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# **CAR Management Briefing Seminar Navigating the Path to Prosperity**

**August 2, 2011**

**Dan Knott**

**Senior Vice President**

**Purchasing and Supplier Quality**

## Historical decade under way



**2007** → **Uptick in supplier failures**

**2008** → **Sales decline; credit market collapse**

**2009** → **Bankruptcies; industry uncertainty**

**2010** → **Rebuilding; capacity constraints**

**2011** → **Natural disasters, raw material cost escalation, capacity constraints, increased competition**

## Smart companies will look to capitalize on emerging opportunities

- Increasing global SAAR
- Emerging global auto markets
- Easing capital markets
- Supply base consolidation
- Improved customer collaboration



## Supplier map to success



**1. Culture Change**



**2. Capacity Management**



**3. Innovation**



**4. Manage Costs**



**5. Performance Management**



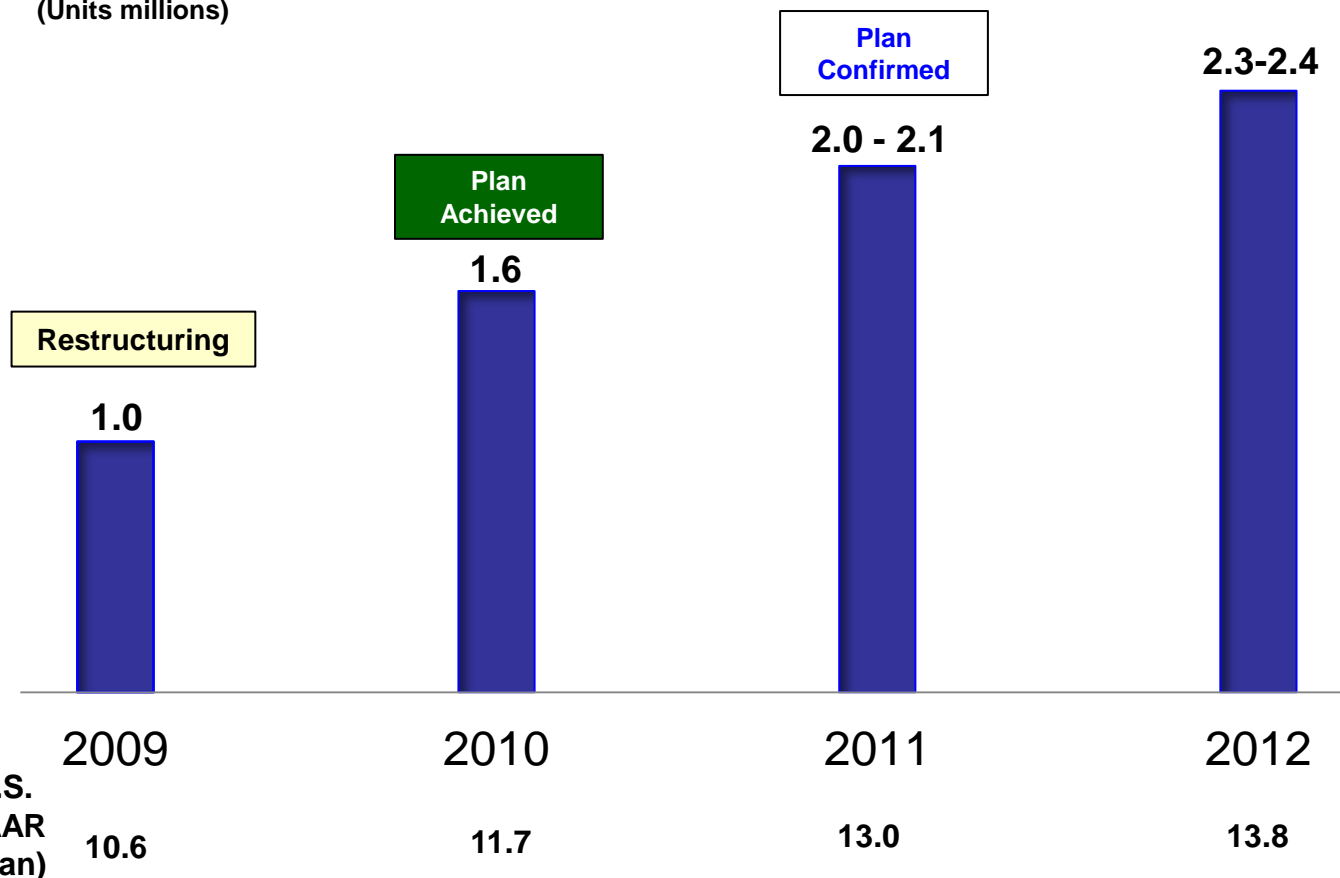
## Guiding Principles: A two-way street

Only if both sides act in accordance with the Guiding Principles will we be able to maximize the full value of our partnership

