

# DAIMLERCHRYSLER

## **Wage Rate of GM/Ford/DaimlerChrysler UAW Represented Assembly Workers as of March 5, 2007**

GM Assembler	Hourly Rate	\$26.09
	COLA	<u>1.77</u>
		\$27.86
FORD Assembler	Hourly Rate	\$26.10
	COLA	<u>1.83</u>
		\$27.93
DAIMLERCHRYSLER Assembler	Hourly Rate	\$26.86
	COLA	<u>1.89</u>
		\$28.75

## **Competitive Labor Cost Comparison 2006 Average Labor Costs – UAW represented (per hour worked)**

DaimlerChrysler	\$75.86
Ford	\$70.51
General Motors	\$73.26

## **U.S. Japanese Transplants Labor Cost Comparison 2005 Average Labor Costs**

*Honda	\$42.95
*Nissan	\$41.97
*Toyota	\$47.60

*\*Memo: DaimlerChrysler estimates*

# DAIMLERCHRYSLER

## Payroll and Employment Data

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Average number of U.S. employees (Hourly & Salaried) (in thousands)	65.9	68.3	71.4	76.4
<i>UAW National Agreements</i>				
Average number hourly and salaried employees (in thousands)	47.5	50.0	52.9	56.8
Average number of hourly employees (in thousands)	42.9	45.1	47.8	51.6
Total hourly paid payroll (in millions)	\$2,897	\$3,129	\$3,442	\$3,632
Average total hourly labor costs	\$75.86	\$68.71	\$63.81	\$57.99
Average weekly hours worked	35.5	38.3	40.6	41.2
Number of hourly UAW retired employees receiving benefits under DaimlerChrysler's pension plans (in thousands – includes surviving spouses)	84.2	83.6	82.0	80.5

# DAIMLERCHRYSLER

## Pension Payments and Health Care Costs

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Pension Payments (in millions)	\$1,717	\$1,681	\$1,638	\$1,571	\$1,467 <sup>3</sup>	\$1,344 <sup>3</sup>
Number of Retired Receiving Benefits <sup>1</sup>	111,492	110,815	110,035	107,397	106,485	101,414
Total Health Care Costs including FAS 106 (in millions)	\$2,099	\$2,102 <sup>4</sup>	\$1,920 <sup>2</sup>	\$1,971 <sup>2</sup>	\$1,516 <sup>2</sup>	\$1,546 <sup>2</sup>
Health Care Costs Pay-As-You Go (in millions)	\$1,624 <sup>5</sup>	\$1,619	\$1,583	\$1,523	\$1,429	\$1,340

<sup>1</sup> Includes both Retirees and Surviving Spouses drawing pensions.

<sup>2</sup> Includes restructuring related costs.

<sup>3</sup> Includes \$83 of IPRs from the 2001 C.Y. and \$43 of IPRs from the 2002 C.Y.

<sup>4</sup> Includes restructuring related costs and NVG salaried.

<sup>5</sup> Includes \$55 reimbursement for medicare Part D subsidy.

# DAIMLERCHRYSLER

## Profile of the Typical Hourly Employee – 2006

This Section profiles two “typical” DaimlerChrysler-UAW represented hourly employees – a Major Assembler and an Electrician. Both employees are 45 years old and have 15.4 years of DaimlerChrysler service.<sup>1</sup>

### Earnings

	<i>Major Assembler</i>	<i>Electrician</i>
Base Hourly Rate (effective Sept. 18, 2006)	\$26.86	\$31.67
Cost-of-Living Allowance (Avg. Pay 2006)	\$1.76	\$1.76
Total Hourly Rate <sup>2</sup>	\$28.62	\$33.43
Gross Weekly Earnings (based on a 40-hour straight-time week)	\$1,144.80	\$1,337.20
Total Annual Compensation (based on 2006 Company average of 32.4 hours worked per week – in addition annual compensation includes shift and overtime premiums, pay for time not worked such as vacation, holidays, Christmas bonus and profit sharing). <sup>3</sup>	\$64,100	\$74,800

### Paid Time Off

During 2006, paid time off that these employees were both entitled to:

Vacations	17.5 days
Holidays	17 days
Total Paid Time off	34.5 days

<sup>1</sup> The average length of service for all hourly employees as of December 31, 2006, was 15.4 years, and the average age was 45.

