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## CHRYSLER GROUP OVERVIEW



**Tom LaSorda – Chief Operating Officer**

**Credit Suisse First Boston Automotive Conference  
September 9, 2004**

# CHRYSLER GROUP PROFITABILITY REGAINED

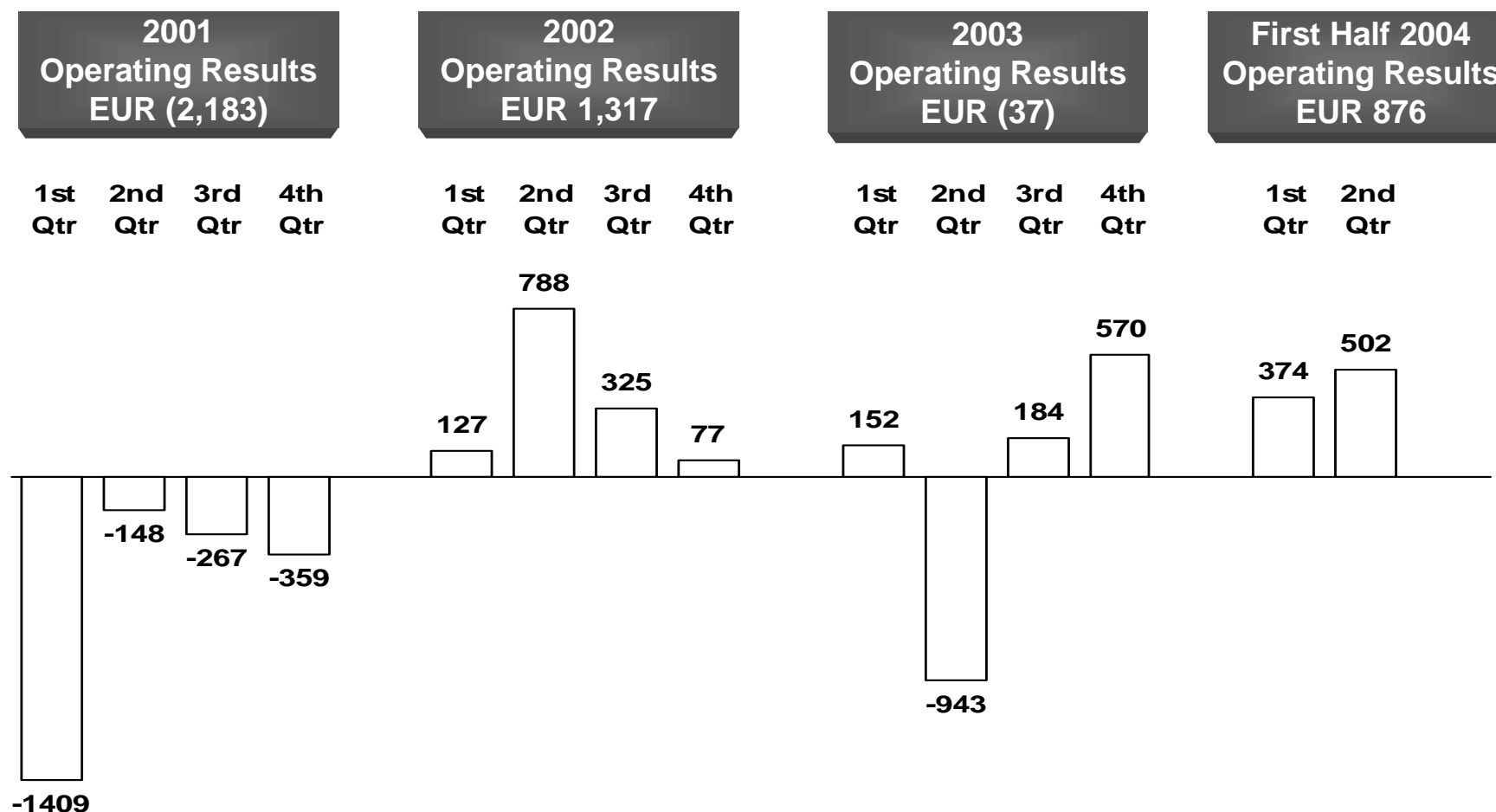
## Positive Trend

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### THE TURNAROUND PLAN WAS SUCCESSFUL – RETURNING CHRYSLER GROUP TO PROFITABILITY

Euro (Millions)  
(excluding one-time effects)



# THREE-YEAR TURNAROUND PLAN SUCCESSFUL

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## DESPITE INCENTIVES – THE TURNAROUND PLAN PRODUCED MANY SUCCESSSES

