

Chrysler to Invest \$843 Million in Kokomo Plant

Chrysler Group LLC confirms that it is looking to invest \$843 million into the Company's existing transmission manufacturing facilities in Kokomo, Ind., to accommodate production of a new advanced front-wheel drive automatic transmission for future Chrysler Group vehicles.

With this announcement, the Company's total investment in U.S. facilities would climb to nearly \$3 billion since June 2009.

When combined with previously announced investments totaling \$343 million in its Kokomo facilities, this potential new investment would make the City the recipient of the largest investment – \$1.1 billion – in a single year in a single community, pending the Kokomo City Council's approval of Chrysler Group's tax abatement application on Dec. 13, 2010. The investment would fund the installation of equipment and special tooling to modernize the Indiana Transmission Plants and the Kokomo Casting Plant. The project would extend the life of these manufacturing facilities and help retain nearly 2,250 jobs.

Chrysler Group will be

partnering with Friedrichshafen, Germany-based ZF Group on the next generation front-wheel drive transmission, which is making its designs and technology available to the Company and its Kokomo plants.

"For years, Kokomo has been at the center of our powertrain strategy and the potential of an additional investment reaffirms that position," said Sergio Marchionne, CEO, Chrysler Group LLC.

"When introduced, this new front-wheel drive transmission, along with the previously announced eight-speed transmission we will also produce in Kokomo, will transform our future products and position them as leaders in marketplace.

"With the promise of investing more than \$1 billion into our Kokomo facilities within the last six months, we are demonstrating our commitment to this community and our dedicated workforce," Marchionne said.

"We appreciate the support of the UAW and the City of Kokomo, and look forward to continuing a partnership that will see the Chrysler Group

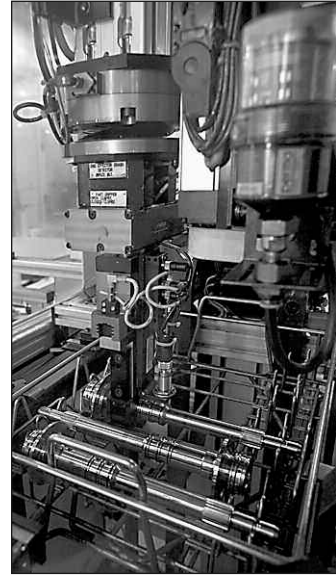
once again become a successful and competitive enterprise."

"This investment announcement is more good news for our Indiana employees," said General Holiefield, Vice President and Director of the UAW Chrysler Department. "This action will give Chrysler a head-start on a new front-wheel drive transmission and will help secure the future for Chrysler UAW-represented employees."

The Indiana Transmission Plant currently produces the 45 RFE rear-wheel drive transmission for Jeep® Grand Cherokee, Jeep Liberty, Dodge Dakota and Ram Trucks and 68 RFE for Cummins Diesel, Heavy Duty. Indiana Transmission Plant II produces the W5A580 5-speed transmission for the Chrysler 300, Jeep Grand Cherokee, Dodge Nitro and Dodge Charger. The Kokomo Casting Plant manufactures aluminum parts for automotive components, transmission and transaxle cases.

Earlier this year, Chrysler Group announced that it would invest a total of \$343 million in its Kokomo facilities – \$43 million to increase

capacity at the Company's Kokomo Casting and Kokomo Transmission plants, adapt them to support production of the World Engine and improve processes for the 62TE transmission program; and \$300 million to accommodate a new highly fuel-efficient eight-speed automatic transmission for future Chrysler Group vehicles.



Chrysler is investing \$843 million more into its Kokomo transmission plant operations.

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Fiat's Multiair Engine Earns Nod from 'Science'

Fiat's Multiair technology, soon to be available in the Fiat 500 that will be sold through selected Chrysler dealers in the U.S., has been awarded "Best of What's New" from Popular Science magazine.

Consumers will get their first glimpse of this new technology under the hood of the city-friendly, four passenger compact debuting this week at the Los Angeles Auto Show.

The new engine features electro-hydraulic management of the inlet valves that helps reduce fuel consumption by up to ten percent, reduce emissions by ten percent and provide up to 15 percent more torque compared to the 1.4-liter four cylinder Fiat engine. The 1.4-liter engine with Multiair will be standard on the Fiat 500 for the North American market.

The Multiair system, invented and patented by Fiat Powertrain Technologies (FPT), is based on direct control of the intake air, cylinder by cylinder and stroke by stroke by significantly reducing dependence on a throttle valve for airflow control.

This advanced technology is designed to simply and effectively vary the amount of time the intake valves are open and the amount of charge that is let into the cylinder, particularly at low speeds or partial load driving condition – the type of driving most commuters are familiar with on local freeways.

Normally, engine valve opening and thus the amount of air let into the cylinder is controlled with direct action from the camshaft.

With Multiair, the actual opening of the intake valves is

controlled by using hydraulic fluid running through narrow passages that are controlled by a dual action electronic solenoid. When the solenoid is fully closed, under highway speeds or full acceleration, Multiair allows the intake valve system to operate much like a traditional engine.

