

DEPENDENT CARE ASSISTANCE PLAN

For
DaimlerChrysler Corporation
UAW Represented Employees



This booklet contains a detailed summary of the Dependent Care Assistance Plan. It's important to keep in mind that this summary is based on an official plan document, policies and negotiated agreements. If there is any difference between those sources and this booklet, the sources will always have the final word.

DaimlerChrysler Corporation reserves the right to amend, modify, suspend or terminate all or part of the program described herein, provided however, that no action shall be taken to contradict the terms of the most current collective bargaining agreement.

7/12/2004

Dependent Care Assistance Plan Overview

The dependent care spending account allows you to save and pay, with tax-free dollars, for dependent care expenses that are necessary in order for you (and, if you are married, your spouse) to work. Or, you can use this spending account if your spouse is a full-time student, or if your spouse is physically or mentally incapable of caring for himself/herself.

The annual maximum contribution to a dependent day care spending account is \$5,000 if you are single or married filing joint federal income tax returns. If you are married and file separate federal income tax returns, your maximum annual contribution is \$2,500.

Eligibility to Participate

You will be eligible to participate in the plan if you are:

- an active, full-time or part-time, hourly UAW-represented employee of DaimlerChrysler Corporation
- an active, full-time or part-time, salary UAW-represented employee of DaimlerChrysler Corporation

You are not eligible to participate in the plan if you are:

- an hourly or salary employee represented by any other union
- a retiree

Eligible Dependents

The Dependent Care Assistance Plan allows you to reimburse child and dependent care expenses so you (and your spouse if you are married) can work or look for work. Your expenses must be for the care of:

- Your dependent who is under age 13 when the care was provided and for whom you can claim as an exemption for federal tax filing purposes.
- Your spouse who is physically or mentally not able to care for himself or herself.
- Any person who is not able to care for him or herself and for whom you can claim as an exemption for federal tax filing purposes.

When Participation Begins

Eligible employees will be given the opportunity to elect to participate in the plan during Open Enrollment.

New hire elections received within 31 days of date of hire will become effective first of the month following enrollment.

For example, if you are hired on April 15 and make your election on May 5, your effective date would be June 1.

If you qualify for enrollment due to a Qualified Life Status Change, participation will be effective the first of the month following enrollment, see "Qualified Life Status Changes".

Contact Benefit Express at 1-888-456-7800 for all enrollments and Qualified Life Status Changes.

When Participation Ends

You are considered no longer active and your participation in the Plan ends when:

- Your employment at DaimlerChrysler is terminated
- You become ineligible for plan participation because:
 - you are on Indefinite Layoff
 - you are on Disability Leave of Absence
 - you are on Leave of Absence (other than disability)
 - you are no longer a UAW-represented employee, or
 - you retire

How the Dependent Care Assistance Program Works

Step 1:

Estimate your expenses and decide how much to contribute to the dependent care spending account, up to the plan maximum. Any money remaining in the account at the end of the year is forfeited.

Step 2:

Eligible employees will be given the opportunity to elect to participate in the plan during annual open enrollment. Make your choice during annual enrollment by contacting Benefit Express at 1-888-456-7800. Newly hired employees (mid-year) will be eligible to participate in the plan provided enrollment is within thirty-one (31) days from date of hire. If you do not enroll during annual open enrollment, within thirty-one (31) days of your date of hire (new hires) you will have to wait until the next open enrollment period. Throughout the year, you have pre-tax money withheld from each paycheck to cover these expenses.

Step 3:

You can get reimbursed for the amount that has been contributed. You are encouraged to submit your Flexible Spending Account (FSA) Claim Form as soon as you have the necessary proof of your expenses. Collect and save your itemized bills, and receipts to support the claims you submit.

Step 4:

Submit receipts, supporting documentation, and Flexible Spending Account (FSA) Claim Form to the United Health Care Service Center. You have until April 30 to request reimbursement for expenses incurred during the previous calendar year.

