CHRYSLER GROUP UPDATE

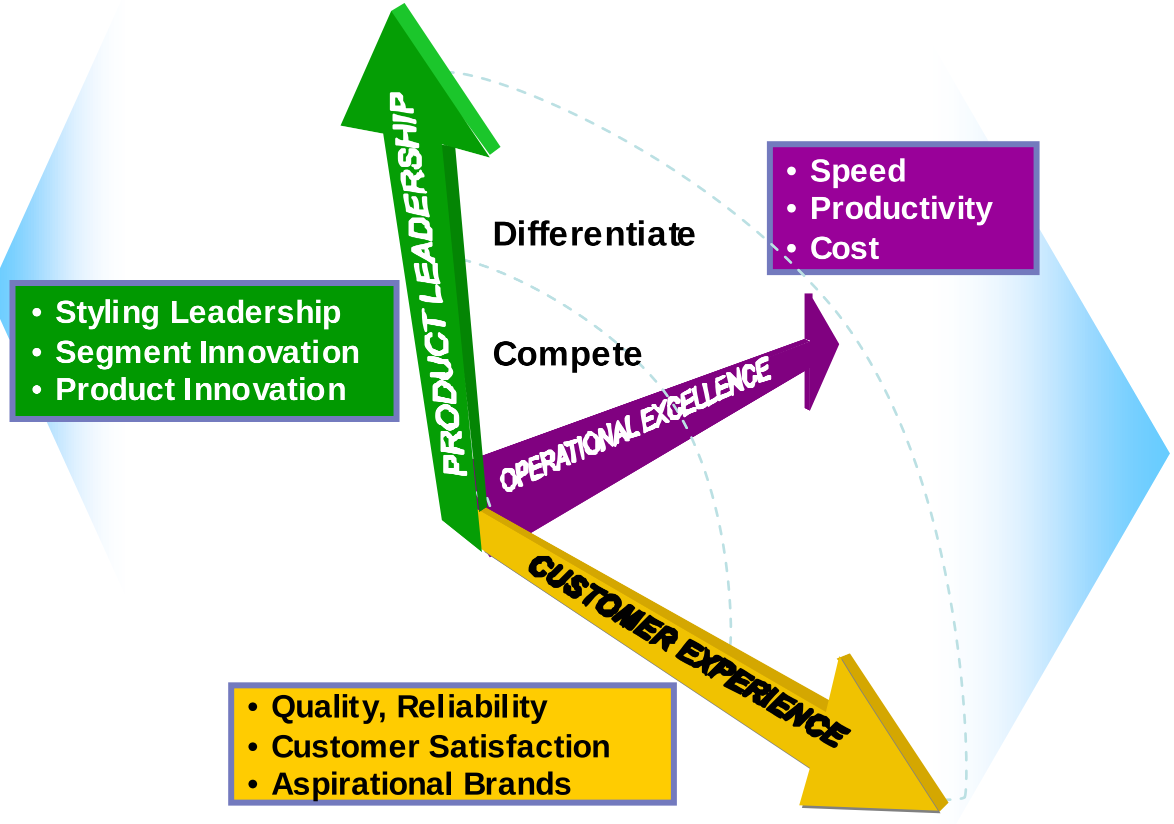
Eric Ridenour
Chief Operating Officer – Chrysler Group

Auto Analysts of New York
Ritz Carlton, Dearborn
January 11, 2007

PERFORMANCE DIMENSIONS

Our Strategy Is To Differentiate In Product Leadership While Delivering World Class Performance In The Other Dimensions In 2007

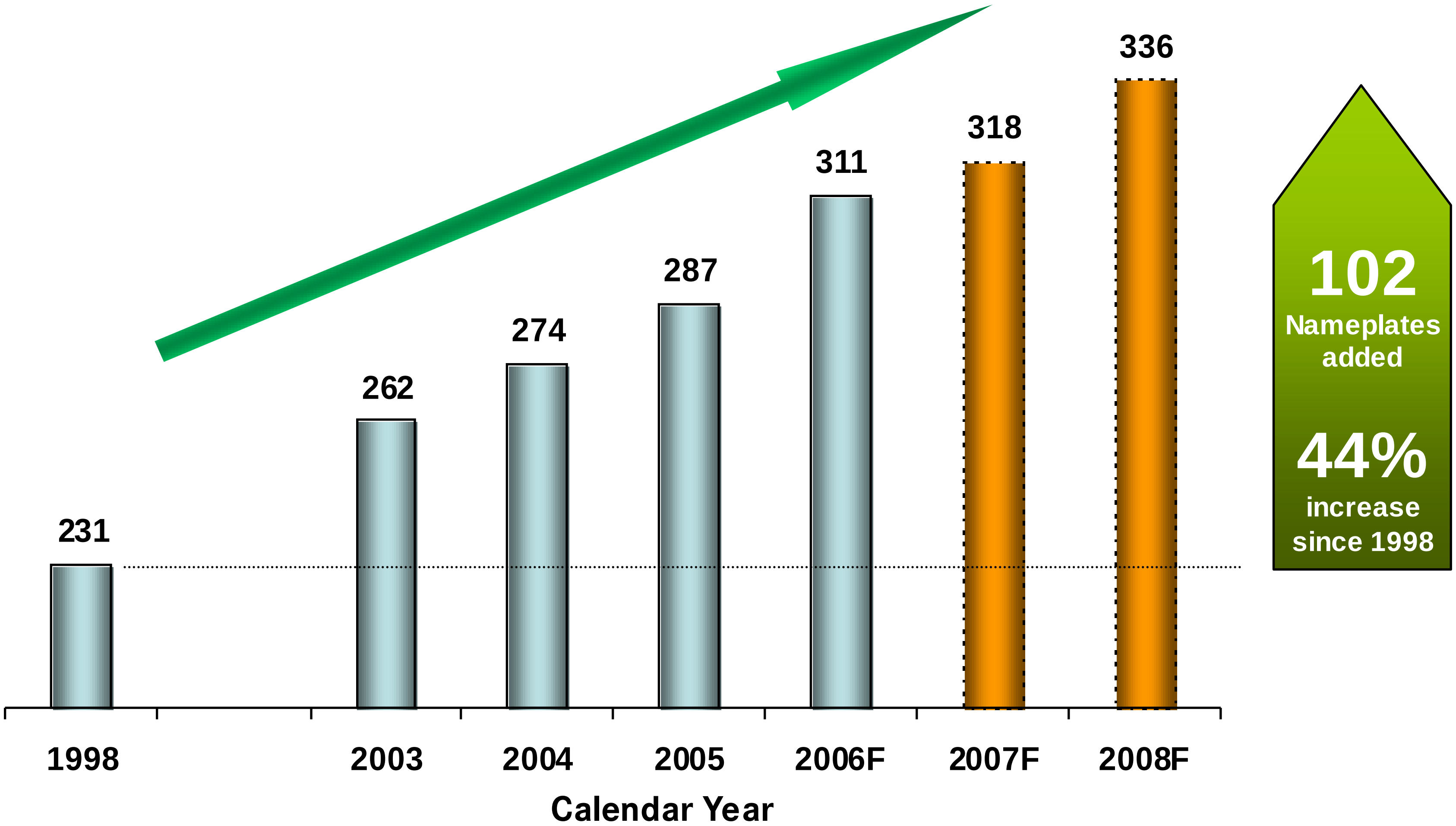
Establish Differentiation in *Product Leadership* and Deliver our Unique Selling Proposition through Innovation



Achieve World Class Levels of Performance in *Customer Experience* and *Operational Excellence* by 2007

OVER 40 BRANDS

NAMEPLATE GROWTH - US



MAJOR CHANGES – 3 YEAR MOVING AVG.

