Minority Report to the Members of the UAW Chrysler Council
From Bill Parker, Chair of the 2007 UAW Chrysler National Negotiating Committee

Although your Bargaining Team worked very hard to achieve our objectives in these negotiations, the pattern set at General Motors undermines years of gains by our union and breaks faith with our own traditions. The 2007 GM pattern agreement effectively ends many of the principles established 70 years ago in the UAW’s birth during the historic development of the CIO. For years, the UAW embodied industrial unionism and the gains of the New Deal. So goes the UAW, so goes the American middle class.

As a result, the National Negotiating Committee had a split vote on the contract. I am asking that you read this minority report carefully, before voting on the tentative agreement. I am asking the Council to step up to our responsibilities and reject the offer as it stands, and return us to the bargaining table. In taking this position, I want to make it very clear that this is, in no way, a reflection on the leadership of Vice President General Holiefield. I am very appreciative of the changes and integrity he has brought to the Chrysler Department since his election. He has “given us our voice” and asked us to be honest with him.

What’s Wrong With the GM Pattern Agreement?

The GM Pattern contains a number of items that concern all of us. These are:

- The establishment of a two-tier wage and benefit package for “entry level” employees. Two tiers of workers create divisions within the union, pressure to reduce the top tier in the direction of the second tier, and efforts to drive the second tier even lower.
- The division of our facilities into core and non-core jobs. Many of the best jobs in the plants – currently held by high seniority employees – will be filled in the future with entry level employees.
- The elimination of all janitors throughout the company.
- The elimination of any general wage increase throughout the life of the agreement, along with COLA diversions to a degree never seen before. In the worst years of the 1980s we always had at least one 3% raise. The COLA diversions projected in this contract will far exceed the sum of all previous COLA diversions combined.
- A two-year limitation on receiving job bank funds if an open job exists anywhere in the company. After that, you could be forced to move anywhere in the country to the open job, wherever it is.
- The failure to provide any sort of equality of sacrifice or to provide for a catch-up if the company turns around in the future.

Naturally, there are also many aspects of the GM pattern that were significant improvements. The most noticeable of these was the moratorium on outsourcing and the plant-by-plant commitment of current and replacement product. We had a right to expect that, in Chrysler-izing the GM pattern, we would seek “pattern plus” just as each second and third contract settlement has sought to improve on the pattern in every previous round of UAW bargaining.

The Chrysler Agreement Amounts to Pattern Minus

In addition to the above-listed items from the GM pattern, the Chrysler Agreement contains additional areas of concern for this Council. These are:

1) **NO COMMITMENT BEYOND CURRENT PRODUCT.** Virtually no Chrysler plant received commitment beyond the scope of their current product. This is far more significant than it may sound. For the last 8 years, Council members have been held hostage by management during local negotiations. We have been confronted with company demands for concessions and outsourcing in exchange for future product. Left to deal with Chrysler’s threats on a single plant basis, locals have felt forced to make all types of givebacks. These negotiations were critical to put an end to the
company’s use of economic terrorism. The GM contract actually did this by committing to product past the current lifecycle being built today. When GM locals seek to negotiate local agreements, they will not be confronted with the threat of no new product, because it is locked into their national agreement. Unbelievably, the Chrysler agreement does not give us the same protection. As a result, the plant-by-plant threats we’ve experienced in the past will continue in the future. For those of us on the Chrysler Council who have the responsibility for negotiating future local agreements, this is a devastating break from the pattern.

Beyond this, it is important to understand that the GM agreement brought back to the United States several products that were slated for production elsewhere. Our agreement fails to do that and several of the next products will be built exclusively in Mexico, Canada, or China. Finally, a major issue at GM was the production of new types of vehicles such as an electric car, which will now be built in Ohio. We received no commitment for the U.S. production of alternative propulsion vehicles.

2) **FOUR FACILITIES TO BE 100% ENTRY LEVEL.** The establishment of permanent two-tier relations is bad enough. It will be a threat to the unity and solidarity within our union. But unlike the GM contract, we will have facilities that are 100% entry level, once red-circled traditional employees leave. Where do those entry level employees go to move up? They will have signed up for entry level wages for life. Under the tentative agreement, this will be the case at Toledo Machining, Marysville Axle, Chrysler Transport, and all Mopar facilities. We will have “saved” these facilities by restricting all future employees to half pay.

3) **REDUCED SENIORITY OPPORTUNITIES.** Classifications are being totally eliminated from production jobs on Smart teams. In many places we have successfully implemented teams within our existing classification structure. Now, in exchange for a few pennies an hour, we are giving up any classification variation for team members. There are already few enough opportunities to exercise seniority, without giving up classifications for team members. The side letter allowing the LEPC to request an exemption is meaningless; not many Plant Managers will side with their local union against clear direction from CTC.

4) **NO ROLL-OVER OF TEMPORARIES.** The GM agreement rolled over 3,000 temporary employees to permanent, full time, Traditional status. At Chrysler, none were rolled over. This means the shameful hiring of extended temporaries at Belvidere was not corrected. In addition, it means that long service Temporary Part Time employees remain in that status, still lacking a commitment of permanent employment.

5) **ADDED COSTS FOR RETIREES.** Pattern for Chrysler in 2007 also means accepting the 2005 concessions made at GM and Ford. This means for active workers, that the dollar an hour we held on to will be eaten away by future COLA diversions (after the first ten cents is snatched each quarter) until we have “caught down” to the GM pattern. In 2005 and 2006, however, this Council was loud and clear that it wanted no health care costs passed onto our retirees. The 2007 Chrysler agreement ignores the Council’s position, and places those earlier GM costs onto the backs of our retired members.

6) **SKILLED TRADES ISSUES.** The trades avoided many of the issues facing production; however, retiree pensions and benefits for new hires will be different than for traditional employees. The effort to reduce the number of trades will continue through annual packages — something not offered to production workers. New, under this contract, is that skilled trades employees on layoff or in the job bank can be called to take open jobs in production, though they will keep their skilled wages. Although separate trades are protected under the “trades consolidation” language, the door is now open for management to expect one trade to do the work of other trades.

For these reasons, I voted against the tentative agreement, causing a split vote. Today, I ask that you consider the terms of the tentative contract carefully — as well as the content of my report — and that the Council reject the agreement with clear instructions to return to the bargaining table.
CONTRACT ADMINISTRATION
SUBCOMMITTEE MEETING MINUTES

UNDERSTANDING REACHED DURING THE CONTRACT ADMINISTRATION
SUBCOMMITTEE MEETING ON OCTOBER 6, 2007

SUBJECT: WOM TEAM MEMBER/TEAM LEADER RATES OF PAY

During the current set of negotiations the parties discussed opportunities to consolidate classifications and rates of pay under the Workplace Organization Model in the Assembly and Stamping Divisions.

The Parties agreed to rates of pay as follows:

- **Assembly Division Team Member rate will be $27.04.**
- An Assembly Team Leader will receive a $.50 Team Leader add-on.
- An Assembly Team Leader will receive the skill enhancement rate up to $27.20 after successfully completing the 120 day evaluation.
- The maximum rate of pay for a Team Leader in the Assembly Division is $27.70.

- **Stamping Division Team Member rate will be $26.93.**
- A Stamping Team Leader will receive a $.50 Team Leader add-on.
- A Stamping Team Leader will receive the skill enhancement rate up to $27.20 after successfully completing the 120 day evaluation.
- The maximum rate of pay for a Team Leader in the Stamping Division is $27.70.

- **Powertrain Division Team Member rate will be $26.94.**
- A Powertrain Team Leader will receive a $.50 Team Leader add-on.
- A Powertrain Team Leader will receive the skill enhancement rate up to $27.20 after successfully completing the 120 day evaluation.
- The maximum rate of pay for a Team Leader in the Powertrain Division is $27.70.
SUBJECT: Belvidere Assembly Plant TPT to ETE Commitment

During the current set of negotiations the parties discussed the local commitment made regarding existing Belvidere TPT's, with hire dates prior to 1/1/06, who were canvassed and accepted ETE assignments. As confirmed in a memo by the Belvidere Assembly Plant HR Manager, the local commitment regarding these employees is that they will be afforded the opportunity to return to TPT status at the end of their ETE assignment.

This resolves demand 381.
New Letter – Chrysler Transport (Hourly)

International Union, UAW

Attention: Mr. General Holiefield

Dear Sir:

In 2003, the Company advised the International Union of the immediate need for improved competitiveness and to modify the existing business model at Chrysler Transportation (CTI) in response to ongoing economic challenges. During the term of the 2003 Agreement, operational improvements were achieved albeit offset with continuing labor cost increases resulting in ongoing non-competitiveness.

During these negotiations, the parties discussed the application of an entry level wage rate thereby allowing the facility to transition to a competitive business model. As a result of these discussions, the parties agree to the following:

- Special Programs will be offered to affected UAW employees in order to accelerate the transition to a competitive business model.
  - Incentive Program for Retirement (IPR) – Retire under the employee option provisions of the Chrysler – UAW 2007 Pension Plan and receive a cash lump sum amount of $70,000 less normal deductions
  - Special Early Retirement (SER)
  - Enhanced Voluntary Termination of Employment Program (VTEP) with a cash lump sum amount of $100,000 less normal deductions
  - Pre-retirement leave (PRL’s)

- New hires will fill openings attributable to attrition occurring at the facility based upon business needs. New hires will receive the Team Member Support 1 entry level base rate in accordance with the Memorandum of Understanding (MOU) UAW-Chrysler Entry Level Wage & Benefit Agreement of the 2007 National Agreement.

Very truly yours,

CHRYSLER LLC

By J. Franciosi

Accepted and Approved:

INTERNATIONAL UNION, UAW

By: General Holiefield
Newark Assembly

October xx, 2007

Newark Assembly Plant Closing (Hourly)

International Union, UAW

Attention: Mr. General Holiefield

Dear Sirs:

In order to address ongoing structural issues and the mounting challenges faced by Chrysler LLC, on February 14, 2007, a Recovery and Transformation Plan (RTP) was announced. As part of the RTP, the Newark Assembly Plant will be closed.

The Newark Assembly Plant closure is appended to and referenced in the "Current and Future Product Commitment & Future Insourcing Opportunities" memorandum dated October 10, 2007.

As a result of these negotiations, and consistent with the goal of being socially responsible to the needs of our employees, the parties have agreed, on a non-precedent setting basis, to the following:

1. (a) Eligible employees will be offered an Incentive Program for Retirement (IPR) opportunity comprised of a cash payment with a gross value for tax purposes of seventy thousand dollars ($70,000).

(b) Employees with 10 or more years of credited service and within the ages of 55 and 61, will be offered an opportunity for Special Early Retirement (SER) under the Pension Agreement.

(c) Employees will be offered an opportunity for Pre-Retirement Leave under the provisions of Letter #164 – Pre-Retirement Leaves of the National PM&P Agreement, provided they are not SER/IPR eligible.

2. Eligible employees with 1 or more years of credited service may elect to participate in a Voluntary Termination of Employment (VTEP) program opportunity comprised of a cash payment with a gross value for tax purposes of one Hundred thousand dollars ($100,000). Basic Healthcare coverage will also be provided for a six (6) month period.
Notwithstanding, the provisions of the Memorandum of Understanding on Plant Closings, (M-4), employees who are not eligible or who elect not to participate in the aforementioned programs, will be encouraged to transition to the first available attritional opening at any U.S. Chrysler – UAW facility. Transitioned employees will be eligible for $30K relocation allowance, pursuant to Exhibit E – Relocation Allowance Plan of the Agreement.

Employees effected by this transaction will be eligible for benefits as provided for in the 2007 Chrysler-UAW Agreement.

