

Commitments upon termination of service

Retirement provision. The pension agreements of some Board of Management members include a commitment to an annual retirement pension, calculated as a proportion of the former base salary and depending on the number of years of service. Those pension rights were granted until 2005 and remain valid; they have been frozen at that level, however. Payments of these retirement pensions start upon request when the term of service ends at or after the age of 60, or are paid as disability pensions if the term of service ends before the age of 60 due to disability. The respective agreements provide for a 3.5% annual increase in benefits (with the exception that Wilfried Porth's benefits are adjusted in accordance with applicable law). The agreements include a provision by which a spouse of a deceased Board of Management member is entitled to 60% of that member's pension. That amount can increase by up to 30 percentage points depending on the number of dependent children.

Effective as of January 1, 2006, we replaced the pension agreements of the Board of Management members with a new arrangement, the so-called pension capital system. Under this system, each Board of Management member is credited with a capital component each year. This capital component comprises an amount equal to 15% of the sum of the Board of Management member's fixed base salary and the actual annual bonus, multiplied by an age factor equivalent to a rate of return of 6% until 2015 and 5% as of 2016 (Wolfgang Bernhard and Wilfried Porth: 5% for all years). These contributions to pension plans are granted only until the age of 60. The benefit from the pension plan is payable to surviving Board of Management members upon retirement at or after the age of 60, or as a disability pension upon retirement before the age of 60 due to disability.

In 2012, Daimler introduced a new company retirement benefit plan for new entrants and new appointments for employees paid according to collective bargaining wage tariffs as well as for executives: the "Daimler Pensions Plan." As before, the new retirement benefit system features the payment of annual contributions by Daimler, but is oriented towards the capital market, combined with Daimler's commitment to guarantee the total of contributions paid. The Supervisory Board of Daimler AG has approved the application of this system for all newly appointed members of the Board of Management (so far, Hubertus Troska). Accordingly, each member of the Board of Management is credited with a capital component each year. This amount is calculated from 15% of the total of the base salary and the actual annual bonus. These contributions to retirement provision are granted until the age of 62. The benefit from the pension plan is payable to surviving Board of Management members upon retirement at or after the age of 62, or as a disability pension upon retirement before the age of 62 due to disability.

For the measurement of the total commitment, the targeted level of retirement provision – also according to the period of Board of Management membership – and the resulting annual and long-term expense for the Company are taken into consideration for each member of the Board of Management.

Payments under the pension capital system and the Daimler Pensions Plan can be made in three ways:

- as a single amount;
- in twelve annual installments, whereby interest accrues on each partial amount until it is paid out;
- as a pension with an annual increment (see above Daimler Pension Plan pursuant to applicable law).

The contracts specify that if a Board of Management member passes away before retiring for reason of age, the spouse or dependent children is/are entitled to the full committed amount in the case of the pension capital system, and to the credit amount reached plus an imputed amount until the age of 62 in the case of the Daimler Pensions Plan. If a Board of Management member passes away after retiring for reason of age, in the case of payment of twelve annual installments, the heirs are entitled to the remaining present value. In the case of a pension with benefits for surviving dependents, the spouse/registered partner or dependent children is/are entitled to 60% of the discounted terminal value (pension capital), or the spouse/registered partner is entitled to 60% of the actual pension (Daimler Pensions Plan).

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Non-cash benefits and other fringe benefits

	2013	2012
In thousands of euros		
Dr. Dieter Zetsche	151	151
Dr. Wolfgang Bernhard	90	63
Dr. Christine Hohmann-Dennhardt	84	191
Wilfried Porth	93	114
Andreas Renschler ¹	511	152
Hubertus Troska ²	603	4
Bodo Uebber	112	112
Prof. Dr. Thomas Weber	210	156
Total	1,854	943

¹ Taking into account jubilee money of €62,995.

² Taking into account jubilee money of €59,714. For the fulfillment of disclosure obligations pursuant to Section 285 No. 9a of the German Commercial Code (HGB), this amount is reduced by €155,000 for the year 2013. The corresponding fringe benefits were granted and borne by a subsidiary and are thus not included in the amounts to be disclosed in the annual financial statements of the parent company, Daimler AG.

Departing Board of Management members with pension agreements modified as of the beginning of 2006 receive, for the period beginning after the end of the original service period and for the last time upon reaching the age of 60, payments in the amounts of the pension commitments granted as described in the previous section. Departing Board of Management members are also provided with a company car, in some case for a defined period. These payments are made until the age of 60, possibly reduced due to other sources of income, and are subject to annual percentage increases described above in the explanation of these pension agreements.

Service costs for pension obligations according to IFRS amounted to €2.5 million in 2013 (2012: €2.4 million). The present value of the total defined benefit obligation according to IFRS amounted to €70.1 million at December 31, 2013 (December 31, 2012: €81.7 million). Taking age and period of service into account, the individual entitlements, service costs and present values are shown in the table. [↗ C.48](#)

Commitments upon early termination of service. In the case of early termination of a service contract without an important reason, Board of Management service contracts include commitments to payment of the base salary and provision of a company car until the end of the original service period at a maximum. Such persons are only entitled to payment of the performance-related component of remuneration pro rata for the period until they leave the Company. Entitlement to payment of the performance-related component of remuneration with a long-term incentive effect is defined by the conditions of the respective plans.

The total of the payments described above including fringe benefits is limited to double the annual remuneration and may not exceed the total remuneration for the remaining period of the service contract.

Sideline activities of Board of Management members.

The members of the Board of Management should accept management board or supervisory board positions and/or any other administrative or honorary functions outside the Group only to a limited extent. Furthermore, they require the consent of the Supervisory Board before commencing any sideline activities. This ensures that neither the time required nor the remuneration paid for such activities leads to any conflict with the members' duties to the Group. Insofar as such sideline activities are memberships of other statutory supervisory boards or comparable boards of business enterprises, they are disclosed in the notes to the annual company financial statements of Daimler AG and on our website. In general, Board of Management members have no right to separate remuneration for board positions held at other companies of the Group.

Loans to members of the Board of Management.

In 2013, no advances or loans were made to members of the Board of Management of Daimler AG.

Payments made to former members of the Board of Management of Daimler AG and their survivors.

Payments made in 2013 to former members of the Board of Management of Daimler AG and their survivors amounted to €14.6 million (2012: €15.4 million). Pension provisions for former members of the Board of Management and their survivors amounted to €217.0 million at December 31, 2013 (2012: €225.9 million).

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Individual entitlements, service costs and present values for members of the Board of Management

		Annual pension (as regulated until 2005) as of age 60	Service cost (for pension, pension capital and Daimler Pensions Plan)	Present value of obligations (for pension, pension capital and Daimler Pensions Plan)
In thousands of euros				
Dr. Dieter Zetsche	2013	1,050	–	29,896
	2012	1,050	872	39,597
Dr. Wolfgang Bernhard	2013	–	401	1,774
	2012	–	265	1,494
Wilfried Porth	2013	156	223	6,579
	2012	156	156	6,472
Andreas Renschler	2013	250	423	9,798
	2012	250	309	10,243
Hubertus Troska	2013	–	272	2,488
	2012	–	5	2,227
Bodo Uebber	2013	275	714	10,127
	2012	275	510	9,974
Prof. Dr. Thomas Weber	2013	300	426	9,444
	2012	300	333	11,701
Total	2013	2,031	2,459	70,106
	2012	2,031	2,450	81,708

Dr. Hohmann-Dennhardt has no entitlement to a company retirement benefit.