



Chrysler Group LLC

2nd Quarter 2014 Results Review

(U.S. GAAP – Preliminary)

August 6, 2014



DODGE



Jeep

SRT



This document 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," "should" and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties, including, but not limited to: successful vehicle launches; industry SAAR levels; economic conditions, especially in North America, including unemployment levels and the availability of affordably priced financing for our dealers and consumers; introduction of competing products and competitive pressures which may limit our ability to reduce sales incentives; supply disruptions resulting from natural disasters and other events impacting our supply chain; and our dependence on our parent, Fiat S.p.A. In

addition, any projections or targets on future performance are based on the assumption that the Company maintains its status as a partnership for U.S. federal and state income tax purposes and do not consider the impact of a potential conversion of the Company into a corporate tax paying entity. If any of these or other risks and uncertainties occur, 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. Further details of potential risks that may affect Chrysler Group are described in Chrysler Group LLC's periodic reports filed with the U.S. Securities and Exchange Commission.

Executive Summary

Q2 2014 Highlights



- **Worldwide shipments totaled 727k vehicles, up 10% versus Q2 2013;**
H1 2014 shipments totaled 1.4M, up 13% versus H1 2013
- **Net revenues totaled \$20.5B, up 14% versus Q2 2013;**
H1 2014 net revenues totaled \$39.4B, up 18% versus H1 2013
- **Modified Operating Profit increased 22% year-over-year to \$985M;**
H1 2014 Modified Operating Profit totaled \$1.6B; up 26% versus H1 2013
- **Net income was \$619M in Q2 2014, up 22% from Q2 2013;**
H1 2014 Adjusted Net Income (excluding infrequent items) totaled \$1.1B; up 59% versus H1 2013
- **Worldwide vehicle sales of 723k, up 12% from Q2 2013;**
H1 2014 sales totaled 1.3M, up 11% versus H1 2013
- **Net Industrial Cash of \$331M at June 30, 2014,** an improvement from Net Industrial Debt of \$551M at March 31, 2014
- Launched **all-new Chrysler 200** during quarter, the third Chrysler Group vehicle derived from the “Compact U.S. Wide “ architecture
- **FY 2014 guidance confirmed**

August 6, 2014

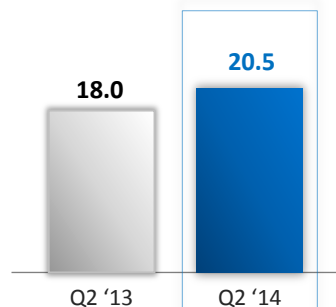
(Preliminary results prepared in accordance with U.S. GAAP - Refer to Appendix for definitions of non-U.S. GAAP financial measures)

Q2 2014 Financial Highlights



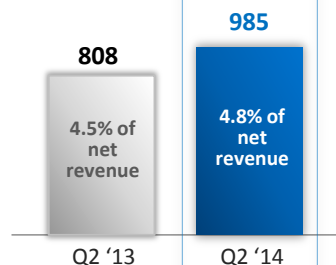
Net Revenue (\$B)

- Increase of 14% primarily due to increased shipments and improved pricing and mix
- Worldwide shipments up 10% to 727k units (696k shipments adjusted for GDP – see Appendix) primarily due to Ram pickups and the new Jeep Cherokee



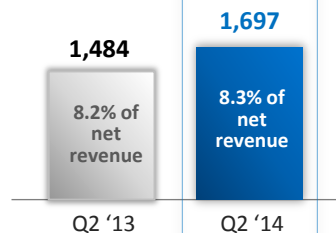
Modified Operating Profit (\$M)

- Modified Operating Profit increased 22% versus the prior year
- Increase primarily due to higher shipment volumes, improved mix, and pricing to recover vehicle content enhancements, partially offset by increased incentive spending on legacy products, industrial and advertising costs and adverse FX effects



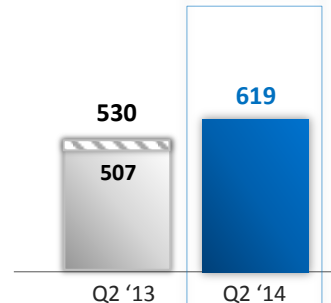
Modified EBITDA (\$M)

- Modified EBITDA increased 14% versus prior year, consistent with the increase in Modified Operating Profit



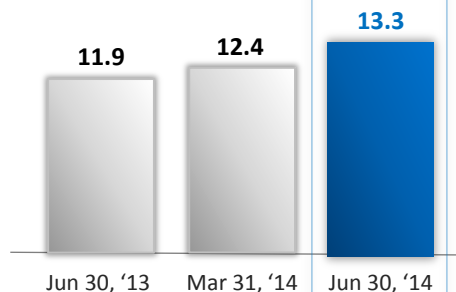
Net Income (\$M)

- Net income increased 22% versus the prior year; up 17% versus Adjusted Net Income last year which excluded a loss on extinguishment of debt of \$23 million



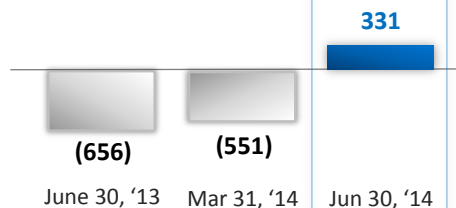
Cash (\$B)

