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Chrysler Group LLC's Jefferson North Assembly Plant Transforms Itself in Preparation for 2011 Jeep® Grand Cherokee Launch

May 20, 2010, Detroit - Chrysler Group LLC's Jefferson North (Detroit) Assembly Plant (JNAP) celebrated the launch of production today of the all-new 2011 Jeep® Grand Cherokee.

The nearly 3-million-square-foot assembly plant, one of the last in an urban setting, has been the site of Grand Cherokee production since its introduction in 1992. But in preparation for production of the all-new Grand Cherokee, JNAP went through a complete transformation as part of World Class Manufacturing (WCM), an extensive and thorough process to restore all Chrysler Group facilities to their original and maximum functionality.

"WCM is designed to make our plants flexible and competitive with the best in the world," said Sergio Marchionne, CEO, Chrysler Group LLC. "At the same time, WCM also is intended to put dignity into the work place, and this is not an inconsequential thing."

While Chrysler Group has implemented manufacturing programs in the past, what makes WCM different is that it fully engages people and empowers them to take ownership of the process.

"Dignity at what people do is crucial," said Marchionne. "The workplace should be a place that you can be proud of, that you can take your kids to and show them where you work, and that will reflect fundamental values of human self-respect.

"That's why WCM is such an agent of change," Marchionne continued.

With people driving the pace of change, WCM encapsulates just about every aspect of a plant's operations to continuously improve efficiency over the long term. It intersects with reducing waste, advancing quality, increasing cost savings and improving workplace environment as well as safety.

"The practice of WCM takes aim at eliminating classic waste issues, such as overproduction, excess machine motion and surplus material, but also changes the mindset around what constitutes waste," said Scott Garberding, Senior Vice President and Head of Manufacturing, Chrysler Group LLC. "WCM is far broader in scope than other programs we've implemented because of the ongoing measurement and tangible evaluations that are built into it."

WCM accelerates efforts to build more reliable cars and trucks. Specifically, WCM implements a quality matrix that defines different issues within a particular process, which empowers workers and managers to identify and correct problems more quickly.

"WCM involves a fundamental cultural shift in the way we approach production," said Garberding. "It recognizes that the real success of our enterprise depends on the people in our manufacturing facilities."

WCM has proven successful in improving operations across Fiat's global manufacturing network, which has been managing the process for several years.

"After I got involved with the concept of WCM, I think it's a really great way of doing business. I see how management and union are working together for the same cause – to build a world-class vehicle," said Glynda Curry, JNAP Body-in-White, Model Area Team Leader. "I think with this concept of WCM, we're on the right road to a great, successful business."

While WCM at Chrysler is still in its infancy, there already have been some tangible results in every model area where WCM has been established. JNAP is a prime example of how WCM has impacted the launch of the all-new 2011 Jeep Grand Cherokee.

Implementing World Class Manufacturing (WCM)

During the fall of 2009, when the plant was down to prepare for the Grand Cherokee launch, the JNAP workforce went to work focusing on ways to improve the look and functionality of the plant. They made significant changes in workplace organization and logistics systems, found ways to improve quality, and addressed ergonomic issues. The result is a facility that is fundamentally unrecognizable today.

"In the past, during a shut-down, we would lay-off the majority of the employees and bring in contractors to clean and make the necessary changes. Then, we would bring everyone back and restart the plant," said Garberding. "This time, we kept everyone working throughout the four-week shut-down, just in a different way. By doing this, we involved them in the process and gave them complete ownership. This has translated into a workforce that is passionate about their workplace and committed to building a high quality vehicle."

Everything in the plant was repainted and scrubbed, then processes were put in place to ensure that the high level of cleanliness is maintained. At the same time, hourly teams provided input into how the new Grand Cherokee would be built. They were completely involved in developing work instructions and identifying opportunities to improve the process.

One example of how JNAP team members were empowered to make changes in the assembly process occurred in the Trim Department. In the old process, team members would have to get in and out of the vehicle moving on the line several times to gather parts to complete their job. Finding this to be an inefficient operation, the team used some existing equipment to create an arm that would hold a tray with all of the parts on it. The arm, suspended on an overhead rail, travels along with the line, allowing team members to extend the arm with the tray into the vehicle providing easy access to the parts as they are needed.

"WCM has helped us pinpoint our issues and solve problems," said Steve Ball, JNAP Team 17, Team Leader. "Communication has easily quadrupled. The team members come in and say, 'Here's our problem.' So we communicate from the team members doing the job, to the team leader, and then to management."

Taking the transformation one step further, more than 1,400 hourly and salaried employees participated in more than 44,000 hours of training in preparation for launch and submitted over 2,500 suggestions on how to further improve the processes to ensure the highest quality Grand Cherokee rolls off the line. These changes, throughout paint and assembly operations, have given the facility an all-new level of manufacturing flexibility for multiple product capability.

