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Chrysler Group Manufacturing Productivity Gains Continue, According to Harbour Report

- Company posts 19 percent improvement over three years
- Five Chrysler Group Plants top their segment
- Transmission manufacturing is industry benchmark
- Strategy for continued improvement is in place

June 1, 2005, Auburn Hills, Mich. -

The Chrysler Group has improved its overall manufacturing productivity by an industry-leading 19 percent over the last three years, according to the Harbour Report North America 2005. The company improved its overall hours per vehicle (HPV) time by 4.2 percent to 35.85, tied for second most improved.

The annual Harbour Report is a broadly accepted measure of productivity in the automotive industry. Nearly all major manufacturers participate in the survey. According to Ron Harbour, President – Harbour Consulting, Chrysler Group's manufacturing productivity is supported by improvements throughout the company.

"Unlike past recoveries, the Chrysler Group's new products are supported by some dramatic quality and productivity improvements at the plant level, linked to unprecedented involvement of the design, engineering and purchasing organizations," said Harbour.

Among the highlights for the Chrysler Group, transmission productivity is the best in the industry and the Company's engine productivity was most improved. Company plants were also the leader in five segments. During the survey period, the Chrysler Group launched nine new vehicles, the most in any one year in its history.

Frank Ewasyshyn has led Chrysler Group's Manufacturing efforts as Executive Vice President for the last year. Tom LaSorda, now Chrysler Group's Chief Operating Officer, was the head of manufacturing operations for the two prior years.

"Our employees have done a great job, but we know that we must continue to improve in order to be competitive," said Ewasyshyn. "Being number one in transmission productivity is a great example of our success. We will continue applying best practices across all of our plants to build on the initiatives that have led to this level of improvement over the last three years."

"Working together with employees, we have made significant improvements in all our plants, and this report confirms that," said Nate Gooden, Vice President of the UAW's DaimlerChrysler Division and member of the DaimlerChrysler Supervisory Board. "We have to continue our efforts to achieve benchmark levels to ensure long-term success."

Five Chrysler Group plants scored at the top of their segment. They are:

Sub-compact car	Belvidere, (Ill.) Assembly Plant
Minivan	St. Louis South Assembly Plant
Front-wheel drive transmission	Kokomo (Ind.) Transmission Plant
Rear-wheel drive transmission	Kokomo (Ind.)Transmission Plant
8-Cylinder OHV engine (HEMI®) Powertrain	Saltillo (Mexico) Engine Plant

The Chrysler Group transmission productivity improved 4.6 percent-- to 3.86 hours per transmission, the industry benchmark. And the Company's engine productivity was the most improved in the industry at 9.5 percent, to 3.99

hours per engine.

Assembly
For the first time, a Chrysler Group assembly plant scored in the top 10 overall. Belvidere Assembly placed seventh at 18.7 HPV. Also in assembly, all 10 (of 13 total) assembly plants that were not in product changeover improved in HPV.

Stamping
Chrysler also demonstrated expertise in stamping operations. Belvidere (Ill.) and Toluca (Mexico) were among the top 10 stamping plants. Further, Sterling (Sterling Heights, Mich.) Stamping had the lowest average die changeover time in the major progressive press segment, and Toluca Stamping was tied for first in lowest average die changeover time in the transfer press segment.

The Company is employing a number of initiatives intended to continue improving manufacturing excellence in the future. Among them are increased support of assembly employees, continued employee training and new workplace practices that are designed to foster greater creativity and innovation among employees on the plant floor. The company will also redesign material handling operations and employee work-stations, and will continue to invest in plants.

The Harbour Report is one of several measures the Chrysler Group uses to measure its manufacturing operations. Other areas that are tracked by the company include safety, quality, delivery and cost, all of which contribute to manufacturing performance.

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