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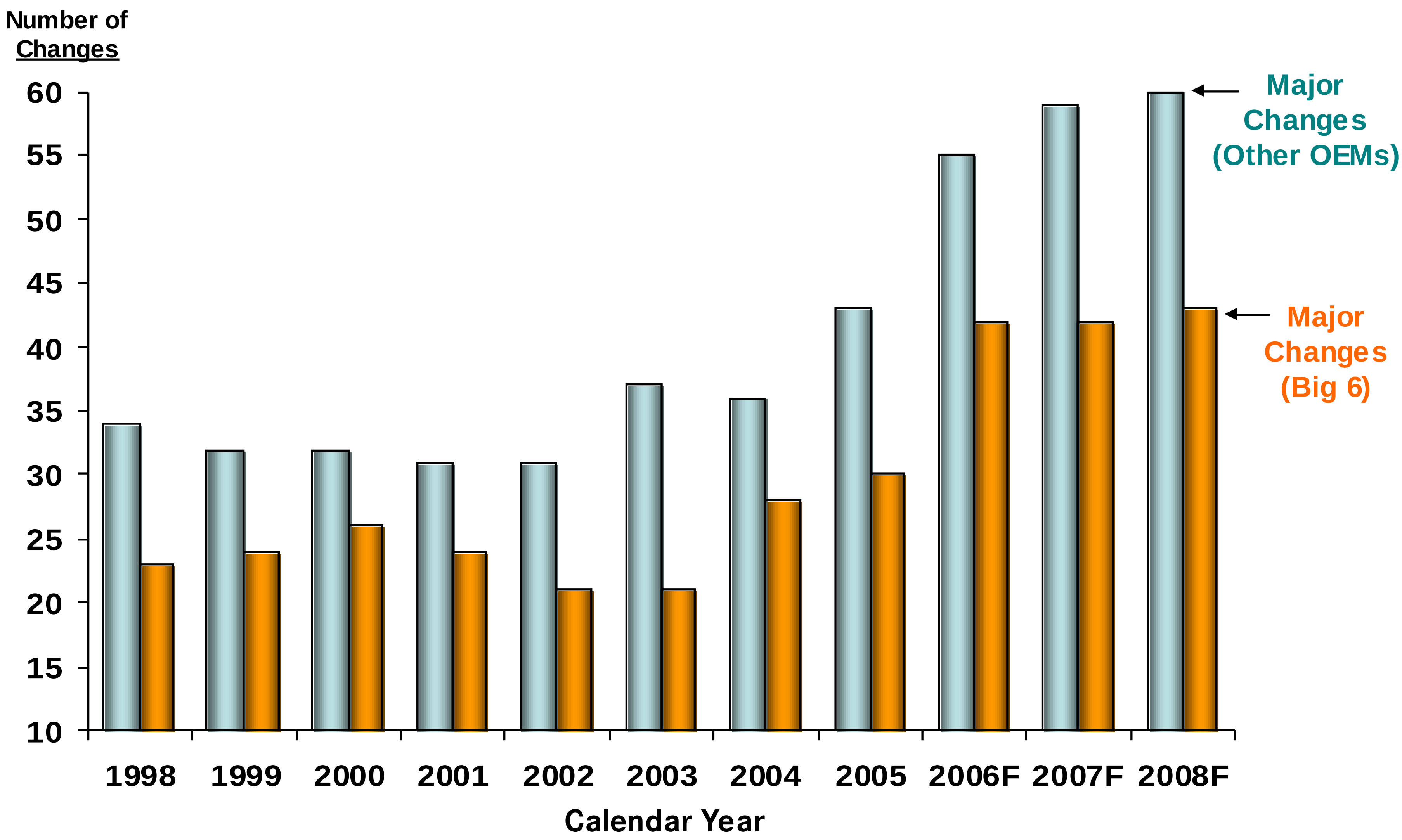
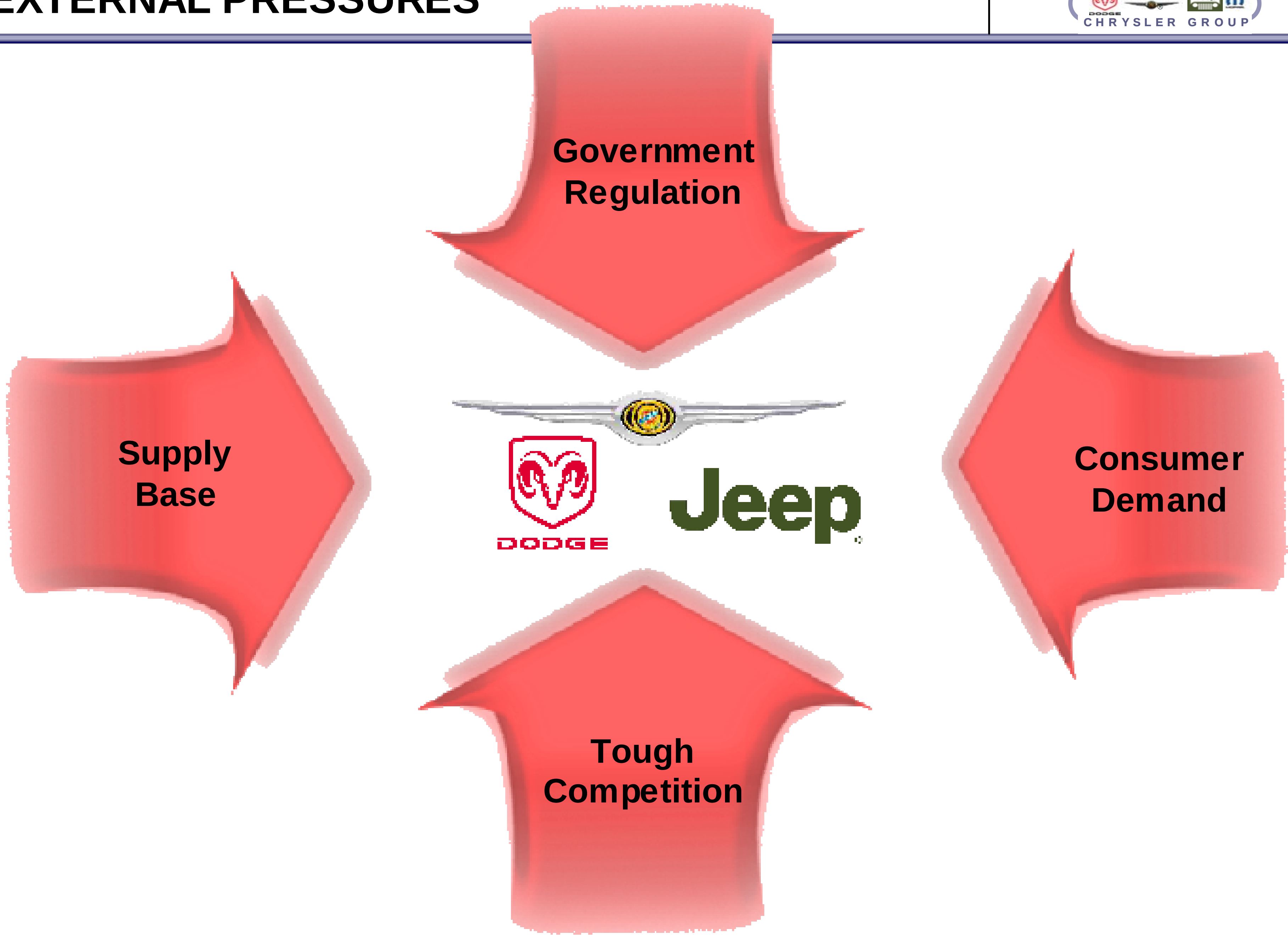