"The passion and excitement has radiated throughout the facility," said Pat Walsh, JNAP Plant Manager. "The teams were on the floor identifying and repairing issues; they painted and cleaned all of the equipment as well as production and non-production areas to bring the facility back to its original state. And, because they did all of this work themselves, they are working each day to maintain the results of their efforts. The plant is unrecognizable and very impressive."

JNAP's All-new Body Shop

One of the most significant parts of the plant's transformation included a 285,000-square-foot expansion to replace the existing body shop that was completed in July 2008. Even though completed two years ago, the new facility wasn't full engaged until the launch of the Grand Cherokee.

The newest body shop in the Company's manufacturing network was designed to incorporate the most advanced production processes as well as be flexible enough to accommodate as many as four different models.

In a first for the Chrysler Group, all of the major assembly and conveyance systems used in the body shop were constructed initially on site, whereas in the past, the same equipment was set up at a supplier's facility, tested, dismantled and reconstructed at the Company's facility. With this new process, Chrysler Group was able to compress setup time and save millions of dollars in unnecessary cost.

"With quality being a key focus of the Grand Cherokee launch, many processes were implemented with a 'flawless'

launch in mind,” said Mark McDowell, JNAP Body Shop Senior Manager. “The body shop is home to more than 600 robots, some of which can be programmed to monitor the fit and finish of the vehicle to the most finite of measures. Should a part be found out of compliance, the line will stop and adjustments can be made immediately to ensure that cars on the line meet the specified targets.”

To further enhance and ensure the highest quality fit and finish on the Grand Cherokee, production of the doors and liftgates was moved to JNAP, thereby increasing the level of quality control.

Another tool brought to JNAP to further improve quality was a new Metrology Center. Housed within the 20,000-square-foot space dedicated to verifying a variety of key measurements is the Meisterbock gauge. Used throughout the Fiat system, JNAP is the first Chrysler Group facility and one of only a few U.S. automotive manufacturing facilities to have this equipment.

The Meisterbock is used to verify the capability of the vehicle’s entire sheet metal structure to the smallest of tolerances, as small as a human hair. The aim is to identify possible deviations between the product and the process.

“The Meisterbock is an outstanding tool that will allow the manufacturing team at JNAP to maintain the highest level of quality,” said McDowell.

One of the other new additions to the plant is the on-site Metering Center. The purpose of the Metering Center is to take individual parts shipped in by suppliers and bundle them together, so line operators can more easily select the parts they need for a specific job and reduce the amount of material line side. This function, previously managed by a supplier off-site, was built in the space once occupied by the old body shop. By bringing the Metering Center function in house, the Company was able to reduce work in process material from suppliers, improve work flow and increase the efficiency of the workers. In addition, about 100 UAW jobs were added to support the Metering Center workload.

Not only was the new body shop designed to be extremely flexible and functional, it was also designed to be aesthetically pleasing to employees.

“The new body shop was specifically designed to align with our guiding principle of WCM, with some unique features that make this facility a better place to work for employees and a place they can be proud of,” said Plant Manager Walsh.

The walkway to the new body shop entrance has been shortened and landscaped, improving the accessibility and appearance of the facility.

Once inside, the centerpiece of the new body shop is an atrium, providing a grand employee entrance, which features the Chrysler Group logo on the floor and Detroit-area artistic photography selected by the employees on the walls. Skylights have been placed throughout the shop to provide lots of natural light and a clear view of the outside.

Much attention was paid to being environmentally-friendly with the use of high efficiency fluorescent fixtures with measured brightness to provide superior visibility. The aisles have been polished for durability and safety, and the floors have been painted white to clearly show contaminants.

The needs of employees have been addressed with the addition of relaxation areas, high quality areas designed to provide a respite from the plant floor and new locker rooms for employees to securely store personal property and “suit up” for work.

About Chrysler Group LLC

Chrysler Group LLC, formed in 2009 from a global strategic alliance with Fiat Group, produces Chrysler, Jeep, Dodge, Ram Truck, Mopar® and Global Electric Motorcars (GEM) brand vehicles and products. With the resources, technology and worldwide distribution network required to compete on a global scale, the alliance builds on Chrysler’s culture of innovation – first established by Walter P. Chrysler in 1925 – and Fiat’s complementary technology – from a company whose heritage dates back to 1899.

Headquartered in Auburn Hills, Mich., Chrysler Group LLC’s product lineup features some of the world’s most recognizable vehicles, including the Chrysler 300, Jeep Wrangler and Ram Truck. Fiat will contribute world-class

technology, platforms and powertrains for small- and medium-size cars, allowing Chrysler Group to offer an expanded product line including environmentally friendly vehicles.

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