

**May 1, 2012**  
**Sergio Marchionne**  
**WJR w/Paul W. Smith**

[Paul W. Smith] Well, what a pleasure it is to welcome both of these gentlemen. From the front page of the newspaper this morning to the Paul W. Smith Show on WJR, the gentleman who has done a tremendous amount of work in turning around the city of Detroit by buying much of it and refurbishing it, from Quicken Loans, Dan Gilbert is here. Dan, good morning to you.

**[Dan Gilbert] Good morning, Paul.**

And the gentleman who has turned around a car company that was left for dead, and has made an incredible impact in his industry and in the city of Detroit, the state of Michigan, and these United States, also, the gentleman who runs Chrysler, Sergio Marchionne is on the other end of our line as well. Sergio?

**[Sergio Marchionne] Good morning, Paul.**

Gentlemen, together you really were the dynamic duo.

**Yeah, and we didn't even rehearse it yesterday. It worked out quite well.**

I think the two of you, you have completely different personalities and styles and they meshed beautifully as you, Dan, brought in Sergio and took that Dime Building, as you've done with so many now, fixed it up, turned it into a great place, and announced that Chrysler would have a place in the city of Detroit I think for the first time ever.

**Yeah.**

**[Dan] Yeah. You know actually, we're more similar than you think. I've got three or four black sweaters that I wear a lot.**

(Laughter)

**But yeah, no it was a pleasure yesterday and it was a great day for Detroit, you know, to have Chrysler announcing that they're going to be signing a lease for 33,000 square feet and bringing 70-plus people downtown, and we're thrilled to have them. I mean a company like Chrysler to be in the heart of Detroit is a great thing for the city and the momentum that's building down there.**

Well, you both have companies that are doing very, very well, and in the Chrysler situation an incredible turnaround and with Quicken Loans nothing but incredible growth, and part of that, Dan Gilbert, is you're quite a salesman. You sold a train station yesterday I think.

**Well, I think, you know, Sergio started the sales first with looking for some support for a great cause, United Way, and we exchanged a little bit of support in the community yesterday and we're thrilled again to have Chrysler supporting one of the stations of the M-1 rail line that**

**will be going up and down Woodward Avenue, hopefully with a shovel in the dirt sometime next year to begin construction.**

So what did you get there, Sergio? I know you've got a couple of floors now in the Dime Building, which will now be Chrysler House, with great pride, but what else is happening here?

**[Sergio] Well, we decided to move the Great Lakes Business Center downtown. I mean it's a discussion that Dan and I have been having now for some months, and he is a great salesman by the way. He convinced me that it was the right thing to do. We've wanted to do something for the city for a while and this is a great opportunity to – I think for his objectives and ours – to come together. But in the midst of the bargaining yesterday, part of which was done publicly, we – Dan convinced us to lend our name and about three million bucks to this M1 project, which I think is an important step in trying to revitalize the city. So I – we have a convergence of objectives here and Dan is doing it his way and we're trying to help in any way we can.**

Dan Gilbert, chairman and founder of Quicken Loans, that's been an important project for you from before you even came back downtown with Quicken Loans. And with all of the development you've been doing you felt that that service is extremely important to the health and survival and growth of Detroit.

**[Dan] There's no question about it. I mean having a light-rail curbside-line up and down the busy Woodward corridor going all the way from the river to Grand Boulevard, and allowing people to flow in that direction north or south and going all the way up to Midtown and Wayne State and all the museums and all the way down through Campus Martius and through the entertainment center, Comerica, Ford Field, Fox, and all the way down close to the Renaissance Center. You can imagine the hustle and bustle that will occur and the action and activity 12 months a year now as people now have to think about getting in their cars in cold weather months and going in the garage and warming it up and you know, that's a big deterrent to go up and down even a mile in Detroit or half a mile and now they'll be able to do it with ease; and such great support from everybody along the Woodward corridor and others, I mean all the way from even the Henry Ford Hospital and Roger Penske of course, Karmanos, the Ilitch family, Wayne State and you know, Chrysler now of course with General Motors supporting a station and Ford Foundation, Kresge Foundation; it goes on and on. So it's just been a great community effort, private, public cooperation here and we're very excited about it.**

This is how good a salesman he is, Sergio. He's talking to a guy who sells cars about what a hassle it is to get into a car to drive –

**(Laughter)**

And you, because you have the big picture in mind, that you would put your money into a Chrysler station for that light rail. It all makes good sense because it makes sense for the city. And you're selling a lot of cars; your April sales will be announced soon but I can tell you that we've already heard about the first quarter profit of \$473 million, more than four times last year's number.