Step 5:

Receive reimbursement up to the current balance in your account. If your claim exceeds your current account balance, you'll be reimbursed the outstanding claim balance as additional contribution dollars are credited to your account.

Contribution Elections

Contributions cannot exceed \$5,000 per year. If your spouse has a Dependent Care Assistance Plan, either with DaimlerChrysler Corporation or another employer, both of you together may not contribute more than \$5,000.

Further, contributions cannot exceed the annual taxable income of the lower paid spouse, unless this spouse is a full-time student for at least five (5) months a year, or is incapable of self-care.

Contributions by Payroll Deductions

Annual contribution amounts will be divided by the number of pay periods available during the plan year, or the number of pay periods in which you have elected to participate in the plan.

Payroll Deduction Example

If you elect to contribute five thousand dollars (\$5,000) for the 2004 plan year your weekly deduction will be ninety-six dollars and fifteen cents (\$96.15), if paid bi-weekly your deduction will be one hundred ninety-two dollars and thirty-one cents (\$192.31).

If You Are Hired Midyear

Your elected contribution amount is still divisible by the total number of pay periods remaining in the year.

Mid Year New Hire Example

If you were hired in April and elected to contribute five thousand dollars (\$5,000) and participation in the plan commenced in May, you would receive a payroll deduction each pay period from May through December.

- Based on thirty-five (35) pay periods the amount of the deduction would be one hundred forty-two dollars and eighty-five cents (\$142.85) if you are paid weekly.
- Based on eighteen (18) pay periods the amount would be two hundred seventy-seven dollars and seventy-seven cents (\$277.77) if you are paid biweekly.

Payroll Deductions

Deductions will be taken each pay period (weekly for hourly UAW employees and biweekly for salary UAW employees) as follows:

- 401(k) deductions will be deducted before Dependent Care Assistance Plan deductions
- In the event your Dependent Care Assistance Plan deduction exceeds the net amount of your paycheck, no deduction will be taken.
- Missed Dependent Care Assistance Plan deductions will not be "made-up" or applied to the next pay period.

- Deductions will not apply to any other form of compensation, i.e., sickness & accident pay, workers' compensation, etc.

Tax-Free Day Care Expenses

Day care expenses paid through your spending account will be tax-free up to the lesser of the following limits:

- the income of the lower-paid spouse, if the spouse is not a full-time student;
- the deemed earned income amount if the spouse is a full-time student (generally \$200 per month if there is one qualifying dependent and \$400 per month if there are two or more qualifying dependents);
- \$5,000 if you are single, or married filing a joint federal income tax return; or
- \$2,500 if you are married and file separate tax returns.

Tax Credit - Federal Income Tax Return

Currently, you may claim dependent day care expenses as a tax credit on your federal income tax return.

- Day care expenses paid through the dependent care spending account will offset, dollar to dollar, your available tax credit.
- In most cases, however, if your adjusted gross family income is greater than about twenty-four thousand dollars (\$24,000), you will have greater tax savings using the DaimlerChrysler Flexible Benefits Program dependent day care spending account.
- Consult your tax advisor and Publication 503 published by the Internal Revenue Service (IRS).

Under both the dependent day care spending account and the federal tax credit, care can be provided by a licensed day care center or any other individual (except another dependent). You will be asked to include the taxpayer I.D. number of your provider on your federal income tax return.

Example - a Look at Tax Savings

Let's assume that you're married and file a joint tax return, your annual salary is fifty-five thousand dollars (\$55,000), and you contribute one thousand dollars (\$1,000) to your dependent day care spending account.

A Tax Savings Example

	Using Dependent Care Spending Account	Not Using Dependent Care Spending Account
Annual Salary	\$55,000	\$55,000
Amount Contributed to Spending Accounts	(\$1,000)	0
Taxable W-2 Salary	\$54,000	\$55,000
Federal Income and Social Security Taxes	(\$10,475)	(\$10,832)
Spendable Pay After Taxes	\$43,525	\$44,168

	Using Dependent Care Spending Account	Not Using Dependent Care Spending Account
Amount Used to Pay for Health Care Expenses After Taxes	0	(\$1,000)
Remaining Spendable Income	\$43,525	(\$43,168)
Tax Savings	\$357*	

*If state and local taxes are not withheld in your area, you'll save even more.