- Increase due to Free Cash Flow of \$1.0B in the quarter
- Total available liquidity is \$14.6B as of June 30, 2014, including \$1.3B available under a revolving credit facility



Net Industrial Cash (Debt) (\$M)

- Change from a Net Industrial Debt to a Net Industrial Cash position primarily due to Free Cash Flow of \$1.0B in the quarter



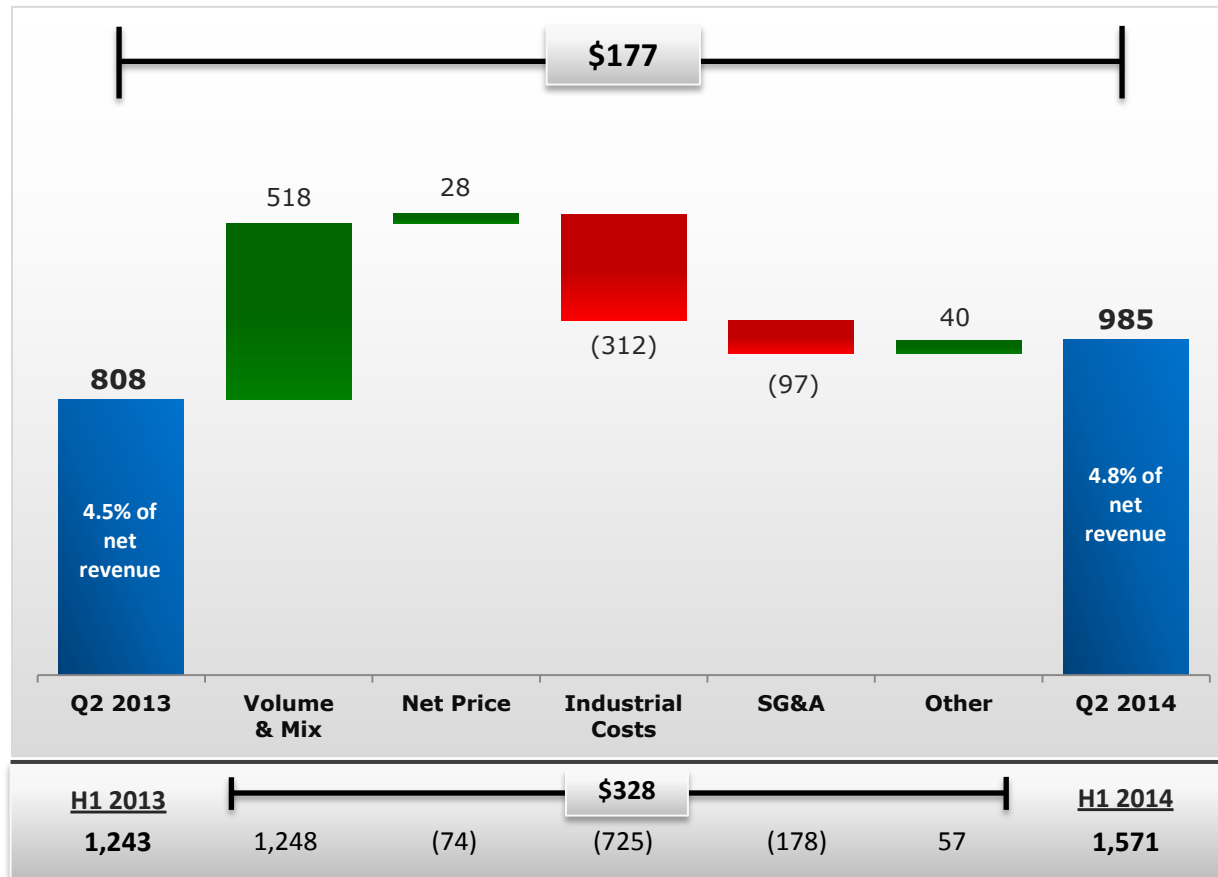
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Modified Operating Profit Walk



\$ Millions



- Volume increase of 60k shipments (adjusted for GDP)
- Mix was positive primarily due to better retail mix
- Positive pricing actions to cover vehicle content enhancements substantially offset by increased incentives spending on legacy products and by the negative impact of the weakening Canadian dollar
- Industrial costs impacted by higher R&D and depreciation & amortization costs, partly offset by purchasing savings and non-repeat of the charge in the prior year for older model Jeep recall and customer satisfaction actions
- SG&A costs increase primarily reflects higher advertising costs to support new vehicle launches
- Other reflects FX translation effects

