss	263	359

The table above does not include cash and cash equivalents or the carrying amounts of derivative financial instruments used in hedge accounting as these financial instruments are not assigned to an IAS 39 measurement category.

1 This does not include lease receivables of €18,158 million as of December 31, 2015 (2014: €15,080 million) as these are not assigned to an IAS 39 measurement category.
2 Financial instruments classified as held for trading purposes. These figures comprise financial instruments that are not used in hedge accounting.
3 This does not include liabilities from finance leases of €263 million as of December 31, 2015 (2014: €285 million) as these are not assigned to an IAS 39 measurement category.
4 This does not include liabilities from financial guarantees of €117 million as of December 31, 2015 (2014: €84 million) as these are not assigned to an IAS 39 measurement category.

E.74

Net gains/losses

	2015	2014
In millions of euros		
Financial assets and liabilities recognized at fair value through profit or loss[1]	197	-578
Available-for-sale financial assets	130	235
Loans and receivables	-313	-210
Financial liabilities measured at (amortized) cost	103	124

1 Financial instruments classified as held for trading; these amounts relate to financial instruments that are not used in hedge accounting.

E.75
Total interest income and total interest expense

In millions of euros	2015	2014
Total interest income	3,791	3,089
Total interest expense	-1,799	-1,666

E.76
Fair values of hedging instruments

	At December 31, 2015	2014
In millions of euros		
Fair value hedges	498	535
Cash flow hedges	-2,255	-1,527
Hedges of net investments in foreign operations	–	-29

E.77
Net gains/losses from fair value hedges

In millions of euros	2015	2014
Net gains/losses from hedging instruments	-69	553
Net gains/losses from underlying transactions	65	-552

E.78
Unrealized gains/losses from cash flow hedges

In millions of euros	2015	2014
Unrealized gains/losses	-3,770	-2,433

E.79
Reclassifications of pre-tax gains/losses from equity to the statement of income

In millions of euros	2015	2014
Revenue	-2,755	340
Cost of sales	-99	-90
Interest income	–	–
Interest expense	-3	-2
	-2,857	248

Total interest income and total interest expense

Total interest income and total interest expense for financial assets or financial liabilities that are not measured at fair value through profit or loss are shown in table ↗ E.75.

See Note 1 for qualitative descriptions of accounting for financial instruments (including derivative financial instruments).

Information on derivative financial instruments

Use of derivatives

The Group uses derivative financial instruments exclusively for hedging financial risks that arise from its commercial business or refinancing activities. These are mainly interest rate risks, currency risks and commodity price risks. For these hedging purposes, the Group mainly uses currency forward transactions, cross currency interest rate swaps, interest rate swaps, options and commodity forwards.

Fair values of hedging instruments

Table ↗ E.76 shows the fair values of hedging instruments at the end of the reporting period.

Fair value hedges

The Group uses fair value hedges primarily for hedging interest rate risks.

Net gains and losses from these hedging instruments and the changes in the value of the underlying transactions are shown in table ↗ E.77.

Cash flow hedges

The Group uses cash flow hedges for hedging currency risks, interest rate risks and commodity price risks.

Unrealized pre-tax gains and losses on the measurement of derivatives, which are recognized in other comprehensive income, are shown in table ↗ E.78.

Table ↗ E.79 provides an overview of the reclassifications of pre-tax gains/losses from equity to the statement of income for the period.

Net profit for 2015 includes net losses (before income taxes) of €9 million (2014: €17 million) attributable to the ineffectiveness of derivative financial instruments entered into for hedging purposes (hedge-ineffectiveness).

In 2015, the discontinuation of cash flow hedges as a result of non-realizable hedged items resulted in losses of €21 million (2014: €6 million).

The maturities of the interest rate hedges and cross currency interest rate hedges as well as of the commodity hedges correspond with those of the underlying transactions. The realization of the underlying transactions of the cash flow hedges is expected to correspond with the maturities of the hedging transactions shown in table ↗ E.80. As of December 31, 2015, Daimler utilized derivative instruments with a maximum maturity of 51 months (2014: 36 months) as hedges for currency risks arising from future transactions.

Hedges of net investments in foreign operations
Daimler also partially hedges the foreign currency risk of selected investments with the application of derivative financial instruments.

Nominal values of derivative financial instruments
Table ↗ E.80 shows the nominal values of derivative financial instruments entered into for the purpose of hedging currency risks, interest rate risks and commodity price risks that arise from the Group's operating and/or financing activities.

Hedging transactions for which the effects from the measurement of the hedging instrument and the underlying transaction to a large extent offset each other in the consolidated statement of income mostly not classify for hedge accounting.

Even if derivative financial instruments do not or no longer qualify for hedge accounting, these instruments are still hedging financial risks from the operating business. A hedging instrument is terminated when the hedged item no longer exists or is no longer expected to occur.

Explanations of the hedging of exchange rate risks, interest rate risks and commodity price risks can be found in Note 32 in the sub-item finance market risk.

E.80
Nominal values of derivative financial instruments

	At December 31, 2015			At December 31, 2014
	Nominal values	Maturity ≤ 1 year	Maturity > 1 year	Nominal values
In millions of euros				
Hedging of currency risks from receivables/liabilities				
Forward exchange contracts	7,073	7,073	–	5,513
Cross currency interest rate swaps	6,191	1,965	4,226	5,803
thereof cash flow hedges	2,560	850	1,710	2,137
thereof fair value hedges	505	377	128	2,926
Hedging of currency risks from forecasted transactions				
Forward exchange contracts and currency options	51,490	28,078	23,412	41,621
thereof cash flow hedges	49,914	26,533	23,381	39,873
Hedging of currency risks of net investments in foreign operations				
Currency swaps	–	–	–	545
thereof hedging of net investments in foreign operations	–	–	–	545
Hedging of interest rate risks from receivables/liabilities				
Interest rate swaps	39,322	5,318	34,004	31,884
thereof cash flow hedges	3,104	799	2,305	1,647
thereof fair value hedges	29,771	3,490	26,281	27,384
Hedging of commodity price risks from forecasted transactions				
Forward commodity contracts	1,388	605	783	1,460
thereof cash flow hedges	1,231	484	747	1,305
Total nominal values of derivative financial instruments	105,464	43,039	62,425	86,826
thereof cash flow hedges	56,809	28,666	28,143	44,962
thereof fair value hedges	30,276	3,867	26,409	30,310

32. Management of financial risks

General information on financial risks

As a result of its businesses and the global nature of its operations, Daimler is exposed in particular to market risks from changes in foreign currency exchange rates and interest rates, while commodity price risks arise from procurement. An equity price risk results from investments in listed companies (including Nissan, Renault, BAIC Motor and Kamaz). In addition, the Group is exposed to credit risks from its leasing and financing activities and from its operating business (trade receivables). With regard to the leasing and financing activities, credit risks arise from operating lease contracts, finance lease contracts and financing contracts. Furthermore, the Group is exposed to liquidity and country risks relating to its credit and market risks or a deterioration of its operating business or financial market disturbances. If these financial risks materialize, they could adversely affect Daimler's profitability, liquidity and capital resources and financial position.

E.81

Maximum risk positions of financial assets and loan commitments

	see also Note	Maximum risk position 2015	Maximum risk position 2014
In millions of euros			
Liquid assets		**18,209**	16,301
Receivables from financial services	14	**73,514**	61,679
Trade receivables	19	**9,054**	8,634
Derivative financial instruments used in hedge accounting (assets only)	16	**1,363**	1,296
Derivative financial instruments not used in hedge accounting (assets only)	16	**203**	97
Loan commitments	30	**1,931**	1,320
Other receivables and financial assets	16	**2,839**	2,325

Daimler has established internal guidelines for risk controlling procedures and for the use of financial instruments, including a clear segregation of duties with regard to financial activities, settlement, accounting and the related controlling. The guidelines upon which the Group's risk management processes for financial risks are based are designed to identify and analyze these risks throughout the Group, to set appropriate risk limits and controls and to monitor the risks by means of reliable and up-to-date administrative and information systems. The guidelines and systems are regularly reviewed and adjusted to changes in markets and products.

The Group manages and monitors these risks primarily through its operating and financing activities and, if required, through the use of derivative financial instruments. Daimler uses derivative financial instruments exclusively for hedging financial risks that arise from its commercial business or refinancing activities. Without these derivative financial instruments, the Group would be exposed to higher financial risks (additional information on financial instruments and especially on the nominal values of the derivative financial instruments used is included in Note 31). Daimler regularly evaluates its financial risks with due consideration of changes in key economic indicators and up-to-date market information.

Any market sensitive instruments including equity and debt securities that the plan assets hold to finance pension and other post-employment healthcare benefits are not included in the following quantitative and qualitative analysis. See Note 22 for additional information on Daimler's pension and other post-employment benefits.

Credit risk

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt in accordance with the contractual terms. Credit risk encompasses both the direct risk of default and the risk of a deterioration of creditworthiness as well as concentration risks.

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts (without consideration of collateral, if available). Table ↗ **E.81** shows the maximum risk positions.

Liquid assets
Liquid assets consist of cash and cash equivalents and marketable debt securities classified as available-for-sale. With the investment of liquid assets, banks and issuers of securities are selected very carefully and diversified in accordance with a limit system. In the past years, the limit methodology was continuously enhanced to counteract the decline of the creditworthiness of the banking sector in the course of the financial crisis. Additionally, liquid assets are increasingly also held at financial institutions outside Europe with high creditworthiness and as bonds issued by German federal states. Furthermore and due to the current business development, the Group also temporarily holds high levels of liquidity in emerging markets. At the same time, the Group has increased the number of financial institutions with which investments are made. In connection with investment decisions, priority is placed

on the borrower's very high creditworthiness and on balanced risk diversification. The limits and their utilizations are reassessed continuously. In this assessment, Daimler also considers the credit risk assessment of its counterparties by the capital markets. In line with the Group's risk policy, most liquid assets are held in investments with an external rating of "A" or better.

Receivables from financial services
Daimler's financing and leasing activities are primarily focused on supporting the sales of the Group's automotive products. As a consequence of these activities, the Group is exposed to credit risk, which is monitored and managed based on defined standards, guidelines and procedures. Daimler Financial Services manages its credit risk irrespective of whether it is related to a financing contract or to an operating lease or a finance lease contract. For this reason, statements concerning the credit risk of Daimler Financial Services refer to the entire financing and leasing business, unless specified otherwise.

Exposure to credit risk from financing and lease activities is monitored based on the portfolio subject to credit risk. The portfolio subject to credit risk is an internal control quantity that consists of wholesale and retail receivables from financial services and the portion of the operating lease portfolio that is subject to credit risk. Receivables from financial services comprise claims arising from finance lease contracts and repayment claims from financing loans. The operating lease portfolio is reported under equipment on operating leases in the Group's consolidated financial statements. Overdue lease payments from operating lease contracts are recognized in trade receivables.

In addition, the Daimler Financial Services segment is exposed to credit risk from irrevocable loan commitments to retailers and end customers. At December 31, 2015, irrevocable loan commitments of Daimler Financial Services amounted to €1,913 million (2014: €1,306 million), of which €1,186 million had a maturity of less than one year (2014: €772 million), €378 million had maturities between one and three years (2014: €249 million), €228 million had maturities between three and four years (2014: €172 million), €92 million had maturities between four and five years (2014: €113 million) and €29 million had maturities later than five years (2014: €0 million).

The Daimler Financial Services segment has guidelines setting the framework for effective risk management at a global as well as at a local level. In particular, these rules deal with minimum requirements for all risk-relevant credit processes, the definition of financing products offered, the evaluation of customer quality, requests for collateral as well as the treatment of unsecured loans and non-performing claims. The limitation of concentration risks is implemented primarily by means of global limits, which refer to single customer exposures. As of December 31, 2015, exposure to the biggest 15 customers did not exceed 4.8% (2014: 4.0%) of the total portfolio.

With respect to its financing and lease activities, the Group holds collateral for customer transactions. The value of collateral generally depends on the amount of the financed assets. The financed vehicles usually serve as collateral. Furthermore, Daimler Financial Services mitigates the credit risk from financing and lease activities, for example through advance payments from customers.

Scoring systems are applied for the assessment of the default risk of retail and small business customers. Corporate customers are evaluated using internal rating instruments. Both evaluation processes use external credit bureau data if available. The scoring and rating results as well as the availability of security and other risk mitigation instruments, such as advance payments, guarantees and, to a lower extent, residual debt insurances, are essential elements for credit decisions.

Significant loans and leases to corporate customers are tested individually for impairment. An individual loan or lease is considered impaired when there is objective evidence that the Group will be unable to collect all amounts due as specified by the contractual terms. Examples of objective evidence that loans or lease receivables may be impaired include the following factors: significant financial difficulty of the borrower, a rising probability that the borrower will become bankrupt, delinquency in his installment payments, and restructured or renegotiated contracts to avoid immediate default.

Loans and finance lease receivables related to retail or small business customers are grouped into homogeneous pools and collectively assessed for impairment. Impairments are required for example if there are adverse changes in the payment status of the borrowers included in the pool, adverse changes in expected loss frequency and severity, and adverse changes in economic conditions.