1. Transparency
2. Collaboration
3. Urgency
4. Integrity
5. Accountability
6. Empathy and Advocacy
7. Long-Term Relationships

## Prepare for increased volumes

Production Levels  
(Units millions)



### 2012 vs. 2011

- Growth through FIAT's Europe and Latin America network
- All-new Dodge C-sedan 40 mpg (combined and unadjusted) entering largest segment
- Peak year in cycle from 2011 launches
- 8-speed transmission application to Brampton product

Note: This chart contains forward looking information to which risk factors identified in our SEC filings apply, including our Form 10 for the fiscal year ended 2010 and Form 10Q for the fiscal quarter ended March 31, 2011.

# Collaborating on Innovation



CHRYSLER GROUP LLC

Provide innovative ideas that lead to benchmark systems



## Proactively manage costs

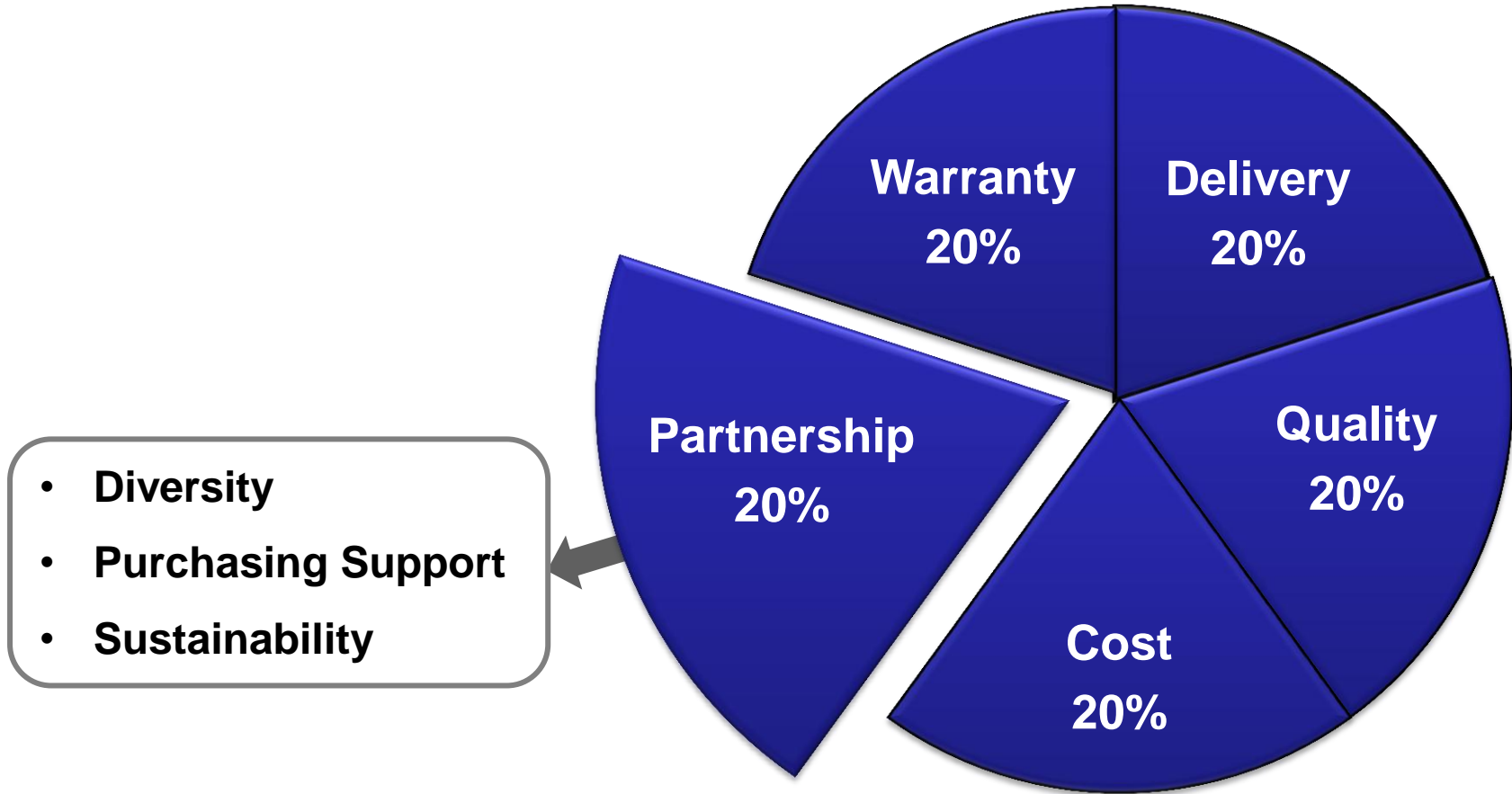
### Actively manage costs:

- Detailed part price quotations
- Hedging currency and raw material pricing
- Up front yearly productivity commitments
- SUPER (Supplier Product Enhancement Reward) 50/50 cost sharing agreement





## Manage performance in all aspects of business



**EBSC scores used to create long-range strategies and sourcing decisions**

## Reaching the destination state

- Culture Change**
- Capacity Management**
- Innovation**
- Manage Costs**
- Performance Management**



# Performance Management: High Performance Recognized



CHRYSLER GROUP LLC



**11 Suppliers were honored with Chrysler Group's  
2011 MY Supplier of the Year Award**



# Business Opportunities

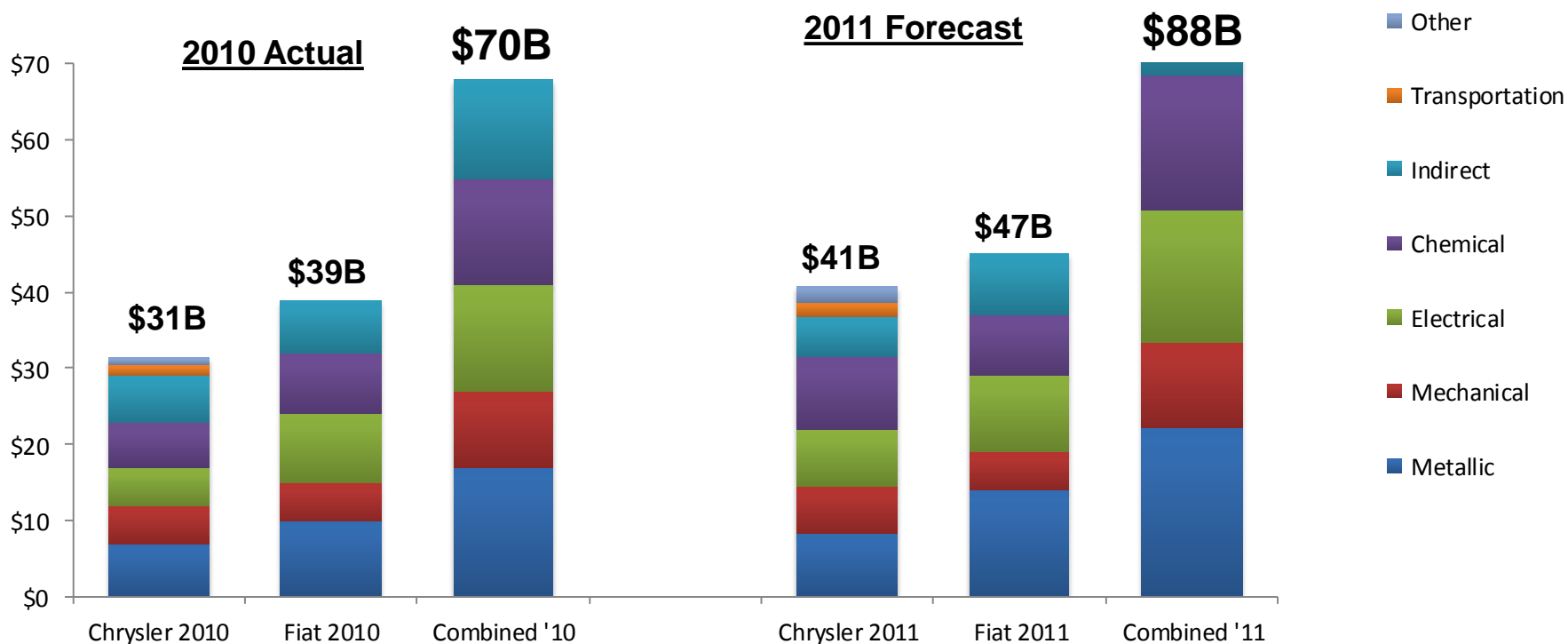


CHRYSLER GROUP LLC

**Chrysler/Fiat combined volume ranks no. 6 globally for units of production**

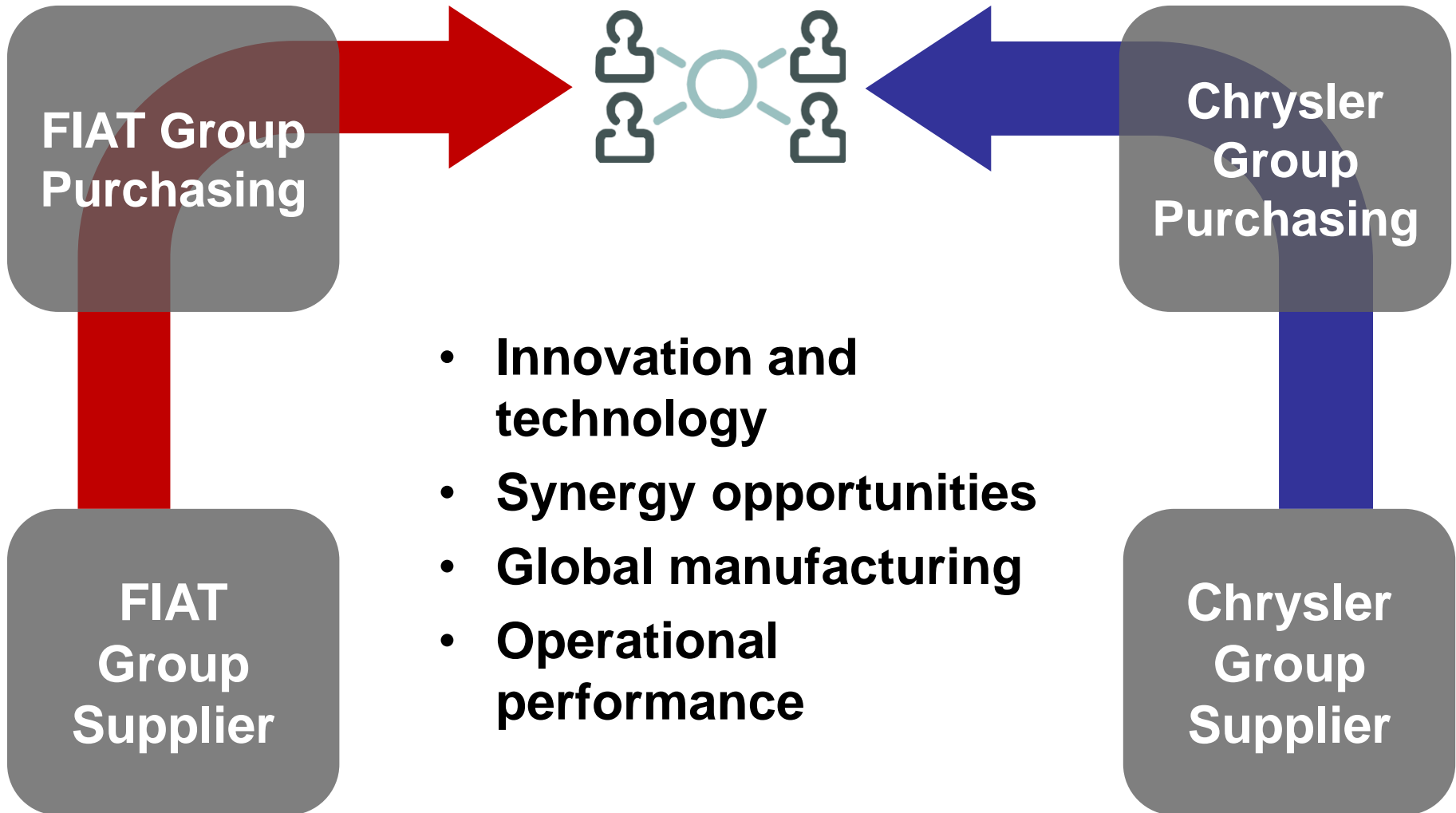
Chrysler/Fiat represent \$88B in annual purchase opportunities for our suppliers

**Annual Purchase Value (APV) by commodity**



Note: This chart contains forward looking information to which risk factors identified in our SEC filings apply, including our Form 10 for the fiscal year ended 2010 and Form 10Q for the fiscal quarter ended March 31, 2011.