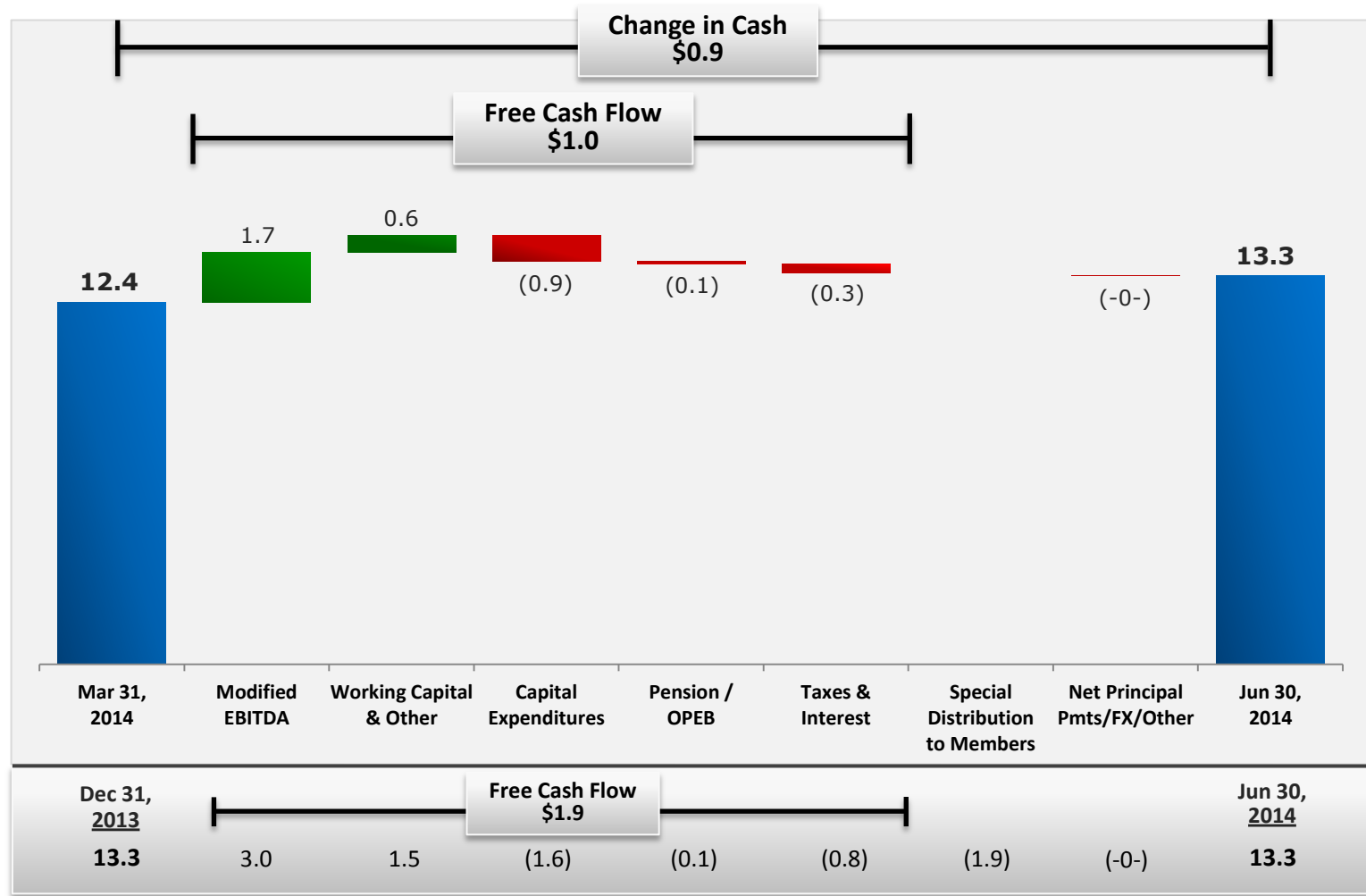
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Cash Walk



\$ Billions



Note: Numbers may not add due to rounding

August 6, 2014

(Preliminary results prepared in accordance with U.S. GAAP - Refer to Appendix for definitions of non-U.S. GAAP financial measures)

Net Industrial Cash (Debt)



\$ Billions

	Carrying Value as of Jun 30, 2014	Carrying Value as of Mar 31, 2014	Jun 30, 2014 B/(W) Mar 31, 2014	Carrying Value as of Jun 30, 2013	Jun 30, 2014 B/(W) Jun 30, 2013
Cash	13.3	12.4	0.9	11.9	1.4
Term Loan B – Due 2017	3.1	3.1	-	2.9	(0.2)
Term Loan B – Due 2018	1.7	1.7	-	-	(1.7)
Secured Senior Notes – Due 2019	3.0	3.0	-	1.5	(1.5)
Secured Senior Notes – Due 2021	3.2	3.2	-	1.7	(1.5)
VEBA Trust Note	-	-	-	4.3	4.3
Canadian Health Care Trust Notes	0.8	0.8	-	0.9	0.1
Mexican Development Banks Credit Facilities	0.6	0.6	-	0.6	-
Other Financial Liabilities	0.6	0.6	(0.1)	0.6	-
Total Financial Liabilities	13.0	12.9	(0.1)	12.5	(0.4)
Net Industrial Cash (Debt) ¹	0.3	(0.6)	0.9	(0.7)	1.0

¹ Excludes pension and OPEB underfunding
Note: Numbers may not add due to rounding

