



CHRYSLER

Chrysler and our Suppliers: The Things We Make, Makes Us

Sig Huber

Senior Director – Supplier Relations
Chrysler Group LLC

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DODGE

Jeep

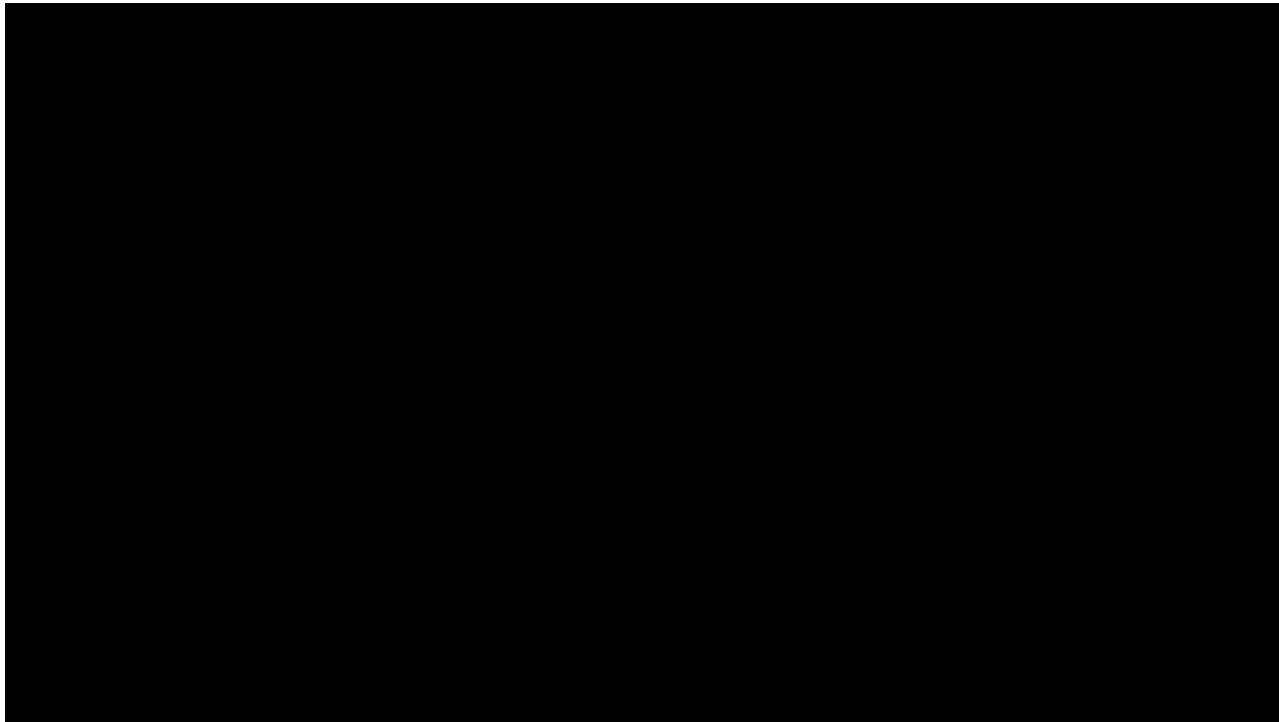
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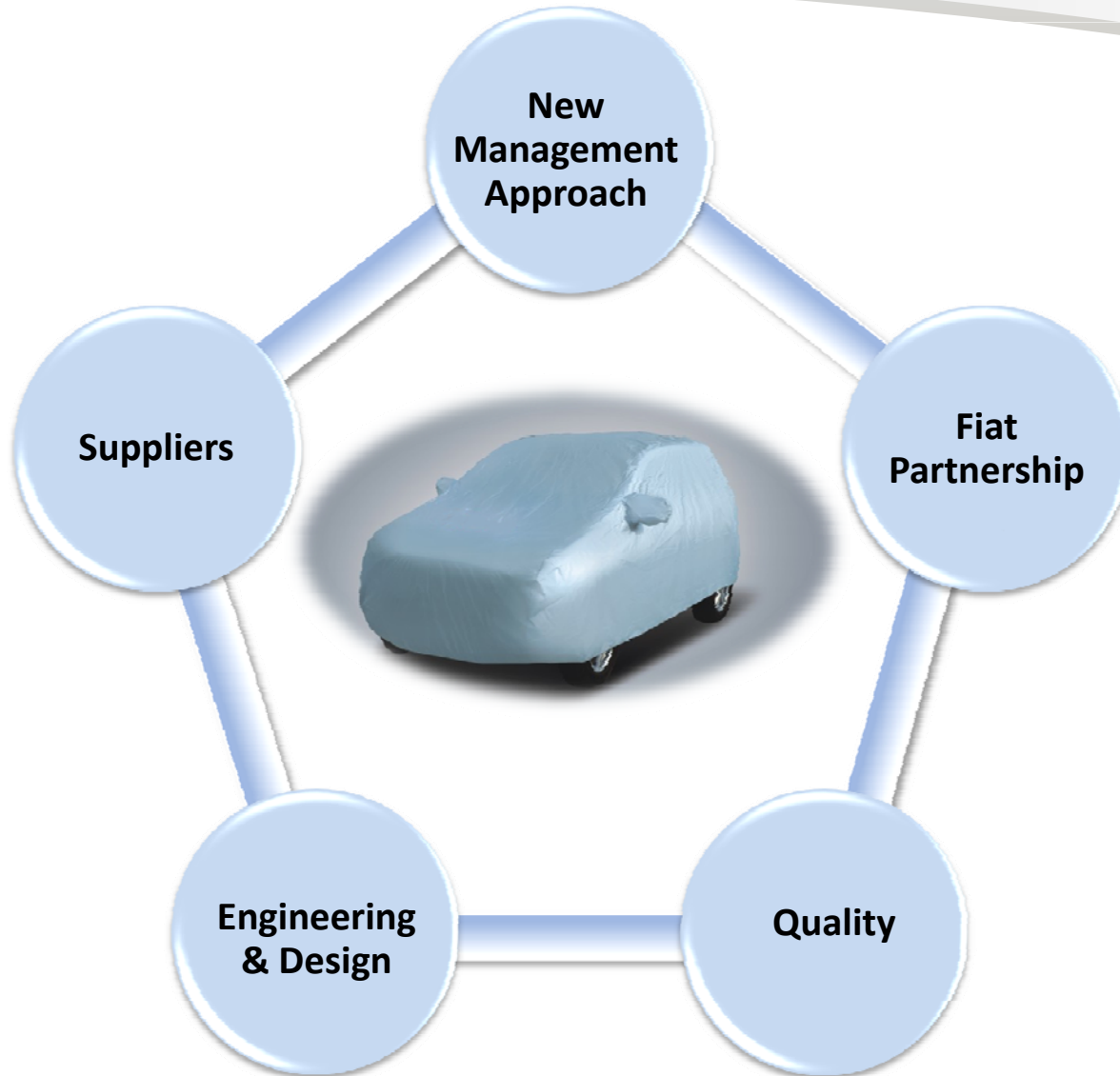
The things we make, make us.