To effectively address the challenges that may impact the operational efficiency leading up to the Newark Assembly plant closing, the parties will establish a joint team comprised of members of the International Union and Corporate Union Relations to address transitional and administrative requirements.

In view of the above, this letter will satisfy the Corporation's obligation in accordance with Letters #136 and Letter # 137 concerning plant closings.

Very truly yours,

Chrysler LLC

J. Franciosi

Accepted and Approved

INTERNATIONAL UNION, UAW
By: General Holiefeld
October 11, 2007

New Letter – Toledo Machining (Hourly)

International Union, UAW

Attention: Mr. General Holiefield

Dear Sirs:

In 2003, the Company advised the International Union of the immediate need for improved competitiveness and to modify the existing business model at Toledo Machining in response to ongoing economic challenges. During the term of the 2003 Agreement, operational improvements were achieved however offset with continuing labor cost increases resulting in ongoing non-competitiveness.

During these negotiations, the parties reviewed the continued competitive disadvantage of the Toledo Machining Plant’s business model as compared to the competition in the manufacturing of torque converters and steering columns. Accordingly, the parties discussed the application of an entry level wage rate thereby allowing the facility to transition to a competitive business model.

As a result of these discussions, the parties agree to the following:

- Non Skilled new hires will fill openings attributable to attrition occurring at the facility based upon business needs. New hires will receive the Team member Support 1 entry level base rate in accordance with the Memorandum of Understanding (MOU) UAW-Chrysler Entry Level Wage & Benefit Agreement of the 2007 National Agreement.

- Special Programs will be offered to affected UAW employees in order to accelerate attrition and the transition to the competitive business model.
  - Incentive Program for Retirement (IPR) – Retire under the employee option provisions of the Chrysler – UAW 2007 Pension Plan and receive a cash lump sum amount of $70,000 less normal deductions
  - Special Early Retirement (SER)
  - Enhanced Voluntary Termination of Employment Program (VTEP) with a cash lump sum amount of $100,000 less normal deductions

Very Truly Yours,

Chrysler LLC

By J. Franciosi

Accepted and Approved:

INTERNATIONAL UNION, UAW

By: General Holiefield
October 11, 2007

Detroit Axle Plant and Marysville Axle Plant—Non-Core Manufacturing Operations

International Union, UAW

Attention: General Holiefield

Dear Sirs:

In 2003, in response to ongoing economic challenges, the Company advised the International Union of the immediate need at Detroit Axle Plant (DAP) to modify the existing business model to achieve improved competitiveness. During the term of the 2003 Agreement, some operational improvements were achieved, however offset with continuing labor cost increases resulting in ongoing non-competitiveness.

Since this time, the Corporation informed the Union of its decision to continue axle product development and manufacturing with a focus on gear manufacturing and assembly. The Corporation further demonstrated their commitment by investing $700M in future axle products to be built in a new state of the art plant in Marysville, MI (MAP) with launch currently scheduled for 2009. The current Detroit Axle Plant will continue with current production scheduled until its current axle products phase out by 2014.

During these negotiations, the Parties addressed the need for the new facility to remain competitive relative to wage rates and other cost factors in line with their competitors.

As a result of these discussions, the parties agree to the following:

- Current DAP seniority employees on roll effective October 10, 2007 will be permitted to transfer to MAP at their rate of pay at the time of transfer.
- Subsequent vacancies at DAP and MAP will be filled by employees at the Team Member Support 1 entry level base rate in accordance with the Memorandum or Understanding (MOU) UAW-Chrysler Entry Level Wage & Benefit Agreement of the 2007 National Agreement.
- The following Special Programs will be offered to affected UAW employees in order to accelerate the transition to a competitive business model:
  - Incentive Program for Retirement (IPR)
  - Special Early Retirement (SER)
  - Enhanced Voluntary Termination of Employment Program (VTEP)

Very Truly Yours,

Chrysler LLC

By: J. Franciosi

Accepted and Approved:

INTERNATIONAL UNION, UAW

By: General Holiefield
October 10, 2007

PM&P

Current and Future Product Commitment & Future Insourcing Opportunities

International Union

Attention: General Holiefield

Dear Sirs:

During the 2007 Negotiations, the Company and the Union held extensive discussions on the insecurity caused by intense market conditions. The Union expressed serious concerns regarding the job security of its members. In particular, the Union called upon the Company to commit to greater levels of investment within the U.S. and thus secure American UAW jobs.

The Company shares the Union's concern regarding long term stability and has worked with the Union to pursue methods that improve the viability of our operations. It is mutually understood that stability for the Company and its employees can only be forged in the production of profitable vehicles for the consumer base. As such, the parties realize that Chrysler's ability to maintain its manufacturing presence in the United States with the commitment of future investment is predicated on:

- Market demand to support volume
- Favorable business cases / profitable vehicles
- Stable market segments

Chrysler has maintained a long history of producing cars and truck in the U.S. for sale at home and abroad. To that end, the Company has committed that the following will apply to all Chrysler UAW represented operations covered by the UAW – Chrysler 2007 National Agreement:

1. The Company and the Union, within 120 days of the effective date of the National Agreement, will begin meeting to make the necessary business decisions for product insourcing. These meetings will include appropriate members of the International Union and the Company necessary to make sound and prompt business decisions.

2. During these negotiations, the parties have identified Non-Core product and process work totaling 8,000 jobs represented by the UAW that will be retained through a moratorium on outsourcing for the term of the 2007 National Agreement or for the lifecycle of the product.

3. The Company agrees that work totaling 1,025 jobs to be represented by the UAW will be insourced during the life of this agreement. It is understood by the parties that the insourcing of work is dependent upon a favorable business case, market demand, available floor space, proprietary rights, and cancellation costs. This work will be retained for
the term of the 2007 National Agreement or for the lifecycle of the product. The Company agrees that insourcing actions are intended to be complete by the end of the second year of the UAW-Chrysler National Agreement but not later than the fourth year of the UAW-Chrysler National Agreement.

4. In conjunction with number 3 above, the parties will identify non-core product work totaling 1,100 future UAW represented jobs that will be evaluated for insourcing, in conjunction with the process noted above. If insourced, this work will be retained through the term of the 2007 National Agreement.

5. Pursuant to these discussions and provisions of the Agreement, and in conjunction with the aforementioned commitment to insource work, a moratorium on outsourcing for the current core and non-core product will be implemented through the term of the National Agreement.

6. Any issues that arise relative to the interpretation of this Agreement or the implementation of the commitments contained herein will be discussed and resolved by the Company and International Union.
Assembly Plants

Belvidere Assembly
- Product Allocation & Work Retention
  - Dodge Caliber, Dodge Caliber SRT, Jeep Patriot, and Jeep Compass continues through the life of this agreement and through the product lifecycle
  - A moratorium on outsourcing for the current non-core product will be implemented for the life of the Agreement

Conner Avenue Assembly Plant
- Product Allocation & Work Retention
  - Dodge Viper continues through the product lifecycle
  - No future product has been identified beyond the product lifecycle. The National Parties will jointly explore opportunities for current Conner employees including Special Programs. Close facility during the term of this Agreement.

Jefferson North Assembly Plant
- Product Allocation & Work Retention
  - Jeep Grand Cherokee, and Jeep Commander continues through the product lifecycle
  - Jeep/Dodge/Chrysler vehicles off a new Unibody Architecture serve as replacement products for the current models will be allocated through the product lifecycle including the Core and Non-Core product associated with that allocation
  - A moratorium on outsourcing for the current non-core product will be implemented for the life of the Agreement

Newark Assembly Plant
- Product Allocation & Work Retention
  - Dodge Durango and Chrysler Aspen continues through the product lifecycle
  - No future product has been identified beyond the product lifecycle. Close facility during the term of this Agreement. Special Program Offerings will be provided to affected employees
Sterling Heights Assembly Plant
- Product Allocation & Work Retention
  - Chrysler Sebring, Dodge Avenger, and Chrysler Sebring Convertible continues through the product lifecycle
  - A moratorium on outsourcing for the current non-core product will be implemented for the life of the Agreement

St. Louis North Assembly Plant
- Product Allocation & Work Retention
  - Dodge Ram Truck continues through the product lifecycle
  - 2008CY launch of the all new Dodge Ram Truck replacement product for the current model will be allocated through the product lifecycle including the Core and Non-Core product associated with that allocation
  - A moratorium on outsourcing for the current non-core product will be implemented for the life of the Agreement

St. Louis South Assembly Plant
- Product Allocation & Work Retention
  - Chrysler Town & Country and Dodge Caravan continues through product lifecycle, contingent on market demand. Long term viability tied to volume

Warren Truck Assembly Plant
- Product Allocation & Work Retention
  - Dodge Ram Truck, Dodge Dakota, and Mitsubishi Raider continues through the product lifecycle
  - 2008CY launch of the all new Dodge Ram Truck replacement product for the current model will be allocated through the product lifecycle including the Core and Non-Core product associated with that allocation
  - A moratorium on outsourcing for the current non-core product will be implemented for the life of the Agreement
Powertrain Plants

Detroit Axle Plant

- Product Allocation & Work Retention
  - HB/HG, DS, ND, WK, XK axle production to continue through the product lifecycle, KA/KK assembly and machining continue through lifetime of this agreement
  - No future product has been identified beyond the product lifecycle. Idle/Close facility during the term of this Agreement. Special Program Offerings will be provided to affected employees
  - 2010.5MY launch of a new axle design. $700 million in planned investment for the all new Marysville Axle Plant

Indiana Transmission Plant I & II

- Product Allocation & Work Retention
  - 545RFE, 68RFE and W5A580 Rear Wheel Drive Transmissions continue through the product lifecycle
  - No additional product identified at this time. Current product allocation continues through the life of this Agreement
  - A moratorium on outsourcing for the current non-core product will be implemented for the life of the Agreement

Kenosha Engine Plant

- Product Allocation & Work Retention
  - 3.5L V6, and the 2.7L V6 continue through the product lifecycle
  - Launch of the all new 2011.5MY Phoenix Engine. Phoenix serves as replacement product for the current models will be allocated through the product lifecycle. Core and Non-Core product specific to Phoenix allocation
  - A moratorium on outsourcing for the current non-core product will be implemented for the life of the Agreement

Kokomo Casting Plant

- Product Allocation & Work Retention
  - Continue casting aluminum automotive parts and transmission / transaxles through the product lifecycle
- 2010MY begin casting aluminum engine blocks for the Phoenix Engine. Next generation replacement product for casting automotive parts and transmission / transaxles – (Demand and Business Case Dependent).
- A moratorium on outsourcing for the current non-core product will be implemented for the life of the Agreement

**Kokomo Transmission Plant**

- Product Allocation & Work Retention
  - Production of the 42RLE Rear Wheel Drive transmission and the 40/41TE, 40/41TES and 62TE Front Wheel Drive Transmissions will continue through the product lifecycle
  - Joint Venture with Getrag to produce dual clutch transmissions in Tipton, Indiana for the 2010/2011MY.
  - A moratorium on outsourcing for the current non-core product will be implemented for the life of the Agreement

**Mack Engine Plant I**

- Product Allocation & Work Retention
  - Production of the 4.7L V8 will continue through the product lifecycle
  - A moratorium on outsourcing for the current non-core product will be implemented for the life of the Agreement

**Mack Engine Plant II**

- Product Allocation & Work Retention
  - Production of the 3.7L V6 will continue through the product lifecycle
  - A moratorium on outsourcing for the current non-core product will be implemented for the life of the Agreement

**Toledo Machining Plant**

- Product Allocation & Work Retention
  - Production of torque converters and steering columns will continue through the product lifecycle
  - Next generation replacement product to include all new Kronos Torque Converter – (Demand and Business Case Dependent).
- A moratorium on outsourcing for the current non-core product will be implemented for the life of the Agreement