August 6, 2014

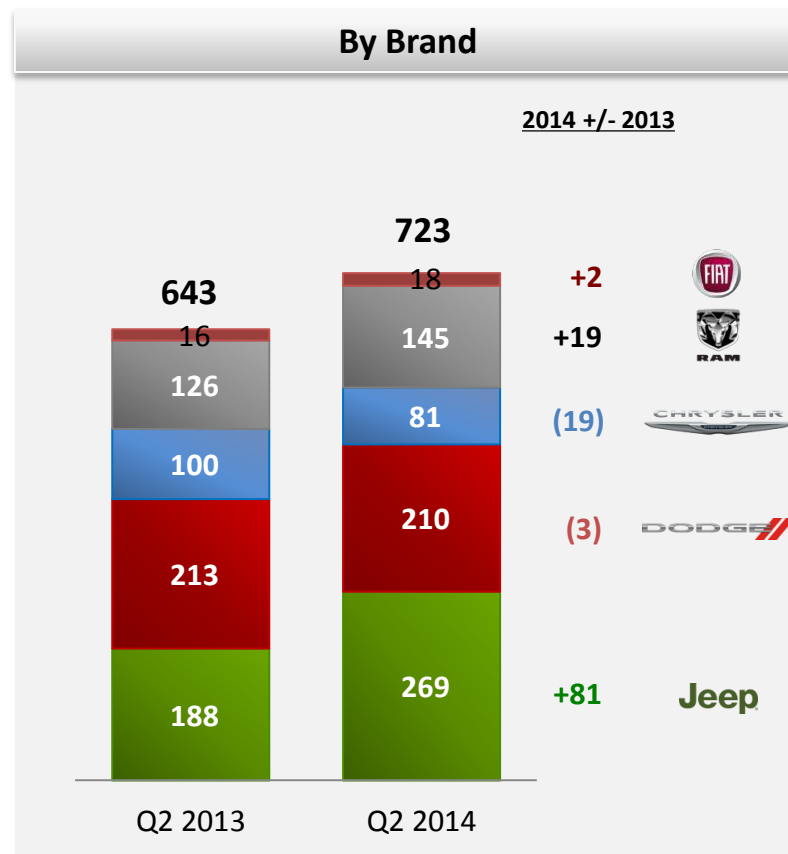
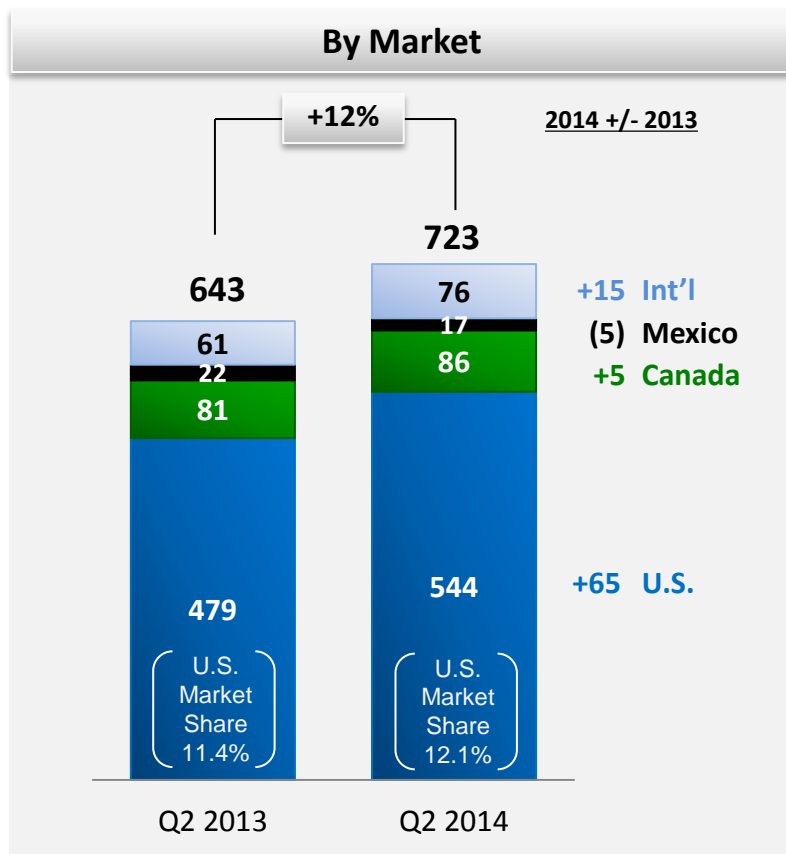
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Worldwide Vehicle Sales

Q2 2014 versus Q2 2013



Vehicles (000s)



Worldwide vehicle sales totaled 1.3M units in H1 2014 versus 1.2M vehicles in H1 2013, representing an increase of 11%



August 6, 2014

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Vehicle Sales in U.S. & Canada

Q2 2014 versus Q2 2013



Industry Vehicles (000's)	Chrysler Group Performance		
	Sales	Market Share	Key Messages (period-over-period)
 <p>4,205 → +7% → 4,498</p> <p>Q2 2013 Q2 2014</p>	+13%	12.1% (up 70 bps)	<ul style="list-style-type: none"> Retail sales (excluding fleet) increased 16% Retail of retail market share* increased to 12.0%, up 100 bps from the prior year Fleet mix at 21% vs. 22% in the prior year Key performers included: <ul style="list-style-type: none"> Jeep Cherokee +44k vehicles (new) Jeep Compass/Patriot +9k vehicles (+26%) T&C and Grand Caravan +15k vehicles (+23%) Ram Pickup (incl Chs Cab) +14k vehicles (+15%)
 <p>538 → +4% → 560</p> <p>Q2 2013 Q2 2014</p>	+6%	15.3% (up 20 bps)	<ul style="list-style-type: none"> Retail sales (excluding fleet) increased 9% Retail of retail market share* at 13.1%, up from 12.6% in the prior year Sales market leader for first 6 months of 2014 Key performers included: <ul style="list-style-type: none"> Jeep Cherokee +6.2k vehicles (new) Dodge Durango +0.4k vehicles (+60%) Jeep Wrangler +1.2k vehicles (+19%) T&C and Grand Caravan +1.8k vehicles (+11%)