When the solenoid is open, however, the oil bypasses the passage, decoupling the valves. Intake valves are no longer controlled by the direct action of the camshaft but under valve spring action. Multiair also helps the engine maintain optimum valve control strategies during engine warm-up and through internal exhaust gas recirculation. By reopening the intake valves during the exhaust stroke, emissions are reduced – up to 40 percent for hydrocarbons and carbon dioxide to up to 60 percent for nitrous oxides.

Earlier this year, the Fiat 1.4 Turbo engine equipped with Multiair received the prestigious "Engine of the Year" recognition in 2010 in Europe.

Chrysler Group LLC, formed in 2009 from a global strategic alliance with Fiat Group, produces Chrysler, Jeep, Dodge, Ram and Mopar 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.

Fiat's Multiair engine technology had a prominent display amongst the Chrysler - Fiat vehicles at the LA show.

GM Invests \$163.2 Million in Three Operations

General Motors last week announced a \$163.2-million investment in its operations in Flint and Bay City, Mich., and Defiance, Ohio, to support engine production for the Chevrolet Volt, Chevrolet Cruze and a new Chevrolet small car to be built in the United States.

The investment will protect 184 jobs at the three sites.

"This investment is essential in ensuring we can meet the expected high demand for the Chevrolet Volt, Chevrolet Cruze and a small car that will be produced at our Orion Township facility," said Kathleen Dilworth, Flint Engine Operations plant manager.

"These three facilities will continue to play a key role in GM's resurgence and efforts to bring to market vehicles with segment-leading fuel economy."

The announcement brings the total of new U.S. investment to more than \$3.3 billion, and GM has created or retained more than 8,000 jobs in 21 U.S. plants since emerging from bankruptcy in July 2009.

The investments include:

- Flint Engine Operations: \$138.3 million and 135 jobs
- Bay City components: \$12.7 million and eight jobs
- Defiance castings: \$12.2 million and 41 jobs.

The investments will be used to support increased production of the Ecotec 1.4-liter engine that is used in the Chevrolet Cruze and a 1.4L

Petty Race Team To Field 2 Cars

CONCORD, N.C. (AP) – Richard Petty finished financially restructuring his race team and will field two fewer cars in 2011.

The seven-time NASCAR champion said Monday that Richard Petty Motorsports will go from four cars to two next year. RPM will field Fords for AJ Allmendinger and Marcos Ambrose.

The reduction in teams is expected to lead to significant layoffs at RPM, which Petty said "is never an easy process for the people involved."

"Currently, we are concentrating on building two solid programs," Petty said in a statement. "We are very fortunate to have an extremely loyal family of partners and are looking forward to the future."

RPM was in turmoil the final two months of the season because of the financial problems plaguing majority owner George Gillett Jr. Making it to the final four races of the year was not guaranteed for RPM because of debts not paid to partner Roush-Fenway Racing.

Because Roush supplies cars and engines to RPM, inventory was held each week until RPM was able to make a payment against the debt.

Petty owned just a small stake in RPM, but was working on a plan to take control of the organization from Gillett, who has been hit hard

variant used in the Chevrolet Volt.

Flint Engine is expected to start production of 400 engines a day in early 2011 and ramp up to 800 engines a day in late 2011. The newest investment increases its capacity to 1,200 a day in late 2012.

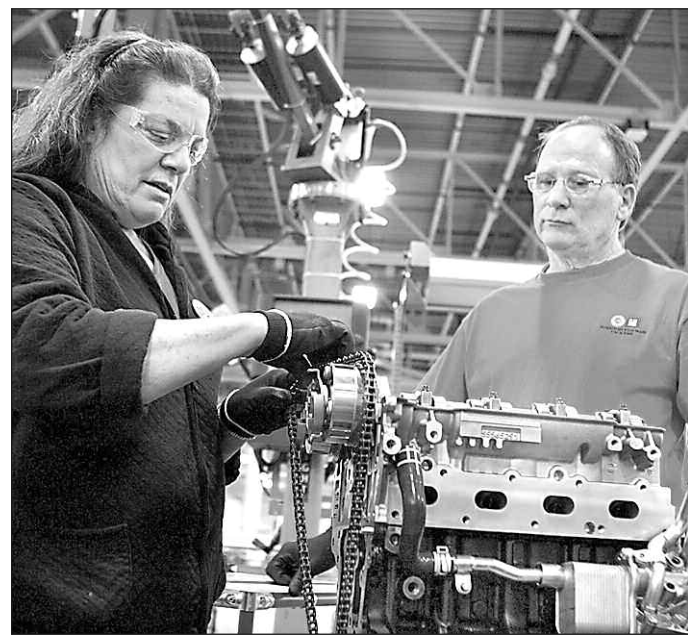
Bay City will increase connecting rod and camshaft production and Defiance will boost output of engine block and crankshaft castings.

In less than two years, GM has invested nearly \$700 million and protected more than 600 jobs at the three facilities.

"The UAW has and will continue to play a key role in GM's revival," said Terry Everman, UAW Local 599 chairman.

"Our members have demonstrated that they are more than capable of building the latest and greatest in technology that will power some of the most fuel-efficient vehicles in the market."