### Quality

Warranty expense per unit sold  
34% improvement over 3 years

### Material Cost Management

Net Savings >15% in 3 years

### Productivity

Harbour hours per vehicle 16.5%  
improvement in past 2 years

### Work Force

Work force reduced over 35,000  
employees in 3 years

### Program Spending

Decreased 5-year spending plan  
by \$13 billion since 2000

### Capital Expenditures

CapEx as a percent of revenue  
reduced 46%

### Net Assets

Net Assets reduced 37%

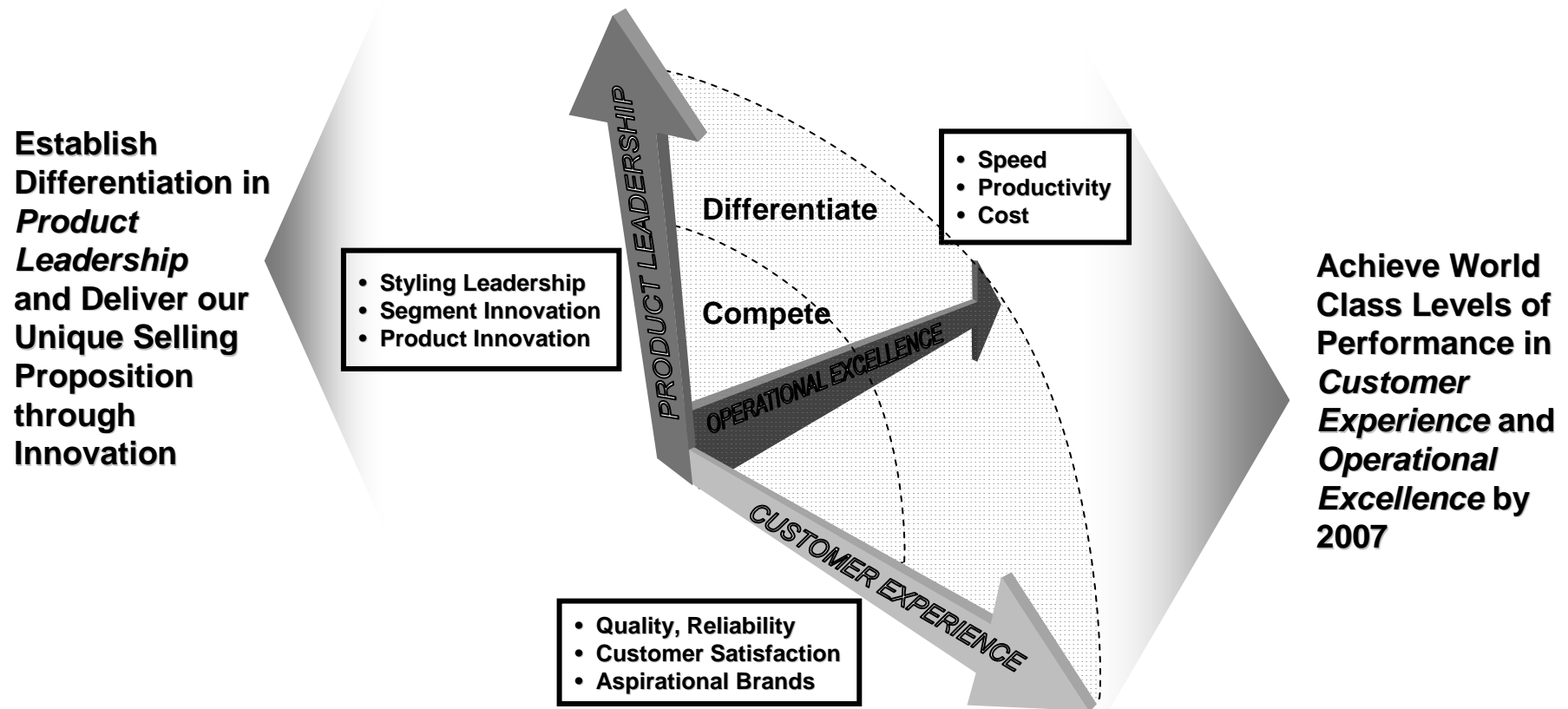
### Cash Flow (Before Interest and Taxes)

Positive trend consistent with  
improvement in operating profit

# PERFORMANCE DIMENSIONS



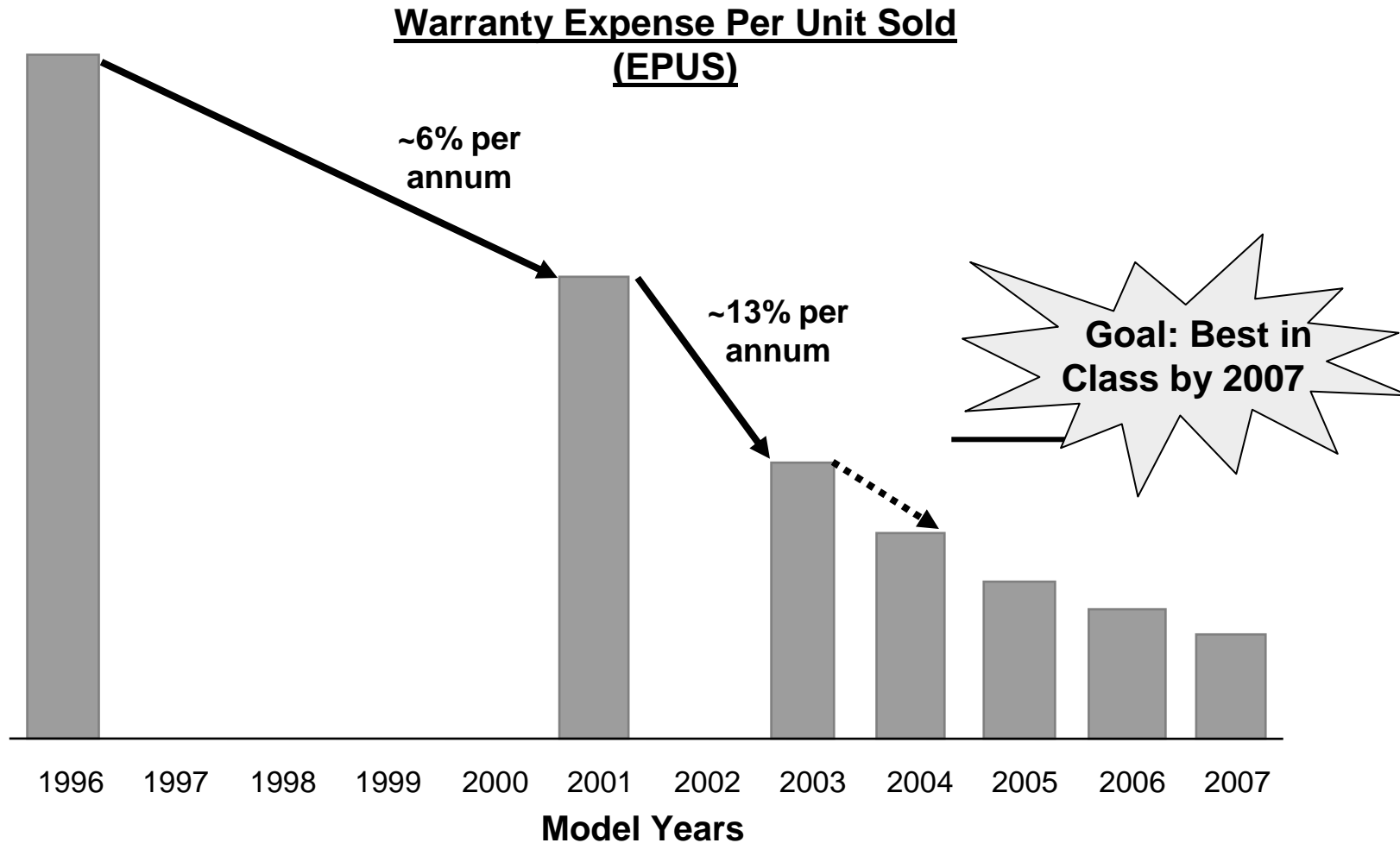
**OUR PROPOSED STRATEGIES DIFFERENTIATE IN PRODUCT LEADERSHIP WHILE DELIVERING WORLD CLASS PERFORMANCE IN THE OTHER DIMENSIONS BY 2007**