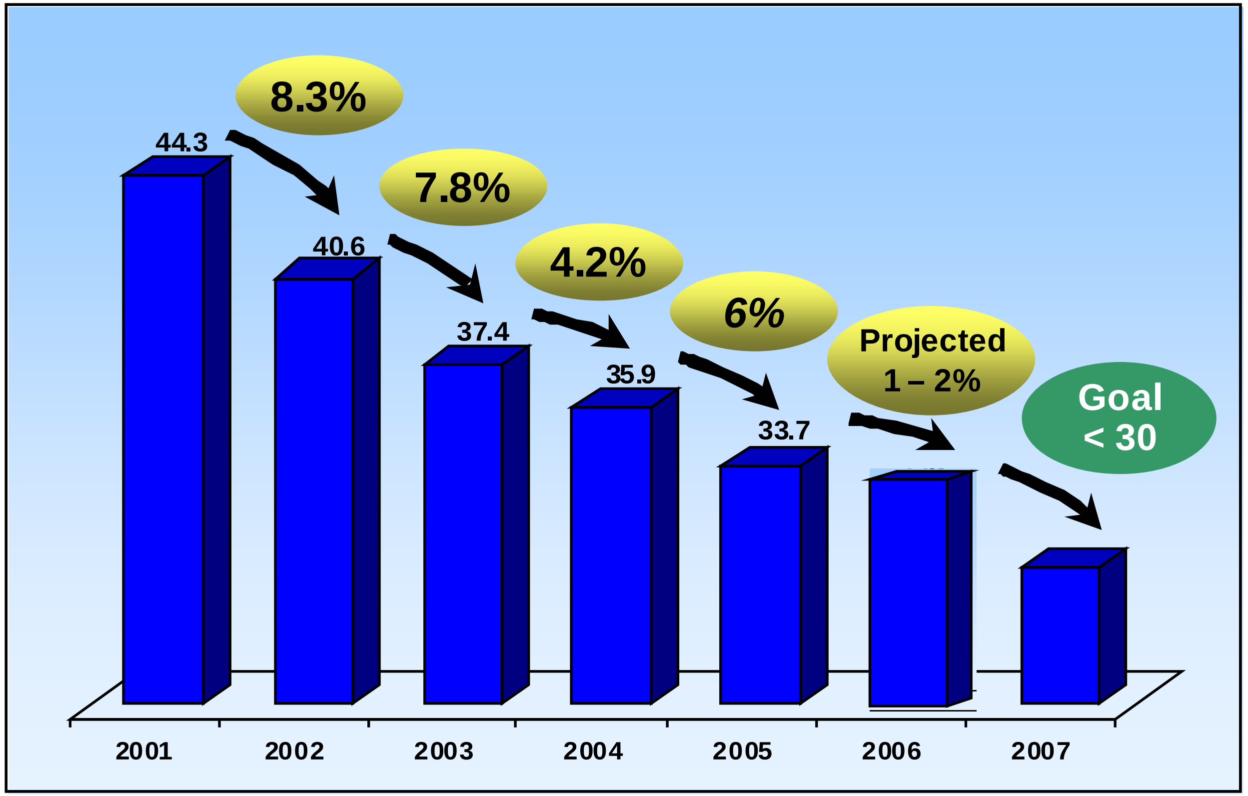
EXTERNAL PRESSURES



PERFORMANCE MEASURES

PRODUCTIVITY – HARBOUR REPORT

Hours Per Vehicle (Assembly, Stamping, Engine & Transmission)



Source: Harbour Report

Goal: Among industry leaders for 2007

REDUCE TO THREE BASIC ARCHITECTURES

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Prior Lineup
13 Architectures

Current Line-up
3 Architectures

PT	PT Cruiser
PL	Neon
JR	Stratus sedan, Sebring sedan, Sebring convertible
ST	Stratus coupe, Sebring coupe
RS	Caravan, Grand Caravan, Voyager, Town & Country
CS	Pacifica

Unibody Architecture
East/West FWD / AWD

WJ	Grand Cherokee
KJ	Liberty
LH	Intrepid, Concorde, 300M

Unibody Architecture
North/South RWD / AWD

TJ	Wrangler
DN	Durango
AN	Dakota standard, club, quad cabs
DR	Ram 1500 std SWB/LWB, quad SWB/LWB Ram 2500/3500 standard cab

Body-on-Frame Architecture
North/South RWD / AWD

CURRENT ARCHITECTURAL STRUCTURE

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3 ARCHITECTURES…

Unibody Architecture East/West FWD/AWD	Unibody Architecture North/South RWD/AWD	Body on Frame Architecture North/South RWD/AWD

12 PLATFORMS…

C-Segment	D-Segment	Minivan	CS	PT	LX	KK	WK	JK	ND	HB	DR

MULTIPLE PRODUCT OFFERINGS…

Unibody Architecture – East/West FWD/AWD

- Dodge Caliber
  - Jeep Compass
  - Jeep Patriot
- Chrysler Sebring Sedan
  - Chrysler Sebring Convertible
  - Dodge Avenger
- Dodge Minivan
  - Chrysler RT Minivan
- Chrysler Pacifica
- PT Cruiser
  - PT Cruiser Convertible

Unibody Architecture – North/South RWD/AWD

- Chrysler 300
  - Chrysler 300C/ SRT8
  - Dodge Charger/ SRT8
  - Dodge Magnum/ SRT8
  - Dodge Challenger
- Jeep Liberty
  - Dodge Nitro
- Jeep Grand Cherokee/ SRT8
  - Jeep Commander