* Company calculation; retail sales (excluding fleet) versus industry retail sales (excluding fleet)

August 6, 2014

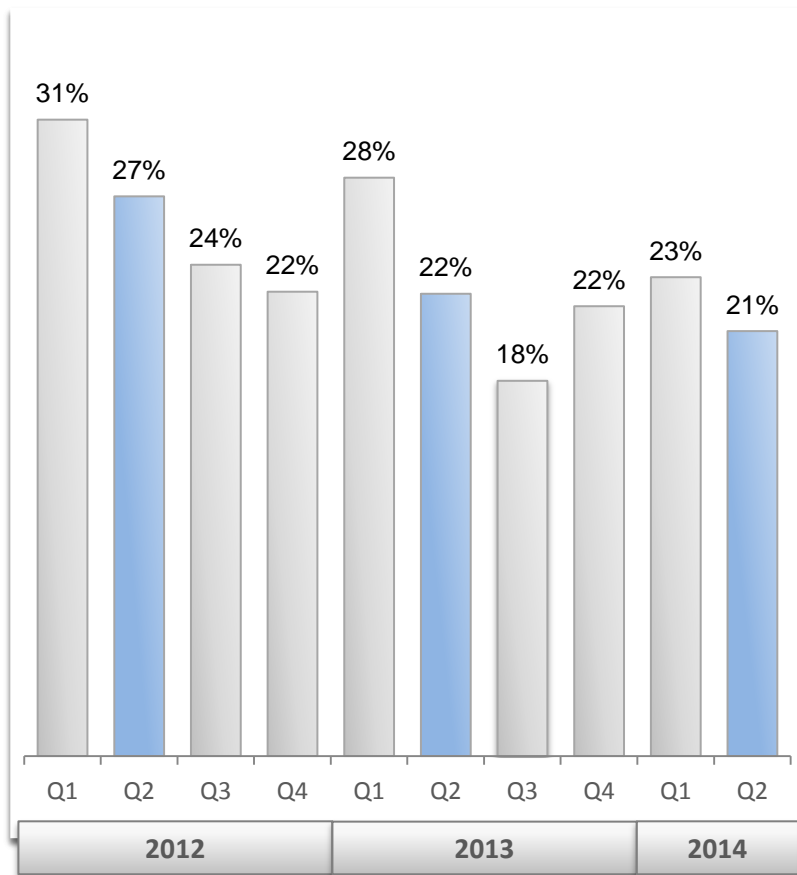
(Preliminary results prepared in accordance with U.S. GAAP - Refer to Appendix for definitions of non-U.S. GAAP financial measures)

U.S. Fleet Mix / Dealer Inventory and Days Supply



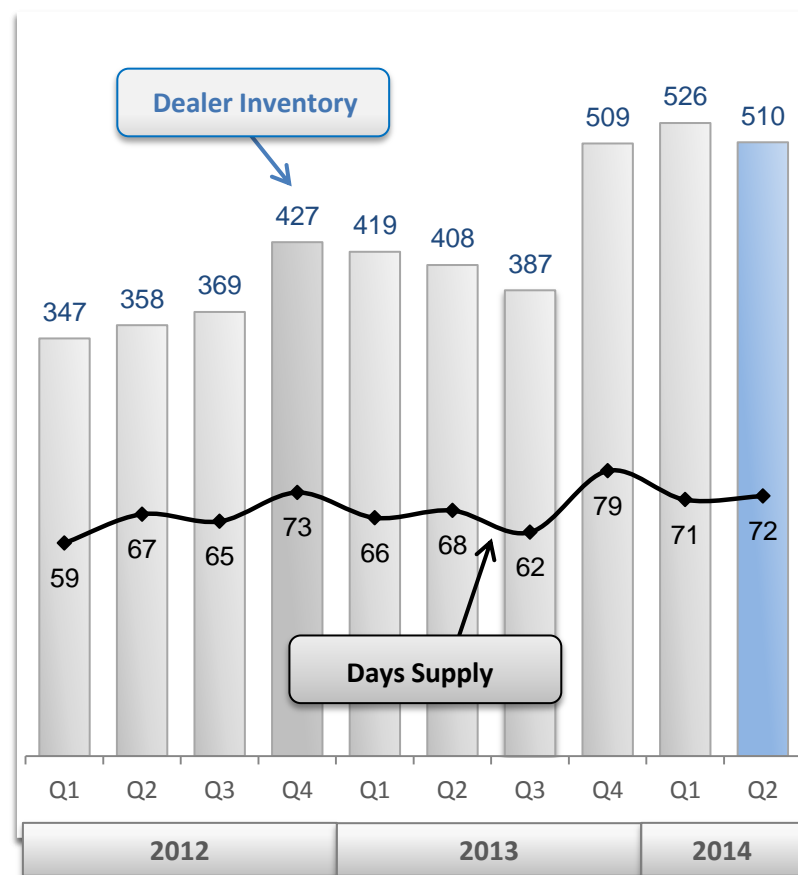
U.S. Fleet Mix

Percentage of Total U.S. Sales



U.S. Dealer Inventory

Vehicles (000s)