# QUALITY FACTS ARE IMPROVING



**CHRYSLER GROUP HAS SHOWN SIGNIFICANT PROGRESS TOWARDS ITS GOAL OF REACHING EPUS BENCHMARK BY 2007**



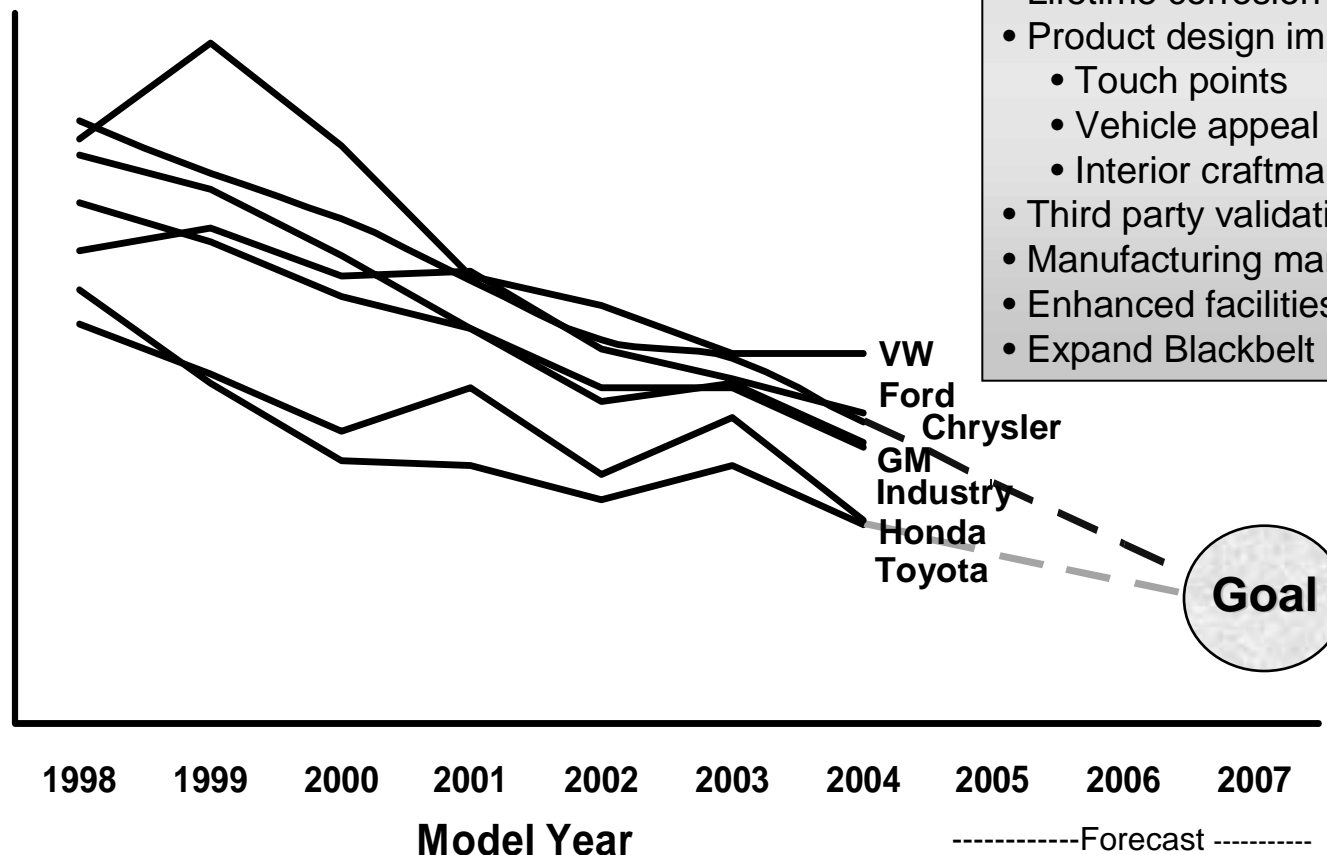
# 2004 J.D. POWER INITIAL QUALITY STUDY (IQS)



## Corporate Vehicle

### Quality Improvement Initiatives

- Chrysler Development System with disciplined quality gates
- Reduce component complexity
- 100K mile vehicle teardown
- Lifetime corrosion protection
- Product design improvement
  - Touch points
  - Vehicle appeal
  - Interior craftsmanship
- Third party validation
- Manufacturing mandates
- Enhanced facilities / intensified testing
- Expand Blackbelt program to supply base



# QUALITY VALIDATION

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## CHRYSLER GROUP'S QUALITY IMPROVEMENTS HAVE BEEN VALIDATED BY THIRD PARTY SOURCES – PERCEPTIONS TURNING POSITIVES

**“Chrysler [Group] has made great strides over the past several years. Some new Chrysler [Group] models have been reliable since their introduction. The Jeep Liberty SUV was the most reliable 2003 Chrysler [Group] vehicle. The Chrysler PT Cruiser also had above-average reliability.”** *Consumer Reports, 2004*

**“Newly launched/redesigned vehicles from Hyundai, Toyota and the Chrysler Group also record better initial quality on average than the models being replace.”** *J.D. Power & Associates, May 2003*

**“Latest J.D. Power survey . . . Domestic automakers have kept pace with the Japanese since 1998. They have improved their initial quality for the first 90 days of ownership by the same 32% as those competitors.”** *Detroit News Editorial, May 2004*