Within the framework of testing for impairment, existing collateral is generally given due consideration. In that context, any excess collateral of individual customers is not netted off with insufficient collateral of other customers. The maximum credit risk is limited by the fair value of collateral (e.g. financed vehicles).

If, in connection with contracts, a worsening of payment behavior or other causes of a need for impairment are recognized, collection procedures are initiated by claims management to obtain the overdue payments of the customer, to take possession of the asset financed or leased or, alternatively, to renegotiate the impaired contract. Restructuring policies and practices are based on the indicators or criteria which, in the judgment of local management, indicate that repayment will probably continue and that the total proceeds expected to be derived from the renegotiated contract exceed the expected proceeds to be derived from repossession and remarketing.

The allowance ratio remained at the low level of the previous year.

Further details on receivables from financial services and the balance of the recorded impairments are provided in Note 14.

Trade receivables

Trade receivables are mostly receivables from worldwide sales activities of vehicles and spare parts. The credit risk from trade receivables encompasses the default risk of customers, e.g. dealers and general distribution companies, as well as other corporate and private customers. Daimler manages its credit risk from trade receivables using appropriate IT applications and databases on the basis of internal guidelines which have to be followed globally.

A significant part of the trade receivables from each country's domestic business is secured by various country-specific types of collateral. This collateral includes conditional sales, guarantees and sureties as well as mortgages and cash deposits. In order to prevent the credit risk Daimler assesses the creditworthiness of the counterparties.

For trade receivables from export business, Daimler also evaluates each general distribution company's creditworthiness by means of an internal rating process and its country risk. In this context, the year-end financial statements and other relevant information on the general distribution companies such as payment history are used and assessed.

Depending on the creditworthiness of the general distribution companies, Daimler usually establishes credit limits and limits credit risks with the following types of collateral:

- credit insurances,
- first-class bank guarantees and
- letters of credit.

These procedures are defined in the export credit guidelines, which have Group-wide validity.

Appropriate provisions are recognized for the risks inherent in trade receivables. For this purpose, all receivables are regularly reviewed and impairments are recognized if there is any objective indication of non-performance or other contractual violations. In general, substantial individual receivables and receivables whose realizability is jeopardized are assessed individually. In addition, taking country-specific risks and any collateral into consideration, the other receivables are grouped by similarity of contract and tested for impairment collectively. One important factor for the definition of the impairment to be recognized is the respective country risk.

Further information on trade receivables and the status of impairments recognized is provided in Note 19.

Derivative financial instruments

The Group uses derivative financial instruments exclusively for hedging financial risks that arise from its commercial business or refinancing activities. Daimler manages its credit risk exposure in connection with derivative financial instruments through a limit system, which is based on the review of each counterparty's financial strength. This system limits and diversifies the credit risk. As a result, Daimler is exposed to credit risk only to a small extent with respect to its derivative financial instruments. In accordance with the Group's risk policy, most derivatives are contracted with counterparties which have an external rating of "A" or better.

Other receivables and financial assets

With respect to other receivables and financial assets in 2015 and 2014, Daimler is exposed to credit risk only to a small extent.

Liquidity risk

Liquidity risk comprises the risk that a company cannot meet its financial obligations in full.

Daimler manages its liquidity by holding adequate volumes of liquid assets and by maintaining syndicated credit facilities in addition to the cash inflows generated by its operating business. Additionally, the possibility to securitize receivables of financial services business (ABS transactions) also reduces the Group's liquidity risk. Liquid assets comprise cash and cash equivalents as well as debt instruments classified as held for sale. The Group can dispose of these liquid assets at short notice.

In general, Daimler makes use of a broad spectrum of financial instruments to cover its funding requirements. Depending on funding requirements and market conditions, Daimler issues commercial paper, bonds and financial instruments secured by receivables in various currencies. In 2015, Daimler had very good access to the money and capital markets. Bank credit lines are also used to cover financing requirements. These credit lines include a syndicated €9.0 billion credit facility of Daimler AG with five year tenor and two extension options of one year each which was signed with a syndicate of international banks in September 2013. In 2014, Daimler had exercised the option to extend the credit line by a further year until 2019. In 2015, Daimler exercised the second extension option to extend the credit line by a further year until 2020. This syndicated facility can be used to finance general corporate purposes and serves as a back-up for commercial paper drawings. At December 31, 2015, this facility had not been utilized. Potential downgrades of Daimler's credit ratings could have a negative impact on the Group's financing.

In addition, customer deposits at Mercedes-Benz Bank are used as a further source of refinancing.

The funds raised are used to finance working capital and capital expenditure as well as the cash needs of the lease and financing business and unexpected liquidity needs. In accordance with internal guidelines, the refunding of the lease and financing business is generally carried out with matching maturities so that financing liabilities have the same maturity profile as the leased assets and the receivables from financial services.

At December 31, 2015, liquidity amounted to €18.2 billion (2014: €16.3 billion). In 2015, significant cash inflows resulted from the positive contributions to earnings by the automotive segments. Cash outflows mainly resulted from the portfolio growth of the leasing and sales financing activities of Daimler Financial Services, as well as from the increased investment offensive. Furthermore, cash outflows resulted from the unscheduled contributions to the German and US pension plan assets (see Note 22), as well as from the purchase of the digital map business HERE, which took place in December 2015.

From an operating point of view, the management of the Group's liquidity exposures is centralized by a daily cash pooling process. This process enables Daimler to manage its liquidity surplus and liquidity requirements according to the actual needs of the Group and each subsidiary. The Group's short-term and mid-term liquidity management takes into account the maturities of financial assets and financial liabilities and estimates of cash flows from the operating business.

Table ↗ E.82 provides an overview of how the future liquidity situation of the Group is affected by the cash flows from liabilities and financial guarantees as of December 31, 2015.

Information on the Group's financing liabilities is also provided in Note 24.

Country risk

Country risk is the risk of economic loss arising from changes of political, economic, legal or social conditions in the respective country, e.g. resulting from sovereign measures such as expropriation or interdiction of foreign currency transfers.

Daimler is exposed to country risk mainly resulting from cross-border funding of Group companies and customers as well as cross-border capital investments at Group companies and joint ventures. Additionally, country risk also arises from cross-border investments of liquid assets with financial institutions.

Daimler manages these risks via country exposure limits (e.g. for export credits or for hard currency portfolios of financial services entities) and via insurance of equity investments in high-risk countries. An internal rating system serves as a basis for Daimler's risk-oriented country exposure management; it assigns all countries to risk classes, with consideration of external ratings and capital market indications of country risks.

E.82

Liquidity runoff for liabilities and financial guarantees[1]

	Total	2016	2017	2018	2019	2020	≥ 2021
In millions of euros							
Financing liabilities[2]	107,527	43,638	24,067	15,551	5,759	8,176	10,336
Derivative financial instruments[3]	4,552	2,742	1,099	329	233	119	30
Trade payables[4]	10,548	10,517	2	29	–	–	–
Miscellaneous other financial liabilities excluding accrued interest	8,182	6,336	604	524	314	102	302
Irrevocable loan commitments of the Daimler Financial Services segment and of Daimler AG[5]	1,931	1,203	–	379	228	92	29
Financial guarantees[6]	1,033	1,033	–	–	–	–	–
	133,773	65,469	25,772	16,812	6,534	8,489	10,697

1 The amounts were calculated as follows:
(a) If the counterparty can request payment at different dates, the liability is included on the basis of the earliest date on which Daimler can be required to pay. The customer deposits of Mercedes-Benz Bank are mostly considered in this analysis to mature within the first year.
(b) The cash flows of floating interest financial instruments are estimated on the basis of forward rates.
2 The stated cash flows of financing liabilities consist of their undiscounted principal and interest payments.
3 The undiscounted sum of the net cash outflows of the derivative financial instruments is shown for the respective year. For individual periods, this may also include negative cash flows from derivatives with an overall positive fair value.
4 The cash outflows of trade payables are undiscounted.
5 The maximum available amounts are stated.
6 The maximum potential obligations under the issued guarantees are stated. It is assumed that the amounts are due within the first year.

Finance market risks

The global nature of its businesses exposes Daimler to significant market risks resulting from fluctuations in foreign currency exchange rates and interest rates. In addition, the Group is exposed to market risks in terms of commodity price risk associated with its business operations, which the Group hedges partially through derivative financial instruments. The Group is also exposed to equity price risk in connection with its investments in listed companies (including Nissan, Renault, BAIC Motor and Kamaz). If these market risks materialize, they will adversely affect the Group's profitability, liquidity and capital resources and financial position.

Daimler manages market risks to minimize the impact of fluctuations in foreign exchange rates, interest rates and commodity prices on the results of the Group and its segments. The Group calculates its overall exposure to these market risks to provide the basis for hedging decisions, which include the selection of hedging instruments and the determination of hedging volumes and the corresponding periods. Decisions regarding the management of market risks resulting from fluctuations in foreign exchange rates, interest rates (asset-/liability management) and commodity prices are regularly made by the relevant Daimler risk management committees.

As part of its risk management system, Daimler employs value at risk. In performing these analyses, Daimler quantifies its market risk exposure to changes in foreign currency exchange rates and interest rates on a regular basis by predicting the potential loss over a target time horizon (holding period) and confidence level.

The value at risk calculations employed:

- express potential losses in fair values, and
- assume a 99% confidence level and a holding period of five days.

Daimler calculates the value at risk for exchange rate and interest rate risk according to the variance-covariance approach. The value at risk calculation method for commodity hedging instruments is based on a Monte Carlo simulation.

When calculating the value at risk by using the variance-covariance approach, Daimler first computes the current market value of the Group's financial instruments portfolio. Then the sensitivity of the portfolio value to changes in the relevant market risk factors, such as particular foreign currency exchange rates or interest rates of specific maturities, is quantified. Based on expected volatilities and correlations of these market risk factors, which are obtained from the RiskMetrics™ dataset, a statistical distribution of potential changes in the portfolio value at the end of the holding period is computed. The loss which is reached or exceeded with a probability of only 1% can be derived from this calculation and represents the value at risk.

The Monte Carlo simulation uses random numbers to generate possible changes in market risk factors consistent with current market volatilities. The changes in market risk factors allow the calculation of a possible change in the portfolio value over the holding period. Running multiple iterations of this simulation leads to a distribution of portfolio value changes. The value at risk can be determined based on this distribution as the portfolio value loss which is reached or exceeded with a probability of 1%.

Oriented towards the risk management standards of the international banking industry, Daimler maintains its financial controlling unit independent of operating Corporate Treasury and with a separate reporting line.

Exchange rate risk

Transaction risk and currency risk management. The global nature of Daimler's businesses exposes cash flows and earnings to risks arising from fluctuations in exchange rates. These risks primarily relate to fluctuations between the euro and the US dollar, the Chinese renminbi, and the British pound.

In the operating vehicle business, the Group's exchange rate risk primarily arises when revenue is generated in a currency that is different from the currency in which the costs of generating the revenue are incurred (transaction risk). When the revenue is converted into the currency in which the costs are incurred, it may be inadequate to cover the costs if the value of the currency in which the revenue is generated declined in the interim relative to the value of the currency in which the costs were incurred. This risk exposure primarily affects the Mercedes-Benz Cars segment, which generates a major portion of its revenue in foreign currencies and incurs manufacturing costs primarily in euros. The Daimler Trucks segment is also subject to transaction risk, but to a lesser extent because of its global production network. The Mercedes-Benz Vans and Daimler Buses segments are also directly exposed to transaction risk, but only to a minor degree compared to the Mercedes-Benz Cars and Daimler Trucks segments. In addition, the Group is indirectly exposed to transaction risk from its equity-method investments.

Cash inflows and outflows of the business segments are offset if they are denominated in the same currency. This means that the exchange rate risk resulting from revenue generated in a particular currency can be offset by costs in the same currency, even if the revenue arises from a transaction independent of that in which the costs are incurred. As a result, only the net exposure is subject to transaction risk. In addition, natural hedging opportunities exist to the extent that currency exposures of the operating businesses of individual segments offset each other partially at Group level, thereby reducing overall currency exposure. These natural hedges eliminate the need for hedging to the extent of the matched exposures.
To provide an additional natural hedge against any remaining transaction risk exposure, Daimler generally strives to increase cash outflows in the same currencies in which the Group has a net excess inflow.

In order to mitigate the impact of currency exchange rate fluctuations for the operating business (future transactions), Daimler continually assesses its exposure to exchange rate risks and hedges a portion of those risks by using derivative financial instruments. Daimler's Foreign Exchange Committee (FXCo) manages the Group's exchange rate risk and its hedging transactions through currency derivatives. The FXCo consists of representatives of the relevant segments and central functions. The Corporate Treasury department aggregates foreign currency exposures from Daimler's subsidiaries and operative units and carries out the FXCo's decisions concerning foreign currency hedging through transactions with international financial institutions. Risk Controlling regularly informs the Board of Management of the actions taken by Corporate Treasury based on the FXCo's decisions.