<sup>2</sup> The total hourly rate would be increased by special premiums if the employees were on the afternoon or midnight shift or were seven-day employees.

<sup>3</sup> The profit sharing payment is based on the 2005 plan year – no payment was made in 2006.

# DAIMLERCHRYSLER

## Average UAW-DaimlerChrysler Labor Costs Per Hour Worked

<i>Year</i>	<i>Base Wage &amp; COLA</i>		<i>Health Care*</i>		<i>All other elements</i>		<i>Total \$/hr.</i>
	<i>\$/hr.</i>	<i>%Total</i>	<i>\$/hr.</i>	<i>%Total</i>	<i>\$/hr.</i>	<i>%Total</i>	
1991	17.27	39%	6.57	15%	20.25	46%	44.09
1992	17.68	42%	5.77	14%	18.12	44%	41.57
1993	18.16	41%	7.80	17%	18.55	42%	44.51
1994	18.45	41%	6.79	15%	19.74	44%	44.98
1995	18.56	45%	6.42	16%	15.92	39%	40.90
1996	19.00	44%	6.60	15%	17.51	41%	43.11
1997	19.68	45%	7.10	17%	16.63	38%	43.41
1998	20.69	46%	7.19	16%	17.39	38%	45.27
1999	21.53	48%	6.35	14%	17.33	38%	45.21
2000	22.71	52%	6.69	15%	14.17	33%	43.57
2001	24.34	51%	8.02	17%	15.48	32%	47.84
2002	25.44	52%	8.97	18%	15.03	30%	49.44
2003	26.62	46%	13.19	23%	18.18	31%	57.99
2004	27.10	42%	14.23	22%	22.48	36%	63.81
2005	27.78	40%	17.13	25%	23.80	35%	68.71
2006	29.15	38%	20.14	27%	26.57	35%	75.86

\*Includes incremental FAS 106 beginning with 1993.

# DAIMLERCHRYSLER

## Disability Benefits

If a non-occupational illness or injury prevented an employee from working, the employee would be paid weekly disability insurance payments in the amount of \$640 (Major Assembler) and \$760 (Electrician) for up to 52 weeks. Thereafter, an employee with 10 or more years of seniority would be paid monthly extended disability benefits in the amount of \$2,550 (Major Assembler) and \$3,015 (Electrician) until age 65. An employee with less than 10 years of seniority would be paid \$2,320 (Major Assembler) and \$2,740 (Electrician) for a period equal to his/her seniority when the disability began, less 52 weeks. Disability benefits are subject to certain offsets, such as Social Security Disability Income Benefits.

## Layoff Benefits

During periods of layoff, these typical employees would be paid as follows:

In a work week in which they worked three days (24 hours) and were laid off for two days (16 hours), they would receive Automatic Short Week Benefits under the Supplemental Unemployment Benefit (SUB) Plan.

	<i>Major Assembler</i>	<i>Electrician</i>
Automatic Short Week Benefit	\$370.05	\$429.70
DaimlerChrysler earnings for three days of work (24 hours at hourly rate including COLA)	<u>\$693.84</u>	<u>\$805.68</u>
Total gross DaimlerChrysler income for the week	\$1,063.89	\$1,235.38

Or if the layoff is for a full week, they would be paid SUB Regular Benefits.

