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Chrysler Group LLC to Invest \$300 Million to Modernize Indiana Plants for New Fuel-Efficient Eight-speed Automatic Transmission

- Chrysler Group's Indiana Transmission Plant I and Kokomo Casting will be retooled and modernized
- Investment is the largest in the U.S. since the new Company was formed in June 2009
- Chrysler Group reaches agreement with ZF to produce new eight-speed automatic transmission
- All-new eight-speed automatic transmission will contribute to company's overall fleet fuel-efficiency improvement of more than 25 percent by 2014
- Plant investment will help retain nearly 1,200 jobs
- Brings total powertrain investment to nearly \$1.3 billion since 2007

June 8, 2010, Auburn Hills, Mich. -

Chrysler Group LLC will invest \$300 million into the Company's existing transmission manufacturing facilities in Kokomo, Ind., to accommodate a new highly fuel-efficient eight-speed automatic transmission for future Chrysler Group vehicles.

The largest investment in the U.S. since the new Company was formed in June 2009 was aided by the approval of a tax abatement from the city of Kokomo. The investment will fund the installation of equipment and special tooling to modernize Indiana Transmission Plant I and the Kokomo Casting Plant. The project will extend the life of both manufacturing facilities and help retain nearly 1,200 jobs.

Chrysler Group has licensed the manufacturing rights from Friedrichshafen, Germany-based ZF Group to build the new eight-speed beginning in 2013. Included in this agreement is the purchase of transmissions manufactured by ZF.

"The new eight-speed transmission that we'll be producing in Kokomo will transform our future product line, but equally important, ensures the future viability of our Kokomo facilities and our dedicated workforce," said Scott Garberding, Senior Vice President and Head of Manufacturing, Chrysler Group LLC. "The support demonstrated by General Holiefield, Vice President and Director of the UAW Chrysler Department, and the entire UAW for World Class Manufacturing is one of the primary reasons we continue to make significant investments in our Indiana facilities."

"In addition, the State of Indiana and Governor Mitch Daniels, the City of Kokomo and Mayor Greg Goodnight as well as Congressman Joe Donnelly, Congressman Dan Burton and the rest of the Indiana Congressional delegation have been valued partners as Chrysler Group works to bring the most technologically advanced and fuel efficient vehicles to market. This investment would not be possible without their continued support," said Garberding.

"It's heartening to see the local unions and employees in Indiana embrace the principles of WCM and, as a result, see the company continue to make significant investments in both new technology and the Kokomo facilities," said General Holiefield, Vice President and Director of the UAW Chrysler Department. "This action will give Chrysler a head-start on a new transmission and will help secure the future for Chrysler UAW-represented employees."

The new transmission will contribute to an overall fuel economy improvement across the Chrysler, Dodge, Jeep® and Ram Truck product lineup. More sophisticated and efficient than traditional five- and six-speed automatic transmissions, the new eight-speed is proof of Chrysler Group's commitment to fuel economy.

"The new eight-speed automatic transmission will offer our customers refinement and comfort while achieving greater fuel economy and performance," said Paolo Ferrero, Senior Vice President-Powertrain, Chrysler Group LLC. "We look forward to integrating the new transmission into future Chrysler Group products and welcome its contribution to a

corporate fuel economy improvement of more than 25 percent by 2014."

Chrysler Group Powertrain engineers benchmarked the industry's leading automatic transmissions to set functional goals. After working closely with ZF, the result is a seamless shifting eight-speed transmission without sacrifice. Specific product information and timing for the new transmission will come at a later date.

Earlier this month, Chrysler Group announced that it would invest \$43 million in new equipment and tooling to expand its operations in Kokomo to support production of the World Engine and improve processes for the 62TE transmission program. In December 2009, the Company announced that it would invest \$179 million in its Global Engine Manufacturing Alliance (GEMA) plant in Dundee, Mich., to produce the 1.4-liter, 16-valve Fully Integrated Robotized Engine (FIRE). In May 2007, Chrysler announced a \$730 million investment in the Pentastar V-6 engine program, which began production at the all-new Trenton (Mich.) Engine Plant in March 2010-bringing the total powertrain investment to nearly \$1.3 billion since 2007.

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-sized cars, allowing Chrysler Group to offer an expanded product line including environmentally friendly vehicles.

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