**[Sergio] Yeah, well the sales numbers I think are out for April now. We were up 20% on April of last year so I think we continue to be the fastest growing brand in the U.S., at least of the domestics, so I'm incredibly proud of the work that's been done inside Chrysler. This is a – it's been a good run so far. The numbers are outstanding for the first quarter. I think we're walking into the second quarter with incredibly solid sales numbers in the U.S. We've had also a terrific month in Canada so the numbers are shaping up quite well.**

The Dodge Dart certainly a very, very important vehicle. There hasn't been one this important for a while.

**Went into – we started framing the car yesterday in Belvidere so we'll have cars in the dealerships in the month of June. I think it's one important, incredibly important step in redoing the portfolio of cars of Chrysler and so it's a beginning, a new phase – of a new phase of development of architectures. As you well know, that's the first car that uses the Fiat developed architecture here in the U.S. and it's the basis on which we're going to be building about two million cars by the time we finish. So it's a huge step forward. The initial reaction from the specialized press has been phenomenal so we're expecting great things from the Dart. It is a great car. I think we need to see it in action shortly.**

Looking forward to that. And God bless you, Dan Gilbert, and all the men and women that work with you and for you at Quicken Loans and the various companies. Your people, Dan, bring an enthusiasm to the city of Detroit, the state of Michigan, and all over the U.S., an enthusiasm we don't generally see. It is one of the reasons why Quicken Loans always gets voted as one of the best places to work, one of the best companies in doing what you do and doing anything else. How do you keep that going, Dan?

**[Dan] Well, I think, you know, and I think Sergio will tell you this, too; I think for anybody that's running a fairly large organization, it starts with culture and ends with culture. And you know, when you define the culture for your folks early on their first day or first week at the company and you really walk the walk and you just don't talk the talk and it's a good culture and one that allows them to express themselves and to matter and to impact the outcome, I think people come through, and I think you'll be successful. So that's where it starts and ends with us and we're proud of all of our people. We'll be 5,000-plus right at Campus Martius within the next few months and growing, and they're just one of the greatest groups of people I've ever been around my entire life, and we're proud of every single one of them.**

Well, what you've done with the Madison Building, now the Dime Building, and I have a feeling that you have other buildings in mind that you're going to continue to acquire.

**Well, you know, we're looking at the opportunities that still exist there and you know, believe it or not, there's not that many huge big spaces available for companies to come downtown right now. I mean a lot of it has been filled up.**

Might you, as you had once thought, might you start to build?

**Yeah, I mean we're looking. It's public knowledge, and we're looking at the Hudson's site, or we have an option with the city of Detroit and we're looking at a few designs and plans right**

**now, and nothing's real imminent on that but it certainly becomes more of a possibility each day as demand continues to rise.**

I'm told you have to leave, Dan. I appreciate you spending time with us and joining United Way. And I'm going to talk to Sergio a little bit more about that. But Dan Gilbert, chairman, founder of Quicken Loans, keep up the great work. It is so meaningful and helping our city so very much and we so appreciate the Destination 313 programming and all the rest of it putting out the really positive good word that people don't always know that exists in Detroit.

**Well, thank you, Paul, and thank you, Sergio, and have a great day everybody.**

All right, you take care. Dan had to run. I'm going to keep you, Sergio, just a moment if I might.

**[Sergio] Sure.**

You are heading up United Way, you're grabbing people like Dan Gilbert, getting him involved; you have really embraced our community. And what we talked about when we were together in Geneva at the motor show, you also salute the workers of this area, the people within the sound of my voice, and you've sent out the message around the world that Detroit has figured out their problems and have worked hard to correct them and solve them and they know how to build quality vehicles, and you'll build any vehicle you have to right here in Detroit if you have to or even maybe because you want to.

