... From Turin they remark that the essential element in order to have everything working well is the human component, since without full involvement of the workers nothing could be made.

...In the internal ranking, the Marchionne Code, which is in the company language described as Fiat Group Automobiles Production System (FAPS), finds its best application in Tychy Plant in Poland, and in Melfi Plant in Italy. Now the attempt is to elevate to acceptable standard also Pomigliano Plant...
Fiat Group focus – Holistic approach

World Class Manufacturing

- 20 Pillars

Fiat Group

Fiat Group LLC

Chrysler Group LLC

Chrysler Focus

- Safety
- Quality
- Harbor Report

2004 2005 2006 2008 2009 2010

WCM Launch

One common manufacturing operating system

2004 2005 2006 2008 2009 2010

Bankruptcy

WCM Launch
WCM structure & objectives

Safety

Cost deployment

- Workplace organization
- Quality
- Maintenance
- Logistic

Method & std.

- Total industrial engineering
- Total quality control
- Total productive maintenance
- Just-in-time

Focus

- Productivity
- Quality improvement
- Technical efficiency
- Service level

Target

- Zero waste
- Zero defects
- Zero breakdowns
- Zero inventory

Values

People involvement, value creation, customer satisfaction
Why implement WCM?

Introduction of WCM

Lost work day incident rate

<table>
<thead>
<tr>
<th>Year</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Rate</td>
<td>17%</td>
<td>15%</td>
<td>7%</td>
<td></td>
</tr>
</tbody>
</table>

35% improvement

Teaching us to see new opportunities

Chrysler Group LLC 2010-14 Business Plan November 4, 2009
Why implement WCM?

Introduction of WCM

Rigorous methodology for improvements

Harbour Hours Per Vehicle


(Assembly)

% Change:

2004: 5.7%
2005: 1.3%
2006: 9%
2007: -2.3%
2008: -5.5%

New leadership model

**Previous Structure**
- Plant Manager
- Team Leader
- Team Member

**Current Structure**
- Plant Manager
- Team Leader
- Team Member

**Fully engaged workforce**

- Ownership at Operator Level
- Quick Decision Making
- Direct Communication

Chrysler Group LLC 2010-14 Business Plan
November 4, 2009
7
WCM in action

Working together

Execution

Results
WCM in action

Before

After

Flexion angle of the waist

<table>
<thead>
<tr>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
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<tbody>
<tr>
<td>More than 30°</td>
<td>15° - 30°</td>
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Flexion angle of the waist

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52% elimination of ergonomic risks
WCM in action

Before

After

• Inventory reduced
• Material delivered to point of use
• 57% reduction in operator walk time
WCM in action

Before

Equipment conditions hidden

After

Maintained for easy inspection

Equipment restored to original state
WCM in action

Before

After

Improved work conditions
Prepare for 360 degree transformation

People

Place

Passion

Product

Never Again!

Chrysler Bankruptcy may last Two Years

Acceleration Change by Leveraging Down Weeks
Chapter 11 begins

Chapter 11 “ends”

1st Plant re-opens

Bankruptcy

4th Qtr ’09

2010

2011

2012

2013

2014

Management / Union leadership training and commitment

Cost opportunities identified

World Class Manufacturing teams and training 30 Plants

3rd party audits

• Every plant – Every year

• Increasing depth and rigor

Learning & implementation

Methods & results

Wide expansion

Gold

Silver

Bronze

Chrysler Group LLC
Expected results for 2010

**Injuries**
- 2009E vs. 2010E: -30%

**Operating cost**
- 2009E vs. 2010E: -8%

**Manufacturing first-time quality**
- 2009E vs. 2010E: +15%

**Productivity**
- 2009E vs. 2010E: +10%

**Employee involvement**
- 2009E vs. 2010E: +100%

**Projects**
- 2009E vs. 2010E: +80%
One Team, One Goal, One Vision
World Class Manufacturing

Our Journey Has Started...

Together in WCM our future is bright.