Trenton Engine Plant

- Product Allocation & Work Retention
  - 3.3L V6, 3.8L V6, and 4.0L V6 continue through the product lifecycle
  - Phoenix Engine replacement products for the current models. Phoenix serves as replacement product for the current models will be allocated through the product lifecycle. Core and Non-Core product specific to Phoenix allocation
  - A moratorium on outsourcing for the current non-core product will be implemented for the life of the Agreement
Stamping

Mt. Elliott Tool & Die
- Product Allocation & Work Retention
  - Continue implementation of Lean Die Strategy for major Class A Strategy Dies
  - Maintain major die panel construction through lean die strategy
  - A moratorium on outsourcing for the current non-core product will be implemented for the life of the Agreement

Sterling Stamping Plant
- Product Allocation & Work Retention
  - JS, RT, CS, DS, WK/XK, & KA/KK core products currently allocated will continue to be produced through the current vehicle lifecycle, unless reallocated to another Chrysler Stamping facility
  - A moratorium on outsourcing for the current non-core product will be implemented for the life of the Agreement

Twinsburg Stamping Plant
- Product Allocation & Work Retention
  - DS, HB/HG, KA/KK, CS, RT, PM/MK, & LC core products currently allocated will continue to be produced through the current vehicle lifecycle, unless reallocated to another Chrysler Stamping facility. Continued production through term of the Agreement

Warren Stamping Plant
- Product Allocation & Work Retention
  - DS, ND, NM, RT, WK/XK, CS, & HB core product currently allocated will continue to be produced through the term of the Agreement, unless reallocated to another Chrysler Stamping facility.
  - A moratorium on outsourcing for the current non-core product will be implemented for the life of the Agreement
Transportation

Chrysler Transport

- Product Allocation
  - In conjunction with these negotiations, Chrysler Transport will continue to provide services to Chrysler LLC during the term of the Agreement, through 2011. Pursuant to provisions within the Agreement.
  - A moratorium on outsourcing for the current non-core product will be implemented for the life of the Agreement
**Mopar Parts Operations**

The current business segment in which Mopar competes has become more and more competitive with each passing year. Market pressures have increased as a result of a multitude of new competitors actively pursuing every potential customer. The parties have repeatedly demonstrated an interest in developing joint improvements. Despite their collective efforts to address their cost gap, Mopar continues to operate at a competitive disadvantage to many of its competitors. In order to successfully contend in this type of environment, Mopar has been forced to continually streamline and improve its distribution channels. As a result of the improvements made in recent years, nineteen (19) of twenty (20) PDC’s will remain functional during the term of the Agreement. Exceptions include:

- **Fontana PDC**
  - Discontinuation of Mopar operations in July, 2010 per Service Level Agreement between Chrysler LLC and MBUSA
  - Special Program Offerings will be provided to affected employees
October 12, 2007

Newark Assembly - Newark Parts Distribution Center
Hourly

International Union, UAW

Attention: Mr. General Holiefield

Dear Sirs:

During these negotiations the parties discussed and provided for the ability of laid off hourly employees from the Newark Assembly Plant to be afforded job placement opportunity in an attritional opening at the Newark Parts Distribution Center (PDC) in accordance with the provisions of the 2007 PM & P National Agreement. Additionally, the parties agreed that these employees will maintain their traditional wage and benefit structure upon transfer.

Very truly yours,

CHRYSLER LLC

By J. Franciosi

Accepted and Approved:

INTERNATIONAL UNION, UAW

By: General Holiefield
MEMORANDUM OF UNDERSTANDING
COLA FOLD-IN

Effective the beginning of the first pay period following receipt by the Corporation from the International Union of written Notice of Ratification of the applicable agreements, and in accordance with the terms of the Settlement Agreement, two one dollars and nineteen cents ($2.019) shall be added to the base hourly rates of non-incentive employees and to the minimum and maximum base hourly rate for each such employee's classification and, in the case of incentive employees, to the incentive earned rate and shall not be taken into account for purposes of incentive calculation. An equal amount of one dollar and nineteen cents ($1.919) shall be deducted from the two dollars and twenty-five cents ($2.25) Cost-of-Living Allowance that was in effect on September 29XX, 2003, and thereafter the allowance shall be computed in accordance with Subsection (c), of Section (109) of the Agreement covering Production, Maintenance and Parts Employees.
MEMORANDUM OF UNDERSTANDING
EMPLOYMENT SECURITY SYSTEM
(ESS) PROGRAM

The Corporation and the Union are committed to enhancing the job security of employees. The parties also recognize that such job security can only be realized within a work environment which promotes operational effectiveness.

Accordingly, the parties have agreed to this ESS Program, and have pledged to work together, consistent with this Program and other provisions of the National Agreements, to enhance the Corporation's competitive position.

The cornerstone of the ESS Program is a commitment to certain pre-determined base employment levels (BELs), a series of BEL Benchmark Minimums, and to provide protection against indefinite layoff for eligible employees as expressly provided herein.

I. SCOPE OF THE PROGRAM

Base Employment Levels

(A) Base Employment Levels (BELs) (i.e., numbers of eligible employees or positions covered by this Program as defined herein) initially shall be established as of the Effective Date for each Unit as listed in the Index of Units contained in the Production and Maintenance and Parts Depot Agreements.

- Separate Unit BELs shall be established for non-skilled and skilled employees. The transfer of an employee between a skilled and non-skilled unit will cause the Unit BEL for the unit receiving the employee to increase and the other to decrease unless the movement occurred to satisfy the BEL Benchmark Minimum, in which case the Unit BEL's will remain the same in each unit.

- The 1996 initial BEL for each Unit was determined as being equal to the sum of 1) the number of active employees with one or more years seniority at work and on roll in the Unit, on the Effective Date; 2) the number of active employees with less than one (1) year of seniority occupying BEL slots on the Effective Date; and 3) the number of unfilled new hire obligations as of the Effective Date due to application of the outsourcing/new hire provisions of the 1996 Agreement (Article II (B) 2.e.). Such active employees will be BEL eligible and the term active employee will include an employee at work as well as an employee not at work who is:

1) on vacation;
2) receiving paid absence allowance;
3) receiving bereavement pay;
4) on jury duty;
5) on leave of absence of ninety (90) days duration;
BEL Benchmark Minimums

(B) A series of BEL Benchmark Minimums will be established for each Unit effective September 30, 2003 equal to 95% of the Unit’s Initial Base Employment Level (BEL) as of the Effective Date of the 1999-2003 Agreement. These newly established Benchmark Minimums will then remain fixed for the duration of the new Agreement, except for other adjustments (e.g., operations transfers) required under the 1999-2003 Agreement.

Covered Events

(C) A covered event hereunder is any event that, absent the protection provided herein, would cause the layoff of one or more BEL eligible active employees for any reason except those actions or events specified in Section (D) below:

The obligation to provide benefits hereunder shall not arise unless one (1) or more covered events would otherwise result in a reduction or further reduction, during the term of this Agreement, in the number of BEL eligible active employees.

Excluded Events

(D)(A) No employee will be laid off during the term of this Agreement except for the following reasons:

1) volume related declines attributable to market related conditions as described in Letter (126), ESS Program - Volume Related Layoffs—BEL, not to exceed forty-eight (48) weeks (inclusive of vacation shutdown weeks except for shutdowns taken during periods of model change over or plant rearrangement) over the term of this Memorandum of Understanding;

2) acts of God or other such reasons beyond the control of the Corporation Company;

3) the sale of a part of the Corporation’s Company’s operations as an ongoing business;

4) where the employee has been recalled or reassigned to fill an opening known in advance to be temporary; or

5) model change or plant rearrangement until the employee otherwise would have been recalled.

An employee impacted by any of the above reasons is, if otherwise eligible, covered by the appropriate Supplemental Agreements which are attached to the National Agreement as Exhibits.

(E) The number of employees protected by this ESS Program will be the equivalent of the employees within the BEL who would otherwise have been laid off as a result of any event other than those described in paragraph (D).

II. ADJUSTMENTS TO THE BEL ELIGIBILITY EMPLOYMENT SECURITY SYSTEM (ESS) PROGRAM

Following the initial determination of a Unit BEL, it will be adjusted Employment Security System guidelines are as follows:

(A) Seniority employees as of effective date of the 2007 National Agreement are covered by this Memorandum. A plant by plant listing of the number of employees covered by this Memorandum will be provided to the National and Local Job Security, Operational Effectiveness and Sourcing (“JOSSES”) Committees. This report will be updated quarterly. Individual plant reports will be provided monthly.

(B) Discharged employees who are eligible under the F.S.S. Program, will maintain their eligibility upon reinstatement.

(C) When a seniority employee quits, retires, dies or is placed on Salary the seniority employee will be replaced as soon as possible, but in no event no longer than 30 days, as follows, in accordance with Section III(c) of this Memorandum:

Production

(1) Recall, in plant seniority order, seniority employees from the combined plant recall list which consists of:

(i) Layoff/lay bank populations;

(ii) Return to Home Plant applications; or

(iii) Closed plant employees’ designated election(s);

(2) Recall, by Corporate Service Date, the highest seniority volunteer on layoff or Protected status from inside the Labot

K.W.M. 10.12.2007
PW 10/12/2007
Market Area:
(3) Transition an Entry Level employee from the facility to become a Traditional employee; or
(4) Hire a new Entry Level employee.

An Entry Level seniority employee who becomes a Traditional employee will be covered by this Memorandum.

Skilled Trades
(1) Recall, by trade and in plant seniority order, employees from the combined plant recall list which consists of:
   (i) Layoff/job bank populations;
   (ii) Return to Home Plant applications; or
   (iii) Closed plant employee designated election(s);
(2) Recall, by trade and highest Skilled Trades seniority, volunteer on layoff or Protected status from inside the Labor

Market Area:
(3) Either transfer a Skilled Trades employee working production into the trade, or place an Apprentice; or
(4) Hire a new Skilled Trades employee.

issues arising from implementation of this Section II (C) will be referred to the National JSEES Committee for resolution.

(D) The number of jobs outsourced minus the number of jobs insourced (as defined in Memorandum of Understanding -
Sourcing) will be treated as attrition.

(E) Attrition replacement will be delayed during a market driven related layoff.

(F) Attrition replacement when a facility has employees on Protected status will be handled in accordance with Letter 135 of the
National Agreement.

(A) An employee shall become BEL eligible for any of the following reasons, at which point the Unit BEL will be increased by one (1) position for each such employee: (1) an employee in the active workforce, as defined by Paragraph (A) who has less than one (1) year seniority on the Effective Date who subsequently attains one (1) year seniority; (2) an employee with one (1) more years seniority who is recalled, except if recalled to satisfy the BEL, and who is actively at work, on vacation or receives pay in at least 26 weeks during any consecutive 52 week period ending after the Effective Date; (3) an employee with less than one (1) year seniority is recalled, except if recalled to satisfy the BEL, who subsequently attains one (1) year seniority and is actively at work, on vacation or receives pay in at least 26 weeks during any consecutive 52 week period ending after the Effective Date; (4) an employee newly hired/retired after the Effective Date who attains three (3) years seniority; (5) an employee deemed to be eligible, recalled or newly hired in order to satisfy a BEL Benchmark Minimum. Notwithstanding the above, the National Job Security, Operational Effectiveness and Sourcing
(JSEES) Committee is authorized to establish special mechanisms, including BEL eligibility provisions, for the purpose of attracting new work.

(B) The Unit BEL will be reduced for the attrition of eligible employees who quit, retire or die.