The Group's targeted hedge ratios for forecasted operating cash flows in foreign currency are indicated by a reference model. On the one hand, the hedging horizon is naturally limited by uncertainty related to cash flows that lie far in the future; on the other hand, it may also be limited by the fact that appropriate currency contracts are not available. This reference model aims to protect the Group from unfavorable movements in exchange rates while preserving some flexibility to participate in favorable developments. Based on this reference model and depending on the market outlook, the FXCo determines the hedging horizon, which usually varies from one to five years, as well as the average hedge ratios. Reflecting the character of the underlying risks, the hedge ratios decrease with increasing maturities. At year-end 2015, foreign exchange management showed an unhedged position in the automotive business for the underlying forecasted cash flows in US dollars in calendar year 2016 of 20%, for the underlying forecasted cash flows in Chinese renminbi in calendar year 2016 of 22%, as well as for the underlying forecasted cash flows in British pounds in calendar year 2016 of 29%.

The hedged position of the operating vehicle businesses is influenced by the amount of derivative currency contracts held. The derivative financial instruments used to cover foreign currency exposure are primarily forward foreign exchange contracts and currency options. Daimler's guidelines call for a mixture of these instruments depending on the assessment of market conditions. Value at risk is used to measure the exchange rate risk inherent in these derivative financial instruments.

Table ↗ **E.83** shows the period-end, high, low and average value at risk figures of the exchange rate risk for the 2015 and 2014 portfolios of derivative financial instruments, which were entered into primarily in connection with the operative vehicle businesses. Average exposure has been computed on an end-of-quarter basis. The offsetting transactions underlying the derivative financial instruments are not included in the following value at risk presentation. See also table ↗ **E.80** for the nominal volumes on the balance sheet date of derivative currency instruments entered into to hedge the currency risk from forecasted transactions.

In 2015, the development of the value at risk from foreign currency hedging was mainly driven by changes in the nominal volume and by the increased foreign currency volatilities.

The Group's investments in liquid assets or refinancing activities generally are not allowed to result in currency risk. Transaction risks arising from liquid assets or payables in foreign currencies that result from the Group's investment or refinancing on money and capital markets are generally hedged against currency risks at the time of investing or refinancing in accordance with Daimler's internal guidelines. The Group uses appropriate derivative financial instruments (e.g. cross currency interest rate swaps) to hedge against currency risk.

Since currency risks arising from the Group's investment or refinancing in foreign currencies and the respective hedging transactions principally offset each other, these financial instruments are not included in the value at risk calculation presented.

Effects of currency translation. For purposes of Daimler's consolidated financial statements, the income and expenses and the assets and liabilities of subsidiaries located outside the euro zone are converted into euros. Therefore, period-to-period changes in average exchange rates may cause translation effects that have a significant impact on, for example, revenue, segment results (EBIT) and assets and liabilities of the Group. Unlike exchange rate transaction risk, exchange rate translation risk does not necessarily affect future cash flows. The Group's equity position reflects changes in book values caused by exchange rates. In general, Daimler does not hedge against exchange rate translation risk.

Interest rate risk
Daimler uses a variety of interest rate sensitive financial instruments to manage the liquidity needs of its day-to-day operations. A substantial volume of interest rate sensitive assets and liabilities results from the leasing and sales financing business operated by the Daimler Financial Services segment. The Daimler Financial Services companies enter into transactions with customers that primarily result in fixed-rate receivables. Daimler's general policy is to match funding in terms of maturities and interest rates wherever economically feasible. However, for a limited portion of the receivables portfolio in selected and developed markets, the Group does not match funding in terms of maturities in order to take advantage of market opportunities. As a result, Daimler is exposed to risks due to changes in interest rates. In this regard, the Group is not exposed to any liquidity risks.

An asset/liability committee consisting of members of the Daimler Financial Services segment and the Corporate Treasury department manages the interest rate risk relating to Daimler's leasing and financing activities by setting targets for the interest rate risk position. The Treasury Risk Management department and the local Daimler Financial Services companies are jointly responsible for achieving these targets. As separate functions, the Daimler Financial Services Risk Management and the Daimler Financial Services Controlling & Reporting department monitors target achievement on a monthly basis. In order to achieve the targeted interest rate risk positions in terms of maturities and interest rate fixing periods, Daimler also uses derivative financial instruments such as interest rate swaps. Daimler assesses its interest rate risk position by comparing assets and liabilities for corresponding maturities, including the impact of the relevant derivative financial instruments.

Derivative financial instruments are also used in conjunction with the refinancing related to the industrial business. Daimler coordinates the funding activities of the industrial and financial services businesses at the Group level.

Table ↗ **E.83** shows the period-end, high, low and average value at risk figures of the interest rate risk for the 2015 and 2014 portfolio of interest rate sensitive financial instruments and derivative financial instruments of the Group, including the financial instruments of the leasing and sales financing business. In this respect, the table shows the interest rate risk regarding the unhedged position of interest rate sensitive financial instruments. The average values have been computed on an end-of-quarter basis.

In the course of 2015, changes of the value at risk for interest rate sensitive financial instruments were primarily determined by the development of interest rate volatilities.

Commodity price risk
Daimler is exposed to the risk of changes in commodity prices in connection with procuring raw materials and manufacturing supplies used in production. A small portion of the raw material price risk, primarily relating to forecasted procurement of certain metals, is mitigated with the use of derivative financial instruments.

For precious metals, central commodity management shows an unhedged position of 23% of the forecasted commodity purchases at year-end 2015 for calendar year 2016. The corresponding figure at year-end 2014 was 32% for calendar year 2015.

Table ↗ **E.83** shows the period-end, high, low and average value at risk figures of the commodity price risk for the 2015 and 2014 portfolio of derivative financial instruments used to hedge raw material price risk. Average exposure has been computed on an end-of-quarter basis. The transactions underlying the derivative financial instruments are not included in the value at risk presentation. See also table ↗ **E.80** for the nominal values of derivative commodity price hedges at the balance sheet date.

Compared to the previous year, the value at risk of commodity derivatives has increased. The main reasons for this development were rising volatilities for platinum and an increase in the nominal hedge volume for palladium and aluminum.

Equity price risk
Daimler predominantly holds investments in shares of companies which are classified as long-term investments, such as Nissan or Renault, or which are accounted for using the equity method, such as BAIC Motor or Kamaz. Therefore, the Group does not include these investments in a market risk assessment.

E.83
Value at risk for exchange rate risk, interest rate risk and commodity price risk

				2015				2014
	Period-end	High	Low	Average	Period-end	High	Low	Average
In millions of euros								
Exchange rate risk (from derivative financial instruments)	**1,209**	**1,680**	**1,209**	**1,543**	731	731	370	494
Interest rate risk	**54**	**69**	**46**	**56**	36	39	30	36
Commodity price risk (from derivative financial instruments)	**54**	**63**	**37**	**49**	38	38	25	32

33. Segment reporting

Reportable segments
The reportable segments of the Group are Mercedes-Benz Cars, Daimler Trucks, Mercedes-Benz Vans, Daimler Buses and Daimler Financial Services. The segments are largely organized and managed separately according to nature of products and services provided, brands, distribution channels and profile of customers.

The vehicle segments develop and manufacture passenger cars, trucks, vans and buses. The Mercedes-Benz Cars segment comprises premium vehicles of the Mercedes-Benz brand and small cars under the smart brand, as well as the service brand Mercedes me. Daimler Trucks distributes its trucks under the brand names Mercedes-Benz, Freightliner, FUSO, Western Star, Thomas Built Buses and BharatBenz. The vans of the Mercedes-Benz Vans segment are primarily sold under the brand name Mercedes-Benz and also under the Freightliner brand. Daimler Buses sells completely built-up buses under the brand names Mercedes-Benz and Setra. In addition, Daimler Buses produces and sells bus chassis. The vehicle segments also sell related spare parts and accessories.

The Daimler Financial Services segment supports the sales of the Group's vehicle segments worldwide. Its product portfolio mainly comprises tailored financing and leasing packages for customers and dealers. The segment also provides services such as fleet management, the brokering of automotive insurance, banking services and various innovative mobility services (under the brands moovel and car2go).

Management and reporting system
The Group's management reporting and controlling systems principally use accounting policies that are the same as those described in Note 1 in the summary of significant accounting policies according to IFRS.

The Group measures the performance of its operating segments through a measure of segment profit or loss which is referred to as "EBIT" in our management and reporting system.

EBIT comprises gross profit, selling and general administrative expenses, research and non-capitalized development costs, other operating income/expense, and our share of profit/loss from equity-method investments, net, as well as other financial income/expense, net. Although amortization of capitalized borrowing costs is included in cost of sales, it is not included in EBIT.

Intersegment revenue is generally recorded at values that approximate third-party selling prices.

Segment assets principally comprise all assets. The industrial business segments' assets exclude income tax assets, assets from defined benefit pension plans and other post-employment benefit plans, and certain financial assets (including liquidity).

Segment liabilities principally comprise all liabilities. The industrial business segments' liabilities exclude income tax liabilities, liabilities from defined benefit pension plans and other post-employment benefit plans, and certain financial liabilities (including financing liabilities).

Daimler Financial Services' performance is measured on the basis of return on equity, which is the usual procedure in the banking business.

The residual value risks associated with the Group's operating leases and finance lease receivables are generally borne by the vehicle segments that manufactured the leased equipment. Risk sharing is based on agreements between the respective vehicle segments and Daimler Financial Services; the terms vary by vehicle segment and geographic region.

Non-current assets consist of intangible assets, property, plant and equipment and equipment on operating leases.

Capital expenditures for intangible assets and property, plant and equipment reflect the cash effective additions to these property, plant and equipment and intangible assets as far as they do not relate to capitalized borrowing costs, goodwill and finance leases.

Depreciation and amortization may also include impairments as far as they do not relate to goodwill impairment as per IAS 36.

Amortization of capitalized borrowing costs is not included in the amortization of intangible assets or depreciation of property, plant and equipment since it is not considered as part of EBIT.

Reconciliation
Reconciliation includes corporate items for which headquarters are responsible. Transactions between the segments are eliminated in the context of consolidation and the eliminated amounts are included in the reconciliation.

The effects of certain legal proceedings are excluded from the operative results and liabilities of the segments if such items are not indicative of the segments' performance, since their related results of operations may be distorted by the amount and the irregular nature of such events. This may also be the case for items that refer to more than one reportable segment.

Reconciliation also includes corporate projects, profits and losses on derivative financial transactions allocated to headquarters and equity interests not allocated to the segments. If the Group hedges investments in associated companies for strategic reasons, the related financial assets and earnings effects are generally not allocated to the segments.

Information related to geographic areas
With respect to information about geographical regions, revenue is allocated to countries based on the location of the customer; non-current assets are presented according to the physical location of these assets.

Table ↗ **E.84** presents segment information as of and for the years ended December 31, 2015 and 2014.

E.84
Segment information

	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Financial Services	Total Segments	Reconciliation	Daimler Group
In millions of euros								
2015								
External revenue	80,956	35,613	11,129	4,046	17,723	149,467	–	149,467
Intersegment revenue	2,853	1,965	344	67	1,239	6,468	-6,468	–
Total revenue	83,809	37,578	11,473	4,113	18,962	155,935	-6,468	149,467
Segment profit (EBIT)	7,926	2,576	880	214	1,619	13,215	-29	13,186
thereof profit/loss from equity-method investments	428	-16	-14	2	-10	390	74	464
thereof expenses from compounding of provisions and changes in discount rates	13	-15	-7	-3	-4	-16	-4	-20
Segment assets	58,965	21,290	6,311	3,562	123,863	213,991	3,175	217,166
thereof carrying amounts of equity method investments	2,142	578	109	9	23	2,861	772	3,633
Segment liabilities	39,173	13,653	5,038	2,833	113,991	174,688	-12,146	162,542
Additions to non-current assets	12,556	2,242	1,194	509	12,312	28,813	5	28,818
thereof investments in intangible assets	1,815	67	288	16	75	2,261	–	2,261
thereof investments in property, plant and equipment	3,629	1,110	202	104	30	5,075	–	5,075
Depreciation and amortization of non-current assets	4,850	1,559	481	251	4,182	11,323	17	11,340
thereof amortization of intangible assets	1,122	285	106	14	53	1,580	–	1,580
thereof depreciation of property, plant and equipment	2,677	847	184	79	16	3,803	1	3,804

Mercedes-Benz Cars
In 2015, in Mercedes-Benz Cars segment, the restructuring of the own dealer network had an effect of €-64 million (2014: €-81 million). In 2015, the optimization programs led to a cash inflow of €180 million (2014: €-5 million) (see also Note 5). The division's earnings also include expenses of €300 million from a recall in connection with Takata airbags as well as expenses of €121 million for public-sector levies of prior periods. Furthermore, Mercedes-Benz Cars segment had an effect of €87 million from the sale of property in USA.

Daimler Trucks
In January 2013, Daimler Trucks decided on workforce adjustments in Germany and Brazil, which were continued in 2015. Expenses recorded in this regard and for the restructuring of the own dealer network amounted to €105 million in 2015 (2014: €165 million). In 2015, the optimization programs led to a cash outflow of €64 million (2014: €170 million) (see also Note 5). Further expenses of €61 million resulted from the sale of the investment in Atlantis Foundries (Pty.) Ltd.

