

Framework Regulation with the European Works Council (EWC) on the Realignment of the Sales Organization in the European Union

Preamble:

The Chrysler separation leads to organizational changes, which will also impact the European sales organizations of the current MPCs. To ensure a successful start of the “National Sales Companies” of Chrysler (NSCs) in the various countries, the knowledge, commitment and experience of employees in Chrysler sales functions are of material importance. Consequently, the overriding objective is to convince as many of the affected employees to move to the NSCs, to retain them there and to motivate them.

DaimlerChrysler AG and the European Works Council therefore conclude the following framework agreement. In addition, national regulations apply; existing agreements are not affected.

1. Area of Application

This regulation applies to all employees in MPCs in the European Union who are affected by a transferal of their functions to the NSCs.

The EU Directive 2001/23 March 12, 2001 on the approximation of the laws of the Member States, relating to the safeguarding of employees' rights in the event of transfers of undertakings, businesses or parts of undertakings or businesses and the relevant national regulations with which this EU Directive was implemented applies to the transfer of the functions to the NSCs. The text of the directive is attached as Annex 1.

The number of affected employees can be seen in Annex 2. The names of the respective employees and their functions are transferred to the national works councils, with supplementary comments.

2. Information

The employees and the respective works councils impacted by the transition shall be informed in due time and comprehensively on the details of the transfer of operations. This duty to provide information also applies in respect to the NSCs; reference is made to Chapter III (7) of the EU Directive (Annex 1).

3. Employee Representations

Until such time as ownership of the NSC is transferred to Chrysler International Corporation (CIC), the previous employee representations are responsible for both MPC and for NSC. This applies for a maximum of 2 years, unless own employee representations are elected earlier. Subsequently the employee representation bodies shall exist in line with respective national regulations.

The respective national protection rights apply to the individual members of the employee representation bodies.

If the employee representation structures should change, the respective NSC management will inform and consult with the employee representation.

4. Continuation of Employment Relationship

For all employees concerned, the existing employment relationships will be continued in the NSCs with the rights and obligations which were in existence in the respective MPC prior to the transfer.

The same also applies to collective regulations, such as regulations in collective wage agreements or works agreements. The continued applicability as collective regulations is aligned to national law.

Work conditions shall continue to apply unchanged in the new company until the introduction of a new regulation, for a minimum period of two years.

If it is not possible to retain the contractual regulations unchanged for processing or legal reasons – e.g. for pensions – the NSC will offer an equivalent solution.

5. HR Development

To enable the NSCs a successful start, all employees in Chrysler functions should transfer to NSCs.

In this context, the NSC provides a commitment to offer employees from the MPCs development possibilities in the Chrysler organization.

It is possible for employees to move between MPCs and NSCs; in this case justified interests of the employee are taken into consideration – while also ensuring the functioning of the NSCs. Under this condition, when recruiting for vacant MPC positions, NSC employees with the same qualifications have priority over external applicants.

Due to contractual obligations in the context of the separation agreement, uncoordinated poaching of NSC employees by the MPCs is not permitted for a period of 2 years.

6. Exclusion of Lay-Offs for Operating Reasons

For employees who move to the NSC in the context of the transfer of operation, lay-offs for operating reasons for reason of the transfer of operation are excluded.

In the case of a personnel overhang in the NSCs, the Framework Agreement Regarding Measures to Adjust Staff Levels in the DaimlerChrysler Group in the European Union applies for the period a NSC belongs to the DaimlerChrysler Group.

If human resources measures are necessary within two years after the transfer of ownership, these shall be implemented as far as possible on the basis of socially compatible measures.

If operations are abandoned in an NSC within a period of three years, the MPC will examine taking on the respective employees who moved to the NSC in the context of the transfer of operations, consulting in this case with the national employee representations and, if necessary, with the EWC.

7. Welcome Bonus

All affected employees will be granted a bonus, irrespective of hierarchy and income. This amount is generally set at EUR 7,500. In countries where the income level is considerably below that in Germany, there can be a downward adjustment. Information on the respective level of the welcome bonus for individual countries is listed in Annex 3.

A bonus is paid out to the respective NSC employee who moves from the MPC to the NSC in the context of the transfer of operations and who has an unterminated work relationship with an NSC after the transfer of ownership. The same applies to employees who moved to an NSC after the transfer of operations and before the transfer of ownership.

8. Cases of Hardship

Company management and the European Works Council consult on such individual cases where the change represents individual cases of hardship. Voluntary interested parties can also be included in the process; this applies up to 12 months after the transfer of ownership. Before this consultation, there is a local clarification with the participation of the EWC member(s) responsible.

9. Concluding Provisions

The implementation of this provision shall take place under the responsibility of the respective MPCs. DaimlerChrysler AG shall ensure that the agreed provisions is implemented by the Group companies in accordance with the legal framework conditions in the respective country.

Annexes

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Fleig


Dr. Maier


Klemm


Schwaab


Dr. Klebe

(DaimlerChrysler AG)

(European Works Council)

(on behalf of the European
Metalworkers' Federation)

For the future Chrysler organization

Nancy Rae

Michael Manley