(C) Unit BELs will be adjusted in the event of a transfer of operations or consolidations between Units on a one-for-one basis by reducing the sending Unit's BEL and increasing the receiving Unit's BELs by the corresponding number of jobs involved in the transaction. Similarly, corresponding adjustments will also be made to the BEL Benchmark Minimums of each affected Unit.

(D) Each employee who leaves the bargaining unit for a permanent salaried position will be replaced immediately with no effect on the Unit BEL. For each salaried employee returning to the bargaining unit, the Unit BEL will be increased by one (1). The transfer of an employee between non-skilled/skilled and salaried will cause the Unit BEL for the bargaining unit receiving the employee to increase and the other to decrease.

(E) BEL eligible employees off roll will maintain their eligibility upon reinstatement.

(F) Notwithstanding the above, BEL Benchmark Minimums will not be established for a facility determined to be closing.

(G) BEL Benchmark Reviews/Actions

1. Following the last pay ending of each month and within ten (10) working days of the following month (BEL Benchmark Review), the number of BEL eligible employees in each Unit shall be compared to the Unit's corresponding BEL Benchmark Minimum. Adjustments will be made consistent with the provisions of this Memorandum; and attrition replacement obligations will be fulfilled as set forth below.

2. When the number of BEL eligible employees exceeds the Benchmark Minimum, attrition will be replaced on a one-for-two basis by recalling employees on layoff in accordance with the procedure described in Section (3)(b) below.

KLM 10/12/2007
PW 10/12/2007
3. When the number of BEL eligible employees would otherwise fall below the Benchmark Minimum, attrition will be replaced on a one-for-one basis by the following actions in order to maintain eligible employment at the Benchmark Minimum:

   a. First, by allowing an ineligible active seniority employee at the affected facility to become eligible.

   b. Second, by recalling employees on layoff from that facility, and employees on Return to Home Plant. Next, the highest seniority volunteer on the combined Labor Market Area List would be recalled in accordance with Section III(D). If there are no employees on that list, the employee with the highest seniority between the Out of Labor Market Area List and the Return to Former Labor Market Area List would fill the opening on a voluntary basis.

   c. Or third, by hiring new employees up to the net number of jobs outsourced minus those insourced (as defined in MOU 1 of the Agreement and determined by the National Committee) subsequent to the Effective Date. Such positions will be filled on a Unit BEL basis no later than ninety (90) days following the BEL Benchmark Review, except when the affected Unit is encountering market-driven, volume-related layoffs or has employees in protected status for reasons other than sourcing actions.

4. Notwithstanding the above, the net outsourcing/new hire obligation provided in Section (3)(c) above shall be activated earlier than required therein if and when the number of BEL eligible employees is less than the greater of: (1) the BEL Benchmark Minimum for the quarter, or (2) 90% of the Unit's Snapshot BEL under the 1990 Agreement.

5. If, after fulfilling the above requirements, subsequent attritions would cause the number of BEL eligible employees to fall below the Unit's Benchmark Minimum, attrition will be replaced on the following basis:

   a. When the number of BEL eligible employees is greater than 99% but less than 100% of the Benchmark Minimum, one (1) new employee will be hired for each three (3) attritions.

   b. When the number of BEL eligible employees is greater than 80% but less than 99% of the Benchmark Minimum, one (1) new employee will be hired for each two (2) attritions.

   c. When the number of BEL eligible employees is less than 80% of the Benchmark Minimum, one (1) new employee will be hired for each one (1) attrition.

   d. Such positions will be filled on a Unit BEL basis no later than ninety (90) days following the BEL Benchmark Review, except when the affected Unit is encountering market-driven volume-related layoffs or has employees in protected status for reasons other than sourcing actions.

6. Employees recalled, hired or rehired to fulfill the above obligations may be assigned within their Unit's Management's discretion, subject to applicable seniority provisions of the Agreement.

In the event there are any new hire obligations that remain unfilled 120 days after the BEL Benchmark Review upon which they were established, including new hire obligations carried forward from the 1990-03 Agreement, they shall be filled at the discretion of the Vice President - Director of the UAW-DaimlerChrysler Department, the Senior Vice President - Employee Relations, DaimlerChrysler Corporation, and the National Committee. The parties will jointly determine how, where and when those obligations are to be fulfilled, taking into account the current and future hiring requirements of the affected Unit and other Units, the cyclical nature of demand in the industry, the timing of product plans and insourcing actions, and a joint commitment to fulfill these obligations as expeditiously as possible.

7. In the event new hire obligations are fulfilled through the placement of new employees at a Unit other than the one at which the obligations were created, BELs for the respective Units will be adjusted on a one-for-one basis by reducing the BEL at the Unit where the openings occurred by the number of new hire fulfillments and correspondingly increasing the BEL(s) at the Unit(s) where the new hires were placed. Similarly, offsetting adjustments will also be made to the BEL Benchmark Minimums of each affected Unit.

If the BEL number results in less than a whole number, the Engineering Method of Rounding will be used to determine the BEL.

III. PROTECTED-EMPLOYEES JOB SECURITY AND OPERATIONAL EFFECTIVENESS

In recognition of the fact that job security can only result from joint efforts to improve operational effectiveness, the Company and the Union agree that:

(A) If an event, other than those described in (D), would otherwise cause the number of BEL eligible employees to be laid-off, the employees so Protected, as provided for in (C), will be placed on Protected employee status after application of the seniority provisions of the National and Local Seniority Agreements.

KwA 10/12/2007
PW 10/12/2007

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For the period commencing with the Effective Date of this Memorandum of Understanding and for the life of the current Agreement, no employee covered by this Memorandum will be laid off as a result of any event other than those described in Paragraph (A).

An employee whose regular job is eliminated will be placed pursuant to the applicable provisions of the National Agreement and Local Seniority Agreement.

The parties recognize that covered events may occur during the course of this Agreement that will cause the number of BEL Protected employees to exceed the Corporation’s production requirements. The parties recognize further that the scope of this program requires flexibility with regard to the assignment of such Protected employees and the selection of employees for training.

In this regard, the Local Job Security, Operational Effectiveness and Sourcing Committee will ensure that assignments are made on a basis consistent with the seniority provisions of the Collective Bargaining Agreement and local seniority agreement, while also meeting plant needs, minimizing workforce disruption and enhancing the personal growth and development of employees. After a decision by the Local Job Security, Operational Effectiveness and Sourcing Committee, an available Protected employee may be (1) placed in a training program, (2) used as a replacement to facilitate the training of another employee, (3) placed in a job opening at another DeMilleChrysler LLC-Corporation-UAW plant provided there is no employee on layoff from the plant with a seniority recall entitlement to such opening, and no employee on layoff in the same Labor Market Area who would otherwise be entitled to that opening pursuant to Section (64) of the National Agreement, unless otherwise directed by the National Committee, (4) given a job assignment within or outside the bargaining unit which may be non-traditional, (5) placed in an existing opening or (E) given other assignments consistent with the purposes of this Memorandum of Understanding.

In no event will a Protected employee remain on Protected status more than two (2) years if there are job openings in the Corporation. If during the two (2) year period, no jobs are available and employees remain on Protected Status, the National Parties will develop a plan specific to each location.

In Labor Market Area Placement

The placement provisions outlined in this MOU, including Return to Home Plant and Return to Former Labor Market Area, remain in effect, irrespective of the status of the Fund. For In Labor Market Area Placement, job opportunities will be filled in seniority order from a combined list of Protected and laid off employees in the same Labor Market Area. The number of Protected employees made available for placement cannot exceed the number of employees who have been laid off for the duration of the forty-eight (48) week volume-related layoff limit. For placement purposes, employees on the Labor Market Area List will be offered, in seniority order, the opportunity to volunteer for openings based on a canvass at time of layoff or placement into Protected employee status. Volunteers will be placed in seniority order. Absent volunteers, the junior employee on the combined Labor Market Area List must transfer to the new location. The Unit BEL will be increased by one (1) at the location to which the employee is transferred and reduced by one (1) at the location from which the employee transferred, unless the transfer satisfies the BEL, in which case the BEL will remain the same at both locations.

Employees permanently transferred to another location may remain at the secondary location until laid off from that location, at which time they may elect options available under Letter (176) and return to their "home" plant under the terms and conditions of the Memorandum of Understanding - Return to Home Plant.

A Labor Market Area is comprised of all plants within a fifty (50) mile radius of a given plant or larger as may be agreed upon by the National Job Security, Operational Effectiveness and Sourcing Committee.

Out of Labor Market Area employees will be offered the opportunity to volunteer. If the employee refuses the opportunity, he/she will remain at his/her facility.

In the event there is an opening due to a volume increase, the highest seniority available Protected employee, seniority permitting, will be placed in this opening, unless the Local Committee determines the employee should first complete the employee's current assignment. If seniority employees are on layoff from that plant, a number of such employees, equivalent to the number of Protected employees placed in openings due to volume increases, will be recalled from layoff. A Protected employee transferred to another DeMilleChrysler-UAW plant due to a volume increase who is subsequently laid off from the secondary plant due to a volume decrease will be returned, should he/she so elect, to available openings at the employee’s home plant, seniority permitting.

A layoff caused by an event described in (E) will have no impact on the number of Protected employees.
employees, except for an employee who is Protected from a layoff attributable to a market-related volume decline in excess of forty-eight (48) weeks (inclusive of Vacation Shutdown except for Model Change or Plant Rearrangement). In such instances, those Protected employees having the least seniority will be laid off and replaced by an equivalent number of greater seniority employees who would otherwise have insufficient seniority to remain in the plant.

(H) A Protected status employee assigned to a job in the plant will continue to receive his/her regular straight time hourly rate of pay. A Protected employee not assigned to a job in the plant will have the option to receive 85% of their straight time hourly rate and not report to a designated location. Otherwise, Protected employees will remain in the plant or report to a designated location at 100% of their straight time hourly rate. In certain circumstances, the National Parties may agree that placement on Protected status at 85% of the straight time hourly rate is mandatory. The regular rate of pay for an employee under an incentive plan will be the employee's average straight time hourly earnings for the hours worked in the last four (4) pay periods immediately preceding the pay period during which he/she was determined to be Protected. In the event a Protected employee is assigned to another classification, the employee will receive the rate of pay as provided by the National Agreement.

(I) Protected employee assignments will be considered temporary and not subject to provisions governing permanent filling of vacancies or the application of shift preference, except for assignments to fill openings resulting from volume increases. Experience gained from these temporary assignments will not be used to advantage such employees over other employees for selection to fill permanent vacancies, nor will such employees have seniority in the department to which they have temporarily been assigned.

(J) An employee replaced by a Protected employee will receive his/her regular straight-time hourly rate of pay, and will be returned to the same classification and job assignment upon completion of the replaced employee's assignment. The regular rate of pay for an employee under an incentive plan will be the employee's average straight time hourly earnings for the hours worked in the last four (4) pay periods immediately preceding the pay period during which he/she is replaced by the Protected employee. In the event the employee has insufficient seniority to return to the formerly held classification, the employee will be placed pursuant to the applicable provisions of the local supplemental seniority agreement.

(K) If an employee would have been transferred pursuant to Sections (69) or (71) of the National Agreement or placed in an Apprentice Program were not for participation in a training assignment provided by this Program, the employee will be so transferred upon completion of the training assignment. In the event the employee would have been selected for an Apprentice assignment the employee's date of entry will be adjusted as if the employee's assignment had not been delayed.

(L) A training assignment will be voluntary on the part of an employee being replaced by a Protected employee, unless such training is to develop or improve technical skills relevant to the employee's current job assignment or anticipated future job needs. Disputes will be referred to the National parties for resolution.