	<i>Major Assembler</i>	<i>Electrician</i>
Weekly SUB Plan payment	\$382.79	\$507.68
State Unemployment Compensation	<u>\$362.00</u>	<u>\$362.00</u>
Gross weekly unemployment benefits	\$744.79	\$869.68

# DAIMLERCHRYSLER

## Retirement Benefits – As of October 1, 2006

If these employees were 60 years of age, had 30 years of creditable service, and elected early retirement, they would be paid the following monthly retirement benefits.<sup>1</sup>

As of October 1, 2006

	<i>Major Assembler</i>	<i>Electrician</i>
At retirement (age 60)	\$3,020.00	\$3,020.00
At 80% date <sup>2</sup>	\$1,527.00	\$1,549.50
At age 65 (enrolled in Medicare)	\$1,603.20	\$1,622.70

In addition to the benefits, paid time off, and compensation already described, these employees are also eligible for the following benefits:

### Health and Life Insurance

- Hospital – Surgical – Medical – Drug – Hearing Aid Benefits
- Dental Coverage
- Vision Coverage
- Group Life Insurance

### Other Plans and Programs

Also, employees may, at their option, participate in company plans and programs such as:

- Employee – Retiree New Vehicle Purchase/Lease Program
- Employee – Retiree Product Purchase Program
- Hourly Employees' Deferred Pay Plan
- UAW-DaimlerChrysler Legal Services Plan

Additional compensation may also be paid to employees as part of the Profit Sharing Plan.

---

<sup>1</sup> All amounts are calculated without deduction for survivorship option.

<sup>2</sup> Date at which an individual is eligible to receive 80% of his/her full Social Security retirement benefits, in addition to the Retirement Plan benefits shown.

# DAIMLERCHRYSLER

## Profit Sharing Plan

The plan was first negotiated between DaimlerChrysler and the UAW in 1985. The parties agreed to \$500 payments in lieu of profit sharing for 1986 and 1987 and to negotiate a plan for 1988. The plan negotiated in 1988 was designed to share a portion of profits (referred to as Total Profit Share) with eligible participants based on DaimlerChrysler's Return on Sales (ROS). The plan allows employees to share in DaimlerChrysler's U.S. operations profits upon the generation of the "first dollar of profits."

### Eligibility

Full-time and permanent part-time U.S. hourly and represented salaried employees are eligible upon first day of employment. For the 2005 Plan Year, approximately 59,000 UAW hourly and salaried employees received a payment.

### Total Profit Share

The calculations of the Total Profit Share is based on the sales and profits of U.S. operations including domestic subsidiaries that carry on business primarily in the United States. Earnings from unconsolidated U.S. operations (i.e., Chrysler Financial) are included on an after-tax basis. Profits for Profit Sharing are before the calculation of taxes, management incentive awards or bonuses, Profit Sharing and extraordinary items (as set forth by generally accepted accounting principles).

### DaimlerChrysler Current Profit Sharing Plan

The current profit sharing plan provides for a Total Profit Share that is based on the following Return on Sales (ROS) formula:

$$\begin{array}{rclcl} \text{Total Profit Share} & \times & \begin{array}{c} \text{Number of Eligible} \\ \text{Hourly Employees} \\ \text{Total Number of Eligible} \\ \text{Employees Covered} \\ \text{Under the Plan} \end{array} & = & \begin{array}{c} \text{Hourly and Represented} \\ \text{Salaried Allocated} \\ \text{Profit Share} \end{array} \\ \\ \text{Hourly and Represented} & \div & \begin{array}{c} \text{Total Eligible} \\ \text{Pay of Hourly} \\ \text{and Represented} \\ \text{Salaried Employees} \end{array} & = & \begin{array}{c} \text{Profit Sharing} \\ \text{Percentage} \\ \text{Factor} \end{array} \\ \\ \text{Profit Sharing} & \times & \begin{array}{c} \text{Employee's} \\ \text{Eligible} \\ \text{Pay} \end{array} & = & \begin{array}{c} \text{Distribution to} \\ \text{Individual} \\ \text{Participant} \end{array} \end{array}$$