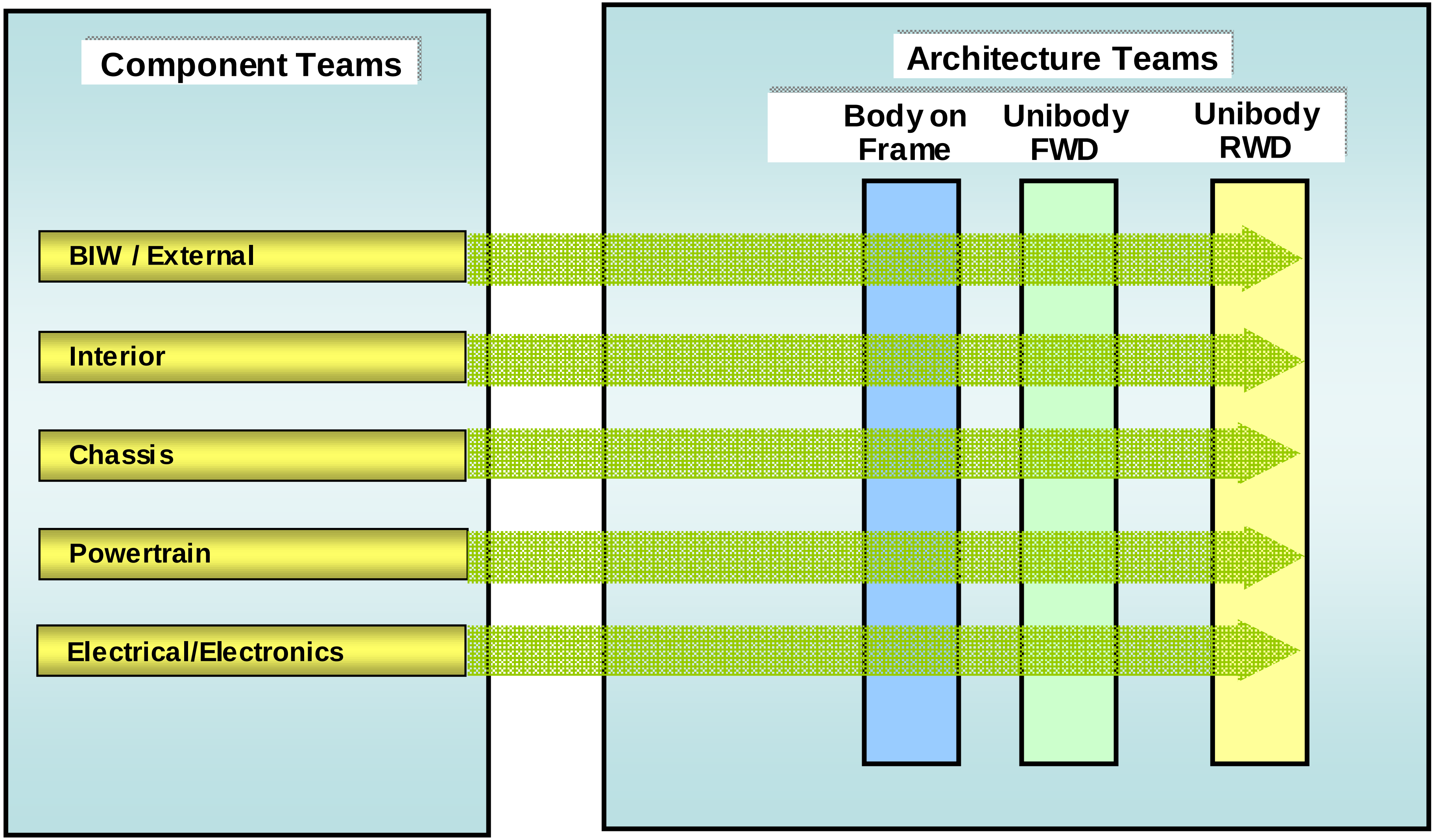
Body on Frame Architecture – North/South RWD/AWD

- Jeep Wrangler
  - Jeep Wrangler 4 Door
- Dodge Dakota Club Cab
  - Dodge Dakota Quad Cab
  - Mitsubishi Raider
- Dodge Durango
  - Chrysler Aspen
- Dodge Regular Cab Pickup
  - Dodge Quad Cab
  - Dodge Mega Cab

Note: Includes LD, HD, and Chassis Cab

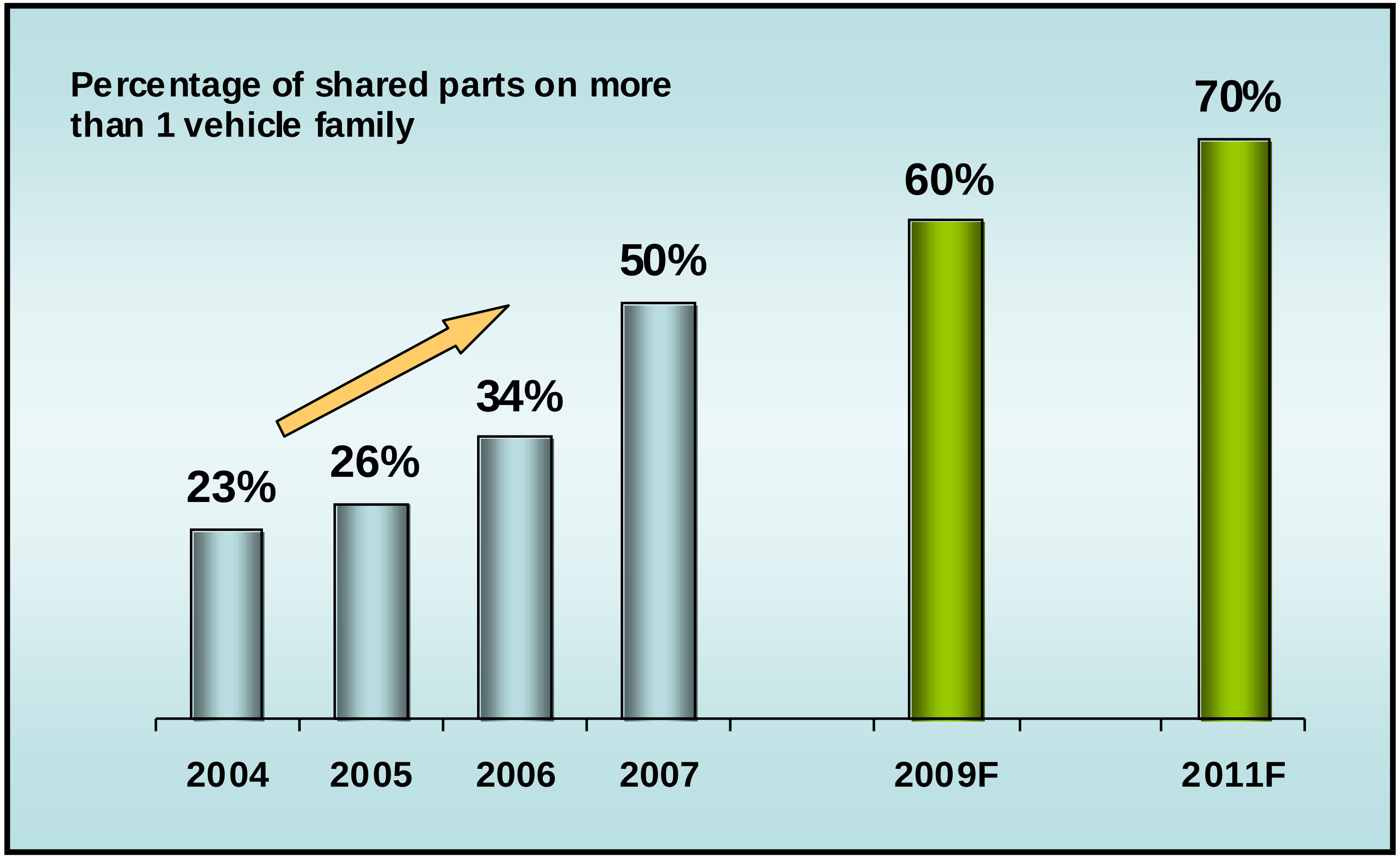
Improve Program Spending And Engineering Resource Efficiency Through Architecture And Platform Sharing

COMPONENT / ARCHITECTURE SHARING



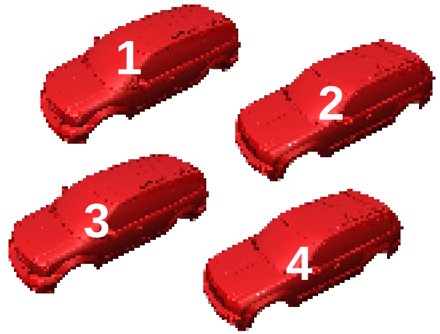
COMPONENT RE-USE

The Chrysler Group continues to increase the number of components carried over and shared across vehicle programs.