(M) Within the Labor Market Area, no Protected employee will be temporarily assigned to a job outside of the bargaining unit except on a voluntary basis, subject to the direction of the National Committee. The placement of Protected employees will be in accordance with the provisions of III(E).

Outside the Labor Market, permanent transfers of Protected employees are voluntary. Such an employee will remain Protected at his/her facility upon refusal to transfer.

(N) A Protected employee who is permanently transferred out of the Labor Market Area in accordance with this paragraph, or if so transferred later, after being laid off, elects to return to a former location, will be eligible to receive a relocation allowance as provided in the Exhibits to the National Agreement after providing documentation satisfactory to Management that the employee has changed permanent residence and relocated. Marital applicants may initially apply for the "single employee" amount and within one (1) year the balance of the "married amount" when their families are relocated. Applicants may receive a maximum of two (2) such relocation allowance payments during the term of this National Agreement. A Protected employee temporarily transferred out of the Labor Market Area who does not change permanent residence as a result of the transfer will receive reasonable transportation and living expenses for the duration of the assignment. Any problems connected with the above may be raised with the National Committee.

(O) In the event the National Committee determines that the number of Protected employees exceeds the number of expected openings at the plant or within its Labor Market Area within the next succeeding twelve (12) months, Special Programs as set forth in Attachment A may be triggered upon prior approval of the National
Deployment Plan – Job Placement Sequence

Offer Special Programs

(Furunt to M-7 - E.S.S.)

(During the 2007 Agreement)

All Job Bank/Layoff Pools

Employees

Skilled and Non-Skilled

E.S.S. Special Programs and Placement Plan

2007 PM&SP Agreement

Chrysler
(N-4) MEMORANDUM OF UNDERSTANDING JOB CLASSIFICATION STRUCTURE UNDER THE WORKPLACE ORGANIZATION MODEL (WOM)

The historical multiple job classification structure was developed to identify the required tasks for each single job classification. While this structure supports a traditional manufacturing environment wherein each employee performs the tasks associated with their job classification, this multiple job classification structure inhibits our ability to create a world class work culture and workforce.

Both the Corporation and the Union recognize and acknowledge that change is inevitable, and as future improvements are made in competitive manufacturing, our processes must change. In order to reach benchmark status, we must substantially improve quality, costs, and productivity. Therefore, Letter 124, Attachment A "Manufacturing Workplace Organization Model" was developed and intended to serve as the small team-based model for all U. S. Manufacturing plants.

In implementing the small team-based structure, consistent with Letter 124, Attachment A of the National P, M & P Agreement, and to facilitate the essential characteristics of a team-based organizational structure, the following job classification consolidation plan will be implemented in the Workplace Organization Model at each U. S. Manufacturing Plant.

NON-SKILLED TEAMS

To align and support the small team-based concept, non-skilled indirect and direct job classifications at each location will be consolidated into two (2) job classifications: Team Member and Team Leader. The Corporation realizes that production needs vary across manufacturing divisions. Therefore, to address the varying needs of each manufacturing division, separate Team Member and Team Leader classifications and associated pay rates will be developed for each U. S. Manufacturing Division:

- Team Member or Team Leader - Assembly
- Team Member or Team Leader - Power Train
- Team Member or Team Leader - Stamping

Additionally, an add-on pay amount will be provided to each Team Member that subsequently becomes a Team Leader as defined in Letter 124, Attachment A.

GOVERNING PRINCIPLES OF JOB CLASSIFICATION CONSOLIDATION

- Every employee is a Team Member; there are no specialty job classifications
- For Team Leaders, an add-on pay amount will be established and paid in addition to the base
hourly rate of the Team Member job classification. However, in no event will a Team Leader be paid an amount greater than the Established Team Leader rate for each division.

- Discontinuance of prefix and other add-on pay as Team Members and/or Team Leaders will be performing the same level of duties on a rotational basis

**WAGE RATE MIGRATION**

Once employees have completed WOM training and migrated into teams, the following wage rate migration will apply:

- Employees paid an hourly base rate less than the Team Member rate of pay on or prior to September 14, 2007 will be increased to the Team Member rate.
- Employees paid an hourly base rate greater than the Team Member rate of pay on or prior to September 14, 2007 will be maintained at the higher base hourly rate.

The small team-based structure drives true empowerment through ownership, accountability, and coaching. By gaining employees commitment to quality and giving them the authority to carry out their responsibilities, the system enablers will further the abilities of the teams to eliminate waste, continuously improve, increase quality and productivity, and gain a competitive edge.

Any issues arising from the implementation of teams under the Workplace Organization Model will be resolved by Corporate Union Relations and/or Wage & Salary Administration, in conjunction with the International UAW.

INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE AND AGRICULTURAL IMPLEMENT WORKERS OF AMERICA, UAW

CHRYSLER LLC
(N-5) MEMORANDUM OF UNDERSTANDING UAW-Chrysler Entry Level Wage & Benefit Agreement

International Union, UAW

Attention: Mr. General Holiefield

Dear Sirs:

MEMORANDUM OF UNDERSTANDING
UAW-Chrysler Entry Level Wage & Benefit Agreement

During these negotiations the parties discussed at length the unrelenting competitive pressures that continue to change the nature of the U.S. automotive industry and acknowledged that the current business environment is not a cyclical downturn but a structural change for the domestic manufacturers that can only be expected to intensify competitive pressures.

The parties agreed that although not all factors contributing to these pressures can be solved at the bargaining table there is a joint responsibility to address as much as possible on costs, quality, and productivity. Achieving a competitive labor cost structure is one of the keys to improving competitiveness which in turn will help to secure the futures of UAW-Chrysler employees, retirees and their families.

Certain functions and facilities have been identified as not being core to Chrysler's vehicle manufacturing business. The Company has contemplated outsourcing these non-competitive activities to eliminate these unsustainable competitive cost disadvantages. However, after considerable discussion with the Union, the Company agreed that sourcing of these activities to outside suppliers could be avoided, and the corresponding workforce reductions minimized, through implementation of a competitive labor cost structure for future non-core full-time new hires. Such structure will provide competitive wage and benefit programs, including defined contribution approaches for pension and retiree health care.

Thus, in accordance with and as part of the 2007 UAW-Chrysler Production, Maintenance and Parts (PM&P) Agreement between the International Union, UAW (hereinafter referred to as UAW) and Chrysler, the UAW and Chrysler agree as follows regarding wage and benefit levels and other matters applicable to certain employees hired after the effective date of the 2007 UAW-Chrysler PM&P Agreement. Except as otherwise specified in this Memorandum, employees hired after the effective date of this Memorandum will be covered in all respects by the UAW-Chrysler PM&P Agreement.

Notwithstanding the foregoing, or anything else to the contrary, this Memorandum applies to all UAW-represented Chrysler facilities covered by the 2007 UAW-Chrysler PM&P Agreement.

I. Duration

This Memorandum shall take effect on the effective date of the 2007 UAW-Chrysler PM&P Agreement ("Effective
Date") and continue until 11:59 p.m. (Detroit, Michigan time) on September 14, 2011, subject to the modification and termination provisions of Section (117) of the 2007 UAW-Chrysler PM&P Agreement.

II Applicability

The terms of this Memorandum apply to all entry level employees at all Chrysler facilities covered by the 2007 UAW-Chrysler PM&P Agreement. "Entry level employees" means regular employees hired on or after the date of this Memorandum into the non-core work functions identified on Attachment A of this Memorandum. The entry level wage rate identified in this Memorandum shall apply only to any such entry level employees until such employees becomes a regular, non entry level employee as provided in M-7 Employment Security System (ESS) Program of the 2007 UAW-Chrysler PM&P Agreement.

II] Seniority and Transfers

Employees hired under this Memorandum will be eligible to transfer within the classifications covered by this Memorandum in accordance with applicable PM&P or Local Agreement provisions, and may apply and be transferred, if qualified, to the skilled trades, apprentice or Temporary Skilled Trades Employee classifications. Notwithstanding any such transfer, these employees will continue to be covered by this Memorandum.

IV Wages and Classification Groupings

There are three (3) production wage rates and corresponding classification groupings set forth below. Application of these rates, unless otherwise specified in the collective bargaining agreement, will be subject to review and approval by the National Parties. Disputes over the placement of any remaining classifications into these classification groupings will be referred to the National Parties.

Employees covered by this Memorandum will receive the following rates of pay:

<table>
<thead>
<tr>
<th>Team Member</th>
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<tbody>
<tr>
<td>Support 1</td>
<td>Support 2</td>
<td>Support 3</td>
</tr>
<tr>
<td>Production Rates</td>
<td>$16.23</td>
<td>$15.30</td>
</tr>
<tr>
<td>Starting Rates</td>
<td>$14.61</td>
<td>$14.00</td>
</tr>
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</table>

A Performance Bonus equal to three percent (3%) of Qualified Earnings will be made to each eligible employee covered by this Memorandum in accordance with the following table, provided the employee has seniority as of the designated eligibility date:

<table>
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<tr>
<th>Eligibility Date</th>
<th>Eligibility Year</th>
<th>Payable During Week Ending</th>
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<tbody>
<tr>
<td>April 27, 2009</td>
<td>April 28, 2008 – April 26, 2009</td>
<td>May 24, 2009</td>
</tr>
<tr>
<td>April 26, 2010</td>
<td>April 27, 2009 – April 25, 2010</td>
<td>May 23, 2010</td>
</tr>
<tr>
<td>April 25, 2011</td>
<td>April 26, 2010 – April 24, 2011</td>
<td>May 22, 2011</td>
</tr>
</tbody>
</table>

An employee's Performance Bonus will be based on the Qualified Earnings during the 52 consecutive pay periods immediately preceding the pay period in which each designated eligibility date falls. Qualified Earnings for this purpose shall be calculated on the same basis and on the same compensation as performance bonuses are calculated in the UAW-Chrysler PM&P Agreement.

1. Wages

a. Production Employee New Hire Rates

For all production employees hired after the Effective Date of this Memorandum, new hire rates shall be established at the greater of (a) $14.00 per hour, or (b) 90% of the prevailing Production Rate for the respective classification. Employees hired at the 90% level will receive four wage progression increases, one every 26
Awareness/Training Program, Employee Assistance Program, Critical Incident Response Program, and the Workplace Violence Prevention Program. These programs, services and related activities will continue to be jointly administered, developed, and implemented. In addition, entry level employees covered by this Memorandum will be included within the scope of the UAW-Chrysler Legal Services Plan.

Letter (191) - Retiree Tuition Assistance Plan, Letter (194) - UAW-Chrysler Scholarship Program for Dependent Children, Letter (106) - the Tuition Assistance Program, Letter (102) - Future Planning/Retired Worker Programs, Letter (107) - National Paid Educational Leave Program, and Letter (104) - Child/Elder Care resource and referral services will not be provided for employees covered by this Memorandum.

Such programs or services will be offered if the parties are able to develop a process for making such programs or services available to employees covered by this Memorandum on a space-available basis without cost.

Letter (119) - New Hire Orientation Program

The New Hire Orientation Program developed by the parties will be modified to incorporate a thorough understanding of the industry’s need to transform to meet the challenges of the marketplace. The program will include the role of the parties in preserving jobs while still maintaining the core values historically provided in the parties’ bargaining agreements.

VIII Benefit Plans

Except as set forth in this Memorandum or Attachment B, employees covered by this Memorandum will be covered by the benefit plans set forth in the UAW-Chrysler PM&P Agreement.

IX Memorandum of Understanding (M-7)

Memorandum of Understanding (M-7) Employment Security System (ESS) Program is not applicable to employees covered by this Memorandum.

X Scope

Except as specifically provided in this Memorandum, all provisions of the 2007 UAW-Chrysler PM&P Agreement and understandings and local agreements existing as of the Effective Date shall apply to employees covered by this Memorandum.