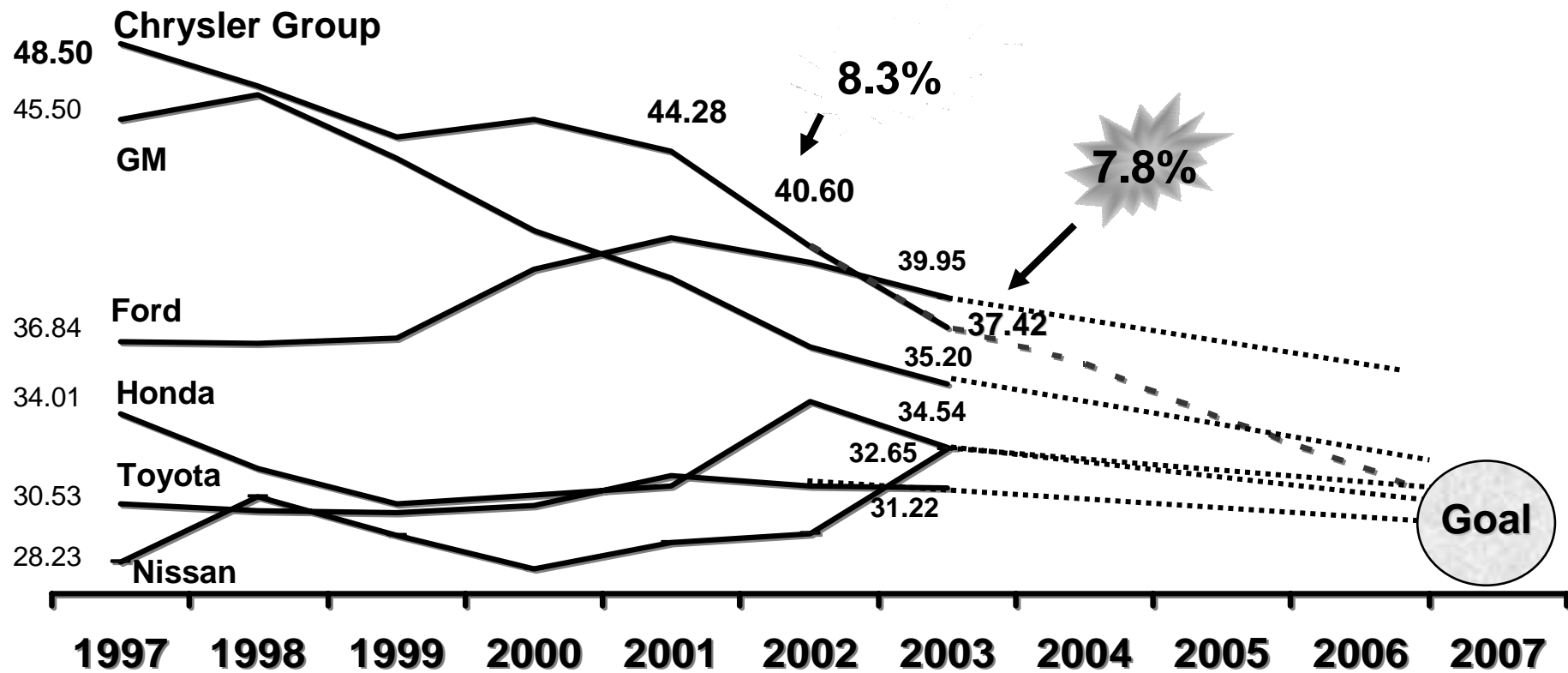
**“After my examination of the fit and finish, I concluded the 300C is equal to the very best of the high-end luxury vehicles.”** *Tom Keane, Motor Matters, March 6, 2004*

# PRODUCTIVITY IMPROVEMENTS



## PRODUCTIVITY IMPROVEMENT STRATEGY – REACH INDUSTRY BENCHMARK BY 2007

### Hours Per Vehicle (Assembly, Stamping, Engine & Transmission)



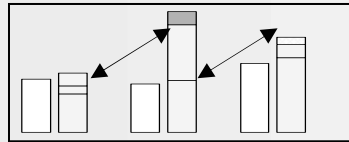
Source: 1997-2003 Harbour Report 2004; 2004-2007 CG Internal Data



# MANUFACTURING FLEXIBILITY DEFINED

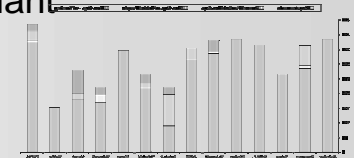
## Chaining (Plant to Plant Flex)

- Every Plant is Flexible
- All Plants Flexible within Product Family
- One Flexible Plant per Product Family



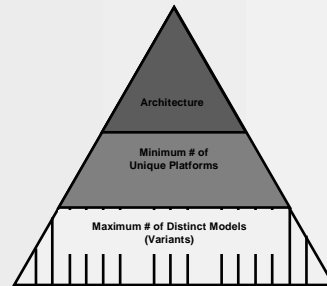
## Volume Flexibility

- Model Flexibility in Plant
- Multiple Platform Flexibility
- Architecture Flexibility in Plant
- Process Flexibility to Build Different Products



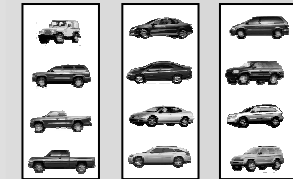
## Architecture / Platform Flexibility

- Common Vehicle Architectures
- Platform Flexibility (Interchangeable Modular Designs)



## Model Flexibility

- Modular Subassemblies Differentiate Models
- Derivatives of Same Top Hat
- Differentiate Outer Skin
- Option Selection



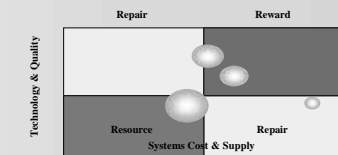
## Supplier / Component Flexibility

- Supplier Content Differentiates Products
- Process Flexibility to Build Different Products
- Components Support Multiple Platforms

	MARKET COMPETITION	SELECTIVE COMPETITION	SELECTIVE PARTNERSHIP	High
Duration of Relationship	Short	Medium	Long	High
Technology Control	Low	Medium	High	High
Examples	Engine, Motor, Gear Box, Sheet Metal	Major Features, High Quality, Low Cost	Wiring Harness, Drivetrain, Quality Components	Auto-Brake System, Headlight, Head-Up Display