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Formula for Successful Product Execution



The Formula Works - Jeep® Grand Cherokee Launch



- Management team highly engaged in launch
- Intense focus on supplier quality throughout launch with new tools in place to identify issues early
- Customers are responding - orders ahead of forecast
- Extremely positive press reviews:

“Jeep’s redesigned Grand Cherokee is a big step up from its predecessor. The remake finally creates a credible entry among premium midsize SUVs that is a legitimate alternative to pricier foreign models”



“More refined and car-like than ever on pavement, the new Grand still worthy of the Jeep name in the dirt”



“Compared to the outgoing model, it boasts a new level of refinement unheard of for Jeep in terms of exterior detailing, interior décor, and the overall driving experience”





Guiding Principles for Success

1. Integrity and accountability
2. Transparent communication and expectations from both sides
3. Empathy and advocacy for the other party's issues
4. Absolute and in-depth collaboration for delivery, cost, supply and innovation
5. Prevailing sense of urgency to meet objectives and solve problems as they arise
6. Rewarding, strategic and long-term business collaborations
7. Responsible commitment to our employees, the global community and the environment

Enhancing Supplier Relationships



In addition to frequent measurement there are two main areas of focus:

Communication

1. Rejuvenated Supplier Council
2. Monthly Webinars
3. Monthly Supplier Surveys w/ follow-up
4. Changed employee email addresses
5. Transparency in volumes and other business metrics

Culture Change

1. Guiding Principles
2. Situational awareness training w/ video skits
3. Part of Annual Goals; tracking metric monthly
4. Daily Enabler meeting with all Industrial SVP
5. Daily Purchasing/SQ Enabler meeting with Directors

Improving our Processes



Dedicated cross functional teams were created to identify and address issues – To date 86 items identified, 49 completed