Any future changes to the UAW-Chrysler PM&P Agreement, Agreements or understandings will apply to employees covered by this Memorandum only by expressed agreement between the National Parties.

XI Compliance – Dispute Resolution

Disputes, local and national, involving the application or interpretation of this Memorandum, including but not limited to the commitments set forth above, will be reviewed by a joint committee consisting of three (3) members appointed by the UAW Vice President and Director of the Chrysler Department and three (3) members appointed by the Senior Vice President, Employee Relations, Chrysler.

The Joint Committee shall meet at least quarterly. Chrysler and the UAW shall advise the Joint Committee at each meeting of any issues surrounding the administration and implementation of this Memorandum. Chrysler will provide information as necessary on any issue raised for discussion or resolution. The parties commit to the thorough investigation of and the prompt resolution of all issues discussed relative to this Memorandum.

The Joint Committee will have full authority to settle all matters that are properly before it, recognizing that disputes covered by appeal procedures of the respective Benefit Plans, and other issues consistent with applicable law, may be outside the scope of the Committee’s authority. If the Joint Committee is unable to resolve a matter properly before it, the matter will be referred directly to arbitration, using the arbitration provisions, including the restrictions in powers of the Imperial Chairman, contained in the UAW-Chrysler PM&P Agreement. Such matters will immediately be given top priority for resolution.
weeks in an amount equal to 2.5% of the then-prevailing Production Rate, until reaching the Production Rate for the relevant classification over the course of 104 weeks. Employees hired at the $14.00 rate will receive four wage progression increases, one every 26 weeks, in the amount necessary to achieve the then-prevailing Production Rate over the course of 104 weeks in four proportional increases. These proportional increases shall be equal to the difference between the then-prevailing Production Rate for the classification and the employee’s then-current rate multiplied by 25% for the first progression increase; 35% for the second; 50% for the third; and 100% for the fourth and final progression increase. All new hires will also receive the wage increases described in Section 1.b below.

b. Wage Formula Increases

Effective Monday of the week that includes the first scheduled workday of 2008 (12/31/2007), 2009 (1/5/2009), 2010 (1/4/2010) and 2011 (1/3/2011), the hourly wage rate for each production employee will be increased by a percentage equal to the greater of (a) the annual percentage increase in average hourly earnings, excluding overtime, of employees in the Manufacturing sector (BLS Series CEU3000000033) or (b) the annual percentage increase in the All Items, Less Medical, CPI-W Index (1982-84=100), both as calculated for the 12-month period ending with the month of August prior to the respective increase date. In the event a calculated increase exceeds 3.75%, wages will be increased by 3.75% and the parties will determine a mutually acceptable disposition of the excess, guided by the twin goals of enhancing UAW members’ job and income security and the company’s competitiveness. In the event the wage formula generates a negative result, wages will not be reduced. Instead, the negative result, up to a negative 3.75%, would be used as a direct offset to the next subsequent formula increase (and subsequent increases after that, if necessary, until fully offset). For example, if the formula produced a negative result of 1.34% in one year followed by a 2.45% increase in the next year, the adjusted increase in the second year would be a net 1.11%. The engineering method of rounding will be adopted for all Wage Formula calculations; to three decimal places for the Manufacturing sector average hourly earnings component; to four decimal places for the annual inflation component; to four decimal places for year-to-year percentage changes for each of these components; and to two decimal places for new base hourly wage rates following application of a four decimal Wage Formula increase.

c. Wage Formula Basis

In the event that either of the BLS Series data as referenced above is eliminated, the parties will adopt a mutually agreeable successor or replacement series for use in future calculations. When calculating a Wage Formula result for a current year, BLS data from the preceding year’s calculation will become the basis for the current year formula and will not be changed to reflect subsequent revisions in the published data, nor will a Wage Formula adjustment for a prior year be changed as a result of subsequent revisions in the underlying data.

The wage rates for skilled trades employees provided in the UAW-Chrysler PM&P Agreement will continue to cover skilled trades employees, including journeymen/women hired after the Effective Date, new apprentices hired directly into an apprentice classification after the Effective Date, and production employees hired under this Memorandum who are subsequently promoted to a journeyman/woman classification, transferred to a Temporary Skilled Trades Employee status, or indentured as an apprentice.

V Vacation Entitlement

The maximum annual Payment In Lieu of Vacation (PILV) and Paid Absence Allowance (PAA) entitlement for employees covered by this Memorandum shall be 160 hours.

VI Christmas Bonus

PM&P Letter (155) – Christmas Bonus will not apply to employees covered by this Memorandum.

VII Memorandum of Joint Activities and Legal Services

The funding provisions of Section IV, Subsections A and B of the Memorandum of Understanding on Joint Activities (M-9) and Letter (110) Funding – Health and Safety Training and Research of the UAW-Chrysler Agreement will continue to be applicable for entry level employees covered by (M-9). Such employees will be covered by the Health & Safety Program, Product Quality Improvement Partnership (PQI) and Workplace Organization Model (WOM), the administration of the Dependent Care Assistance (D-CAP) Plan, the Diversity...
Benefit Plans Agreement

The 2007 Supplemental Agreements covering the Benefit Plans between the UAW and Chrysler are applicable with the following exceptions:

SECTION I: Health Care Benefits Program

For purposes of the Health Care Benefits Program, "Entry Level Employees" as defined in this Memorandum will not be eligible for post-retirement health care coverage from the Company or for Company-provided coverage for their survivors. They will be eligible for contributions to a fund discussed in subsection 6, below.

Additionally, "Entry Level Employees" will be subject to the adjustments to the Chrysler Health Care Benefits Program for Hourly Employees as discussed in subsections 1 through 8, below.

1. They will become eligible for health care coverages under Exhibit B, The Life, Disability and Health Care Benefits Program (Group Hospital, Surgical, Medical, Drug, Dental, Vision and Hearing Aid Coverage) as provided in Article III, Section 1 (A.) of the Program.

2. They will become eligible for coverage under Exhibit B Section 6. (Dental Plan) and for annual eye exams under Exhibit B Section 7. (Vision Plan) on the first day of the month next following the month in which the employee is actively at work (or on disability leave) after acquiring three (3) years of seniority. Eyeglass frames and lenses may be obtained at discount through Vision network providers.

3. They will become eligible for full coverage under Exhibit B Section 7. (the Vision Plan) on the first day of the month next following the month in which the employee is actively at work (or on disability leave) after acquiring five (5) years of seniority.

4. They will not be able to enroll Sponsored Dependents.

5. They will have their Medical Plan enrollment limited to the Standard Care Network Option, modified to include the cost-sharing requirements shown in the table below:

<table>
<thead>
<tr>
<th></th>
<th>Annual Deductible</th>
<th>Co-Insurance</th>
<th>Out-Of-Pocket Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Single</td>
<td>In-Network</td>
<td>Family</td>
</tr>
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<tr>
<td>In-Network</td>
<td>$300</td>
<td>In-Network</td>
<td></td>
</tr>
<tr>
<td>Family</td>
<td>$600</td>
<td></td>
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<tr>
<td>Out-of-Network</td>
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<td>Co-Insurance</td>
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</tr>
<tr>
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<td></td>
</tr>
<tr>
<td>Co-Insurance</td>
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<td>In-Network</td>
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<tr>
<td>Out-Of-Network</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Prescription Drugs (Retail and Mail)</td>
<td>No Limit</td>
<td>Family</td>
<td></td>
</tr>
</tbody>
</table>

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6. During the life of the Memorandum, the Corporation will provide annual credits to Health Care Spending Accounts for them (See Flexible Spending Account below).

7. Upon retirement or death, Program coverage will cease at the end of the month last in active service. In lieu of Company contributions for health care coverage in retirement (or for surviving spouse health care coverage), and continuing during the working career of all new hires, the Company will contribute an amount equal to $1.00 for every compensated hour into the employee's 401(k) plan. The parties have agreed to continue to study more efficient methods for delivering this benefit.

8. **Flexible Spending Account** - Entry-Level Employees will be eligible for a credit to a Flexible Spending Account in the amount of $300.00 for an employee with individual health care coverage, or $600.00 for an individual with family coverage, at the time they first become eligible for health care coverages. In subsequent years, they will be eligible for Corporation credits to such Flexible Spending Accounts in any year (or portion thereof) in which they are eligible for health care coverages.

Entry level Employees who are not eligible for health care coverages at the beginning of any year, will not be eligible for Corporation credits to the Flexible Spending Account. However, if coverage commences or is reinstated during the year, the individual immediately will become eligible for the account.

Subject to changes in federal tax law, almost any health care expense that is eligible for a deduction for federal income tax purposes may be eligible for reimbursement from the Flexible Spending Account. However, a new hire may not deduct an eligible expense on his/her federal income tax return and receive reimbursement for that same expense. In addition, expenses eligible for reimbursement from a Flexible Spending Account include deductibles and co-payments, but not contributions, paid for health care coverage continued through Chrysler or premiums paid for non-Chrysler coverage.

The entire amount of the Flexible Spending Account is available to be paid for eligible expenses at any time, as long as the expense is incurred while covered by the Account. If an entry level Employee's health care coverages are terminated during the year, the individual will still be able to file claims for services rendered during that year.

Claims may be filed for services received in any year for which a Flexible Spending Account is established. Claims for services received in any year for which a Flexible Spending Account is established, Claims for services incurred in a calendar year may be submitted for reimbursement through March 31 of the following year. Entry Level Employees have until March 31 of the following year to submit expenses for services rendered during the prior plan year. Claims that are submitted after that time for a prior year cannot be reimbursed. If an individual submits a reimbursement claim form and is reimbursed for expenses that are not covered, or for more than should not be allowed, federal law requires that such reimbursement is taxable income to claimant. The claimant will be responsible for paying any tax required on such amounts.

Flexible Spending Account credits may be used only for eligible expenses. However unused amounts at the end of each calendar year will be forfeited (the "Use it or lose it" rule)

**SECTION II: Pensions**

The Chrysler-UAW Pension Plan will be amended so that the Pension benefits for Entry-Level Wage employees are as outlined below:

a. Personal Retirement Plan

i. Entry Level Wage Employees subsequently transferred to a traditional job will remain in the Personal Retirement Plan.

ii. Eligible to participate upon attainment of seniority

iii. Chrysler will provide annual contributions equal to 6.4% of the employee's hourly rate, multiplied by the number of straight-time hours worked, to each employee's Personal Retirement Plan account.

iv. Accounts will accrue interest credited annually at the 30 year U.S. Treasury Bond rate until September 30, 2008; thereafter at the rate specified under Section 417(e) of the Internal Revenue
Code (Pension Protection Act).

v. Plan assets will be retained in the Chrysler-UAW Pension Plan trust subject to three year cliff vesting and portability provisions.

vi. There will be no provision for supplements, temporary benefits or 30 and out retirement.

vii. Annuities with lump sum and roll over option(s) will be available upon separation, if account balance is vested.

viii. Automatic Joint and Survivor benefit annuity provided using the Contingent Annuitant 75% rate.

SECTION III: Life and Disability Benefits Programs

Except as specifically modified herein, all benefits shall be governed by the provisions of the respective Programs.

A. Basic Life Insurance:
Coverage will be based on wages in accordance with the Schedule of Benefits found in the Chrysler Group Life and Disability Insurance Program.

B. Work Related Death Benefit:
Coverage will be based on wages in accordance with the Schedule of Benefits found in the Chrysler Group Life and Disability Insurance Program.