August 6, 2014

(Preliminary results prepared in accordance with U.S. GAAP - Refer to Appendix for definitions of non-U.S. GAAP financial measures)

	FY 2014 Guidance
Worldwide Vehicle Shipments	~2.9 M (up from ~2.8 M)
Net Revenues	>\$80 B
Modified Operating Profit	\$3.7-\$4.0 B
Adjusted Net Income	\$2.3-\$2.5 B
Free Cash Flow	\$0.5-\$1.0 B



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Appendix

August 6, 2014

(Preliminary results prepared in accordance with U.S. GAAP - Refer to Appendix for definitions of non-U.S. GAAP financial measures)

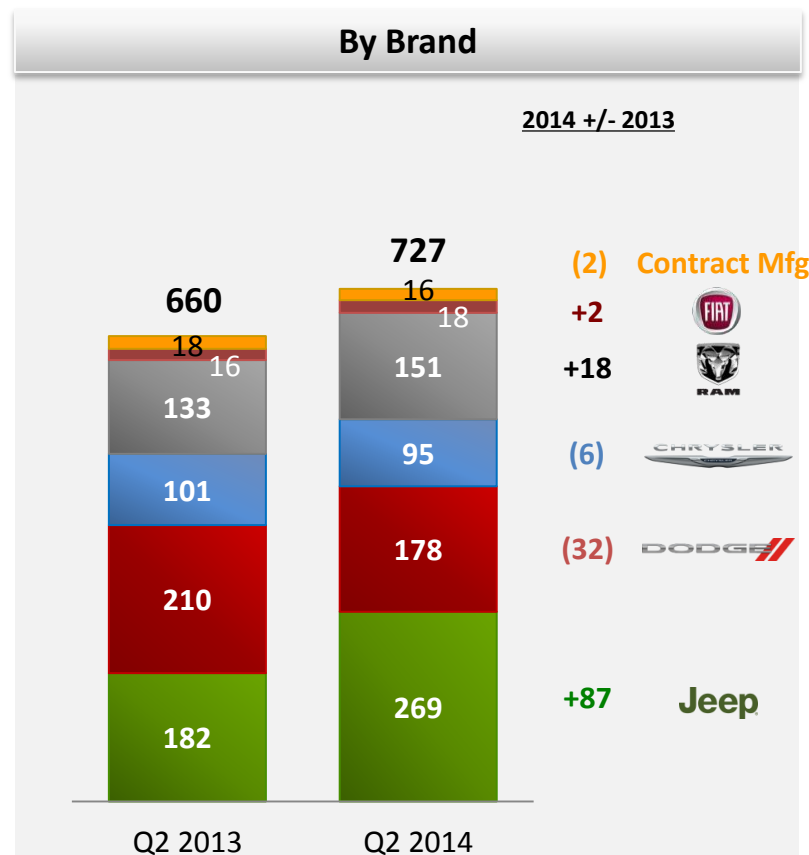
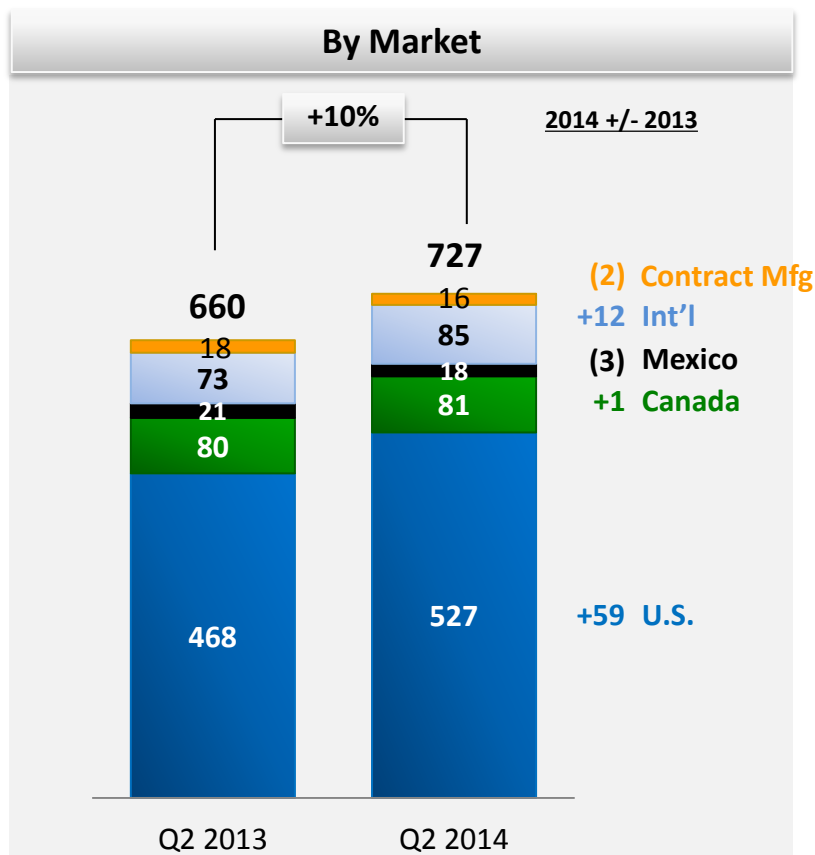
Worldwide Vehicle Shipments