The Ecotec 1.4L turbocharged engine for the Chevrolet Cruze is like two engines in one with the fuel economy of a small displacement engine and the perform-



GM Flint Powertrain employees demonstrate engine assembly at a press briefing about new GM investments last week. GM facilities in Flint, Bay City and Defiance, Ohio benefit from the news.

ance of a larger engine. The 1.4L engine helps the Cruze Eco achieve a segment-leading EPA-estimated 42 highway mpg.

The 1.4L naturally aspirated engine enables range ex-

tension for the Chevrolet Volt. After the battery is depleted the on-board engine-generator creates additional electricity to power the car for hundreds of additional miles of extended range.

Chevrolet Program Aids in Curing Overseas Soldiers' Homesickness

DETROIT – Eleven thousand hours of talk time won't bring far away relatives physically closer, but it can go a long way in curing homesickness for soldiers overseas.

Chevrolet's efforts in the Cell Phones for Soldiers program so far has helped collect 20,000 cell phones, more than enough to provide 2,200 prepaid calling cards with 300 minutes each to a group of soldiers in Afghanistan.

"These cards will provide our camp population with six months worth of calls, more than enough to call home for every holiday or family event from Thanksgiving to Mother's Day," said Col. Liana L. Bratland, Director of Human Resources/CJ1 for NATO Training Mission-Afghanistan/Combined Security Transition Command-Afghanistan. "That connect-

tion to home is a big morale booster for the troops and their families."

As an extension of the GM Military Discount Program, Chevrolet has been supporting Cell Phones for Soldiers since May.

To date, Chevrolet has helped collect more phones for the cause at collection boxes in a variety of locations from General Motors headquarters to auto shows around the country.

In the days leading up to Thanksgiving On Nov. 25., Chevy partnered with the Livonia Public Schools in suburban Detroit to host a contest among six schools to see which can collect the most used cell phones. Chevy is providing an additional 2,000 prepaid calling cards that students can send to U.S. troops serving overseas.

"Many of our own students have family members who have served overseas," said Dr. Randy Liepa, Superintendent of Livonia Public Schools. "We look forward to working with Cell Phones for Soldiers and Chevrolet to support the families who are sacrificing their holidays to serve our country."

All phones collected for Cell Phones for Soldiers are recycled, and the proceeds are used to purchase prepaid calling cards for members of the U.S. Armed Forces.

The registered 501(C)3 was founded in 2004 by brother and sister Robbie and Brittany Bergquist.

To date, they have provided more than 60 million minutes of free calling cards to the U.S. military through a national network of individual and corporate supporters.



U.S. Army and Air Force personnel stationed in Afghanistan collectively thank GM and Chevrolet for providing 2,200 overall prepaid calling cards for the soldiers to use to call their families back in the United States. Metro Detroit Chevrolet dealers helped with the philanthropic endeavor.

GM Stock Fluctuates Coming Out of Big IPO

DETROIT (AP) – General Motors stock fluctuated from losses to gains to break-even shortly after the opening bell as it started its first full week of trading Monday.

Stock in GM, just two business days after Nov. 18's initial public offering that capped the company's surprising turnaround from financial ruin, dropped 35 cents to as low as \$33.84 as trading opened, but it rebounded to rise, then fell to break even with Friday's closing price of \$34.26 in the first 40 minutes of trading.

General Motors Co. pulled off an IPO worth \$15.8 billion on Thursday.

Monday's trading was similar to, but not as dramatic as Friday. At the opening bell that day, the stock fell \$1.08 to \$33.11 as investors sold to lock in profits. The stock recovered after nearing the IPO price of \$33 per share, leading some analysts to speculate that large investors stepped in to stop it from hitting \$33, a price that could trigger computerized "stop loss" orders to sell. It ended the day up 7 cents, or 0.2 percent, at \$34.26.

Friday's early drop also could have been halted by investors who jumped in to buy at a relatively low price, the analysts said.

The IPO signaled the rebirth of an American corporate icon that collapsed into bankruptcy protection and was rescued with a \$50 billion bailout from U.S. taxpayers.

GM's owners, mainly the U.S. government, sold 478 million shares at \$33 each in the IPO. Shortly after the opening bell on Thursday, the price jumped as high as \$35.99 before pulling back later in the day. GM ended Thursday with a gain of 3.6 percent at \$34.19.

The government, meanwhile, is on its way to getting back at least part of the \$50 billion it spent bailing out GM, which emerged from bankruptcy protection last year with a balance sheet cleansed of huge debt. GM's debt was reduced to \$8 billion from a staggering \$104 billion in the bankruptcy process.

The leaner company earned \$4.2 billion in the first nine months of this year, and its chief financial officer said it could post huge pretax profits if the U.S. auto market recovers to pre-recession highs.

The government made \$11.8 billion by selling 358 million shares at \$33 apiece in the IPO, and reduced its ownership stake in GM to about 36 percent from 61 percent. It stands to make \$13.6 billion – and lower its stake to 33 percent – if bankers exercise options for 54 million more shares. If the options are taken, the government will have 500 million shares left, and they must sell for \$53 each in order to get all the bailout money back. Those options could be exercised this week.