C. Sickness and Accident Benefits:
Eligibility and Duration:
Sickness and Accident Benefits and Extended Disability Benefits coverage under the Life and Disability Program will apply on the date following the date an employee acquires one year of seniority.
Duration:
For eligible employees with at least 1 year but less than 3 years seniority as of the day on which disability commenced – 26 week maximum
For eligible employees with at least 3 years seniority as of the day on which disability commenced – 52 week maximum

D. Extended Disability Benefits:
Eligibility and Duration:
For eligible employees with at least 1 year but less than 3 years seniority as of the day on which disability commenced – 13 week maximum
For eligible employees with at least 3 years but less than 5 years seniority as of the day on which disability commenced – 26 week maximum
For eligible employees with at least 5 years seniority as of the day on which disability commenced – same duration as provided in Exhibit B, The Life, Disability and Health Care Benefits Program Agreement in effect at the time the disability begins

SECTION IV: Supplemental Unemployment Benefit Plan (SUB)

All Benefits shall be governed by the SUB Plan, except as specifically modified herein:

A. Eligibility and Duration:
One year seniority but less than 3 years seniority - 26 Weeks
3 years or greater seniority - 52 Weeks At the point that the 52 weeks is exhausted, the Company will provide up to an additional 104 weeks.

B. Work Related Expenses: $15.00

SECTION V: Profit Sharing Plan

Eligibility based on current Plan provisions.

SECTION VI: Hourly Employees Deferred Pay Plan
International Union, UAW

Attention: Mr. Nate Geeden- General Holiefield

Dear Sirs:

During the 2003 negotiations the parties recognized that a highly skilled workforce which supports production and focuses on core maintenance activities is an essential element of DaimlerChrysler's long-term success and job security of its employees. Accordingly, the parties agreed to develop a skilled trades classification structure that migrates to world class levels during the term of the Agreement.

Towards that end, by November 1, 2003, a joint taskforce, composed of members selected by the Vice President and Director UAW DaimlerChrysler Department and the DaimlerChrysler Senior Vice President Employee Relations, will be formed. The taskforce will develop divisional proposals which will support the deployment of a world class benchmark classification structure during the course of the Agreement. The taskforce will support and coordinate the implementation of divisional proposals based on information received from each location after having discussion with local plant and union representatives, and in concert with the LEPC to ensure that the unique operational considerations of each facility are addressed.

The taskforce will also assist in the development of training programs to address the skill sets of employees involved in the classification restructuring effort in addition to other related issues. The taskforce's strategic recommendations and implementation plan for all-manufacturing locations will be finalized and presented to the Vice President and Director DaimlerChrysler Department International Union UAW and the Senior Vice President Employee Relations on or before May 1, 2004 for immediate deployment.

The Skilled Trades Classifications Plan is attached to this letter.

During the course of these negotiations, the parties discussed the need to further enhance skilled workforce flexibility and competitiveness in order to achieve world class operations and future job security. The Company indicated that increased flexibility and a highly skilled workforce focused on production support and preventative maintenance is the cornerstone to improved throughput and efficiency. To that end, a structure with work groups that support this philosophy is vital to ensure future success. Further, the Company and the Union discussed, at great length, the impact that rapid technological advances, flexible manufacturing strategies, and future skill set requirements will have on the Skilled Trades workforce. The Union indicated that commitments to training the existing workforce, providing training through the UAW-Chrysler Technical Training Center, promoting safe skilled work practices, and providing socially responsible programs are important factors that must be considered when implementing initiatives aimed at improving workforce flexibility and competitiveness.
International Union, UAW

Attention: Nate Gooden General Holiefield

Dear Sir:

As a result of previous discussions we have had concerning opportunities to find new means of positive product exposure for DaimlerChrysler Corporation LLC, I am pleased to advise you that all persons assigned to or employed by Solidarity House (and ancillary facilities such as the "Dave Miller Building") or any of the UAW's Regional Offices are now authorized to purchase New DaimlerChrysler Corporation LLC vehicles under the provisions of our Employee Vehicle Purchase Programs. Eligible participants include retired UAW International Representatives from these locations.

Eligible individuals purchasing a new vehicle through the New Vehicle Purchase/Lease Program may select a unit from dealer stock or order a vehicle to be built to their specifications. The dealer will bill the purchaser a sum not to exceed the employee price (EP) designated on the vehicle invoice.

Active employees assigned to or employed by Solidarity House, UAW Regional Offices and ancillary facilities are also eligible to purchase used vehicles through the Lapeer Rd. Marshalling Center. Discounted pricing for these used vehicles will be displayed on the window of all such vehicles and subsequent delivery would be through the appropriate Chrysler, Jeep, or Dodge dealer.

The availability of the foregoing programs to the described participants is predicated on the understanding and agreement that DaimlerChrysler Corporation LLC may, at any time, unilaterally modify, change or discontinue such programs and that the Corporation shall have no obligation to bargain concerning its decision to do so. Further, institution of such programs shall not constitute any precedent in future negotiations between the parties with respect to employee benefits or other terms or conditions of employment.

Very truly yours,

DaimlerChrysler Corporation LLC

K. J. McCarter

Accepted and Approved:

INTERNATIONAL UNION, UAW

By Nate Gooden General Holiefield

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Accordingly, the parties agree to the following Workforce Competitiveness Model:

**Skilled Trades Teams and Work Groups**

**Two (2) Natural Work Groups consisting of Seven (7) Basic Trade Classifications**: Skilled Trades Teams will be organized in two (2) Natural Work Groups: Electrical and Mechanical. The Natural Work Groups will provide for increased flexibility, teamwork, and supporting each other in work assignments. The Natural Work Group structure drives employee empowerment through ownership, accountability, and coaching. The parties re-affirm their commitment to quality and agree the structure will further enable the Work Groups to eliminate waste, improve efficiencies, increase quality and productivity, and gain a competitive edge.

The Electrical Work Group will consist of apprenticeable trades – Electrician and Welder Equipment Repair.

The Mechanical Work Group will consist of apprenticeable trades – Millwright, Pipefitter, Machine Repair, Toolmaker and Diemaker.

It is further understood that any given classification may perform work normally belonging to another classification, provided the work is:

1. Incidental to the primary task.
2. Falls within the skill level of the employee(s) doing the work, and
3. The employees have the appropriate safety training to perform the task.

Where skills are less than capable, appropriate training will be provided to ensure quality and safe workmanship as the current basic trade workforce migrates into the Natural Work Groups. Appropriate manufacturing training funds will be allocated for training, as required.

➢ **Work Group Seniority**

All Skilled Trades classifications are distinct stand alone classifications for all seniority purposes, including layoff and recall. In the event exceptions occur, the Skilled Trades Representatives from the Corporate Union Relations Department and International Union shall determine whether the basic trade classification seniority or former trade seniority shall apply, provided the efficiency of the operation is protected.

➢ **Wage Rates**

The Electrical Work Group will be paid at the highest electrical rate and the Mechanical Work Group will be paid at the highest rate in the Mechanical Group. The highest rate will be determined by the highest rate within each plant.
Non-Impacted Classifications

The parties agree that the “Energy Center” and “Mechanic” classifications, as identified below, will not be incorporated into the Work Group Model:

➢ Energy Centers

- #5703 Repairer-Boiler
- #5706 Repairer-Compressor
- #5905 Boiler Operator
- #5920 Compressor Operator
- #5927 Engineer - Steam
- #5929 Energy Center Operator
- #5942 Sewage Disposal Plant Operator
- #5654 Mechanic- Rfrght & Air Conditioning - Employees in this classification who are not associated with the Energy Center will be classified into the “Other” Classification category.

➢ Mechanics – Jitney Repair

- #5714 Mechanic- Gas & Electric Jitney
- #5717 Mechanic- Gas & Electric Jitney
- #5718 Mechanic- Gas & Electric Jitney
- #5719 Mechanic- Gas & Electric Jitney
- #5721 Mechanic- Gas & Electric Jitney
- #5728 Mechanic- Gas & Electric Jitney
- #5759 Mechanic – Truck - Tractor

All Skilled Trades classifications listed above are distinct stand alone classifications for all seniority purposes, including layoff and recall.

“Other” Classifications

The parties agree that “Other” classifications, as identified below, will be incorporated into the Work Group Model based upon plant needs.

- #5315 Inspector- Form Cutters
- #5324 Inspector-Gauge Surveillance
- #5330 Inspector-Gauge Surveillance
- #5338 Layout Inspector
- #5350 Inspector- Layout & Sample Check
- #5358 Layout- Metal & Wood
- #5363 Layout- Metal & Wood
- #5365 Layout- Metal & Wood
- #5380 Tool Maker-Tool & Gauge Inspection
- #5381 Tool Maker-Tool & Gauge Inspection
- #5384 Tool Maker-Tool & Gauge Inspection
- #5386 Tool Maker-Tool & Gauge Inspection

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• #5520      Grinder-Cutter
• #5521      Cutter Grinder
• #5524      Cutter Grinder
• #5530      Grinder-Toolroom
• #5536      Keller Machine Operator
• #5545      CNC Machining Technician
• #5556      Machine Operator-Tool, Die & Maintenance
• #5576      Saw Do All-Tool Room Only
• #5590      Tool & Cutter Grinder
• #5602      Carpenter/Painter
• #5605      Carpenter/Painter
• #5612      Carpenter/Painter
• #5613      Brickmason & Cement Finisher
• #5614      Carpenter/Painter
• #5617      Carpenter
• #5620      Carpenter/Painter
• #5621      Crane Operator-Locomotive
• #5622      Carpenter/Painter
• #5668      Painter & Glazier-Maintenance
• #5677      Painter - Transportation Equipment
• #5715      Repairer-Furnace
• #5725      Repairer - Mechanical Handling Equipment
• #5731      Repairer-Portable Pneumatic Tools
• #5735      Recording Instrument - Maintenance & Repair
• #5754      Repairer - Trailer
• #5770      Sheet Metal Worker
• #5777      Sheet Metal Worker
• #5781      Sheet Metal Worker
• #5807      Pattern Maker-Wood
• #5810      Pattern Repairer-Foundry Patterns
• #6112      Toolmaker - Jig Fixture Builder
• #6120      Die Maker - Die Cast
• #6145      Tool/Fixture/Machine Repair Technician
• #6175      Toolmaker - Jig & Fixture Builder
• #6250      Welder - Maintenance
• #6270      Welder - Tool & Die

All Skilled Trades classifications listed above are distinct stand alone classifications for all seniority purposes, including layoff and recall.

**Skilled Trades Teams**

All Skilled Trades employees will perform in an optimal manner emphasizing flexibility and team work in the completion of their work assignments based on the following principles:

Utilization of maintenance systems, such as TPM, to identify opportunities to maximize throughput and quality

Continuous improvement activities
• Joint problem solving; use of problem solving boards
• Employee involvement and participation
• Self directed work teams having performance goals and objectives

Training – Advanced Technology and Innovative Apprenticeship Program

➢ Future Technology Skilled Workforce Competencies

The parties discussed future trends and actions such as dramatic breakthroughs in technology, flexible manufacturing strategies resulting in multiple model runs and minimum part changes, vehicle platform optimization, and extended product life cycle and the impact upon future basic trade skill set competencies. To that end, the parties agree to develop an innovative skilled trade apprenticeship program and skilled workforce training programs aimed at developing a highly skilled and technologically capable workforce in order to meet future requirements.

The Chrysler-UAW National Apprentice Committee will oversee the development of training programs in the areas of new technology requirements, creating an innovative basic trade apprenticeship program to meet the challenges of future technology, and conducting a study to determine future basic trade staffing needs.

➢ Re-training for employees in “Other” Classifications

Based on local plant needs and skilled trades staffing levels, employees identified in “Other” classifications may be considered for transition into a basic trade classification. A fair and equitable process will be jointly developed to identify skill sets, credentials, training requirements and assess potential in being considered for training into a Basic Trade classification.