In this example, using the dependent care spending account increases your spendable pay by three hundred fifty seven dollars (\$357). In other words, you pay only six hundred forty-three dollars (\$643) on a pre-tax basis to buy the equivalent of one thousand dollars (\$1,000) in dependent care on an after-tax basis.

Forfeiture Rules - Use It or Lose It"

Because of the tax advantages of the Flexible Spending Account, the Internal Revenue Service (IRS) has strict guidelines for its use. One of these guidelines is commonly known as the "use it or lose it" rule. Put simply, if you contribute pre-tax dollars into your health care spending account and then do not have enough eligible expenses during the Plan Year to equal the amount you contributed, you will lose the balance remaining in your account when the Plan Year ends. That's why it is important to plan carefully before deciding how much to contribute. With careful planning, you can minimize the risk of losing any of your contributions.

Changing Your Spending Account

You can make changes to your spending account during annual flexible benefit enrollments. Once you set your contribution level at enrollment, it cannot be changed unless you have a qualified family status change as listed below.

Qualified Family Status Changes

The following qualified family status changes may allow you to enroll, adjust or suspend your contributions:

- Marriage
- Divorce or legal separation
- Birth, adoption, guardianship, or principal support of child
- Death of spouse or child
- Change in child's full-time student status
- Ineligibility of a dependent (including a death)
- Loss of spouse's group health insurance
- Commencement of spouse's coverage
- Zip code change resulting in health care services area change
- Significant change in spouse's employment work shift or employment status
- You have a significant change in provider fees
- You have a change in residence

Qualified family status change events that affect your participation in the plan must be reported to Benefit Express at 888-456-7800 within thirty-one (31) days of the event(s).

- Documentation supporting the qualified change will be required; and
- The change effective date is the first of the month following the month in which the change is reported.

Dependent Care Expenses

This listing summarizes eligible and ineligible expenses as determined by the Internal Revenue Service (IRS) Publication 503; the final decision on an expense is determined by this publication and DaimlerChrysler Corporation.

Eligible Expenses:

- Qualified Day Care centers
- Licensed nursery schools
- Summer day camps for dependent children under age 13
- Kindergarten and higher, only the cost of day care/latchkey/extended care is an eligible expense;
- Individuals who provide care in or outside your home (e.g., nanny, au pair, babysitter). This excludes your dependents and your children under the age of nineteen (19) who you or your spouse can claim as a dependent on your taxes and also a relative that you claim as a dependent on your taxes.
- Dependent care centers that provide day care, not residential care, for dependent adults; and/or
- Before and after school care

Ineligible Expenses:

- Sleep-away or overnight camps
- Tuition fees for private or boarding school
- Educational Programs
- Child support payments
- 24-hour nursing home care
- Weekend or evening baby-sitting that is not necessary for you (and your spouse) to work
- Care provided by your child under age 19 or someone you claim as a dependent on your income tax return
- Transportation costs between your home and the place care is provided
- Finder's fees for placement of an au pair or nanny
- Expenses for which you claim a tax credit on your federal income tax return

Download a claim form

- To obtain reimbursement for eligible expenses, you must submit a Flexible Spending Account (FSA) Claim Form along with the appropriate documentation (EOB's, itemized bills, receipts, etc.) to support your claims.
- You can download a Flexible Spending Account (FSA) Claim Form by going on Dashboard Anywhere under *eforms anywhere* or the UAW website at www.uawdcx.com , click on Circle of Life, and then click on Dependent Care Assistance Plan.