**Yeah, no look, we made a decision when we started this back in 2009 that we would make an effort to bring back manufacturing into the U.S. and to make it a viable business, and I think we've had – if you look at the track record over the last three years, I mentioned yesterday when I was down with Dan at the launch of this initiative at the Dime Building that – what's now called Chrysler House – that we would be adding on a third shift into Jefferson; that we would be using our Mack facilities to build the Maserati SUV, which is being built off the Grand Cherokee architecture. There's a huge amount of work that's gone on in this area in terms of making sure that we offer as many opportunities to the people who took a huge gamble back in 2009 to stay with us and try and rebuild Chrysler and it's beginning to pay off. The third shift at Jefferson is going in place now in November; we've moved it up by about six months because we were able to secure the suppliers' support in accelerating the third shift so it's beginning to look like we're going to be firing on all cylinders across all the Detroit plants. The Connor plant has been restarted. We're going to be making the Viper, the SRT. We've relaunched that car, as you well know, this year at the New York Auto Show. That car is so iconic for Chrysler that we felt an obligation to bring it back. The car is a superb machine. I had the chairman of Ferrari down here for the board meeting last week and he had a chance to look at the car, and he was speechless. I mean for Ferrari to admit that the car is a unique vehicle is a hell of a compliment to the work that's gone on here. So I'm delighted. I mean so far, knock on wood, we're doing well.**

It's a very big deal, and all these things you've mentioned they just underscore the fact that the customary two-week summer shutdown in early July isn't happening at Chrysler's Jefferson North Assembly Plant, keeping those Jeep Grand Cherokees and

Dodge Durangos going because you're selling so many of them. That's certainly very good news. And under the headline of Mark Phelan's story the other day, making vehicles right is mantra for Chrysler under Marchionne's rein.

Yeah.

All of that matters, along with the Diversity, Inc. naming Chrysler to the 2012 list of the top 50 companies for diversity. As you say, there's no bad news, Sergio.

**There's no bad news, and we're going to work our buns off here to make sure that we don't have any bad news. But you know, this is a difficult business. If I told anybody that it was a walk in the park I'd be lying, but the great thing about this is that we have an incredibly committed group of leaders who are making sure that we don't fall asleep at the switch here and that we keep on doing all the right things, and that we do them quickly because the market is moving quite rapidly and we need to stay on top of this. I mean 20% up in April is a good number. We've had phenomenal sales increases in the first four months of this year. It's a rate of increase that cannot be kept up forever but we need to be able to make sure that we position these brands properly as we walk probably into the most significant year of Chrysler for 2013 with a number of product launches that are going to totally change the look and feel of our showrooms. So we are – the main objective here is to make sure that we walk into 2013 with all our cards in order because the real challenge starts then.**

Do you have a big fear about anything? Is there one thing that you really worry about, Sergio?

**Yeah, look, I had a chance to talk about this when I was interviewed by 60 Minutes. The fear of getting one car wrong for whatever reason, whether it be design, or whether it be because we make a mistake in the structural design of the car is something that haunts me. And we keep on revisiting all the choices that we make here because the money that we spend on these things is quite large but the negative impact on the work that we've done would even be worse. And so that's the thing that I watch all the time. We cannot afford to make a mistake, right. And we're going to have some products that are going to be less successful than others but we can't have any flops and that's the real big issue.**

So far so good knock on wood as you say.

Yeah.

And keep up the good work with – I don't know how you do it, running all the companies you're running, and yet also giving of your time for United Way, and that seems to be going well as well.

**It is, and I think that's a great initiative. We're going to get it started again now. The fact that we were able to recruit Dan Gilbert as part of the working team here to get the campaign under way is a big step forward. We're going to drastically change I think the tempo with which this is being executed so stay tuned.**

I suspect that it will drastically change. Sergio, always a pleasure. Anything else on your mind?

**Nope, I hope you're well.**

I hope you're well also my friend. We'll look forward to seeing you soon.

**Thanks. Bye, Paul.**

Take care. Sergio Marchionne, the guy who has done an unbelievable job as the CEO of Chrysler Group LLC. It's truly amazing to watch. Glad to be in the middle of it and bring all of us together and to be able to hear from guys like Sergio Marchionne and Dan Gilbert, chairman and founder of Quicken Loans, as we continue accentuating the positive on the Paul W. Smith Show.

[End of interview]