# DAIMLERCHRYSLER

## Profit Share Payments

<i>Plan Year</i>	<i>Average Payment</i>	<i>% of Eligible Pay</i>
1986	\$500*	N/A
1987	\$500*	N/A
1988	\$720	2.3%
1989	\$0	0%
1990	\$0	0%
1991	\$0	0%
1992	\$429	1.1%
1993	\$4,300	10.5%
1994	\$8,000	17.9%
1995	\$3,200	7.0%
1996	\$7,900	17.3%
1997	\$4,600	10.2%
1998	\$7,400	14.9%
1999	\$8,100	15.9%
2000	\$375	0.7%
2001	\$0	0%
2002	\$460	0.8%
2003	\$0	0%
2004	\$1,500	2.5%
2005	\$650	1.1%
2006	\$0	0%
<b>Total thru 2006</b>		<b>\$48,634</b>

\* \$500 payment in lieu of profit sharing.

# DAIMLERCHRYSLER

## Four-Year Financial Summary

	<i>(in millions)</i>			
	2003	2004	2005	2006
Operating Profit	€ (506)	€ 1,427	€ 1,534	€ (1,118)
Capital Expenditure for fixed assets	€ 2,487	€ 2,647	€ 3,083	€ 2,892
Research and development	€ 1,689	€ 1,570	€ 1,710	€ 1,638
Revenues:				
NAFTA Region	€ 45,044	€ 45,183	€ 45,439	€ 41,503
United States	39,863	39,943	39,652	35,147
Canada	3,949	3,947	4,183	4,537
Mexico	1,232	1,293	1,604	1,819
Western Europe	2,916	2,906	2,842	3,263
Other markets	1,361	1,409	1,837	2,350
World	€ 49,321	€ 49,498	€ 50,118	€ 47,116
	2003	2004	2005	2006
<b>Units: (by region)</b>				
NAFTA Region	2,457,800	2,609,700	2,637,800	2,440,300
United States	2,128,600	2,287,000	2,305,400	2,086,900
Canada	229,000	212,300	209,900	222,500
Mexico	100,200	110,400	122,500	130,900
Western Europe	109,200	99,700	97,200	116,000
Other markets	70,900	70,500	78,000	98,400
World	2,637,900	2,779,900	2,813,000	2,654,700
<b>Units: (by vehicles)</b>				
Cars				
Neon	153,600	141,700	130,100	1,600
Caliber	—	—	—	162,600
Sebring and Stratus Sedan, Convertible and Coupe	233,600	240,900	203,500	160,900
Intrepid, Concorde and 300M	140,900	1,200	—	—
Charger	—	—	75,600	125,100
300/300C	—	141,000	194,900	180,700
Crossfire	14,700	28,300	9,900	9,000
PT Cruiser Convertible	—	34,200	14,200	13,800
Other	7,100	36,800	30,500	27,400
Minivans	494,600	499,900	537,200	467,400
Sports Tourers				
Pacifica	82,000	92,200	102,200	74,000
Magnum	—	64,700	49,700	37,900
PT Cruiser	136,400	123,000	145,900	147,200
Trucks				
Ram Pick-up	508,300	517,800	444,800	417,000
Dakota	122,500	127,700	106,400	77,500
Ram Van	20,100	3,300	—	—
Sprinter Van	9,300	17,500	24,300	28,200
Other	5,300	1,800	13,100	10,800
Sports Utility Vehicles (SUV's)				
Aspen	—	—	—	18,400
Durango	113,300	160,100	109,800	66,600
Nitro	—	—	—	46,700
Commander	—	—	49,000	92,100
Grand Cherokee	255,100	218,700	251,800	184,700
Liberty/Cherokee	256,700	232,100	225,000	169,600
Wrangler	84,400	97,000	95,100	88,800
Compass/Patriot	—	—	—	46,700
World	2,637,900	2,779,900	2,813,000	2,654,700
<b>Foreign Exchange Rates (USD/Euro)</b>	2003	2004	2005	2006
Convenience Rate	1.25970	1.35380	1.18420	1.31970