## Business with Chrysler Group and FIAT Group Purchasing

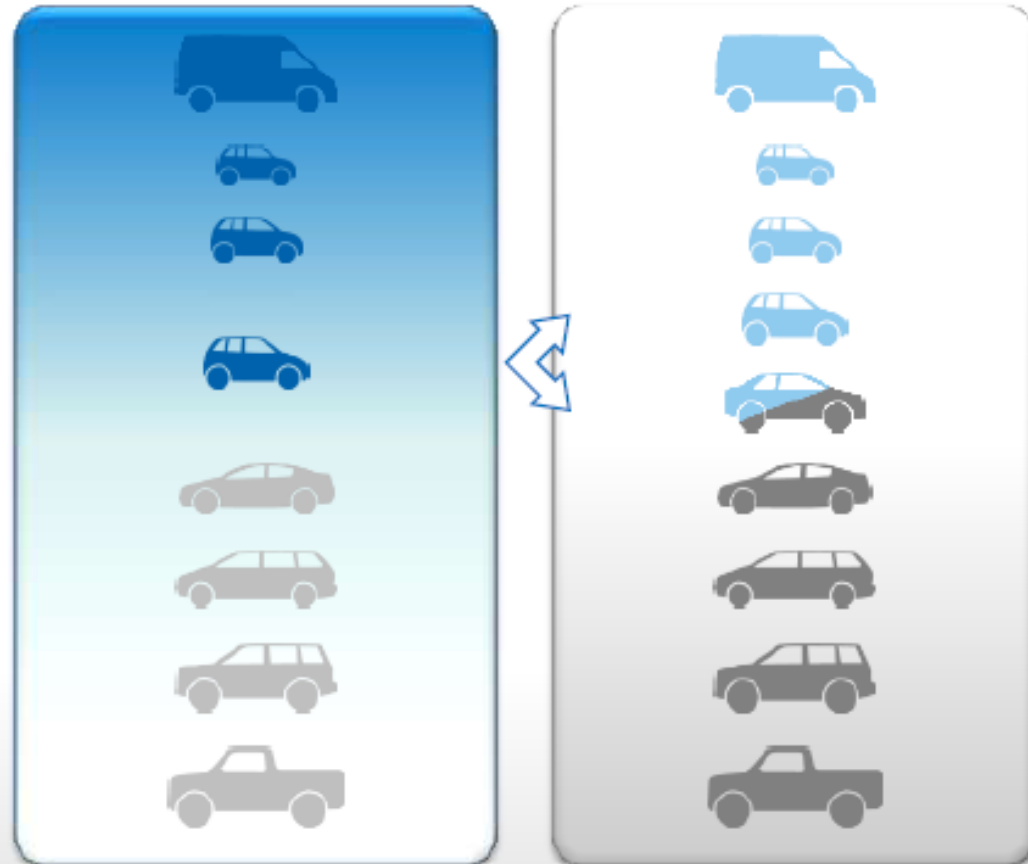


## Complimentary and integrated product architecture

Segment architecture



- LCVs
- Mini
- Small
- Compact
- Large
- MPV
- SUV
- Pick-up



Architecture origin

Legend for Architecture origin:

- Blue square: Fiat Group Automobiles
- Grey square: Chrysler Group

# Business Opportunities: Enhanced Product Focus



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## 24 new models and 19 major product interventions

	2010	2011	2012	2013	2014
CHRYSLER	  			  	
Jeep	   	70 <sup>th</sup> Anniversary Commemorative product actions across all nameplates 	 	  	
RAM			   		
DODGE	   		 	    	
FIAT			 	 	

ORIGIN OF ARCHITECTURE



Chrysler Group



Fiat

PRODUCT ACTIONS



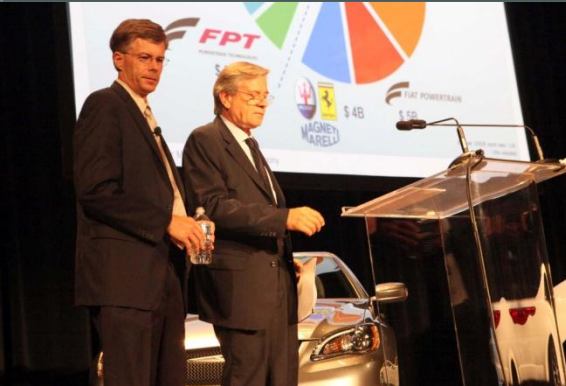
Major modification

IMPORTED VEHICLE



Fiat produced

## Mutual success



- **Increased communication (monthly webinars, Supplier Advisory Council)**
- **Internal process improvements**
- **Aligned decisions and communication among Engineering, Purchasing and Supplier Quality**
- **Sourcing decisions based on Meritocracy**
- **In 2012, 5-10 supplier locations will be selected for Chrysler Group's World Class Manufacturing pilot program**





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