Claim Filing

How to complete and submit a claim form

1. Complete all section of the form. Your Group # is: 121296.
2. Attach copies of all documentation. Keep all originals for your records. (See section below for evidence to support your claim).
3. Read the "Employee's Certification for Reimbursement" section. Sign and date where indicated.
4. Mail or fax your claim to United Healthcare at:

United Healthcare

P.O. Box 981178

El Paso, TX 79998-1178

Fax Number: (915) 781-1085

5. Track receipt of claim by certified mail or fax transmission confirmation

Helpful Hints

1. Your FSA Group Number is: 121296
2. Make sure your social security number is listed on all documents even when you are filing for a dependent.
3. Different expenses can be submitted on the same form. You may submit expenses for more than one individual on the same form.
4. Do not staple the Explanation of Benefits, check copies, etc., to the Flexible Spending Account (FSA) Claim Form this slows down processing. Use a paper clip.
5. Tape small receipts to a standard 8.5 x 11 sheet of blank paper and make a copy for submission.
6. Copies of all documentation must be legible and dark enough to be scanned for processing

What to Submit as Evidence of Your Expense

For dependent care expenses, a completed claim form is all you need to submit for reimbursement.

- Amount paid to the day care provider
- Dates of service
- Provider name and tax ID or social security number
- Your signature; and
- The signature of the provider, including dates of signature.

Address Change/Corporate Records

- If you have a name or address change, you must report that change to your HR Representative or Union Benefit Representative so that your records are properly updated.

Reimbursement Guidelines

Reimbursement for Dependent Care expenses is made directly by United HealthCare to the employee and will be accompanied by an Explanation of Benefits (EOB). The EOB summarizes a transaction activity and provides your new account balance.

Normally, expenses are eligible for reimbursement provided they meet the following criteria:

- Expense is for an eligible dependent day care service.
- Date of Service is within a period you participated in the spending account.
- Date of Service is within the calendar year of participation.
- Expense is not a duplicate of a previously submitted expense.
- Expense has not been previously reimbursed, will not be submitted for reimbursement from any other source and you are not claiming the expense as a deduction/tax credit on your tax return.

The services have been received (i.e. pre-billing for anticipated expenses is not permitted).

General Information

Reimbursement Options

Participants have two (2) reimbursement options from which to choose:

- Check; or
- Direct deposit to a personal bank account.

Minimum Reimbursement Amount

If submitted claims do not equal at least (\$50.00), they will be held in suspense until they total (\$50.00). Any approved claims outstanding at year-end (regardless of amount) will be processed and reimbursements will be made accordingly.

If Dependent Care Claim Exceeds Current Account Balance

If the amount of expense submitted exceeds the current account balance, a partial payment will be made equal to the current account balance. Outstanding amounts are held in suspense for automatic payment once additional contributions are received.

Example:

Your weekly contribution is twenty-five dollars (\$25.00) or one thousand thirty dollars (\$1,300.00) annually. With your March contributions, the total of account contributions is three hundred dollars (\$300.00). In March, a claim for three hundred fifty dollars (\$350.00) is submitted for eligible dependent care expenses. Because the claim submitted exceeds the account balance, a check for three hundred dollars (\$300.00) will be issued the next business day. As additional contributions are deposited into your

account from your paycheck, a check up to the amount of claims held in suspense will be issued.

4-Month Grace Period Following the End of the Plan Year

- Covered expenses incurred during each plan year (January 1 to December 31) can be submitted during a four (4) month grace period following the end of the plan year (i.e. through April 30th).
- Claims postmarked after April 30th will not be processed.

After April 30th, all accounts are closed and any remaining unused funds are forfeited as required by Federal Law.

Reimbursement Timing

- If your reimbursement is mailed, please allow five (5) to eight (8) mailing days for delivery.
- If using direct deposit, please allow up to five (5) banking days for funds to reach your financial institution. (Always verify with your financial institution that funds are available before withdrawing. Neither United Healthcare nor DaimlerChrysler Corporation is responsible for bank NSF charges.)
- Reimbursement is generally made within 6-8 days of receipt.

