

Risks from guarantees and legal risks

Furthermore, the Group is exposed to legal risks and risks from guarantees. Provisions are recognized for those risks if and to the extent that they are likely to be utilized and the amounts of the obligations can be reasonably estimated.

Risks from guarantees. The issue of guarantees results in liability risks for the Group. For example, Daimler holds an equity interest in the system for recording and charging tolls for the use of highways in Germany by commercial vehicles of more than 12 metric tons gross vehicle weight. The operation of the electronic toll-collection system is the responsibility of the operator company, Toll Collect GmbH, in which Daimler holds a 45% stake and which is included in the consolidated financial statements using the equity method of accounting. In addition to Daimler's membership of the Toll Collect consortium and its equity interest in Toll Collect GmbH, risks also arise from guarantees that Daimler has assumed with the other partners in the Toll Collect consortium (Deutsche Telekom AG and Cofiroute SA) supporting obligations of Toll Collect GmbH towards the Federal Republic of Germany in connection with the toll system and a call option of the Federal Republic of Germany. Claims could be made under those guarantees if toll revenue is lost for technical reasons, if certain contractually defined performance parameters are not fulfilled, if additional claims are made by the Federal Republic of Germany, if the final operating permit is not granted, if Toll Collect GmbH fails to meet contractual obligations, if it fails to have the required equipment available or if the Federal Republic of Germany takes over Toll Collect GmbH. The maximum loss risk for the Group from these risks can be substantial. Additional information is provided in [Note 29](#) (Legal proceedings) and [Note 30](#) (Financial guarantees, contingent liabilities and other financial commitments) of the Notes to the Consolidated Financial Statements.

Legal risks. 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, warranty claims, environmental matters, legal proceedings relating to competition law, and shareholder litigation. Some of these proceedings allege defects in various components in several different vehicle models or allege design defects relating to vehicle stability, pedal misapplication, brakes or crashworthiness. Some of the claims asserted by way of class action suits seek repair or replacement of the vehicles or compensation for their alleged reduction in value, while others seek recovery for damage to property, personal injuries or wrongful death. Adverse decisions in one or more of these proceedings could require us to pay substantial compensatory and punitive damages or undertake service actions, recall cam-

paigns or other costly actions. Some of these proceedings may have an impact on the Group's reputation. It is possible, as these proceedings are connected with a large degree of uncertainty, that after the final resolution of litigation, some of the provisions we have recognized for legal proceedings could prove to be insufficient. As a result, substantial additional expenditures may arise. This also applies to legal proceedings for which the Group has seen no requirement to recognize a provision.

Although the final result of any such litigation may influence the Group's earnings and cash flows in any particular period, Daimler believes that any resulting obligations are unlikely to have a sustained effect on the Group's cash flows, financial position or profitability. Further information on legal proceedings is provided in [Note 29](#) of the Notes to the Consolidated Financial Statements.

Overall assessment of the risk and opportunity situation

The Group's overall risk situation is the sum of the individual risks of all risk categories for the divisions and the corporate functions and legal entities. In addition to the risk categories described above, unpredictable events are possible that can disturb production and business processes such as natural disasters or terrorist attacks. This could adversely affect consumer confidence and could cause production interruptions due to supplier problems and intensified safety measures at national borders. In this context, Daimler also considers the risks of additional earthquakes in Asia, the danger of weather damage and political instability in sales regions. In the case of natural disasters, emergency plans are developed to allow the resumption of business activities. In addition, further protective measures are taken and, if possible, insurance cover is obtained. Other smaller risks relate to project and process risks as well as the shortage or lack of resources. In order to avoid or minimize these risks, measures are defined for each individual case and must be implemented accordingly.