Mercedes-Benz Vans
In 2015, expenses of €40 million from a recall in connection with Takata airbags had a negative effect on earnings. Furthermore, expenses from the restructuring of the own dealer network affected Mercedes-Benz Vans by an amount of €29 million (2014: €17 million).

Daimler Buses
In 2015, expenses from the restructuring of the Group's dealer network impacted Daimler Buses in 2015 with an amount of €4 million (see also Note 5). The prior-year amount of €14 million additionally included expenses for the measures described under Daimler Trucks. Furthermore, income of €16 million resulted from the sale of the investment in New MCI Holdings Inc.

Daimler Financial Services
The interest income and interest expenses of Daimler Financial Services are included in revenue and cost of sales, and are presented in Notes 4 and 5.

	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Financial Services	Total Segments	Reconciliation	Daimler Group
In millions of euros								
2014								
External revenue	70,899	30,302	9,601	4,155	14,915	129,872	–	129,872
Intersegment revenue	2,685	2,087	367	63	1,076	6,278	-6,278	–
Total revenue	73,584	32,389	9,968	4,218	15,991	136,150	-6,278	129,872
Segment profit (EBIT)	5,853	1,878	682	197	1,387	9,997	755	10,752
thereof profit/loss from equity-method investments	103	-1	63	1	-15	151	746	897
thereof expenses from compounding of provisions and changes in discount rates	-247	-70	-20	-11	-4	-352	-1	-353
Segment assets	51,950	20,181	5,895	3,562	105,454	187,042	2,593	189,635
thereof carrying amounts of equity method investments	936	545	97	8	30	1,616	678	2,294
Segment liabilities	34,811	12,131	4,349	2,622	97,837	151,750	-6,699	145,051
Additions to non-current assets	10,949	1,896	1,004	507	9,899	24,255	10	24,265
thereof investments in intangible assets	1,238	77	115	13	20	1,463	–	1,463
thereof investments in property, plant and equipment	3,621	788	304	105	23	4,841	3	4,844
Depreciation and amortization of non-current assets[1]	4,562	1,435	452	225	3,368	10,042	15	10,057
thereof amortization of intangible assets	1,086	284	93	15	20	1,498	–	1,498
thereof depreciation of property, plant and equipment[1]	2,446	766	197	75	14	3,498	3	3,501

1 Includes impairments of property, plant and equipment of €93 million from the sale of selected sites of the Group's sales network, of which €64 million relates to Mercedes-Benz Cars, €13 million to Daimler Trucks, €14 million to Mercedes-Benz Vans and €2 million to Daimler Buses.

E.85
Reconciliation to Group figures

	2015	2014
In millions of euros		
Total of segments' profit (EBIT)	13,215	9,997
Result from the disposal of the investment in RRPSH	–	1,006
Equity-method investments		
Remeasurement of the investment in Tesla	–	718
Other income from equity-method investments[1]	74	28
Other corporate items	-153	-1,039
Eliminations	50	42
Group EBIT	13,186	10,752
Amortization of capitalized borrowing costs[2]	-10	-9
Interest income	170	145
Interest expense	-602	-715
Profit before income taxes	12,744	10,173
Total of segments' assets	213,991	187,042
Carrying amount of equity-method investments[3]	772	678
Income tax assets[4]	3,338	4,028
Unallocated financial assets (including liquidity) and assets from pensions and similar obligations[4]	16,110	13,886
Other corporate items and eliminations	-17,045	-15,999
Group assets	217,166	189,635
Total of segments' liabilities	174,688	151,750
Income tax liabilities[4]	283	47
Unallocated financial liabilities and liabilities from pensions and similar obligations[4]	5,672	9,661
Other corporate items and eliminations	-18,101	-16,407
Group liabilities	162,542	145,051

1 Mainly comprises the Group's proportionate share of profits and losses of BAIC Motor.
2 Amortization of capitalized borrowing costs is not considered in the internal performance measure "EBIT" but is included in cost of sales.
3 Mainly comprises the carrying amount of the investment in BAIC Motor.
4 Industrial business.

Reconciliations

Reconciliations of the total segment amounts to the respective items included in the consolidated financial statements are shown in table ↗ **E.85**.

In 2014, the line item *other corporate items* comprises expenses of €600 million in connection with the ongoing EU Commission antitrust proceedings concerning European commercial vehicle manufacturers as well as further expenses in connection with legal proceedings. This line item also includes expenses of €212 million from the hedging of the Tesla share price and income of €88 million from the sale of the Tesla shares, as well as expenses of €118 million from the measurement of the RRPSH put option.

Revenue and non-current assets by region

Revenue from external customers and non-current assets by region are shown in table ↗ **E.86**.

E.86
Revenue and non-current assets by region

	Revenue 2015	Revenue 2014	Non-current assets 2015	Non-current assets 2014
In millions of euros				
Western Europe	49,570	43,722	44,025	40,519
thereof Germany	22,001	20,449	34,981	32,882
NAFTA	47,653	38,025	24,105	20,238
thereof United States	41,920	33,310	21,878	18,161
Asia	33,744	29,446	2,161	1,859
thereof China	14,684	13,294	100	79
Other markets	18,500	18,679	3,042	2,983
	149,467	129,872	73,333	65,599

34. Capital management

"Net assets" and "value added" represent the basis for capital management at Daimler. The assets and liabilities of the segments in accordance with IFRS provide the basis for the determination of net assets at Group level. The industrial segments are accountable for the operational net assets; all assets, liabilities and provisions which they are responsible for in day-to-day operations are therefore allocated to them. Performance measurement at Daimler Financial Services is on an equity basis, in line with the usual practice in the banking business. Net assets at Group level additionally include assets and liabilities from income taxes as well as other corporate items and eliminations.

The average annual net assets are calculated from the average quarterly net assets. The average quarterly net assets are calculated as an average of the net assets at the beginning and the end of the quarter and are shown in table ↗ E.87.

The cost of capital of the Group's average net assets is reflected in value added. Value added shows the extent to which the Group achieves or exceeds the minimum return requirements of the shareholders and creditors, thus creating additional value. The required rate of return on net assets, and thus the cost of capital, are derived from the minimum rates of return that investors expect on their invested capital. The Group's cost of capital comprises the cost of equity as well as the costs of debt and pension obligations of the industrial business; in addition, the expected returns on liquidity and on the plan assets of the pension funds of the industrial business are considered with the opposite sign. In the reporting period, the cost of capital used for our internal capital management amounted to 8% after taxes.

The objective of capital management is to increase value added among other things by optimizing the cost of capital. This is achieved on the one hand by the management of the net assets, for instance by optimizing working capital, which is within the operational responsibility of the segments. In addition, taking into account legal regulations, Daimler strives to optimize the costs and risks of its capital structure and, consequently, the cost of capital, with due consideration of applicable law. Examples of this include a balanced relationship between equity and financial liabilities as well as an appropriate level of liquidity, oriented towards the operational requirements.

35. Earnings per share

The calculation of basic and diluted earnings per share is based on net profit attributable to shareholders of Daimler AG. Following the expiration of the stock option plan in 2014, dilutive effects no longer exist. The profit attributable to shareholders of Daimler AG (basic and diluted) amounts to €8,424 million (2014: €6,962 million). The weighted average number of shares outstanding (basic and diluted) amounts to 1,069.8 million (2014: 1,069.8 million).

E.87

Average net assets

	2015	2014
In millions of euros		
Mercedes-Benz Cars	**17,045**	17,114
Daimler Trucks	**7,974**	9,313
Mercedes-Benz Vans	**1,479**	1,742
Daimler Buses	**906**	982
Daimler Financial Services[1]	**8,859**	7,154
Net assets of the segments	**36,263**	36,305
Equity method investments[2]	**770**	618
Assets and liabilities from income taxes[3]	**3,772**	2,700
Other corporate items and eliminations[3]	**839**	1,156
Net assets Daimler Group	**41,644**	40,779

1 Equity
2 Unless allocated to the segments
3 Industrial business

36. Related party relationships

Related parties are deemed to be associated companies, joint ventures, joint operations and unconsolidated subsidiaries, as well as persons who exercise a significant influence on the financial and business policy of the Daimler Group. The latter category includes all persons in key positions and their close family members. At the Daimler Group, those persons are the members of the Board of Management and of the Supervisory Board.

Most of the goods and services supplied within the ordinary course of business between the Group and related parties comprise transactions with associated companies, joint ventures and joint operations, and are shown in table ↗ **E.88**.

Associated companies
A large proportion of the Group's sales of goods and services with associated companies as well as receivables results from business relations with Beijing Benz Automotive Co., Ltd. (BBAC). See Note 13 for further information on BBAC.

Until the sale of the company in 2014, significant transactions of goods and services also took place with Rolls-Royce Power Systems AG (RRPS), which is a subsidiary of RRPSH. Further information on RRPSH is also provided in Note 13.

The purchases of goods and services shown in table ↗ **E.88** were primarily from MBtech Group GmbH & Co. KGaA (MBtech Group). MBtech Group develops, integrates and tests components, systems, modules and vehicles worldwide.

In 2015, the associated company BAIC Motor acquired a 35% interest in the fully consolidated Mercedes-Benz Leasing Co., Ltd. (MBLC) in the context of a capital increase. Daimler continues to be the main shareholder with an interest of 65%.

Joint ventures
Significant sales of goods and services took place with Fujian Benz Automotive Co., Ltd. (FBAC), as well as with Mercedes-Benz Trucks Vostok OOO, a joint venture established with Kamaz PAO, another of the Group's associated companies. The Mercedes-Benz Trucks Vostok (MBTV) and Fuso Kamaz Trucks Rus (FKTR) joint ventures, which had previously operated separately, were merged in 2015 as Mercedes-Benz Trucks Vostok (MBTV). MBTV was renamed into DAIMLER KAMAZ RUS OOO (DK RUS) on January 21, 2016.

In connection with its 45% equity interest in Toll Collect GmbH, Daimler has issued guarantees which are not shown in table ↗ **E.88** (€100 million at December 31, 2015 and at December 31, 2014).

Joint operations
Joint operations primarily relate to significant business transactions with Beijing Mercedes-Benz Sales Service Co., Ltd. (BMBS), which provides advisory and other services relating to marketing, sales and distribution in the Chinese market.

Note 13 provides details of the business operations of the significant associated companies and joint ventures, as well as significant transactions in the years 2015 and 2014.

Contributions to plan assets
In 2015 and 2014, the Group made contributions of €1,902 million and €3,121 million to its external funds to cover pension and other post-employment benefits. See also Note 22 for further information.

E.88
Transactions with related parties

	Sales of goods and services and other income		Purchases of goods and services and other expense		Receivables At December 31,		Payables At December 31,	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
In millions of euros								
Associated companies	**3,192**	2,433	**367**	316	**936**	764	**96**	65
thereof BBAC	**2,922**	2,093	**69**	28	**884**	726	**51**	16
Joint ventures	**497**	646	**91**	134	**158**	195	**8**	6
Joint operations	**31**	25	**281**	221	**47**	44	**35**	22

Board members
Throughout the world, the Group has business relationships with numerous entities that are customers and/or suppliers of the Group. Those customers and/or suppliers include companies that have a connection with some of the members of the Board of Management or of the Supervisory Board and close family members of these board members of Daimler AG or its subsidiaries.

Board of Management and Supervisory Board members and close family members of these board members may also purchase goods and services from Daimler AG or its subsidiaries as customers. When such business relationships exist, transactions are concluded on the basis of customary market conditions.

See Note 37 for information on the remuneration of board members.

37. Remuneration of the members of the Board of Management and the Supervisory Board

Remuneration granted to the members of the Board of Management and the Supervisory Board who were active as of December 31, 2015, affected net profit for the year ended December 31 as shown in table ↗ **E.89**.

Expenses for variable remuneration with long-term incentive effect, as shown in table ↗ **E.89**, result from the ongoing measurement at fair value at each balance sheet date of all rights granted and not yet due under the Performance Phantom Share Plans (PPSP). In 2015, the active members of the Board of Management were granted 147,170 (2014: 153,912) phantom shares in connection with the PPSP; the fair value of these phantom shares at the grant date was €12.3 million (2014: €10.1 million). According to Section 314 Subsection 1 Number 6a of the German Commercial Code (HGB) the overall remuneration granted to the members of the Board of Management, excluding service cost resulting from entitlements to post-employment benefits, amounted to €38.8 million (2014: €29.9 million). See Note 21 for additional information on share-based payment of the members of the Board of Management.

The members of the Supervisory Board are solely granted short-term benefits for their board and committee activities, except for remuneration and other benefits paid to those members representing the employees in accordance with their contracts of employment. No remuneration was paid for services provided personally beyond board and committee activities, in particular for advisory or agency services, in 2015 or 2014.

No advance payments or loans were made to members of the Board of Management or to the members of the Supervisory Board of Daimler AG.

The payments made in 2015 to former members of the Board of Management of Daimler AG and their survivors amounted to €15.5 million (2014: €16.8 million). The pension provisions for former members of the Board of Management and their survivors amounted to €235.2 million as of December 31, 2015 (2014: €263.0 million).