Claim Denials

Denied claims are eligible for review.

Upon your request, the denied claim will be reviewed initially by United Healthcare. If you or your beneficiary disagree with the determination of United Healthcare, a formal appeal of the denial may be made to DaimlerChrysler Health Care Review Committee pursuant to the procedure described below.

If a Claim is Denied

If your claim is denied, either totally or partially, you or your beneficiary will receive an Explanation of Benefits (EOB). The notice will explain the reason for the denial, refer to the specific plan provisions on which the denial is based, describe what additional information, if any, is necessary, describe how claims are appealed, and explain the steps for an appeal. If you contact United Healthcare customer service regarding your claim denial, the representative will review the claim with you. If you or your beneficiary disagrees with the claim denial, you may make a written request to United Healthcare for a review of the initial claim determination. In connection with such review, you will be afforded a reasonable opportunity to review pertinent documents and may submit issues and comments in writing. The request must be made within 180 days after receipt of the initial denial of the claim. Please send your written appeal to:

United Healthcare

P.O. Box 981178
El Paso, TX 79998-1178
Attn: FSA Appeals Unit

United Healthcare will review the written appeal, make a decision, and send a letter to you within 30 calendar days. This letter will include specific reasons for determination and reference to specific plan provision on which the determination is based, the description of the additional documentation needed and a description of the review procedures, time limits and the right to file suit under ERISA.

If you or your beneficiary still disagrees with the final determination from United Healthcare, you may submit a formal written appeal of the determination to the DaimlerChrysler Health Care Review Committee. The appeal should be submitted in writing addressed to:

DaimlerChrysler Health Care Review Committee

1000 Chrysler Drive
Auburn Hills, MI 48326
CIMS: 485-07-26

The appeal should include any information that you believe should be considered by the Committee in making its review. The appeal must be made within 60 days after the date of United Healthcare's final determination. The person requesting the appeal will be notified of the Committee's decision within 60 days after receiving the appeal. If additional time to decide is required, written notice setting forth reasons for the extension will be provided. A final decision will be made no later than 120 days after the appeal is received.

A denied claim cannot be appealed to the DaimlerChrysler Health Care Review Committee until you have exhausted the first level of appeal with United Healthcare.

If you have any questions regarding this process, please contact United Healthcare at 877-311-7849 (Monday- Friday 9:00am to 6:00pm Eastern Standard Time)

Frequently Asked Questions

Q. Do you currently have eligible expenses for dependent care?

Check the list of qualifying expenses listed in this booklet. Keep in mind that the definition of a "dependent" includes not only children, but can also include certain adult dependents.

Q. What happens if six months into the year I no longer require dependent care services?

There are certain Qualified Life Status Change events that allow participants to exit the plan or suspend their contributions. See page 3 for these qualifying events.

Q. What period covers a plan year?

Plan year will be January 1 through December 31.

Q. What happens if I have over-estimated my expenses and I don't have a Qualified Life Status Change event and I have money left at the end of the year?

IRS regulations require that any unused contributions at the end of the plan year are forfeited.

Q. What happens if I retire, resign or terminate my employment?

Your pre-tax contributions cease. You may continue to submit claims for services incurred through the plan year up to the account balance at the time you exit the program.

Q. How do I report this information at the end of the year for tax filing purposes?

You must complete Form 2441.

My United HealthCare Web Site

Your dependent care spending account activity can be viewed online using United Healthcare's website www.myuhc.com. First time users need to register and include the following information:

- Full name;
- Date of birth;
- Member number/ID number (your Social Security number)
- Group number (121296)

Participants can view the following information on www.myuhc.com:

- Flexible Spending Account summary
- Flexible Spending Account claims summary
- Print or download FSA Claim form
- Commonly asked questions
- Partial listing of eligible and ineligible expenses
- View or Print your Explanation of Benefits (EOB)
- Electronic Funds Transfer (EFT) information