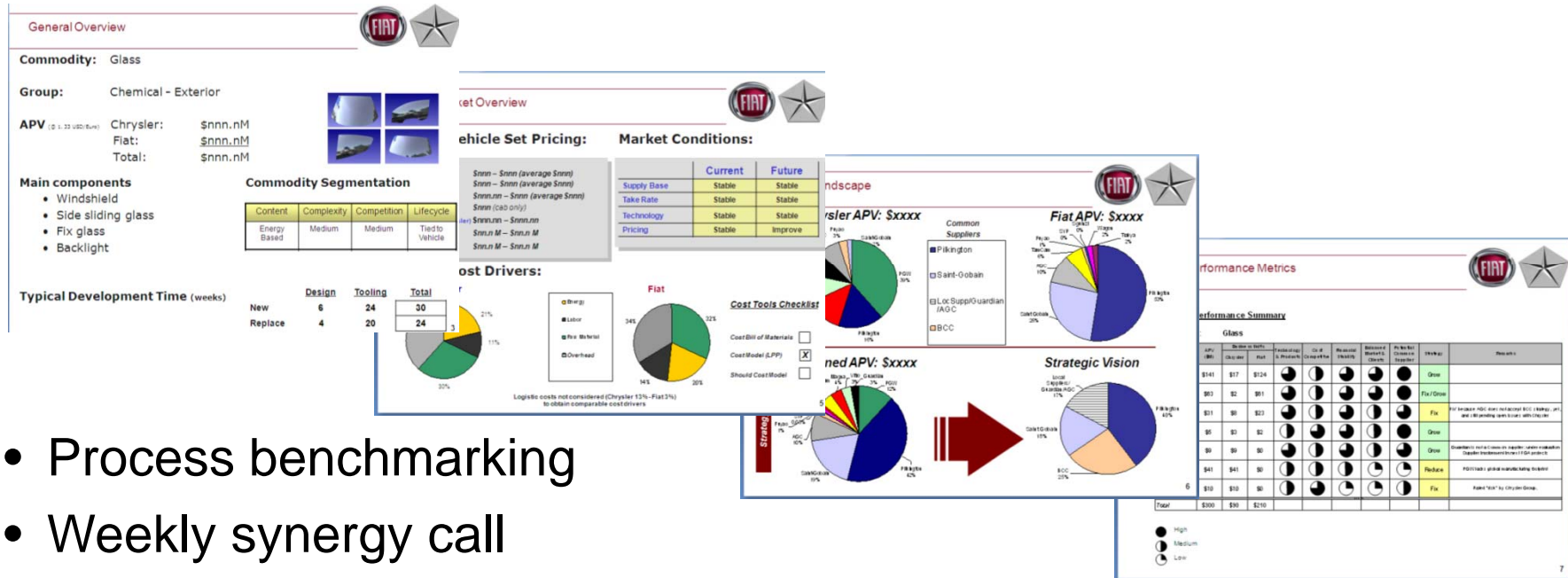
- ED&D contracts, versus amortized in the piece cost
- PPAP & PDR Pull Ahead
- Tooling PO issued at time of sourcing
- Warranty Sharing Agreement
- Upgraded Supplier Claims Process
- Technical Cost Reduction Team
- Revised Terms & Conditions

Item #	Description	Completion Date	Status
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Collaborating with Fiat



- Organizational alignment & integration
- Joint sourcing strategy development & decisions
- Working collaboratively with Fiat counterparts



- Process benchmarking
- Weekly synergy call
- Strategic project updates

Focusing on Supplier Quality



- Supplier quality integral to supplier selection
- Realigned to split Current & Advanced responsibilities
- Supplier Quality team serves as advocate for suppliers
- Vehicle alignment versus commodity alignment for enhanced part and system integration
- Creation of TAG (Tooling Analysis Group)



Creating Supplier Opportunities



Aggressive 2010 product offensive

- 16 vehicle launches in 2010 will require commitment of all stakeholders
- Strong partners will thrive

Fiat 500

- Despite being carryover program, new opportunities created for North American suppliers
 - 66% of the business awarded to non-incumbent suppliers
 - 35 of the non-incumbents are North American-based companies
- Substantial localization
 - Overwhelming majority of suppliers will manufacture their parts in North America
 - Localization creates opportunities at tier 2 and tier 3 levels.

C & D Segment

- Segment could account for one million vehicle units – a huge volume opportunity for the suppliers involved