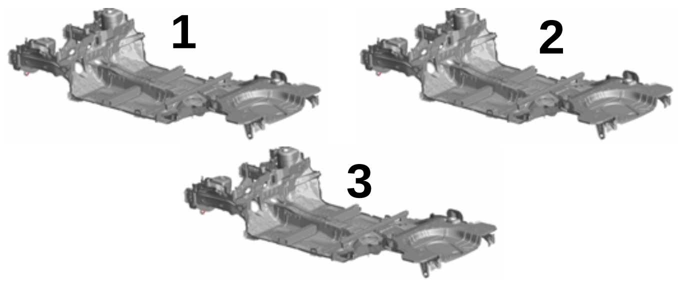


MANUFACTURING FLEXIBILITY – STRATEGIES

- **Commonize assembly processes to maximize overall product offerings**



- **Support up to 4 different upper-bodies, 3 under-bodies and one pilot vehicle.**



- **Implement through 2010 calendar year with new vehicle launches**

DERIVATIVE STRATEGY – DO MORE WITH LESS

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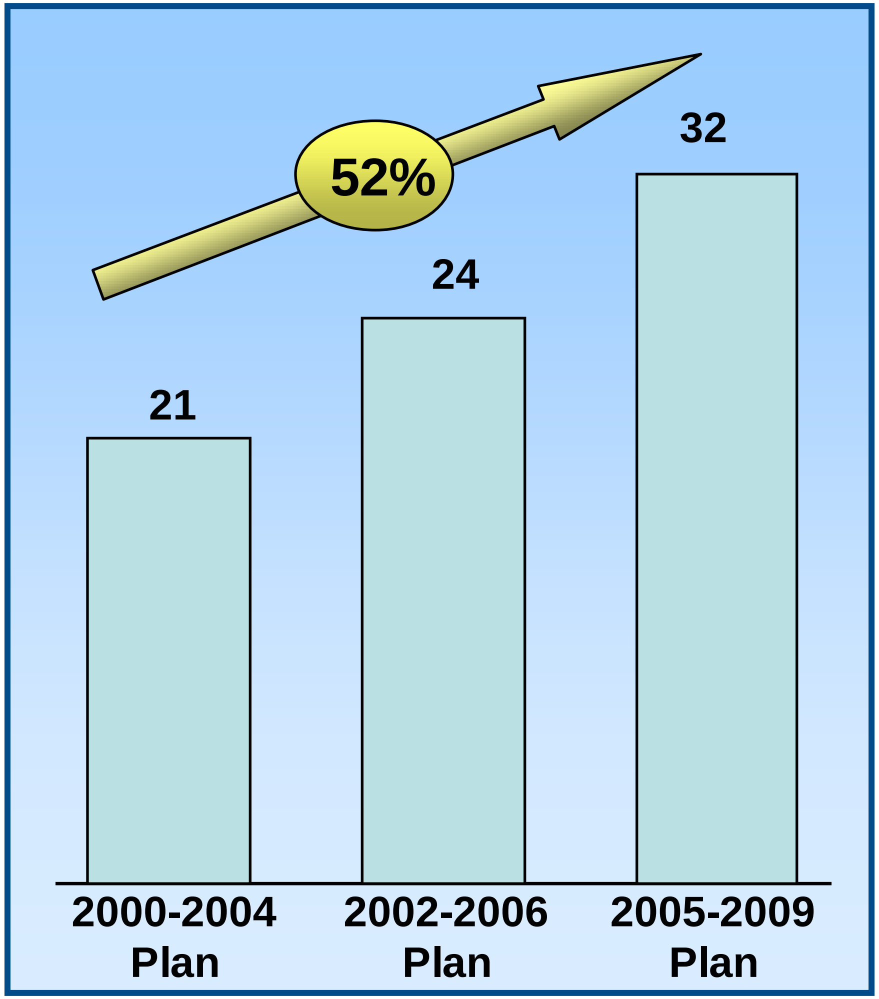
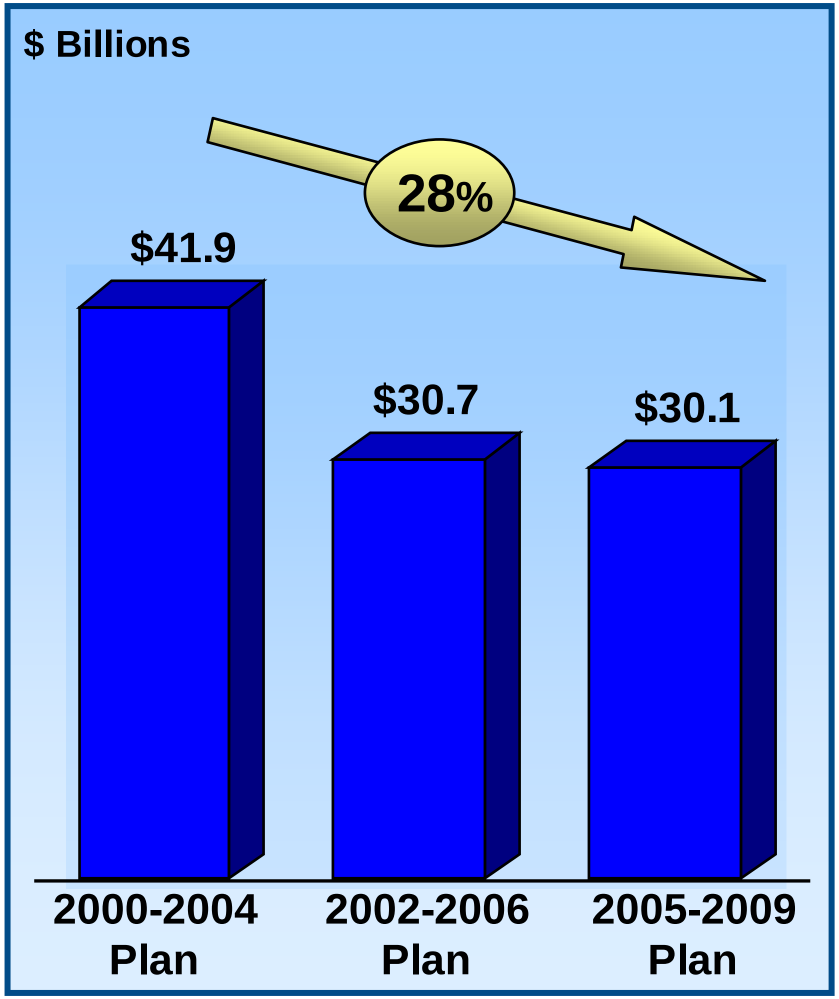
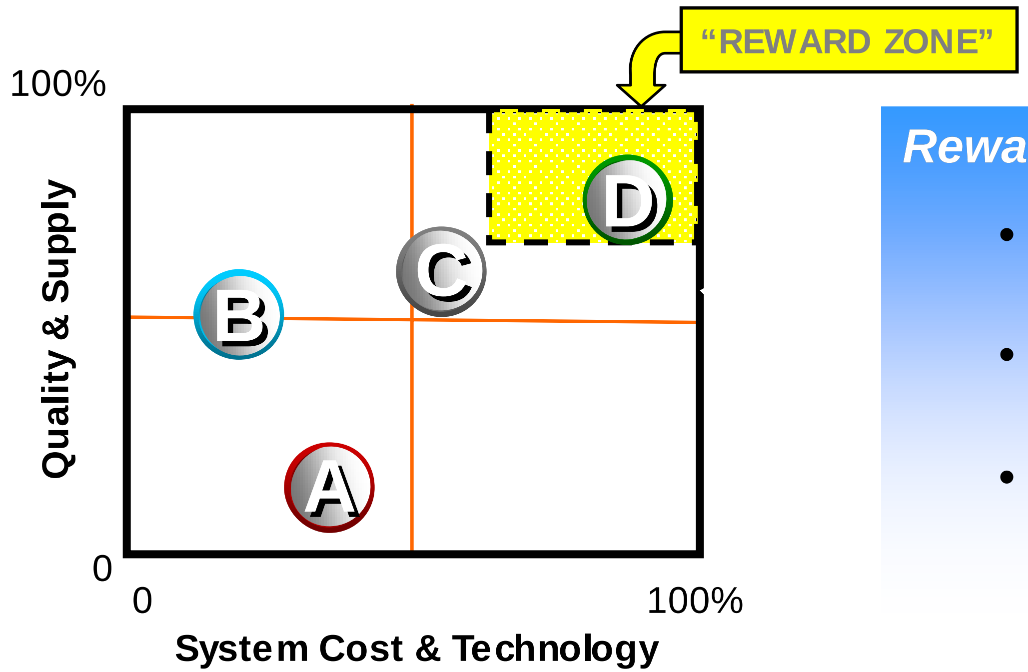