## Business Model Flexibility

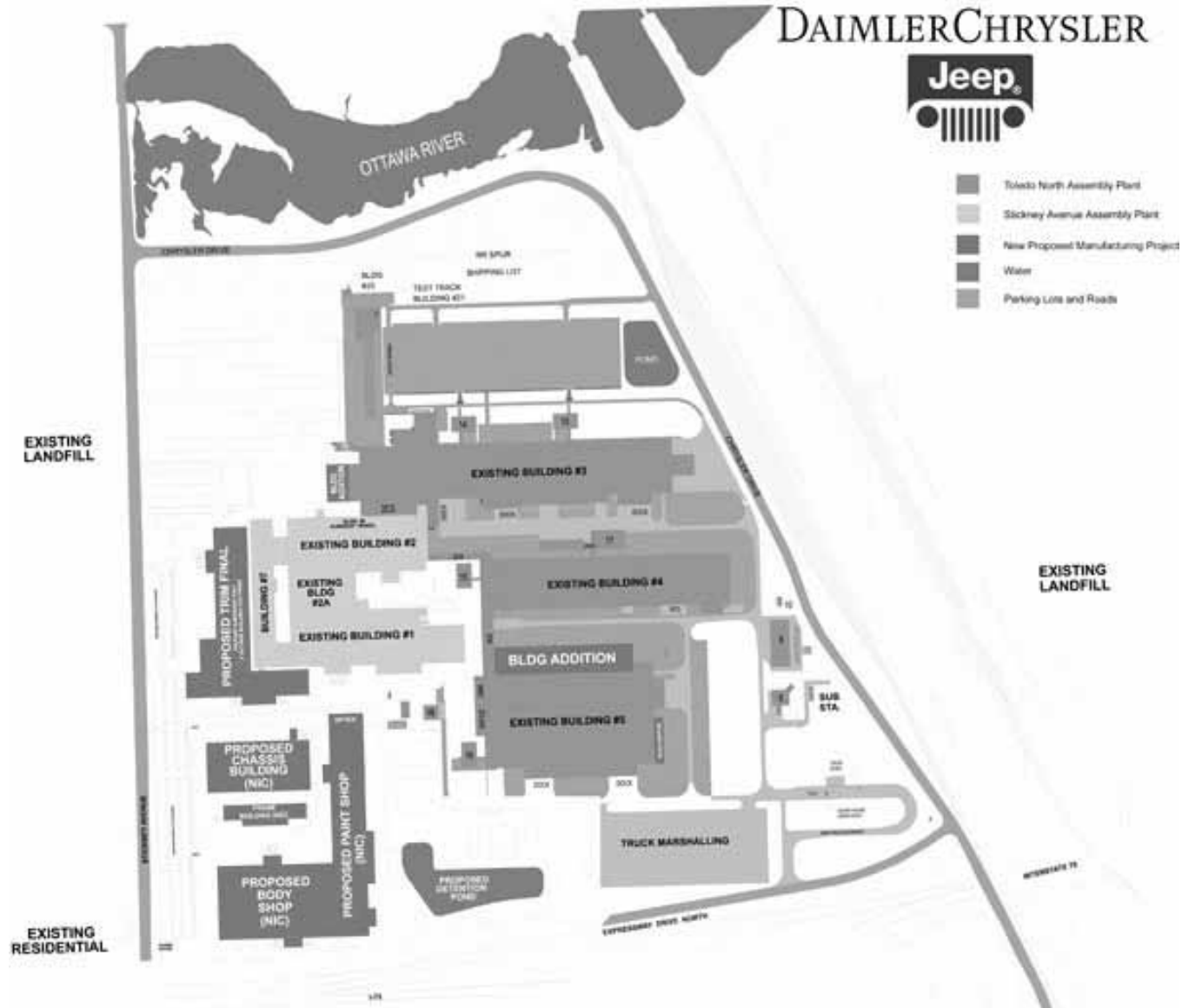
- Capital Spending Flex
- Supplier Parks / Partnerships
- Partnership to Enter Emerging Markets



# NEW BUSINESS MODEL FOR MANUFACTURING



## TOLEDO SUPPLIER PARK EXAMPLE



# DIVESTITURES / CLOSURES



## CHRYSLER GROUP IS FOCUSING ON ITS CORE BUSINESS

Site	Completion	Status
Cordoba Argentina	February 2001	Sold
Campo Largo Brazil	April 2001	Sold
Toluca Transmission	August 2001	Closed
Aviation	December 2001	Sold
Dayton Thermal	April 2002	Sold
Eurostar	July 2002	Sold
Lago Alberto	August 2002	Closed
Toluca Engine	November 2002	Closed
Mound Road	December 2002	Closed
Pillette Assembly	June 2003	Closed
McGraw Glass	November 2003	Closed
Ajax Trim	September 2003	Sold
New Castle Machining	December 2003	Sold
Huntsville Electronics	April 2004	Sold
New Venture Gear	Announced May 2004	Sale In Process
Power Generation Facilities	Announced May 2004	Sale in Process
	<b><u>Target Completion</u></b>	
Indianapolis Foundry	4 <sup>th</sup> Quarter 2005	

