

Sergio Marchionne
Chairman and Chief Executive Officer, Chrysler Group LLC
Kokomo/Tipton Announcement Event
Kokomo, Ind.
February 28, 2013

Thank you, Brad, and good morning to you all.

I am pleased that so many could join us today – those of you here in person, as well as everyone watching from Kokomo Casting, Indiana Transmission One and Indiana Transmission Two.

I want to start by recognizing several special guests who are here today and thanking them for their assistance in making this announcement program a reality.

- First I would like to welcome Indiana Governor Mike Pence and acknowledge the important assistance provided by the state.
- We are building today on our longstanding partnership with Kokomo Mayor Greg Goodnight and the Kokomo City Council. We thank the City for its support as we continue to expand our operations here.
- And we are forging new bonds with Tipton Mayor Don Havens and Mike Cline, President of the Tipton County Commissioners. We appreciate Tipton's support as we grow our presence in this region.

I also want to thank Ken Lortz, UAW Regional Director, and Tim Bressler, Executive Assistant to the Vice President in the UAW Chrysler Department, for being here today and for the UAW's cooperative spirit in working with Chrysler to create more investment and more good jobs.

That's what today is all about – investment and jobs, and a look to the future.

We are taking another step in our journey to transform this company that began 44 months ago.

It is a journey that has been made possible by a group of people who have worked with determination and commitment to put Chrysler on a solid foundation and a path of growth.

Today, I am delighted to formally announce that we will expand our powertrain manufacturing presence in this region to build the most fuel-efficient transmission in the industry.

As you know, this is the sole region where we manufacture transmissions, and - including all of the nearby facilities - it will be the largest transmission installation in the world.

One of the reasons for today's event is to celebrate the start of production of an eight-speed automatic transmission here at Kokomo Transmission.

The eight-speed automatic transmission being built here is already starting to appear in the Jeep Grand Cherokee and rear-wheel-drive cars such as the Chrysler 300 and Dodge Charger.

And to expand operations, I am pleased to announce that we are investing \$212 million for equipment and tooling here at Kokomo Transmission and at the nearby Kokomo Casting Plant and Indiana Transmission Plant One, which will create more than 400 additional jobs.

We have already invested significantly in this facility as you can see.

In fact, we are in the new area where all of the aluminum machining for the nine-speed transmission will be done.

This space is reflective of the changes we're making in all of our powertrain facilities.

In addition to our investment in existing facilities, we are also spending \$162 million to establish a new production site in Tipton County, creating 850 new jobs.

Once complete in 2014, the new plant will build our new nine-speed automatic transmission, which will be installed first in our Jeep Liberty successor, a key product that will debut later this year.

Until then, our Indiana Transmission Plant One will build this transmission.

The Tipton plant will be located in a building originally constructed several years ago to house a transmission plant to be operated by Getrag, and then was slated to house a solar panel maker. In each case, plans were scuttled before the facility was ever opened.

As of today, there is a new sign at the site, which identifies is as "The Future Home of the Chrysler Tipton Transmission Plant."

So altogether, we are investing a total of \$374 million and adding 1,250 jobs to this area, contributing significantly to our presence. When these plans are completed, Chrysler's total employment in the area will total more than 7,000 people.

The decision to make these investments can be traced all the way back to those first weeks after Chrysler began operations as a new entity in June 2009, at a time when we faced widespread skepticism about our viability.

One of the key decisions we had to make was whether to simply buy a line of technologically advanced powertrains from a supplier, or to build them ourselves.

In many ways, buying them from a third party would have been the easier route.

But as I talked with people in our Powertrain organization, it soon became apparent that our own group possessed the talent, the experience and commitment to do it ourselves.

It was clear that there was a burning desire within our own house to take as much control as possible over our own destiny.

We put our efforts toward developing and establishing a manufacturing infrastructure to build new transmissions, based on a licensing agreement with ZF.

With more gears, these transmissions can run more often in their optimal speed ranges, providing both better fuel economy and vehicle performance.

And so, our investments in Kokomo and Tipton are a tribute to the character of the men and women of Chrysler who survived a near-fatal experience and have embraced the challenge of building an enterprise that is able to compete with the best in the world.

Our powertrain team has consistently demonstrated the ability and the willingness to think in unconventional ways in order to exceed expectations.

The team even pioneered the use of some three-dimensional processes in order to accelerate the production startups of our new transmissions.

The plants here in Kokomo also have made significant progress in implementing our World Class Manufacturing System, or WCM.

This system is highly structured but also depends on the knowledge and initiative of each worker to eliminate waste and continuously improve performance in areas such as safety, environmental practices, maintenance, logistics and quality.

WCM has helped the Kokomo team improve safety more than in any other location, make significant progress in quality, and attain record volumes that have played a huge role in our ability to meet increasing customer demand for our vehicles.

For example, this plant had originally been tooled to build 400,000 units of our six-speed transmission, but it topped 530,000 last year.

Indiana Transmission Plant Two, which builds a five-speed transmission for rear-wheel-drive applications, also surpassed 500,000 units despite a capacity of only 400,000.

The Kokomo Casting Plant set a record for V-6 castings of the Pentastar V-6, one of the cornerstones of our overall powertrain strategy.

And the Indiana Transmission Plant One continued to meet demands for our Ram HD truck despite consolidation and relocation of the assembly process within the plant.

Records of this kind can be reached only when technical expertise meets with deep passion and dedication.

These people here today, together with their colleagues who are watching from other area plants, have brought this passion and dedication to the job every day, and we are counting on them to stay the course as we continue to write an amazing new chapter in our collective history.

And their character is evident both here, on the working floor, and also in their everyday lives, on a human level.

Our workers have given their time and generosity taking an active role in supporting their neighbors and communities.

For example, our powertrain team knocked it out of the park by raising \$560,000 in the 2012 Kokomo United Way Campaign, increasing participation by 444 people and raising \$134,000 more than the year before.

Our Kokomo-area workers also have contributed food, donated blood and raised funds for a number of causes such as March of Dimes, the Make-A-Wish Foundation and Southern Indiana Tornado Victims, just to name a few.

This spirit of volunteerism is part of the culture we are creating at Chrysler, one in which employees are encouraged to become involved in their communities and in issues outside the walls of the office and the factory.

I know that the jobs we are creating, with the support of state and local governments, will play an important role in boosting the area's economy.

What I can assure you is that it is truly a privilege for Chrysler to be able to contribute to the growth and development of this State.

As a company, we are living up to our commitment to justify the faith placed in us by taxpayers by investing in the country.

Since June 2009, we have now announced investments of nearly \$5.2 billion and hired over 13,100 new employees in the United States.

More than \$1.6 billion of that investment has been or will be right here in this region.

None of these investments would have been possible without the courageous efforts of the men and women of Chrysler.

In closing, I want again to express my appreciation to all of our team members in the Kokomo and Tipton area.

You are the authors of our comeback. You have helped revive the company and set us on a new road, one with an unlimited horizon.

Thank you for the pride and commitment that you bring to the job every day.

And thank you all for coming today.

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