Information regarding the remuneration of the members of the Board of Management and of the Supervisory Board is disclosed on an individual basis in the Remuneration Report, which is part of the Management Report.
Management Report from page 122

E.89
Remuneration of the members of the Board of Management and the Supervisory Board

	2015	2014
In millions of euros		
Remuneration of the Board of Management		
Fixed remuneration	**9.1**	8.2
Short-term variable remuneration	**8.7**	5.8
Mid-term variable remuneration	**8.8**	6.2
Variable remuneration with a long-term incentive effect	**21.1**	20.7
Post-employment benefits (service cost)	**3.5**	2.8
Termination benefits	**–**	–
	51.2	43.7
Remuneration of the Supervisory Board	**3.5**	3.6
	54.7	47.3

38. Principal accountant fees

The shareholders of Daimler AG elected KPMG AG Wirtschaftsprüfungsgesellschaft as the external auditor at the Annual Shareholders' Meeting held on April 1, 2015. Table ↗ **E.90** shows the fees paid for services provided by KPMG AG Wirtschaftsprüfungsgesellschaft and the companies of the worldwide KPMG group.

The annual audit fees are for the audit of the consolidated financial statements and the company financial statements of Daimler AG and the subsidiaries included in the Group's consolidated financial statements.

Fees for other attestation services include in particular the review of the interim IFRS financial statements (2015: €5 million; 2014: €5 million), the audit of the internal control system (2015: €3 million; 2014: €3 million), as well as project-related reviews connected with the annual financial statements and performed in the context of the introduction and further development of IT systems (2015: €6 million; 2014: €5 million).

E.90
Accountant fees

	2015	2014
In millions of euros		
Audit of financial statements	25	24
thereof KPMG AG Wirtschaftsprüfungsgesellschaft	10	10
Other attestation services	16	14
thereof KPMG AG Wirtschaftsprüfungsgesellschaft	12	10
Tax consulting	2	2
thereof KPMG AG Wirtschaftsprüfungsgesellschaft	1	1
Other services	11	4
thereof KPMG AG Wirtschaftsprüfungsgesellschaft	10	4
	54	44

E.91
Third-party companies

Name of the company	Renault SA[2]	Nissan Motor Company Ltd.[3]
Headquarters of the company	Boulogne-Billancourt, France	Tokyo, Japan
Equity interest (in %)[1]	3.1	3.1
Total equity (in millions of euros)[4]	24,476	37,491
Net profit (in millions of euros)[4]	1,890	3,300

1 As of December 31, 2015.
2 Based on IFRS consolidated financial statements for the year ended December 31, 2014.
3 Based on national consolidated financial statements for the year ended March 31, 2015.
4 Excluding non-controlling interests.

39. Additional information

German Corporate Governance Code
The Board of Management and the Supervisory Board of Daimler AG have issued a declaration pursuant to Section 161 of the German Stock Corporation Act (AktG) and have made it permanent available to their shareholders on Daimler's website at http://www.daimler.com/documents/company/corporate-governance/declarations/daimler-declaration-en-12-2015.pdf.

Third-party companies
At December 31, 2015, the Group was a shareholder of the companies included in table ↗ **E.91** that meet the criteria of a significant third-party company as defined by the German Corporate Governance Code

Information on investments
The statement of investments of Daimler AG pursuant to Sections 285 and 313 of the German Commercial Code (HGB) is presented in table ↗ **E.92**. In prior years, for information regarding equity and earnings, values from local financial statements were generally used. As of the financial statements for the year under review, IFRS values are used for fully consolidated companies. The change to IFRS values allows a better comparison of the values. Information on equity and earnings and information on investments pursuant to Section 285 No. 11 fourth part of the Sentence and/or Section 313 Subsection 2 No. 4 Sentence 2 of the HGB is omitted pursuant to Section 286 Subsection 3 Sentence 1 No. 1 and/or Section 313 Subsection 2 No. 4 Sentence 3 of the HGB to the extent that such information is of minor relevance for a fair presentation of the profitability, liquidity and capital resources, and financial position of Daimler AG. In addition, the statement of investments indicates which consolidated companies make use of the exemption pursuant to Section 264 Subsection 3 of the HGB and/or Section 264b of the HGB (footnote 5). The consolidated financial statements of Daimler AG release those subsidiaries from the requirements that would otherwise apply.

E.92

Statement of investments of Daimler AG

Name of the Company	Domicile, Country	Capital share in %[1]	Equity in millions of €	Net income (loss) in millions of €	Footnote
I. Consolidated subsidiaries					
Auto Testing Company, Inc.	Wilmington, USA	100.00	–	–	
AutoGravity Corporation	Wilmington, USA	100.00	–	–	
Banco Mercedes-Benz do Brasil S.A.	São Paulo, Brazil	100.00	337	22	15
Belerofonte Empreendimentos Imobiliários Ltda.	São Paulo, Brazil	100.00	–	–	
Brooklands Estates Management Limited	Milton Keynes, United Kingdom	100.00	–	–	
Campo Largo Comercio de Veículos e Peças Ltda.	São Bernardo do Campo, Brazil	100.00	–	–	
car2go Canada Ltd.	Vancouver, Canada	100.00	4	-13	
car2go China Co., Ltd.	Beijing, China	100.00	–	–	
car2go Danmark A/S	Copenhagen, Denmark	100.00	–	–	
car2go Deutschland GmbH	Leinfelden-Echterdingen, Germany	100.00	6	-17	
car2go Europe GmbH	Leinfelden-Echterdingen, Germany	75.00	–	–	
car2go Group GmbH	Leinfelden-Echterdingen, Germany	100.00	–	–	5, 6
car2go Iberia S.L.	Madrid, Spain	100.00	–	–	
car2go Italia S.R.L.	Milan, Italy	100.00	2	-10	
car2go N.A. LLC	Wilmington, USA	100.00	12	-24	
car2go Nederland B.V.	Utrecht, Netherlands	100.00	–	–	
car2go Österreich GmbH	Vienna, Austria	100.00	–	–	
car2go Sverige AB	Stockholm, Sweden	100.00	–	–	
car2go UK Ltd.	Milton Keynes, United Kingdom	100.00	–	–	
CARS Technik & Logistik GmbH	Wiedemar, Germany	100.00	–	–	5, 6
CLIDET NO 1048 (Proprietary) Limited	Centurion, South Africa	100.00	–	–	
Conemaugh Hydroelectric Projects, Inc.	Farmington Hills, USA	100.00	–	–	
Coventry Lane Holdings, L.L.C.	Farmington Hills, USA	100.00	–	–	
DA Investments Co. LLC	Wilmington, USA	100.00	–	–	
DAF Investments, Ltd.	Farmington Hills, USA	100.00	–	–	
Daimler AC Leasing, d.o.o.	Ljubljana, Slovenia	52.00	–	–	
Daimler Australia/Pacific Pty. Ltd.	Melbourne, Australia	100.00	–	–	
Daimler Automotive de Venezuela C.A.	Valencia, Venezuela	100.00	–	–	
Daimler Buses North America Inc.	Oriskany, USA	100.00	34	16	15
Daimler Buses North America Ltd.	Toronto, Canada	100.00	–	–	
Daimler Canada Finance Inc.	Montreal, Canada	100.00	239	7	
Daimler Canada Investments Company	Halifax, Canada	100.00	–	–	
Daimler Capital Services LLC	Farmington Hills, USA	100.00	–	–	
Daimler Colombia S. A.	Bogota D.C., Colombia	100.00	13	-10	
Daimler Export and Trade Finance GmbH	Berlin, Germany	100.00	–	–	5, 6
Daimler Finance North America LLC	Wilmington, USA	100.00	–	–	
Daimler Financial Services AG	Stuttgart, Germany	100.00	1,894	–	5, 6
Daimler Financial Services India Private Limited	Chennai, India	100.00	–	–	
Daimler Financial Services Japan Co., Ltd.	Kawasaki, Japan	100.00	86	14	15
Daimler Financial Services México, S. de R.L. de C.V.	Mexico City, Mexico	100.00	116	30	15
Daimler Financial Services, S.A. de C.V., S.O.F.O.M., E.N.R.	Mexico City, Mexico	100.00	–	–	
Daimler Fleet Management GmbH	Stuttgart, Germany	100.00	20	–	5, 6
Daimler Fleet Management Singapore Pte. Ltd.	Singapore, Singapore	100.00	–	–	
Daimler Fleet Management South Africa (Pty.) Ltd.	Centurion, South Africa	65.00	–	–	
Daimler Fleet Management UK Limited	Milton Keynes, United Kingdom	100.00	–	–	
Daimler Fleet Services A.S.	Istanbul, Turkey	100.00	–	–	
Daimler FleetBoard GmbH	Stuttgart, Germany	100.00	–	–	5, 6
Daimler Greater China Ltd.	Beijing, China	100.00	1,373	361	
Daimler Grund Services GmbH	Schönefeld, Germany	100.00	–	–	5, 6
Daimler India Commercial Vehicles Private Limited	Chennai, India	100.00	-120	-188	
Daimler Insurance Agency LLC	Farmington Hills, USA	100.00	–	–	
Daimler Insurance Services GmbH	Stuttgart, Germany	100.00	–	–	5, 6
Daimler Insurance Services Japan Co., Ltd.	Tokyo, Japan	100.00	–	–	
Daimler Insurance Services UK Limited	Milton Keynes, United Kingdom	100.00	–	–	
Daimler International Finance B.V.	Utrecht, Netherlands	100.00	–	–	
Daimler Investments US Corporation	Wilmington, USA	100.00	–	–	
Daimler Manufactura, S. de R.L. de C.V.	Mexico City, Mexico	100.00	–	–	
Daimler Mexico, S.A. de C.V.	Mexico City, Mexico	100.00	377	12	
Daimler Motors Investments LLC	Farmington Hills, USA	100.00	–	–	

Name of the Company	Domicile, Country	Capital share in %[1]	Equity in millions of €	Net income (loss) in millions of €	Footnote
Daimler Nederland B.V.	Utrecht, Netherlands	100.00	836	2	
Daimler North America Corporation	Wilmington, USA	100.00	10,963	1,993	15
Daimler North America Finance Corporation	Newark, USA	100.00	–	–	
Daimler Northeast Asia Parts Trading and Services Co., Ltd.	Beijing, China	100.00	93	26	
Daimler Parts Brand GmbH	Stuttgart, Germany	100.00	–	–	5, 6
Daimler Re Brokers GmbH	Bremen, Germany	74.90	–	–	5, 6
Daimler Re Insurance S.A. Luxembourg	Luxembourg, Luxembourg	100.00	46	10	
Daimler Real Estate GmbH	Berlin, Germany	100.00	–	–	5, 6
Daimler Retail Receivables LLC	Farmington Hills, USA	100.00	–	–	
DAIMLER SERVICIOS CORPORATIVOS MEXICO S. DE R.L. DE C.V.	Mexico City, Mexico	100.00	–	–	
Daimler South East Asia Pte. Ltd.	Singapore, Singapore	100.00	214	91	
Daimler Trucks and Buses (China) Ltd.	Beijing, China	100.00	–	–	
Daimler Trucks Canada Ltd.	Mississauga, Canada	100.00	30	65	15
Daimler Trucks Korea Ltd.	Seoul, South Korea	100.00	–	–	
Daimler Trucks North America LLC	Portland, USA	100.00	2,337	1,543	
Daimler Trucks Remarketing Corporation	Portland, USA	100.00	100	-10	
Daimler Trust Holdings LLC	Farmington Hills, USA	100.00	–	–	
Daimler Trust Leasing Conduit LLC	Farmington Hills, USA	100.00	–	–	
Daimler Trust Leasing LLC	Farmington Hills, USA	100.00	–	–	
Daimler UK Limited	Milton Keynes, United Kingdom	100.00	561	48	
Daimler Vans Hong Kong Limited	Hong Kong, China	67.55	–	–	
Daimler Vans Manufacturing, LLC	Ladson, USA	100.00	–	–	
Daimler Vans USA, LLC	Wilmington, USA	100.00	–	–	
Daimler Vehículos Comerciales Mexico S. de R.L. de C.V.	Mexico City, Mexico	100.00	–	–	15
Daimler Vermögens- und Beteiligungsgesellschaft mbH	Stuttgart, Germany	100.00	4,125	–	5, 6, 15
Daimler Verwaltungsgesellschaft für Grundbesitz mbH	Schönefeld, Germany	100.00	3,866	–	5, 6
Daimler Vorsorge und Versicherungsdienst GmbH	Berlin, Germany	100.00	–	–	5, 6
Daimspain S.L.	Madrid, Spain	100.00	2,308	48	
Daiprodco Mexico S. de R.L. de C.V.	Mexico City, Mexico	100.00	–	–	
DCS UTI LLC, Mercedes Series	Farmington Hills, USA	100.00	–	–	
Detroit Diesel Corporation	Detroit, USA	100.00	193	259	15
Detroit Diesel Remanufacturing LLC	Detroit, USA	100.00	64	22	
Detroit Diesel Remanufacturing Mexicana, S. de R.L. de C.V.	Toluca, Mexico	100.00	–	–	
Detroit Diesel-Allison de Mexico, S. de R.L. de C.V.	San Juan Ixtacala, Mexico	100.00	–	–	
Deutsche Accumotive GmbH & Co. KG	Kirchheim unter Teck, Germany	100.00	64	-17	5
EHG Elektroholding GmbH	Stuttgart, Germany	100.00	1,115	–	5, 6
EvoBus (Schweiz) AG	Kloten, Switzerland	100.00	–	–	
EvoBus (U.K.) Ltd.	Coventry, United Kingdom	100.00	–	–	
EvoBus Austria GmbH	Wiener Neudorf, Austria	100.00	–	–	
EvoBus Belgium N.V.	Kobbegem-Asse, Belgium	100.00	–	–	
EvoBus Ceská republika s.r.o.	Prague, Czech Republic	100.00	–	–	
EvoBus Danmark A/S	Koege, Denmark	100.00	–	–	
EvoBus France S.A.S.	Sarcelles, France	100.00	–	–	
EvoBus GmbH	Kirchheim unter Teck, Germany	100.00	251	–	5, 6
EvoBus Ibérica, S.A. (Sociedad Unipersonal)	Sámano, Spain	100.00	–	–	
EvoBus Italia S.p.A.	Bomporto, Italy	100.00	–	–	
EvoBus Nederland B.V.	Nijkerk, Netherlands	100.00	–	–	
EvoBus Polska Sp. z o.o.	Wolica, Poland	100.00	–	–	
EvoBus Portugal, S.A.	Mem Martins, Portugal	100.00	–	–	
EvoBus Sverige AB	Vetlanda, Sweden	100.00	–	–	
Freightliner Custom Chassis Corporation	Gaffney, USA	100.00	24	84	
GlobeSherpa Inc.	Portland, USA	100.00	–	–	
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 1 OHG	Schönefeld, Germany	100.00	2,097	334	5
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 2 OHG	Schönefeld, Germany	100.00	–	–	5
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 3 OHG	Schönefeld, Germany	100.00	–	–	5
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 4 OHG	Schönefeld, Germany	100.00	403	48	5