# FIXED COST EMPHASIS

ALL AREAS OF THE COMPANY PARTICIPATE IN COST REDUCTIONS ACTIONS





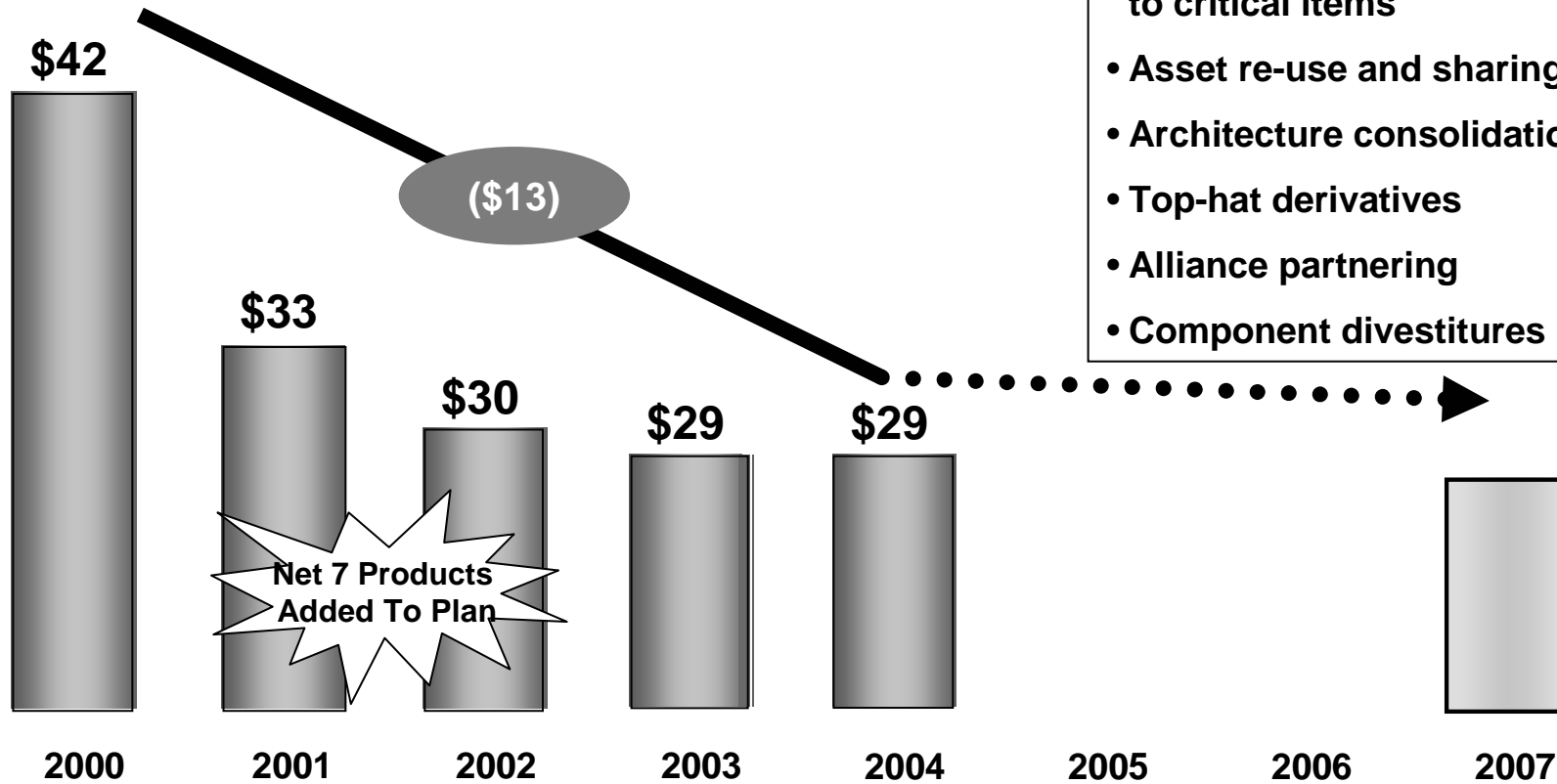
## Component Team Focus

- **Commonize to a best practice design and increased sharing/re-use**
- **Reduce ER&D and investment**
- **Increase economies of scale**
- **Improve quality position**
- **Develop practical innovations**
- **Enhance collaboration among business units**

# REDUCED PROGRAM SPENDING

BY SETTING DEMANDING TARGETS, CAPITAL SPENDING IS REDUCED WHILE THE PRODUCT PORTFOLIO IS EXPANDED

5-year Program Spending Plan  
\$(Billions)



- Enablers:
- Limit non-product spending to critical items
  - Asset re-use and sharing
  - Architecture consolidation
  - Top-hat derivatives
  - Alliance partnering
  - Component divestitures

# IMPROVED EFFICIENCIES THROUGH ARCHITECTURE AND PLATFORM SHARING



## 3 ARCHITECTURES...

Body on Frame Architecture  
North/South RWD/AWD

Unibody Architecture  
East/West FWD/AWD

Unibody Architecture  
N/S RWD/AWD

## 10 PLATFORMS...

Wrangler

Dakota

Durango

Ram P/U

C-Segment

D-Segment

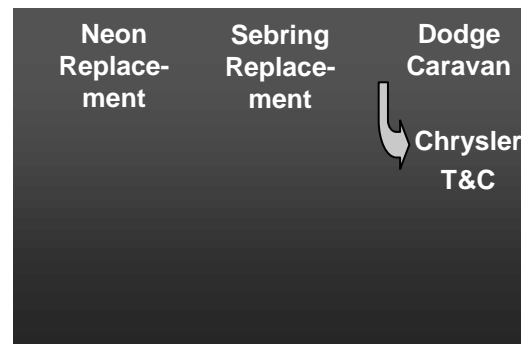
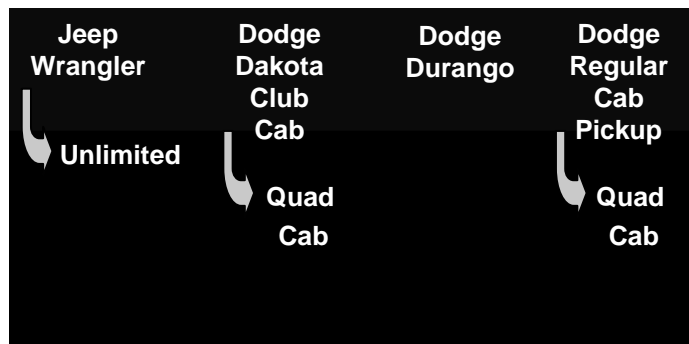
Minivan

Large Car

Liberty

Grand Cherokee

## MULTIPLE PRODUCT OFFERINGS... PLUS DERIVATIVES





## C & D Segment Programs

- **C Segment product designs are complete**
- **D Segment is derived from C Segment and Chrysler Group has the lead**
- **Programs are supported by resources in place and are on track**
- **Chrysler Group plants are slated to build our vehicles**