“Do More”



“Use Less”

Supplier performance is assessed and acted on



Rewarding the "best of the best"

- **Right-of-first refusal on resourced business**
- **First opportunity to pursue future rewards**
- **Become long-term partners through continued high performance**

Competitive assessment based on four value drivers: Quality, Technology, Supply, Cost

EXPAND TO A GLOBAL SUPPLY BASE

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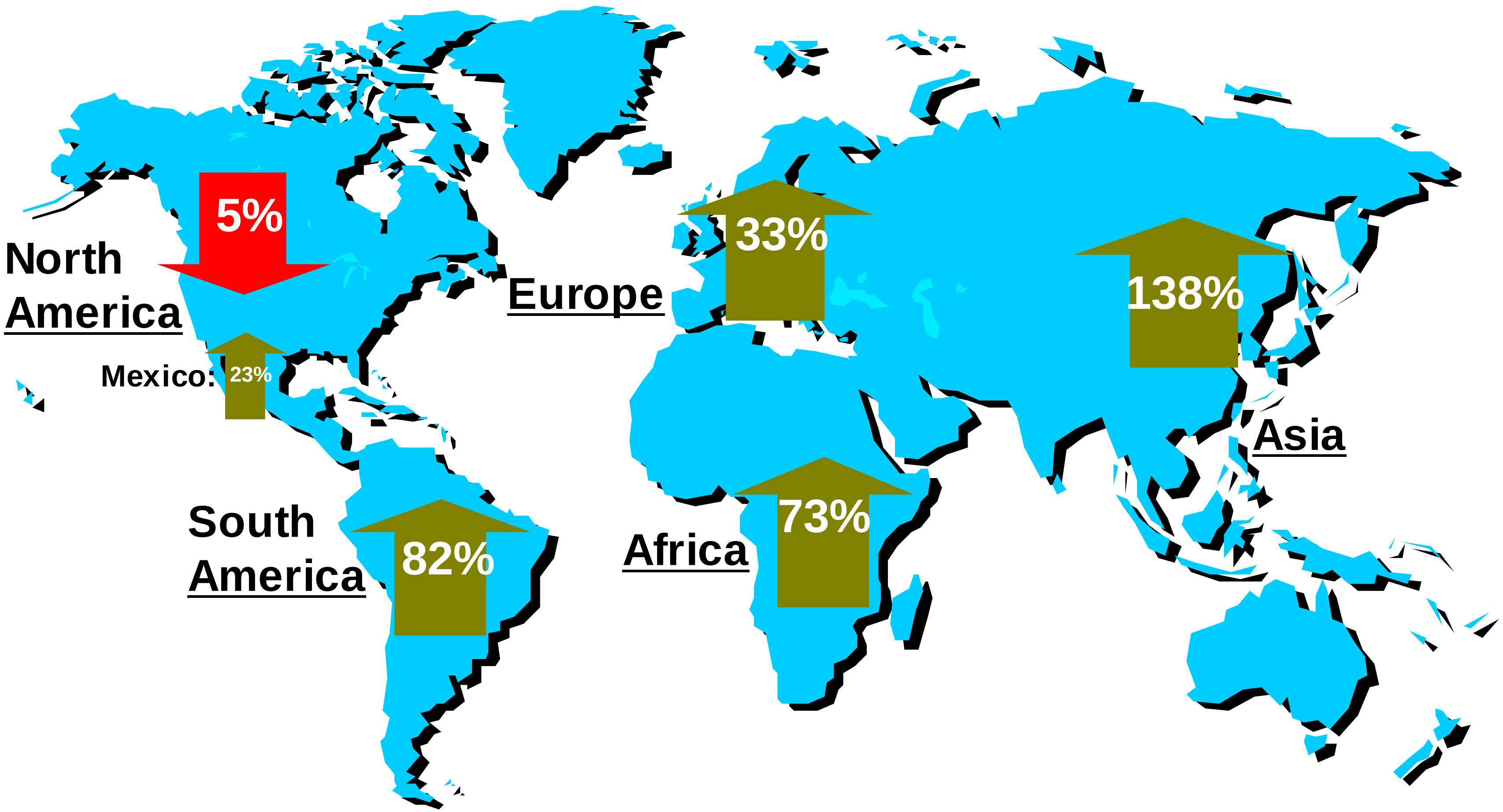
Expand beyond NAFTA based suppliers to optimize price and quality



QUALITY / WARRANTY IMPROVEMENT

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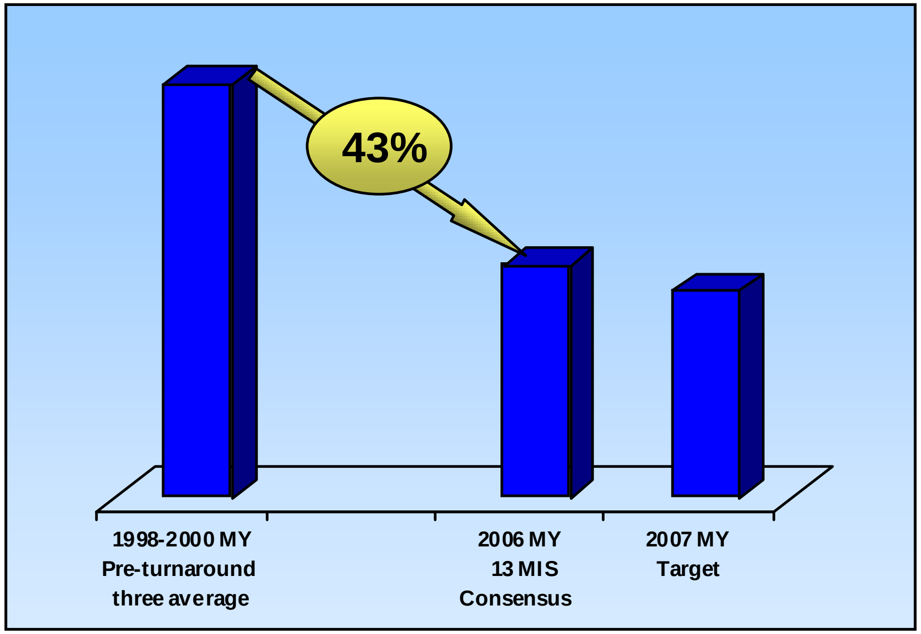
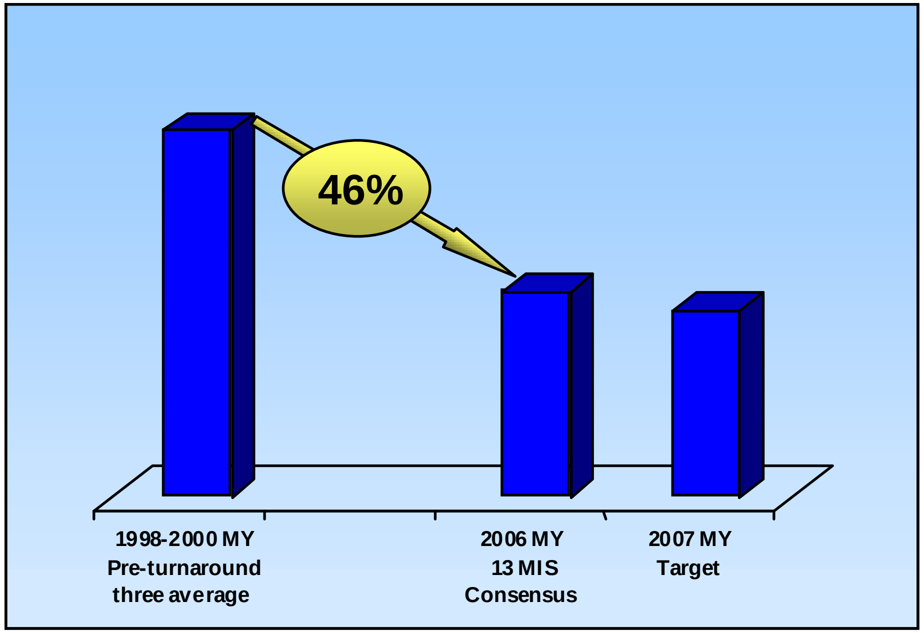
Product assault is accompanied by continual march on quality.