Name of the Company	Domicile, Country	Capital share in %[1]	Equity in millions of €	Net income (loss) in millions of €	Footnote
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 5 OHG	Schönefeld, Germany	100.00	592	34	5
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 6 OHG	Schönefeld, Germany	100.00	215	13	5
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 7 OHG	Schönefeld, Germany	100.00	–	–	5
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Beta OHG	Schönefeld, Germany	100.00	151	35	5
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Delta OHG	Schönefeld, Germany	100.00	187	23	5
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Epsilon OHG	Schönefeld, Germany	100.00	170	15	5
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Gamma 1 OHG	Schönefeld, Germany	100.00	279	69	5
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Gamma 2 OHG	Schönefeld, Germany	100.00	144	14	5
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Gamma 3 OHG	Schönefeld, Germany	100.00	–	–	5
Grundstücksverwaltungsgesellschaft EvoBus GmbH & Co. OHG	Schönefeld, Germany	100.00	166	14	5, 7
Grundstücksverwaltungsgesellschaft Henne-Unimog GmbH & Co. OHG	Schönefeld, Germany	100.00	–	–	5
Henne-Unimog GmbH	Kirchheim-Heimstetten, Germany	100.00	–	–	5, 6
Intelligent Apps GmbH	Hamburg, Germany	100.00	31	–	5, 6
Intrepid Insurance Company	Farmington Hills, USA	100.00	–	–	
Invema Assessoria Empresarial Ltda	São Paulo, Brazil	100.00	–	–	
Koppieview Property (Pty) Ltd	Zwartkop, South Africa	100.00	–	–	
Li-Tec Battery GmbH	Kamenz, Germany	100.00	–	–	5, 6
MBarc Credit Canada Inc.	Mississauga, Canada	100.00	–	–	
MDC Power GmbH	Kölleda, Germany	100.00	–	–	5, 6
MDC Technology GmbH	Arnstadt, Germany	100.00	–	–	5, 6
Mercedes AMG High Performance Powertrains Ltd	Brixworth, United Kingdom	100.00	108	13	
Mercedes-AMG GmbH	Affalterbach, Germany	100.00	459	–	5, 6
Mercedes-Benz - Aluguer de Veículos, Unipessoal Lda.	Mem Martins, Portugal	100.00	–	–	
Mercedes-Benz (China) Ltd.	Beijing, China	75.00	2,048	627	15
Mercedes-Benz (Thailand) Limited	Bangkok, Thailand	100.00	294	107	15
Mercedes-Benz (Yangzhou) Parts Distribution Co., Ltd.	Yangzhou, China	100.00	–	–	
Mercedes-Benz Accessories GmbH	Stuttgart, Germany	100.00	6	–	5, 6
Mercedes-Benz AG & Co. Grundstücksvermietung Objekte Leipzig und Magdeburg KG	Düsseldorf, Germany	100.00	–	–	3
Mercedes-Benz Antwerpen N.V.	Antwerp, Belgium	100.00	–	–	
Mercedes-Benz Argentina S.A.	Buenos Aires, Argentina	100.00	–	–	
Mercedes-Benz Asia GmbH	Stuttgart, Germany	100.00	–	–	5, 6
Mercedes-Benz Assuradeuren B.V.	Utrecht, Netherlands	100.00	–	–	
Mercedes-Benz Australia/Pacific Pty Ltd	Melbourne, Australia	100.00	538	147	
Mercedes-Benz Auto Finance Ltd.	Beijing, China	100.00	1,190	83	
Mercedes-Benz Auto Lease Trust 2014-A	Wilmington, USA	0.00	–	–	3
Mercedes-Benz Auto Lease Trust 2015-A	Wilmington, USA	0.00	–	–	3
Mercedes-Benz Auto Lease Trust 2015-B	Wilmington, USA	0.00	–	–	3
Mercedes-Benz Auto Receivables Trust 2013-1	Wilmington, USA	0.00	–	–	3
Mercedes-Benz Auto Receivables Trust 2014-1	Wilmington, USA	0.00	–	–	3
Mercedes-Benz Auto Receivables Trust 2015-1	Wilmington, USA	0.00	–	–	3
Mercedes-Benz Bank AG	Stuttgart, Germany	100.00	1,732	–	6
Mercedes-Benz Bank GmbH	Vienna, Austria	100.00	–	–	
Mercedes-Benz Bank Polska S.A.	Warsaw, Poland	100.00	–	–	
Mercedes-Benz Bank Rus OOO	Moscow, Russian Federation	100.00	–	–	
Mercedes-Benz Bank Service Center GmbH	Berlin, Germany	100.00	–	–	
Mercedes-Benz Banking Service GmbH	Saarbrücken, Germany	100.00	–	–	5, 6
Mercedes-Benz Belgium Luxembourg S.A.	Brussels, Belgium	100.00	–	–	15
Mercedes-Benz Bordeaux S.A.S.	Begles, France	100.00	–	–	
Mercedes-Benz Broker Biztositási Alkusz Hungary Kft.	Budapest, Hungary	100.00	–	–	
Mercedes-Benz Brooklands Limited	Milton Keynes, United Kingdom	100.00	–	–	
Mercedes-Benz Canada Inc.	Toronto, Canada	100.00	114	89	

Name of the Company	Domicile, Country	Capital share in %[1]	Equity in millions of €	Net income (loss) in millions of €	Footnote
Mercedes-Benz Capital Rus OOO	Moscow, Russian Federation	100.00	–	–	
Mercedes-Benz Ceská republika s.r.o.	Prague, Czech Republic	100.00	48	12	
Mercedes-Benz CharterWay España, S.A.	Alcobendas, Spain	100.00	–	–	
Mercedes-Benz CharterWay Gesellschaft mit beschränkter Haftung	Berlin, Germany	100.00	13	–	5, 6
Mercedes-Benz CharterWay S.A.S.	Le Chesnay, France	100.00	–	–	
Mercedes-Benz CharterWay S.r.l.	Trent, Italy	100.00	–	–	
Mercedes-Benz Comercial, Unipessoal Lda.	Mem Martins, Portugal	100.00	–	–	
Mercedes-Benz Compania de Financiamiento Colombia S.A.	Bogota D.C., Colombia	100.00	–	–	
Mercedes-Benz Compañía Financiera Argentina S.A.	Buenos Aires, Argentina	100.00	–	–	
Mercedes-Benz Corretora de Seguros Ltda	São Paulo, Brazil	99.98	–	–	
Mercedes-Benz Côte d'Azur SAS	Villeneuve-Loubet, France	100.00	–	–	
Mercedes-Benz CPH A/S	Horsholm, Denmark	100.00	–	–	
Mercedes-Benz Credit Pénzügyi Szolgáltató Hungary Zrt.	Budapest, Hungary	100.00	–	–	
Mercedes-Benz Danmark A/S	Copenhagen, Denmark	100.00	174	23	15
Mercedes-Benz Dealer Bedrijven B.V.	The Hague, Netherlands	100.00	–	–	
Mercedes-Benz Desarrollo de Mercados, S. de R.L. de C.V.	Mexico City, Mexico	100.00	–	–	
Mercedes-Benz do Brasil Assessoria Comercial Ltda.	São Paulo, Brazil	100.00	–	–	
Mercedes-Benz do Brasil Ltda.	São Bernardo do Campo, Brazil	100.00	1,081	-279	
Mercedes-Benz Drogenbos N.V.	Drogenbos, Belgium	100.00	–	–	
Mercedes-Benz Espana, S.A.U.	Alcobendas, Spain	100.00	460	66	15
Mercedes-Benz Finance China Ltd.	Hong Kong, China	100.00	–	–	
Mercedes-Benz Finance Co., Ltd.	Tokyo, Japan	90.00	198	25	
Mercedes-Benz Financial Services Australia Pty. Ltd.	Melbourne, Australia	100.00	159	26	15
Mercedes-Benz Financial Services Austria GmbH	Salzburg, Austria	100.00	–	–	
Mercedes-Benz Financial Services BeLux NV	Brussels, Belgium	100.00	–	–	
Mercedes-Benz Financial Services Canada Corporation	Mississauga, Canada	100.00	233	66	15
Mercedes-Benz Financial Services Ceská republika s.r.o.	Prague, Czech Republic	100.00	103	10	
Mercedes-Benz Financial Services España, E.F.C., S.A.	Alcobendas, Spain	100.00	–	–	
Mercedes-Benz Financial Services France S.A.	Montigny-le-Bretonneux, France	100.00	358	20	
Mercedes-Benz Financial Services Hellas Vehicle Sales and Rental SA	Kifissia, Greece	100.00	–	–	
Mercedes-Benz Financial Services Hong Kong Ltd.	Hong Kong, China	80.00	–	–	15
Mercedes-Benz Financial Services Italia SpA	Rome, Italy	100.00	212	12	
Mercedes-Benz Financial Services Korea Ltd.	Seoul, South Korea	80.00	227	28	
Mercedes-Benz Financial Services Nederland B.V.	Utrecht, Netherlands	100.00	95	23	15
Mercedes-Benz Financial Services New Zealand Ltd	Auckland, New Zealand	100.00	–	–	
Mercedes-Benz Financial Services Portugal – Sociedade Financeira de Crédito S.A.	Mem Martins, Portugal	100.00	–	–	15
Mercedes-Benz Financial Services Rus OOO	Moscow, Russian Federation	100.00	–	–	
Mercedes-Benz Financial Services Schweiz AG	Schlieren, Switzerland	100.00	94	15	
Mercedes-Benz Financial Services Singapore Ltd.	Singapore, Singapore	85.00	–	–	15
Mercedes-Benz Financial Services Slovakia s.r.o.	Bratislava, Slovakia	75.00	–	–	
Mercedes-Benz Financial Services South Africa (Pty) Ltd	Centurion, South Africa	100.00	115	35	15
Mercedes-Benz Financial Services Taiwan Ltd.	Taipei, Taiwan	100.00	–	–	15
Mercedes-Benz Financial Services UK Limited	Milton Keynes, United Kingdom	100.00	692	146	15
Mercedes-Benz Financial Services USA LLC	Farmington Hills, USA	100.00	2,413	419	15
Mercedes-Benz Finans Danmark A/S	Copenhagen, Denmark	100.00	–	–	
Mercedes-Benz Finans Sverige AB	Malmö, Sweden	100.00	–	–	
Mercedes-Benz Finansal Kiralama Türk A.S.	Istanbul, Turkey	100.00	–	–	
Mercedes-Benz Finansman Türk A.S.	Istanbul, Turkey	100.00	182	37	15
Mercedes-Benz Försäljnings AB	Malmö, Sweden	100.00	–	–	
Mercedes-Benz France S.A.S.	Montigny-le-Bretonneux, France	100.00	321	54	15
Mercedes-Benz Gent N.V.	Gent, Belgium	100.00	–	–	
Mercedes-Benz Grand Prix Ltd.	Brackley, United Kingdom	60.00	-151	-44	
Mercedes-Benz Hellas S.A.	Kifissia, Greece	100.00	–	–	
Mercedes-Benz Hong Kong Limited	Hong Kong, China	100.00	77	10	
Mercedes-Benz India Private Limited	Pune, India	100.00	212	47	
Mercedes-Benz Insurance Broker S.R.L.	Voluntari, Romania	100.00	–	–	
Mercedes-Benz Insurance Services Nederland B.V.	Utrecht, Netherlands	100.00	–	–	
Mercedes-Benz Insurance Services Taiwan Ltd.	Taipei, Taiwan	100.00	–	–	