Q2 2014 versus Q2 2013



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Vehicles (000s)



Worldwide vehicle shipments totaled 1.4M units in H1 2014 versus 1.2M vehicles in H1 2013, representing an increase of 13%

August 6, 2014

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Guaranteed Depreciation Program Adjusted Shipments



<i>Vehicles (000s)</i>	Q2 2014	Q2 2013	Q2 2014 B/(W) Q2 2013	H1 2014	H1 2013	H1 2014 B/(W) H1 2013
Worldwide Shipments	727	660	67	1,395	1,234	161
<u>Guaranteed Depreciation Program (GDP)</u>						
<i>Subtract:</i> Shipments during period	(43)	(32)	(11)	(74)	(53)	(21)
<i>Add:</i> Returns/auctions during period	12	8	4	34	27	7
Net (shipments) / returns	(31)	(24)	(7)	(40)	(26)	(14)
GDP Adjusted Worldwide Shipments	696	636	60	1,355	1,208	147

August 6, 2014

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Reconciliation of Worldwide Vehicle Sales to Shipments



Vehicles (000s)

	Q2 2014	Q2 2013	H1 2014	H1 2013
Worldwide Sales	723	643	1,344	1,206
Increase (decrease) in U.S. dealer inventory	(16)	(11)	1	(19)
Increase (decrease) in Canada dealer inventory	(5)	(1)	6	11
Contract manufacturing & other	25	29	44	36
Worldwide Shipments	727	660	1,395	1,234

August 6, 2014

(Preliminary results prepared in accordance with U.S. GAAP - Refer to Appendix for definitions of non-U.S. GAAP financial measures)

Q2 2014 Financial Results



\$ Millions	Q2 2014	Q2 2013	Q2 2014 B/(W) Q2 2013	H1 2014	H1 2013	H1 2014 B/(W) H1 2013
Worldwide Vehicle Shipments (000) ¹	727	660	67	1,395	1,234	161
Net Revenue	20,454	17,994	2,460	39,444	33,379	6,065
Modified Operating Profit	985	808	177	1,571	1,243	328
% of Net Revenue	4.8%	4.5%	0.3 ppt	4.0%	3.7%	0.3 ppt
Modified EBITDA	1,697	1,484	213	2,979	2,533	446
% of Net Revenue	8.3%	8.2%	0.1 ppt	7.6%	7.6%	-0- ppt
Net Income (Loss)	619	507	112	(71)	673	(744)
Adjusted Net Income	619	530 ³	89	1,105 ²	696 ³	409
Free Cash Flow	969	91	878	1,888	540	1,348
Cash	13,310	11,881	1,429			
Financial Liabilities	(12,979)	(12,537)	(442)			
Net Industrial Cash (Debt)	331	(656)	987			

¹ Before GDP adjustments

² Excludes \$504M loss on extinguishment of debt from prepayment of the VEBA Trust Note in Q1 2014, and \$672M charge for the MOU with the UAW entered into in January 2014

³ Excludes \$23M loss on extinguishment of debt in connection with the re-pricing and amendment of the Tranche B Term Loan and revolving credit facility

August 6, 2014

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Reconciliation of Net Income (Loss) to Adjusted Net Income, Modified Operating Profit and Modified EBITDA



\$ Millions

	Q2 2014	Q2 2013	Q2 2014 B/(W) Q2 2013	H1 2014	H1 2013	H1 2014 B/(W) H1 2013
Net Income (Loss)	619	507	112	(71)	673	(744)
Loss on Extinguishment of Debt	-	23	(23)	504	23	481
Charge for MOU with the UAW	-	-	-	672	-	672
Adjusted Net Income	619	530	89	1,105	696	409
Income Tax Expense	166	37	129	51	69	(18)
Net Interest Expense	192	257	(65)	405	508	(103)
Other Employee Benefit Losses (Gains) ¹	10	(18)	28	2	(30)	32
Restructuring (Income) Expense, Net & Other	(2)	2	(4)	8	-	8
Modified Operating Profit	985	808	177	1,571	1,243	328
Depreciation and Amortization Expense ²	712	676	36	1,408	1,290	118
Modified EBITDA	1,697	1,484	213	2,979	2,533	446

¹ Includes interest cost, expected return on plan assets and amortization of unrecognized losses

² Excludes depreciation and amortization expense for vehicles held for lease

August 6, 2014

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Reconciliation of Net Cash Provided By (Used In) Operating and Investing Activities to Free Cash Flow