Wage Rate Increase

Effective September XX, 2007, each employee in a skilled trades classification who has either journeyman or permanent status shall receive a tool allowance adjustment of twenty cents ($0.20) per hour added to the base rate in accordance with Section (110) of the National Agreement.

Tool Kits

A journeyperson on an apprenticeable classification trained into another apprenticeable classification or on a non-apprenticeable classification trained into an apprenticeable classification will receive a standardized tool kit.

UAW-Chrysler Skilled Trades Resolution Committee

A designated Manufacturing Vice-President, the UAW Vice President and Director of the Chrysler Department or designated representative, the UAW Associate Co-Director of the Technical Training Center (TTC), and the Chrysler Associate Co-Director of the TTC will drive the implementation, monitor progress, and provide direction to ensure...
compliance with the Skilled Trades Workforce Competitiveness Model. The Committee will jointly select two (2) members representing the Local UAW and two (2) members representing Manufacturing to assist in support of process implementation.

Members of the UAW – Resolution Committee will meet with Local UAW Representatives to solicit feedback relative to aligning certain “Other” classifications into the basic trade work groups. The members of the UAW Resolution Committee will develop a standardized template for each division and review the recommendation with the Joint Resolution Committee to develop and approve the final process.

After the conclusion of Special Program offerings, the Joint Resolution Committee will develop and communicate the Natural Work Group process to all locations. Implementation of the basic trade classifications into the Natural Work Groups is expected to occur no later than the end of the 2nd quarter, 2008.

The Local Employee Participation Council (LEPC) at each plant location is responsible for the implementation of the Skilled Trades Workforce Competitiveness Model. The LEPC is also responsible for providing leadership and support as the Model is deployed throughout its respective facility.

The aforementioned parties will meet at least monthly to review the progress and make recommendations on potential improvements to the Model. A resolution process will be established and communicated to the LEPC Co-chairs, whereby any issues that arise will be referred to the Resolution Committee for review and resolution.

**Special Program Opportunities**

Skilled Trades employees will be provided opportunities in accordance with Attachment “A” – Skilled Trades Special Programs and Placement Opportunities.

**Attachment “A” – Skilled Trades Special Programs and Placement Opportunities**

1. Incentive Program for Retirement (IPR) – Retire under the employee option provisions of the Chrysler-UAW 2007 Pension Plan and receive a cash payment of $70,000 less normal deductions.

2. Special Early Retirement Program (SER) will be offered in accordance with the provisions of the 2007 National Agreement.

3. Voluntary Termination of Employment Program (VTEP) will be offered in accordance with the provisions of the 2007 National Agreement.

4. Pre-retirement leaves will be offered in accordance with the provisions of the 2007 National Agreement.

5. Placement opportunities will be made available in accordance with the provisions of the 2007 Job Security Program National Agreement.

The parties agree to the following special program guidelines:

78 10/10/07 B.S. 10/16/07 2.12 10-10-07 6/1/07

10/10/07 10/10/07 10/10/07 10/10/07 10/10/07
• In the 1st Quarter of 2008, special attrition programs will be offered. Thereafter, annual attrition programs will be reviewed for implementation based upon the joint process guidelines.
  
  o Review skilled trades staffing level requirements, number of employees placed on protected status and lay-off, and the labor market situation
  o Determine types of programs to offer based upon the above menu
  o Establish CAPS by plant, by trade, if required
  o Establish election period windows, retirement dates, need for extensions, and backfill requirements
  o Determine communication and roll-out plan

• No Sweep-Ins. These offerings are not applicable to employees who have previously retired or accepted a VTEP.

• Employee acceptance of retirement/VTEP option is not revocable as of election window period closing date.

Very truly yours,

DAIMLERCHRYSLER CORPORATION LLC

By: J. Franciosi

Accepted and Approved:

INTERNATIONAL UNION, UAW

By: Nate Goeden General Holiefield
October 10, 2007

PM&P
Unpublished Letter
Housekeeping

International Union

Attention: General Holiefield

Dear Sirs:

During the course of these negotiations, the parties have discussed at great length intense market pressures which provide a significant challenge to our long term viability. It was recognized that housekeeping functions detract from the overall competitive position of the Company and must be addressed. To that end, the parties acknowledge the need to initiate certain measures regarding the performance of housekeeping functions and their impact on the Company's overall competitiveness.

During these negotiations, the National Parties have agreed that sourcing of housekeeping functions at the Chrysler Technology Center (CTC) will occur, no later than January 2010. The National Parties have further agreed to exit all other housekeeping functions, at all other Company locations, as expeditiously as possible, but no later than January 2009, including but not limited to the following:

- Janitorial (all functions performed);
- Cardboard Disposal/Trash Handling;
- Grounds, Lawn Care, Snow Removal;
- Line Sweepers;
- Booth Cleaning;
- Machine Cleaning;
- Chip Handlers.

To assist with this exit process, the parties agree to utilize Special Programs, in accordance with Memorandum of Understanding - Employment Security System (ESS) Program. In addition to Special Programs, the National Parties, along with the Local Parties, will develop and implement redeployment plans for impacted employees that may include transferring employees to other operations within the existing plant, transferring employees to other locations, and/or manage through normal attrition.

In the event issues exist that the Local Parties are unable to resolve, either party may refer the matter to the National Parties for resolution.

Very Truly Yours,
MOU Entry Level Employees Implementation Discussion

October xx, 2007

PM&P
UNPUBLISHED LETTER

MOU Entry Level Employees Implementation Discussion
UP-xx

International Union, UAW

Attention: Mr. General Holiefield

Dear Sirs:

During the course of these negotiations, the parties agreed to implement the Memorandum of Understanding (MOU) UAW-Chrysler Entry Level Wage and Benefit Agreement through which the Company will be able to adopt a competitive labor cost structure for future non-core new hires thereby helping to secure the future of UAW-Chrysler employees. In discussions leading up to agreement on this Memorandum, the parties identified a number of issues and concerns over implementation that will need to be resolved for the MOU to achieve optimal effectiveness.

Accordingly, in support of this MOU, the parties have agreed that the National Job Security Operational Effectiveness and Sourcing Committee (NJSOES) will meet and establish initial guidelines and parameters within 120 days of ratification that will be used to determine the application of the MOU.

The Committee shall define guidelines for the introduction and utilization of non-core employees in manufacturing facilities as well as the identified non-core facilities, i.e., Mopar, Toledo Machining Plant, Chrysler Transport Inc., Marysville/Detroit Axle Plant.

The guidelines will take into consideration key responsibilities such as determination of classification groupings with focus on optimizing processes in both core and non-core facilities. Additionally, provisions regarding utilization and movement of core/non-core employees must be fully defined. The parties will also determine appropriate application of core/non-core provisions to future Temporary Part Time (TPT) employees.

Additional matters, as identified, will be addressed in these discussions.

Very truly yours,

__________________________
CHRYSLER LLC
__________________________
By J. Francosi

Accepted and Approved:

INTERNATIONAL UNION, UAW
By General Holiefield

11 Jan 1/2/07

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10/12/07
October 9, 2007

New Letter – Mopar Operations

International Union, UAW

Attention: Mr. General Holiefield

Dear Sir:

During the course of the 2007 negotiations, the parties discussed at length the challenges of the Mopar Operations and the requirement to improve the overall business cost structure of the operation. The parties agreed that the application of an entry level wage & benefit agreement would transition Mopar to a competitive model providing for long term viability and job security.

As a result of these discussions, the parties agree to discuss offering special programs to affected UAW employees in order to accelerate the transition to a competitive business model. The following programs will be taken into consideration during the discussions:

- Incentive Program for Retirement (IPR)
- Enhanced Voluntary Termination of Employment Program (VTEP)

All vacancies occurring at the Mopar Operations will be at a Team Member Support 2 Rate entry level base rate in accordance with, the Memorandum of Understanding (MOU) UAW-Chrysler Entry Level Wage & Benefit Agreement of the 2007 National Agreement.

Very truly yours,

Chrysler LLC

By: J. Franciosi

Accepted and Approved:

INTERNATIONAL UNION, UAW

By: General Holiefield
(302) ARTICLE II. GROUP HOSPITAL, SURGICAL, MEDICAL, DRUG, DENTAL, VISION AND HEARING AID COVERAGE - Section 2. Enrollment

(e) For the purposes of (a)(ii) and (d) above, "totally and permanently disabled" means having any medically determinable physical or mental condition which prevents the child from engaging in substantial gainful activity and which can be expected to result in death or be of long-continued or indefinite duration.

Coverage will not be reinstated for a child:

(i) who first becomes totally and permanently disabled after the end of the calendar year in which age 26
19 (age 24 for full time student) is attained;

(ii) who was eligible for coverage as a totally and permanently disabled child, recovers, and after the end of
such calendar year, again becomes so disabled; or

(iii) who was not eligible for coverage at the time of disability.

(4) Legal Guardianship Children

(a) Children residing with and related to the primary enrollee or current spouse by blood (up to and including second degree
relatives) and for whom the enrollee provides support (as defined by the Internal Revenue Code of the United States) and who were
reported as dependents on the employee's or retiree's most recent income tax return or who qualify in the current year for
dependency tax status, may be enrolled as legal guardians.

(b) Proof of legal guardianship will be required for enrollment and continued eligibility in the program.

(c) Coverage will be termed effective the earlier of the end of the year the child turns 19 or legal guardianship is terminated.

(45) Principally Supported Children

(a) Children residing with and related to an employee or retiree by blood or marriage and for whom the
employee or retiree provides principal support (as defined by the Internal Revenue Code of the United States)
and who were reported as dependents on the employee's or retiree's most recent income tax return or who qualify
in the current year for dependency tax status, may be enrolled as principally supported children. Effective January
1, 2008, no new principally supported children will be eligible for coverage. Current principally supported children
will be able to remain on coverage as long as eligibility requirements are maintained. If eligibility is terminated for
any reason, re-enrollment will not be allowed.

(i) A surviving spouse may continue coverages for a principally supported child enrolled by the deceased
employee or retiree prior to such employee's or retiree's death, but may not enroll a new principally supported
child unless such child was eligible to be enrolled by the deceased employee or retiree as of the date of death.

(ii) The continuation of coverage provision based on total and permanent disability as indicated above in item
(3)(a)(ii) and (3)(d)(iv) and the residency waiver based on legal responsibility for the provision of health care,
which apply to other children as indicated in item (3)(a)(iv), do not apply to principally supported children.

(iii) The other criteria of item (3)(a) apply to principally supported children.

(iv) The effective date of coverage for a principally supported child shall be the first day of the month following
the month in which a valid enrollment process is completed and any necessary supporting documentation is
received.

(v) Eligibility of a principally supported child shall cease as it would for any other child in accordance with
item (3)(d).

(66) Sponsored Dependents

(a) An employee or retiree may obtain optional health care coverages (other than dental or vision) for
dependents other than those specified in item C. (1), (2), (3), and (4) above. Such dependents will include
persons who are related to the employee or retiree by blood or marriage, or if not related, resides with the
employee or retiree as members of the household; provided, however, that sponsored dependents (other than a
child being adopted by the employee or retiree) who are not citizens of the United States must reside in the
United States for one (1) full year, and must be legally entitled to remain in the United States indefinitely before
becoming eligible for coverage. Sponsored dependents must be dependent upon the employee or retiree for more
than half of their support as defined by the Internal Revenue Code of the United States and must either qualify to
be claimed as an exemption by the employee or retiree in the current year or have been claimed as an exemption
on the employee's or retiree's most recent Federal income tax return. They must be designated as sponsored
dependents through a valid enrollment process as determined by the Corporation Company. The coverages shall