Goal:
Be Among the Best by 2007

Warranty Expense Per Unit Sold (EPUS)



Conditions per 1000 Vehicles (C/1000)



WORKFORCE REDUCTIONS

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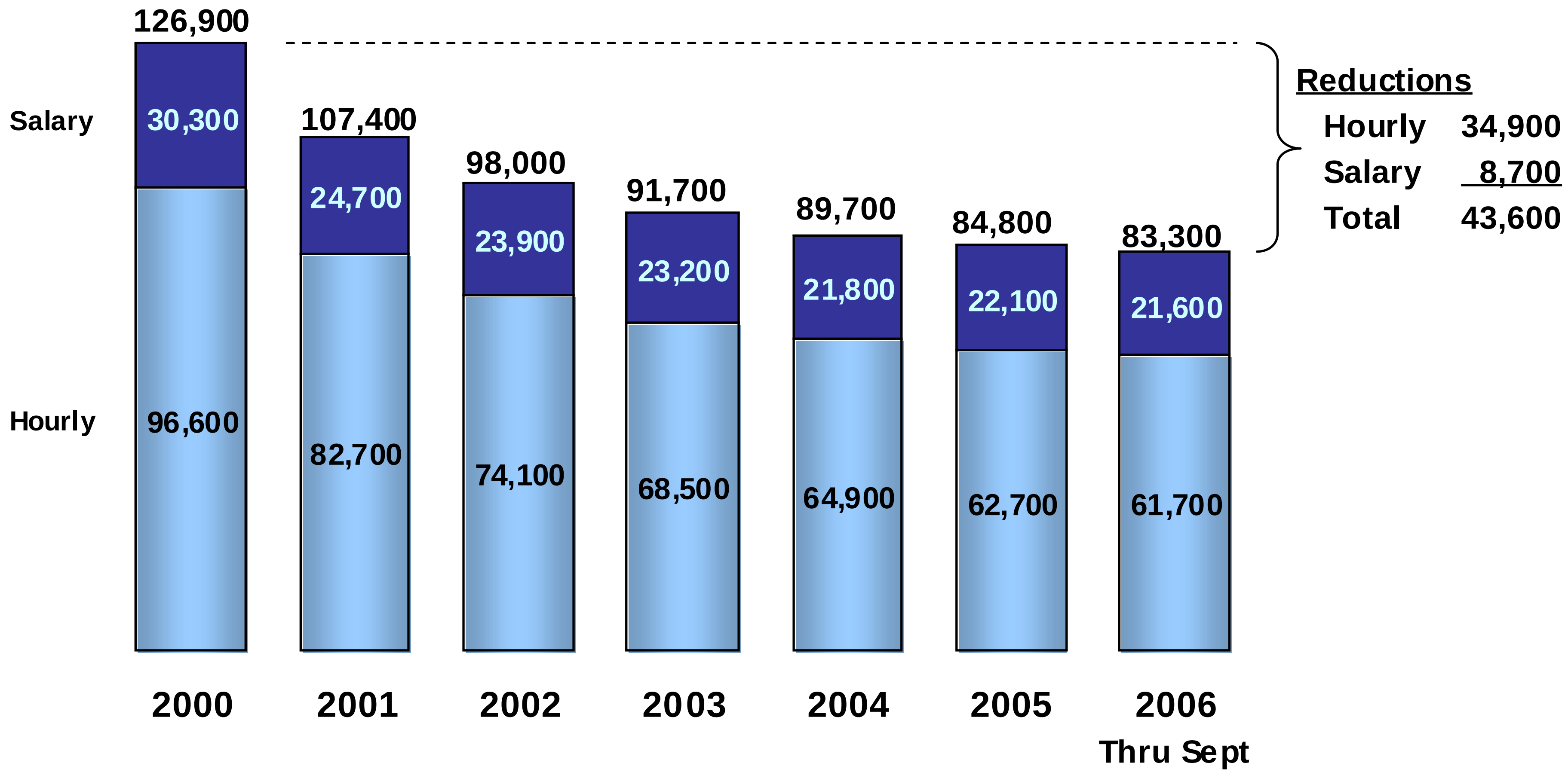
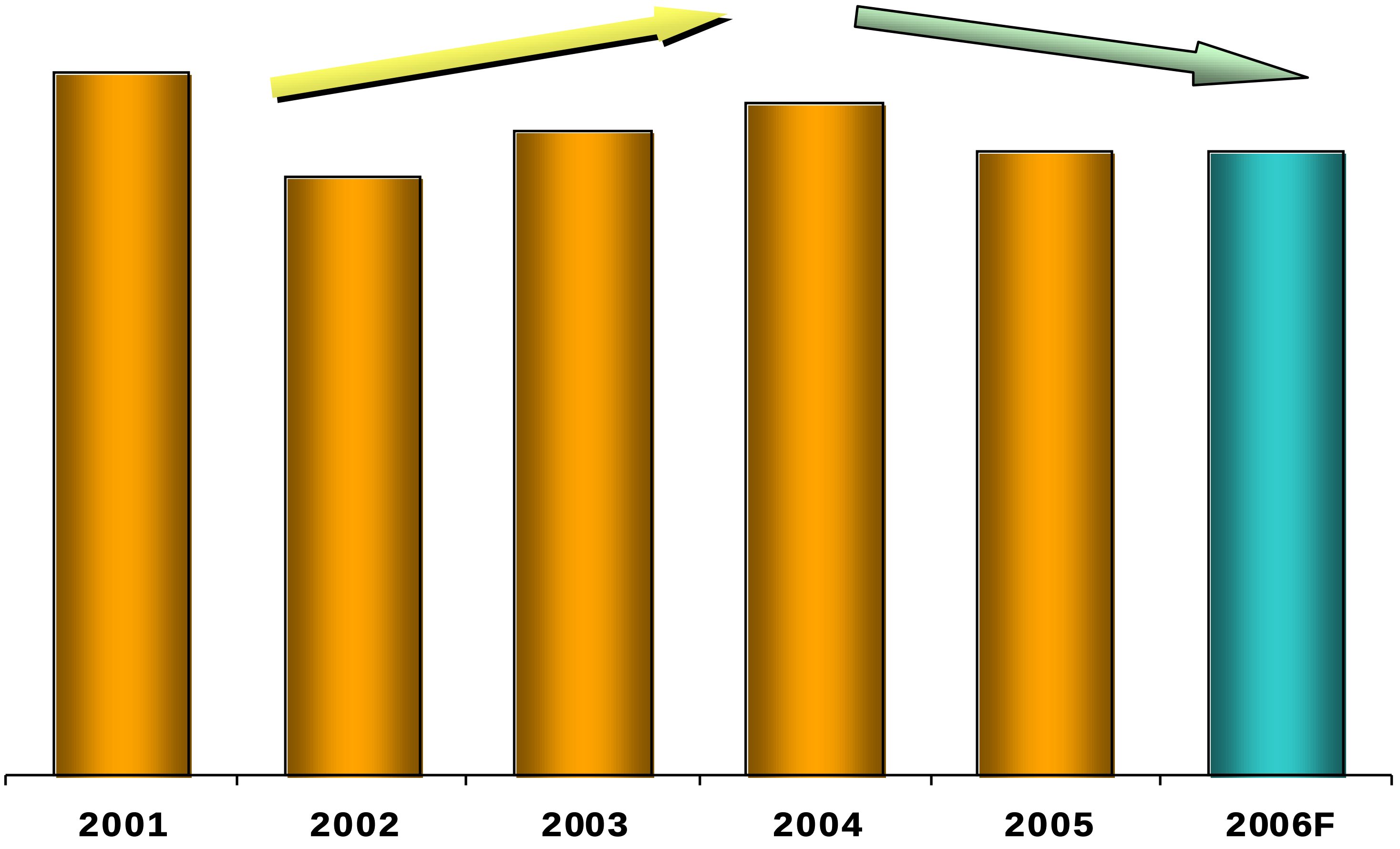
Workforce reductions have contributed to Chrysler Group's productivity and cost improvements