\$ Millions

	Q2 2014	Q2 2013	Q2 2014 B/(W) Q2 2013	H1 2014	H1 2013	H1 2014 B/(W) H1 2013
Net Cash Provided By Operating Activities	1,927	977	950	3,550	2,187	1,363
Net Cash Used In Investing Activities	(958)	(886)	(72)	(1,662)	(1,647)	(15)
Free Cash Flow	969	91	878	1,888	540	1,348

August 6, 2014

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Reconciliation of Cash to Net Industrial Cash (Debt)



<i>\$ Millions</i>	Jun 30, 2014	Mar 31, 2014	Jun 30, 2013
Cash	13,310	12,363	11,881
Less: Financial Liabilities (Carrying Value)	(12,979)	(12,914)	(12,537)
Net Industrial Cash (Debt)	331	(551)	(656)

August 6, 2014

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\$ Billions	As of Jun 30, 2014	
	Carrying Value	Face Value
Term Loan B – Due 2017	3.1	3.2
Term Loan B – Due 2018	1.7	1.7
Secured Senior Notes – Due 2019	3.0	2.9
Secured Senior Notes – Due 2021	3.2	3.1
Canadian Health Care Trust Notes	0.8	0.8
Mexican Development Banks Credit Facilities	0.6	0.6
Other Financial Liabilities	0.6	0.7
Total Financial Liabilities	13.0	12.9

Note: Numbers may not add due to rounding

Pension Disclosure



\$ Millions

	Q2 2014	Q2 2013	H1 2014	H1 2013
<u>NET PERIODIC PENSION COST</u>				
Service Cost	55	89	111	180
Interest Cost Net of Expected Return	(55)	(131)	(125)	(258)
Recognition of Net Actuarial Loss	22	66	43	139
Amortization of Prior Service Cost	5	3	8	3
Total Net Periodic Pension Cost	27	27	37	64
WORLDWIDE PENSION FUND CONTRIBUTIONS	8	365	33	551

WORLDWIDE WEIGHTED AVERAGE ASSUMPTIONS

	<u>2013</u>	<u>2012</u>
Benefit Obligations at December 31:		
Discount Rate – Ongoing Benefits	4.69%	3.98%
Periodic Costs:		
Discount Rate – Ongoing Benefits	3.98%	4.84%
Expected Return on Plan Assets	7.41%	7.41%

August 6, 2014

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\$ Millions

	Q2 2014	Q2 2013	H1 2014	H1 2013
<u>NET PERIODIC BENEFIT COST</u>				
Service Cost	9	7	15	15
Interest Cost	36	30	68	60
Recognition of Net Actuarial Loss	5	12	11	24
Amortization of Prior Service Credit	-	(11)	-	(21)
Total Net Periodic Benefit Cost	50	38	94	78
BENEFITS PAID	45	44	89	91

<u>WORLDWIDE WEIGHTED AVERAGE ASSUMPTIONS</u>	<u>2013</u>	<u>2012</u>
Benefit Obligations at December 31:		
Discount Rate – Ongoing Benefits	4.87%	4.07%
Periodic Costs:		
Discount Rate – Ongoing Benefits	4.07%	4.93%
	-	-

August 6, 2014

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The following non-U.S. GAAP financial measures definitions apply when the presentation is referring to Adjusted Net Income, Modified Operating Profit, Modified EBITDA, Cash, Free Cash Flow and Net Industrial Cash (Debt)

- (a) **Adjusted Net Income** is defined as net income (loss) excluding the impact of items that we consider infrequent items. The reconciliation of net income to Adjusted Net Income, Modified Operating Profit (defined below) and Modified EBITDA (defined below) for the three and six months ended June 30, 2014 and 2013 is detailed on page 17
- (b) **Modified Operating Profit** is computed starting with net income (loss), and then adjusting the amount to (i) add back income tax expense and exclude income tax benefits, (ii) add back net interest expense, (iii) add back (exclude) all pension, other postretirement benefit (OPEB) and other employee benefit costs (gains) other than service costs, (iv) add back restructuring expense and exclude restructuring income, (v) add back other financial expense, (vi) add back losses and exclude gains due to cumulative change in accounting principles and (vii) add back certain other costs, charges and expenses, which include the impact of infrequent items factored into the calculation of Adjusted Net Income (Loss). The reconciliation of net income to Adjusted Net Income, Modified Operating Profit and Modified EBITDA (defined below) for the three and six months ended June 30, 2014 and 2013 is detailed on page 17
- (c) **Modified EBITDA** is computed starting with net income (loss) adjusted to Modified Operating Profit (Loss) as described above, and then adding back depreciation and amortization expense (excluding depreciation and amortization expense for vehicles held for lease). The reconciliation of net income to Adjusted Net Income, Modified Operating Profit and Modified EBITDA for the three and six months ended June 30, 2014 and 2013 is detailed on page 17
- (d) **Cash** is defined as cash and cash equivalents
- (e) **Free Cash Flow** is defined as cash flows from operating and investing activities. A reconciliation of net cash provided by (used in) operating and investing activities to Free Cash Flow for the three and six months ended June 30, 2014 and 2013 is detailed on page 18
- (f) **Net Industrial Cash (Debt)** is defined as Cash less financial liabilities. A reconciliation of Cash to Net Industrial Cash (Debt) at June 30, 2014, March 31, 2014, and June 30, 2013, is detailed on page 19

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