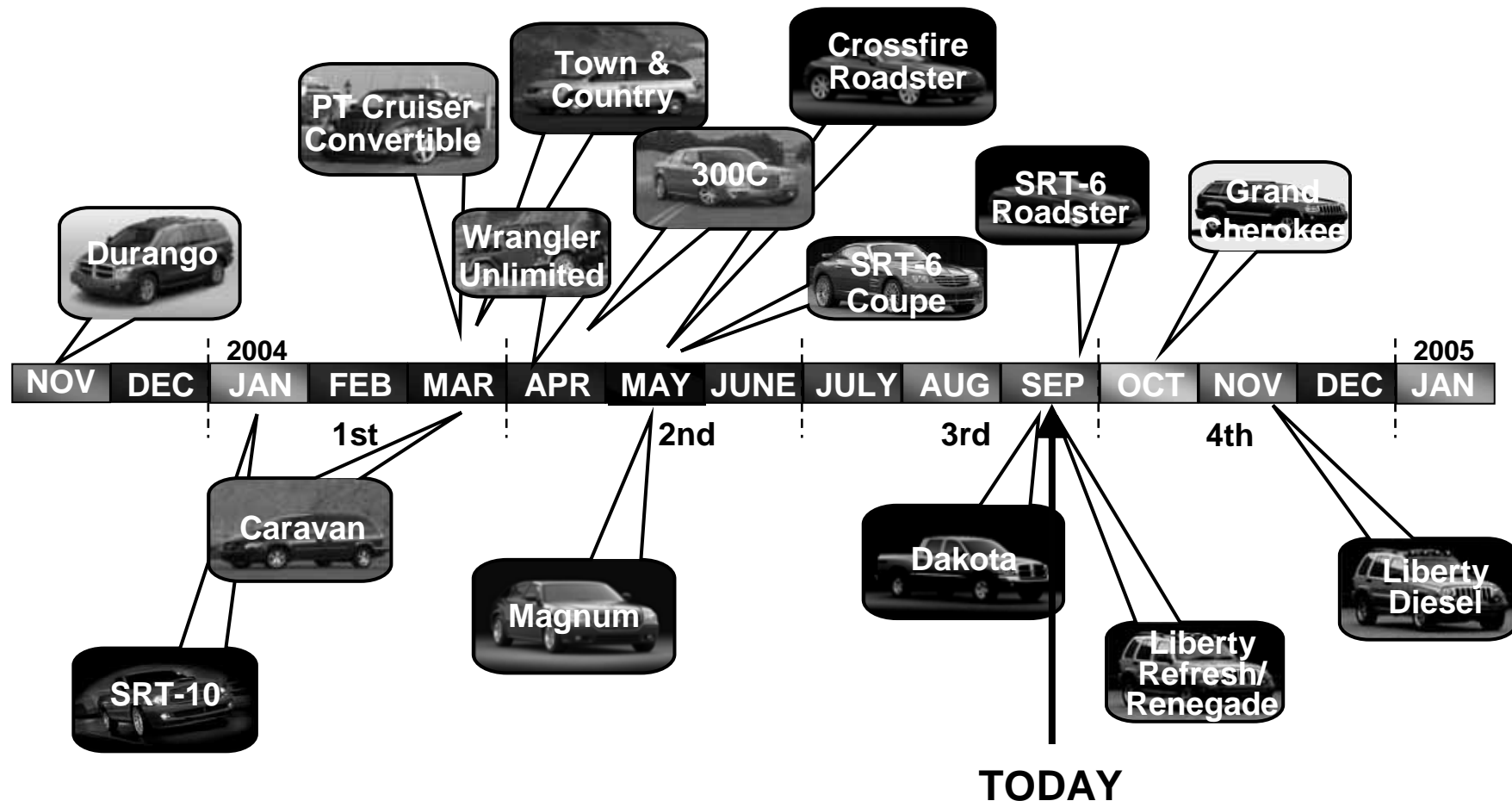


# PRODUCT EXCELLENCE

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## 9 NEW PRODUCTS IN 2004 (14 product actions in 2004)