Name of the Company	Domicile, Country	Capital share in %[1]	Equity in millions of €	Net income (loss) in millions of €	Footnote
Mercedes-Benz Italia S.p.A.	Rome, Italy	100.00	350	28	15
Mercedes-Benz Japan Co., Ltd.	Tokyo, Japan	100.00	528	123	
Mercedes-Benz Korea Limited	Seoul, South Korea	51.00	182	72	
Mercedes-Benz Leasing (Thailand) Co., Ltd.	Bangkok, Thailand	100.00	–	–	
Mercedes-Benz Leasing Co., Ltd.	Beijing, China	65.00	–	–	
Mercedes-Benz Leasing do Brasil Arrendamento Mercantil S.A.	Barueri, Brazil	100.00	–	–	
Mercedes-Benz Leasing GmbH	Stuttgart, Germany	100.00	511	–	5, 6
Mercedes-Benz Leasing Hrvatska d.o.o.	Zagreb, Croatia	100.00	–	–	
Mercedes-Benz Leasing IFN S.A.	Bucharest, Romania	100.00	–	–	15
Mercedes-Benz Leasing Kft.	Budapest, Hungary	100.00	–	–	15
Mercedes-Benz Leasing Polska Sp. z o.o.	Warsaw, Poland	100.00	–	–	15
Mercedes-Benz Leasing Taiwan Ltd.	Taipei, Taiwan	100.00	–	–	
Mercedes-Benz Leasing Treuhand GmbH	Stuttgart, Germany	100.00	–	–	5, 6
Mercedes-Benz Ludwigsfelde GmbH	Ludwigsfelde, Germany	100.00	41	–	5, 6
Mercedes-Benz Luxembourg S.A.	Luxembourg, Luxembourg	90.00	–	–	
Mercedes-Benz Lyon S.A.S.	Lyon, France	100.00	–	–	
Mercedes-Benz Malaysia Sdn. Bhd.	Kuala Lumpur, Malaysia	51.00	150	130	
Mercedes-Benz Manhattan, Inc.	Wilmington, USA	100.00	–	–	
Mercedes-Benz Manufacturing (Thailand) Limited	Bangkok, Thailand	100.00	–	–	
Mercedes-Benz Manufacturing Hungary Kft.	Kecskemét, Hungary	100.00	231	65	
Mercedes-Benz Master Owner Trust	Wilmington, USA	0.00	–	–	3
Mercedes-Benz Mexico, S. de R.L. de C.V.	Mexico City, Mexico	100.00	16	11	
Mercedes-Benz Milano S.p.A.	Milan, Italy	100.00	–	–	
Mercedes-Benz Minibus GmbH	Dortmund, Germany	100.00	–	–	5, 6
Mercedes-Benz Mitarbeiter-Fahrzeuge Leasing GmbH	Stuttgart, Germany	100.00	4	–	5, 6
Mercedes-Benz Molsheim S.A.S.	Molsheim, France	100.00	–	–	
Mercedes-Benz Nederland B.V.	Utrecht, Netherlands	100.00	207	31	15
Mercedes-Benz New Zealand Ltd	Auckland, New Zealand	100.00	43	10	
Mercedes-Benz Ninove N.V.	Ninove, Belgium	100.00	–	–	
Mercedes-Benz Österreich GmbH	Salzburg, Austria	100.00	–	–	
Mercedes-Benz Paris SAS	Port-Marly, France	100.00	–	–	
Mercedes-Benz Polska Sp. z o.o.	Warsaw, Poland	100.00	73	28	15
Mercedes-Benz Portugal, S.A.	Mem Martins, Portugal	100.00	93	11	15
Mercedes-Benz Renting, S.A.	Alcobendas, Spain	100.00	–	–	
Mercedes-Benz Research & Development North America, Inc.	Wilmington, USA	100.00	–	–	
Mercedes-Benz Retail Group UK Limited	Milton Keynes, United Kingdom	100.00	–	–	
Mercedes-Benz Retail, S.A.	Madrid, Spain	100.00	–	–	
Mercedes-Benz Risk Solutions South Africa (Pty.) Ltd.	Centurion, South Africa	100.00	–	–	
Mercedes-Benz Roma S.p.A.	Rome, Italy	100.00	–	–	
Mercedes-Benz Romania S.R.L.	Bucharest, Romania	100.00	–	–	
Mercedes-Benz Russia AO	Moscow, Russian Federation	100.00	120	130	
Mercedes-Benz Schweiz AG	Schlieren, Switzerland	100.00	156	47	
Mercedes-Benz Service Leasing S.R.L.	Bucharest, Romania	100.00	–	–	
Mercedes-Benz Services Correduria de Seguros, S.A.	Alcobendas, Spain	100.00	–	–	
Mercedes-Benz Services Malaysia Sdn Bhd	Petaling Jaya, Malaysia	100.00	–	–	
Mercedes-Benz Servizi Assicurativi Italia S.p.A.	Rome, Italy	100.00	–	–	
Mercedes-Benz Sigorta Aracilik Hizmetleri A.S.	Istanbul, Turkey	100.00	–	–	
Mercedes-Benz Sosnowiec Sp. z o.o.	Sosnowiec, Poland	100.00	–	–	
Mercedes-Benz South Africa Ltd	Pretoria, South Africa	100.00	540	109	15
Mercedes-Benz Sverige AB	Malmö, Sweden	100.00	62	27	15
Mercedes-Benz Taiwan Ltd.	Taipei, Taiwan	51.00	116	45	
Mercedes-Benz Technical Center Nederland B.V.	Nijkerk, Netherlands	100.00	–	–	
Mercedes-Benz Türk A.S.	Istanbul, Turkey	66.91	933	155	
Mercedes-Benz U.S. International, Inc.	Vance, USA	100.00	223	89	
Mercedes-Benz Ubezpieczenia Sp. z o.o.	Warsaw, Poland	100.00	–	–	
Mercedes-Benz UK Limited	Milton Keynes, United Kingdom	100.00	236	61	15
Mercedes-Benz USA, LLC	Wilmington, USA	100.00	230	136	15
Mercedes-Benz V.I. Lille SAS	Vendeville, France	100.00	–	–	
Mercedes-Benz V.I. Lyon SAS	Genas, France	100.00	–	–	
Mercedes-Benz V.I. Paris Ile de France SAS	Herblay, France	100.00	–	–	

Name of the Company	Domicile, Country	Capital share in %[1]	Equity in millions of €	Net income (loss) in millions of €	Footnote
Mercedes-Benz V.I. Toulouse SAS	Fenouillet, France	100.00	–	–	
Mercedes-Benz Versicherung AG	Stuttgart, Germany	100.00	–	–	6
Mercedes-Benz Vertrieb NFZ GmbH	Stuttgart, Germany	100.00	–	–	5, 6
Mercedes-Benz Vertrieb PKW GmbH	Stuttgart, Germany	100.00	–	–	5, 6
Mercedes-Benz Vietnam Ltd.	Ho Chi Minh City, Vietnam	70.00	86	21	
Mercedes-Benz Warszawa Sp. z o.o.	Warsaw, Poland	100.00	–	–	
Mercedes-Benz Waterloo S.A.	Braine-L'Alleud, Belgium	100.00	–	–	
Mercedes-Benz Wavre S.A.	Wavre, Belgium	100.00	–	–	
Mercedes-Benz Wemmel N.V.	Wemmel, Belgium	100.00	–	–	
Mercedes-Benz Wholesale Receivables LLC	Farmington Hills, USA	100.00	–	–	
MFTA Canada, Inc.	Toronto, Canada	100.00	–	–	
Mitsubishi Fuso Truck and Bus Corporation	Kawasaki, Japan	89.29	1,869	267	
MITSUBISHI FUSO TRUCK EUROPE – Sociedade Europeia de Automóveis, S.A.	Tramagal, Portugal	100.00	–	–	
Mitsubishi Fuso Truck of America, Inc.	Logan Township, USA	100.00	–	–	15
moovel GmbH	Leinfelden-Echterdingen, Germany	100.00	52	–	5, 6
moovel Group GmbH	Stuttgart, Germany	100.00	–	–	5, 6
Multistate LIHTC Holdings III Limited Partnership	Farmington Hills, USA	100.00	–	–	
MVSA COMPANY, INC.	Jacksonville, USA	100.00	–	–	
myTaxi Iberia SL	Barcelona, Spain	100.00	–	–	
N.V. Mercedes-Benz Aalst	Erembodegem, Belgium	100.00	–	–	
N.V. Mercedes-Benz Mechelen	Mechelen, Belgium	100.00	–	–	
NuCellSys GmbH	Kirchheim unter Teck, Germany	100.00	–	–	
ogotrac S.A.S.	Paris, France	100.00	–	–	
P.T. Mercedes-Benz Distribution Indonesia	Jakarta, Indonesia	100.00	–	–	
P.T. Mercedes-Benz Indonesia	Bogor, Indonesia	100.00	–	–	
P.T. Star Engines Indonesia	Bogor, Indonesia	100.00	–	–	
Renting del Pacífico S.A.C.	Lima, Peru	100.00	–	–	
RideScout LLC	Austin, USA	100.00	21	-14	
Sandown Motor Holdings (Pty) Ltd	Bryanston, South Africa	62.62	–	–	
SelecTrucks of America LLC	Portland, USA	100.00	–	–	
SelecTrucks of Toronto, Inc.	Mississauga, Canada	100.00	–	–	
Setra of North America, Inc.	Oriskany, USA	100.00	–	–	
Silver Arrow S.A.	Luxembourg, Luxembourg	0.00	–	–	3
smart France S.A.S.	Hambach, France	100.00	71	18	
smart Vertriebs gmbh	Berlin, Germany	100.00	–	–	5, 6
Starexport Trading S.A.	São Bernardo do Campo, Brazil	100.00	222	4	
Sterling Truck Corporation	Portland, USA	100.00	-602	-2	
Sumperská správa majetku k.s.	Prague, Czech Republic	100.00	–	–	
Thomas Built Buses of Canada Limited	Calgary, Canada	100.00	–	–	
Thomas Built Buses, Inc.	High Point, USA	100.00	58	19	
Tróia Empreendimentos Imobiliários Ltda	São Paulo, Brazil	100.00	–	–	
Trona Cogeneration Corporation	Farmington Hills, USA	100.00	–	–	
Western Star Trucks Sales, Inc	Portland, USA	100.00	-1	14	
3218095 Nova Scotia Company	Halifax, Canada	100.00	–	–	
6353 Sunset Boulevard, Inc.	Wilmington, USA	100.00	–	–	
II. Unconsolidated subsidiaries[2]					
AEG do Brasil Produtos Eletricos e Eletronicos Ltda.	São Paulo, Brazil	100.00	–	–	
AEG Olympia Office GmbH	Stuttgart, Germany	100.00	–	–	6
Anota Fahrzeug Service- und Vertriebsgesellschaft mbH	Berlin, Germany	100.00	–	–	6
Brefa Bremsen- und Fahrzeugdienst AG (in Liquidation)	Niederzier, Germany	100.00	–	–	4
Circulo Cerrado S.A. de Ahorro para Fines Determinados	Buenos Aires, Argentina	71.30	–	–	
Cúspide GmbH	Stuttgart, Germany	100.00	–	–	
Daimler AG & Co. Anlagenverwaltung OHG	Ludwigsfelde, Germany	100.00	–	–	7
Daimler Commercial Vehicles Africa Ltd.	Nairobi, Kenya	100.00	–	–	
Daimler Commercial Vehicles MENA FZE	Dubai, United Arab Emirates	100.00	–	–	
Daimler Compra y Manufactura Mexico S. de R.L. de C.V.	Mexico City, Mexico	100.00	–	–	
Daimler Culture Development Co., Ltd.	Beijing, China	50.00	–	–	3
Daimler Financial Services UK Trustees Ltd.	Milton Keynes, United Kingdom	100.00	–	–	
Daimler Group Services Berlin GmbH	Berlin, Germany	100.00	–	–	6

