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Chrysler Group's Sergio Marchionne Addresses Industry Leaders at 2013 SAE World Congress Annual Banquet

April 17, 2013, Detroit - Chrysler Group LLC's Chairman and Chief Executive Officer Sergio Marchionne addressed more than 1,000 automotive leaders at the 2013 SAE World Congress Annual Banquet today, at COBO Center in Detroit about the need to evolve the industry's business models as well as defining a path that would produce the innovation needed to grow the auto industry in a sustainable way.

Marchionne first touched on the topic of globalization and its effects on the industry, "I believe the age we are currently living in represents the threshold of a major new frontier. First and foremost, it represents the transition phase between our vision of globalization and the practical achievement of that vision."

"In the automotive industry, globalization has enabled us to build highly sophisticated supply chains," he added. "Suppliers play an increasingly important role as companies shorten product cycles, venture into new markets and attempt to reduce costs. But in an ever-changing world, the interconnected nature of supply chains puts them at risk for disruption from fluctuating demand, shortages of key commodities, geo-political dynamics, natural disasters and other events that are difficult to predict."

"We can't anticipate every possible scenario, and so this vulnerability is a reminder of the need for collaboration," Marchionne said. "What we can do proactively is work to achieve the flexibility needed to adapt quickly to problems." He went on to say the industry can work as Fiat S.p.A and Chrysler Group have "to build trust-based relationships with supply chain partners in order to identify together ways to limit the impact of any disruption."

Marchionne also discussed the need for economies of scale to be large enough to enable continuous investments in new architectures and products.

"As I have said in the past, I believe that, to make an adequate return, an automaker needs to produce a total of at least 6 million vehicles a year and at least 1 million vehicles per platform. We (Chrysler Group and Fiat S.p.A) have already completed the convergence of the three principal architectures that will drive more than 80 percent of total volumes."

Marchionne added, "In Europe, we have introduced a well-defined strategy that will enable us to resolve the issue of overcapacity in the mass-market segment over the next few years by moving upscale with the Alfa Romeo and Maserati brands and using that excess capacity to serve export markets outside Europe."

Finally, Marchionne emphasized the importance of alternative energy to the auto industry.

"Our vision for a robust auto industry also requires us to proactively become part of the solution to one of the biggest problems of our era, which is finding a way to reduce our dependence on oil."

He also highlighted the following methods Fiat and Chrysler Group are pursuing to achieve sustainable mobility:

- "The Fiat 500e, featuring a battery-electric powertrain, will soon go on sale in the California market."
- "The Environmental Protection Agency has given the 500e a fuel-economy equivalent rating, or MPGe, of 108 miles per gallon, which is unsurpassed by any other EV on the U.S. market. The EPA also estimated that a fully charged Fiat 500e will travel a best-in-class 87 miles."
- "Fiat is today recognized as the most eco-performing automaker in Europe."
- "In North America, Chrysler has broken new ground in the reduction of greenhouse gas emissions by offering the first factory-built Compressed Natural Gas-powered pickup truck in North America, the Ram 2500 Heavy Duty CNG."

- “Chrysler also has introduced eight-speed transmissions, and soon nine-speed transmissions debuting in the all-new Jeep Cherokee, substantially improving both the driving experience and the fuel economy of our vehicles.”

Marchionne concluded, “We are currently faced with some of the greatest challenges, some of the most complex issues we have ever had to address. But, with those challenges, comes a chance to show what we are made of, that we as an industry and as a society are able to direct our energies toward creating something of value. Today we have the privilege and collective responsibility to fashion a world that we are proud to leave for the next generation.”

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