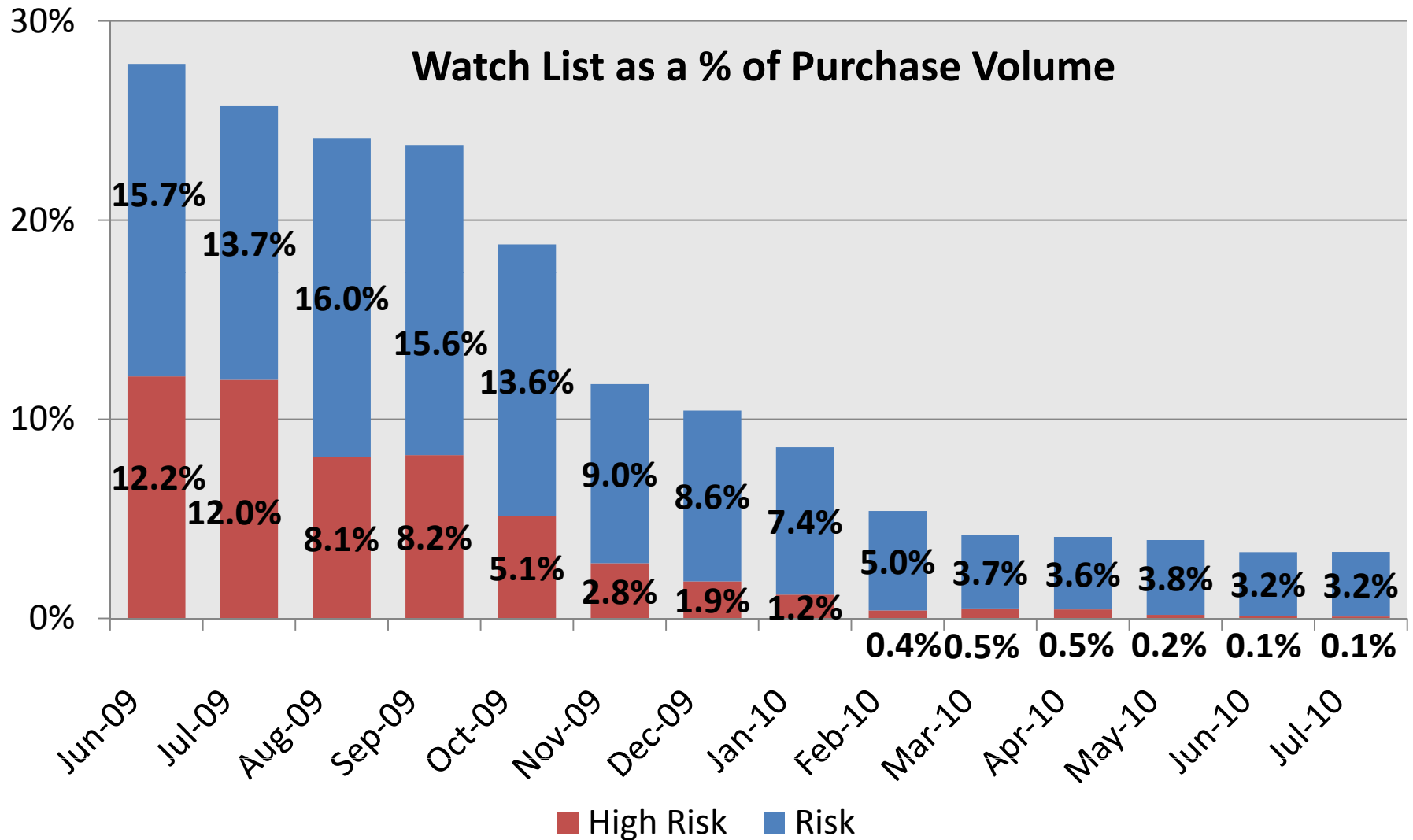
2010 Supplier Financial Health Improving



- Average supplier liquidity has improved by 20% over 2009
- From June 2009 to July 2010:
 - Risk or High Risk decreased from 27.9% to 3.3% of Annual Purchase Volume (APV)
 - High Risk dropped from 12.2% to 0.1% of APV
- Actual number of 'Risk or High Risk' suppliers have declined by 65% since June 2009

Data as of 7/29/10

2010 Supplier Financial Health Improving



Data as of 7/29/10

2010 NAFTA Supplier Financial Health Improving



SUPPLIER*	2009 1 st Half	2009 2 nd Half	2010 1 st Half
1	Stable	Stable	Stable
2	Risk	Monitor	Stable
3	Stable	Concern	Monitor
4	Risk	Risk	Concern
5	High Risk	Risk	Concern
6	High Risk	Concern	Monitor
7	Risk	Monitor	Stable
8	Risk	Concern	Stable
9	High Risk	Risk	Stable
10	High Risk	Risk	Concern
11	High Risk	Risk	Monitor

*Representative sample of suppliers (not in order of APV)

Chrysler's Expectations of its Suppliers



The things YOU make, make US.

- Execute with a sense of urgency
- Plan to meet Chrysler volumes
- Strong support of Mopar
- Drive competitiveness
- Focus on quality
- Embrace supply chain diversity
- Deliver innovation
- Live by “Guiding Principles”





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