Name of the Company	Domicile, Country	Capital share in %[1]	Equity in millions of €	Net income (loss) in millions of €	Footnote
Daimler Group Services Madrid, S.A.U.	San Sebastián de los Reyes, Spain	100.00	–	–	
Daimler International Assignment Services USA, LLC	Wilmington, USA	100.00	–	–	
Daimler IT Retail GmbH	Böblingen, Germany	100.00	–	–	6
Daimler Middle East & Levant FZE	Dubai, United Arab Emirates	100.00	–	–	
Daimler Mitarbeiter Wohnfinanz GmbH	Stuttgart, Germany	100.00	–	–	6
Daimler Protics GmbH	Stuttgart, Germany	100.00	–	–	6
Daimler Purchasing Coordination Corp.	Wilmington, USA	100.00	–	–	
Daimler Starmark A/S	Horsholm, Denmark	100.00	–	–	
Daimler TSS GmbH	Ulm, Germany	100.00	–	–	6
Daimler UK Share Trustee Ltd.	Milton Keynes, United Kingdom	100.00	–	–	
Daimler UK Trustees Limited	Milton Keynes, United Kingdom	100.00	–	–	
Daimler Unterstützungskasse GmbH	Stuttgart, Germany	100.00	1,211	30	11, 13
Deméter Empreendimentos Imobiliários Ltda.	São Paulo, Brazil	100.00	–	–	
Deutsche Accumotive Verwaltungs-GmbH	Kirchheim unter Teck, Germany	100.00	–	–	
Elfte Vermögensverwaltungsgesellschaft DVB mbH	Stuttgart, Germany	100.00	–	–	6
EvoBus Reunion S. A.	Le Port, France	96.00	–	–	
EvoBus Russland OOO	Moscow, Russian Federation	100.00	–	–	
Fünfte Vermögensverwaltungsgesellschaft Zeus mbH	Stuttgart, Germany	100.00	–	–	
Gemini-Tur Excursoes Passagens e Turismo Ltda.	São Paulo, Brazil	100.00	–	–	
Lapland Car Test Aktiebolag	Arvidsjaur, Sweden	100.00	–	–	
Legend Investments Ltd.	Milton Keynes, United Kingdom	100.00	–	–	
MB GTC GmbH Mercedes-Benz Gebrauchtteile Center	Neuhausen auf den Fildern, Germany	100.00	–	–	6
Mercedes-Benz AG & Co. Grundstücksvermietung Objekte Baden-Baden und Dresden OHG	Düsseldorf, Germany	100.00	–	–	3, 7
Mercedes-Benz Adm. Consorcios Ltda.	São Bernardo do Campo, Brazil	100.00	–	–	
Mercedes-Benz Consulting GmbH	Stuttgart, Germany	100.00	–	–	6
Mercedes-Benz Customer Assistance Center Maastricht N.V.	Maastricht, Netherlands	100.00	–	–	
Mercedes-Benz Egypt S.A.E.	Cairo, Egypt	100.00	–	–	
Mercedes-Benz G GmbH	Raaba, Austria	100.00	–	–	
Mercedes-Benz GastroService GmbH	Gaggenau, Germany	100.00	–	–	6
Mercedes-Benz Group Services Philippines, Inc.	Cebu City, Philippines	99.99	–	–	
Mercedes-Benz Hungária Kft.	Budapest, Hungary	100.00	–	–	
Mercedes-Benz Museum GmbH	Stuttgart, Germany	100.00	–	–	6
Mercedes-Benz Parts Manufacturing & Services Ltd.	Shanghai, China	100.00	–	–	
Mercedes-Benz Project Consult GmbH	Stuttgart, Germany	100.00	–	–	6
Mercedes-Benz Research and Development India Private Limited	Bangalore, India	100.00	39	15	12
Mercedes-Benz Slovakia s.r.o.	Bratislava, Slovakia	51.00	–	–	
Mercedes-Benz Solihull Ltd.	Milton Keynes, United Kingdom	100.00	–	–	
Mercedes-Benz Srbija i Crna Gora d.o.o.	Novi Beograd, Serbia	100.00	–	–	
Mercedes-Benz Venezuela S.A.	Valencia, Venezuela	100.00	–	–	
Mercedes-Benz Vertriebsgesellschaft mbH	Berlin, Germany	100.00	–	–	6
MercedesService Card Beteiligungsgesellschaft mbH	Kleinostheim, Germany	51.00	–	–	
Mitsubishi Fuso Bus Manufacturing Co., Ltd.	Toyama, Japan	100.00	–	–	
Monarch Cars (Tamworth) Ltd.	Milton Keynes, United Kingdom	100.00	–	–	
Montajes y Estampaciones Metálicas, S.L.	Esparraguera, Spain	51.00	–	–	
mytapp Portugal Unipessoal LDA	Lisbon, Portugal	100.00	–	–	
mytaxi Austria GmbH	Vienna, Austria	100.00	–	–	
MYTAXI ITALIA S.R.L.	Milan, Italy	100.00	–	–	
MYTAXI POLSKA SPÓLKA Z OGRANICZONA ODPOWIEDZIALNOSCIA	Warsaw, Poland	100.00	–	–	
myTaxi Swiss GmbH	Zurich, Switzerland	100.00	–	–	
myTaxi UG	Hamburg, Germany	100.00	–	–	
myTaxi UK Ltd.	London, United Kingdom	100.00	–	–	
myTaxi USA Inc.	Washington D.C., USA	100.00	–	–	
NAG Nationale Automobil-Gesellschaft Aktiengesellschaft	Stuttgart, Germany	100.00	–	–	
PABCO Co., Ltd.	Ebina, Japan	100.00	–	–	
Porcher & Meffert Grundstücksgesellschaft mbH & Co. Stuttgart OHG	Schönefeld, Germany	100.00	–	–	
PT Fuso Trucks Indonesia	Jakarta, Indonesia	100.00	–	–	
R.T.C. Management Company Limited	Bicester, United Kingdom	88.89	–	–	
Ring Garage AG Chur	Chur, Switzerland	100.00	–	–	

Name of the Company	Domicile, Country	Capital share in %[1]	Equity in millions of €	Net income (loss) in millions of €	Footnote
Ruth Verwaltungsgesellschaft mbH	Stuttgart, Germany	100.00	–	–	
SelecTrucks Comércio de Veículos Ltda	Mauá, Brazil	100.00	–	–	
Siebte Vermögensverwaltungsgesellschaft DVB mbH	Stuttgart, Germany	100.00	–	–	6
Star Assembly SRL	Sebes, Romania	100.00	–	–	
Star Egypt For Import LLC	Cairo, Egypt	99.50	–	–	
STAR TRANSMISSION SRL	Cugir, Romania	100.00	–	–	
STARKOM d.o.o.	Maribor, Slovenia	100.00	–	–	
T.O.C. (Schweiz) AG	Schlieren, Switzerland	51.00	–	–	
Vermögensverwaltungsgesellschaft Daimler Atlanta mbH	Stuttgart, Germany	100.00	–	–	
Woking Motors Limited	Milton Keynes, United Kingdom	100.00	–	–	
Zweite Vermögensverwaltungsgesellschaft Zeus mbH	Stuttgart, Germany	100.00	–	–	6
III. Joint operations accounted for using the equity method					
AFCC Automotive Fuel Cell Cooperation Corp.	Burnaby, Canada	50.10	–	–	
EM-motive GmbH	Hildesheim, Germany	50.00	–	–	
North America Fuel Systems Remanufacturing LLC	Kentwood, USA	50.00	39	13	9
IV. Joint ventures accounted for using the equity method					
Beijing Foton Daimler Automotive Co., Ltd	Beijing, China	50.00	745	14	8
Daimler Kamaz Trucks Holding GmbH	Vienna, Austria	50.00	–	–	
Enbase Power GmbH	Munich, Germany	25.10	–	–	
Fujian Benz Automotive Co., Ltd.	Fuzhou, China	50.00	218	-28	9
Polomex, S.A. de C.V.	Garcia, Mexico	26.00	–	–	
SelecTrucks of Atlanta LLC	McDonough, USA	50.00	–	–	
SelecTrucks of Houston LLC	Houston, USA	50.00	–	–	
SelecTrucks of Houston Wholesale LLC	Houston, USA	50.00	–	–	
SelecTrucks of Omaha LLC	Council Bluffs, USA	50.00	–	–	
Shenzhen BYD Daimler New Technology Co., Ltd.	Shenzhen, China	50.00	253	-26	8
TASIAP GmbH	Stuttgart, Germany	60.00	–	–	
Toll Collect GbR	Berlin, Germany	45.00	–	–	
Toll Collect GmbH	Berlin, Germany	45.00	562	72	10
V. Associated companies accounted for using the equity method					
BAIC Motor Corporation Ltd.	Beijing, China	10.08	–	–	
Beijing Benz Automotive Co., Ltd.	Beijing, China	49.00	3,023	862	9
Blacklane GmbH	Berlin, Germany	17.13	–	–	
Flixbus GmbH	Munich, Germany	5.52	–	–	
FUSO LAND TRANSPORT & Co. Ltd.	Kawasaki, Japan	21.67	–	–	
KAMAZ PAO	Naberezhnye Chelny, Russian Federation	15.00	–	–	
Kanagawa Mitsubishi Fuso Truck & Bus Sales Co., Ltd.	Yokohama, Japan	43.83	–	–	
MBtech Group GmbH & Co. KGaA	Sindelfingen, Germany	35.00	–	–	
MV Agusta Motor S.P.A.	Varese, Italy	25.00	67	-23	8
Okayama Mitsubishi Fuso Truck & Bus Sales Co., Ltd.	Okayamashi, Japan	50.00	–	–	
P.T. Krama Yudha Tiga Berlian Motors	Jakarta, Indonesia	18.00	–	–	
P.T. Mitsubishi Krama Yudha Motors and Manufacturing	Jakarta, Indonesia	32.28	–	–	
There Holding B.V.	Rijswijk, Netherlands	33.33	2,003	–	9, 16
Zonar Systems, Inc.	Seattle, USA	20.94	–	–	
VI. Joint operations, joint ventures and associated companies accounted for at (amortized) cost[2]					
Abgaszentrum der Automobilindustrie GbR	Weissach, Germany	25.00	–	–	7
BDF IP Holdings Ltd.	Burnaby, Canada	33.00	–	–	
Beijing Mercedes-Benz Sales Service Co., Ltd.	Beijing, China	51.00	–	–	
COBUS Industries GmbH	Wiesbaden, Germany	40.82	–	–	
Cooperation Manufacturing Plant Aguascalientes, S.A.P.I de C.V.	Mexico City, Mexico	50.00	–	–	
Esslinger Wohnungsbau GmbH	Esslingen am Neckar, Germany	26.57	–	–	
European Center for Information and Communication Technologies – EICT GmbH	Berlin, Germany	20.00	–	–	
EvoBus Hungária Kereskedelmi Kft.	Budapest, Hungary	33.33	–	–	
Gottapark, Inc.	San Francisco, USA	18.09	–	–	

Name of the Company	Domicile, Country	Capital share in %[1]	Equity in millions of €	Net income (loss) in millions of €	Footnote
Grundstücksgesellschaft Schlossplatz 1 mbH & Co. KG	Berlin, Germany	18.37	–	–	
H2 Mobility Deutschland GmbH & Co. KG	Berlin, Germany	2.90	–	–	
INPRO Innovationsgesellschaft für fortgeschrittene Produktionssysteme in der Fahrzeugindustrie mbH	Berlin, Germany	20.00	–	–	
Institut für angewandte Systemtechnik Bremen GmbH	Bremen, Germany	26.25	–	–	
Juffali Industrial Products Company	Jeddah, Saudi Arabia	0.00	–	–	14
Laureus World Sports Awards Limited	London, United Kingdom	50.00	–	–	
MBtech Verwaltungs-GmbH	Sindelfingen, Germany	35.00	–	–	
Mercedes-Benz Buses Central Asia GmbH	Stuttgart, Germany	50.00	–	–	
Mercedes-Benz Lackzentrum Dresden GmbH	Dresden, Germany	36.00	–	–	
Mercedes-Benz Starmark I/S	Vejle, Denmark	50.00	–	–	
MercedesService Card GmbH & Co. KG	Kleinostheim, Germany	51.00	–	–	
MFTB Taiwan Co., Ltd.	Taipei, Taiwan	33.40	–	–	
National Automobile Industry Company Ltd.	Jeddah, Saudi Arabia	26.00	–	–	
Omuta Unso Co., Ltd.	Ohmuta, Japan	33.51	–	–	
PDB – Partnership for Dummy Technology and Biomechanics GbR	Ingolstadt, Germany	20.00	–	–	7
Reva SAS	Cunac, France	34.00	–	–	
smart-BRABUS GmbH	Bottrop, Germany	50.00	–	–	
STARCAM s.r.o.	Most, Czech Republic	51.00	–	–	
tiramizoo GmbH	Munich, Germany	18.46	–	–	
Toyo Kotsu Co., Ltd.	Sannoseki, Japan	28.20	–	–	

1 Share pursuant to Section 16 of the German Stock Corporation Act (AktG)
2 As the impact of these companies is not material for the consolidated financial statements, they are not consolidated and not accounted for using the equity method.
3 Control due to economic circumstances
4 In liquidation
5 Qualification for Section 264 Subsection 3 and Section 264b of the German Commercial Code (HGB)
6 Profit and loss transfer agreement with Daimler AG (direct or indirect)
7 Daimler AG is unlimited partner
8 Financial statements according to local GAAP 2014
9 Financial statements according to IFRS
10 Financial statements according to local GAAP September 1, 2014 – August 31, 2015
11 Financial statements according to local GAAP November 1, 2013 – October 31, 2014
12 Financial statements according to local GAAP 2015
13 Control of the investment of the assets. No consolidation of the assets due to the contractual situation.
14 Joint control due to economic circumstances
15 Preconsolidating company
16 The equity figure relates to the date of acquisition of HERE of December 4, 2015. Daimler recognizes its proportionate share of the profits or losses of There Holding B.V. (THBV) with a one-month time lag.