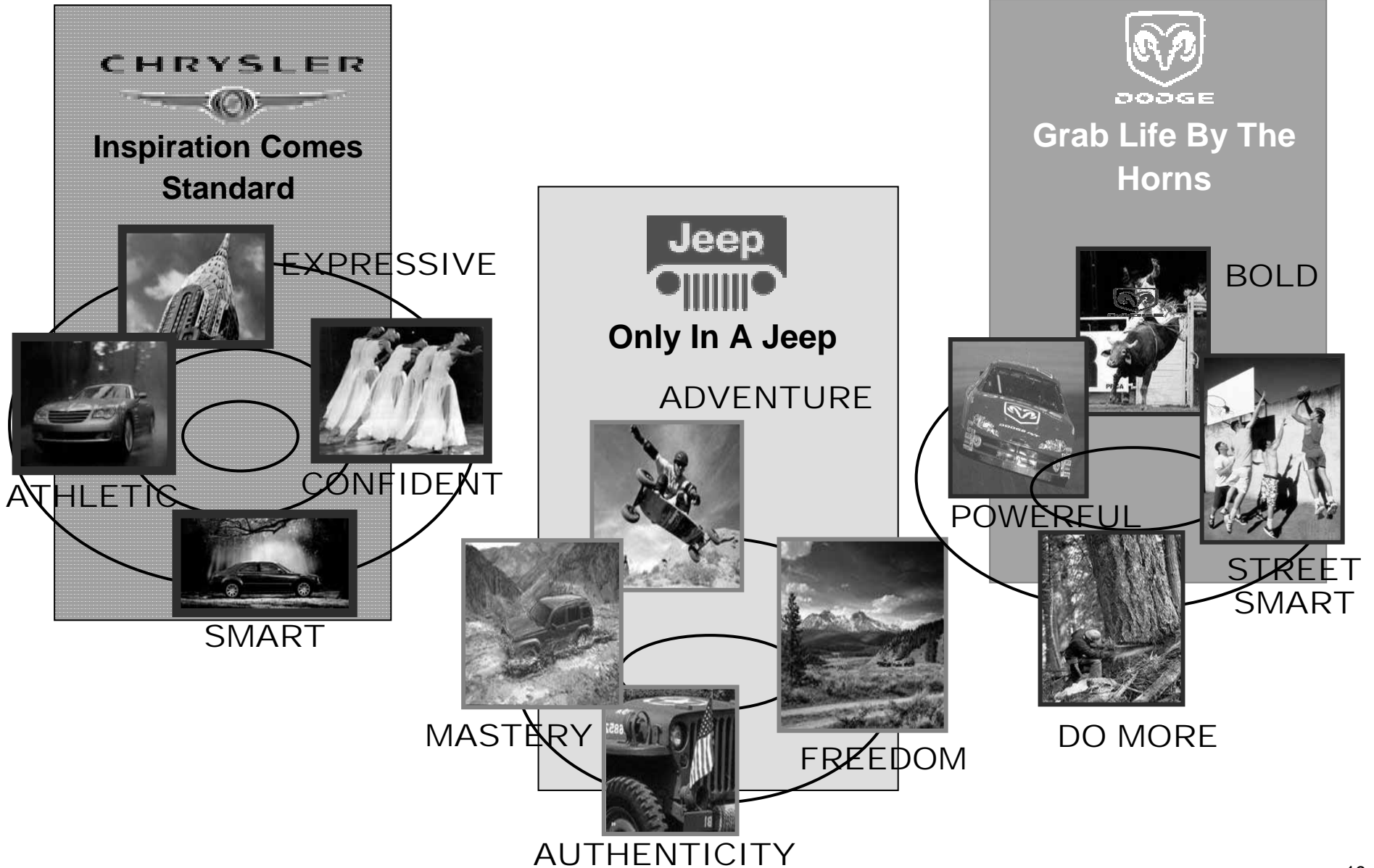
# KEY ATTRIBUTES FOR NEW PRODUCTS

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- **Styling**
  - Every vehicle will be bold and distinctive
  - Every vehicle will be a clear expression of its brand
- **Innovation (both in terms of market segments and product features)**
  - Break molds and defy convention
  - Find the seams in the middle of the market
- **Functionality**
  - Increased focus and attention to detail on key “touch points”
  - Vehicles you love to drive every day
- **Safety**
  - Testing well beyond federal safety standards.
  - Emphasize structural integrity, features and components
- **Quality**
  - Minimize “things gone wrong” and enhance “things gone right”
  - Be world class by 2007
- **The environment**
  - Demonstrated in terms of fuel-efficiency through innovations such as MDS
  - Offer options including hybrids and diesels
- **Value / Pricing**
  - Vehicles that represent tremendous value in the market based on their attributes
  - Not based on “the deal of the day” – Price competitively

# DIFFERENTIATED BRANDS



# CHRYSLER PRODUCTS

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# JEEP PRODUCTS

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# 2005 JEEP LIBERTY LIMITED CRD (Common Rail Diesel)

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## 2.8L CRD diesel – a U.S. segment first

- 25% average improved fuel economy over 3.7L V-6
- Class-leading torque – 295 ft/lbs
- Best-in-segment – 5,000 lb. towing capacity



# DODGE PRODUCTS

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DODGE



# HEMI ENGINE MYSTIQUE

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That thing got a Hemi?

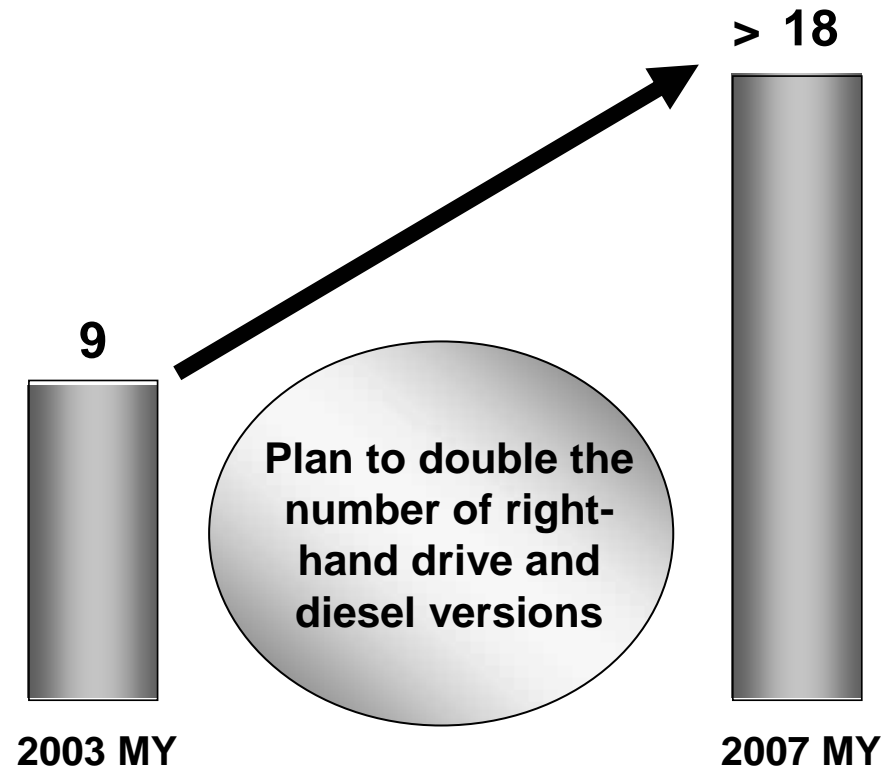




# INTERNATIONAL PRODUCT GROWTH



## International Vehicle Offerings



# CONCLUDING THOUGHTS

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- Each day we are transforming into a truly competitive company
- Our people are excited and motivated
- We have the right plan and strategy
- Now we have the right product
- 2004 will be the beginning of something very special . . .



- . . . We will become the “Predator”

# DISCLAIMER

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**This presentation contains forward-looking statements that reflect management's current views with respect to future events. The words “anticipate,” “assume,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “project” and “should” and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties, including, but not limited to: an economic downturn in Europe or North America; changes in currency exchange rates and interest rates; introduction of competing products; increased sales incentives; and decline in resale prices of used vehicles. If any of these or other risks and uncertainties occur (some of which are described under the heading "Risk Report" in DaimlerChrysler's most recent Annual Report and under the heading "Risk Factors" in DaimlerChrysler's most recent Annual Report on Form 20-F filed with the Securities and Exchange Commission), or if the assumptions underlying any of these statements prove incorrect, then actual results may be materially different from those expressed or implied by such statements. We do not intend or assume any obligation to update any forward-looking statement, which speaks only as of the date on which it is made.**