FIXED COSTS TREND



HEALTH CARE COSTS KEEP INCREASING

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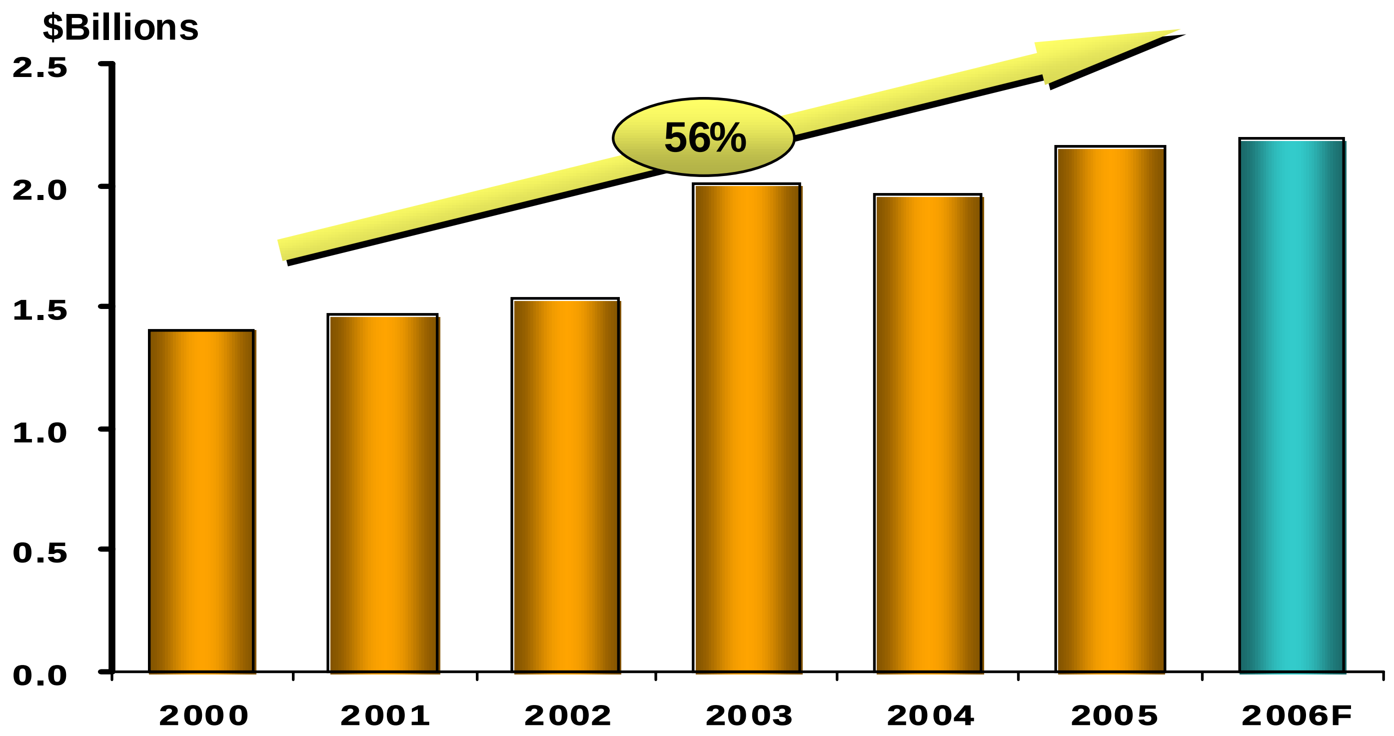
- **U.S healthcare cost inflation is expected to continue at high rates.**
- **Many initiatives are in place to control healthcare costs for both active and retirees.**
- **Chrysler Group is working with the UAW to obtain similar treatment for health care benefits as granted to GM and Ford.**



GLOBAL CHALLENGES AND REQUIREMENTS

GLOBAL CHALLENGES

FACTS

Increasing world population

Increasing energy demand

Limited energy supplies

Environmental effects of energy use

CONSEQUENCES

Development of new technologies

Efficient use of energy

Use of all energy carriers

Use of environment protecting technologies

REQUIREMENTS FOR THE CAR

LEGISLATION

Safety

Consumption

Emissions

Noise

CUSTOMER

Manufacturing cost

Driving pleasure

Operating cost

Sound

Recycling

Resources

ENVIRONMENT

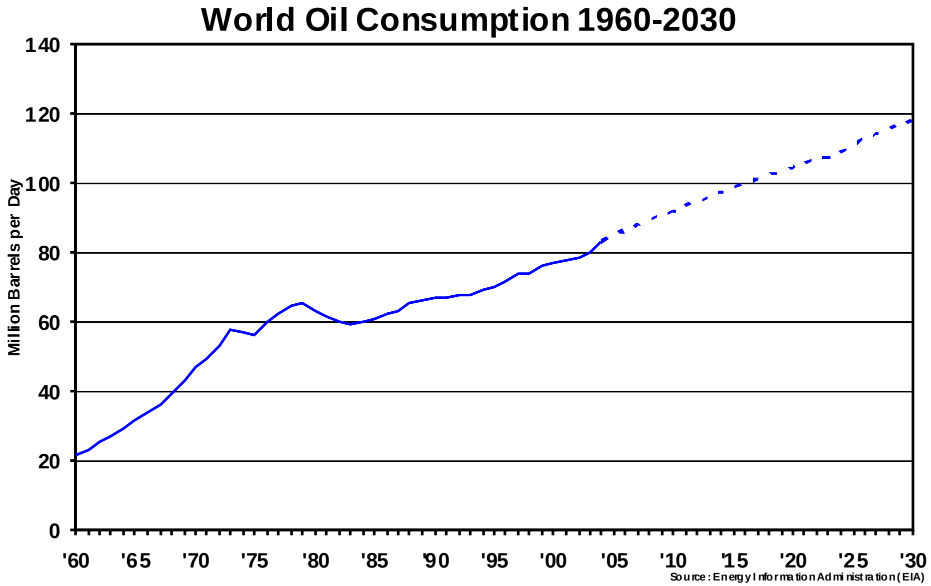
TO DO´s

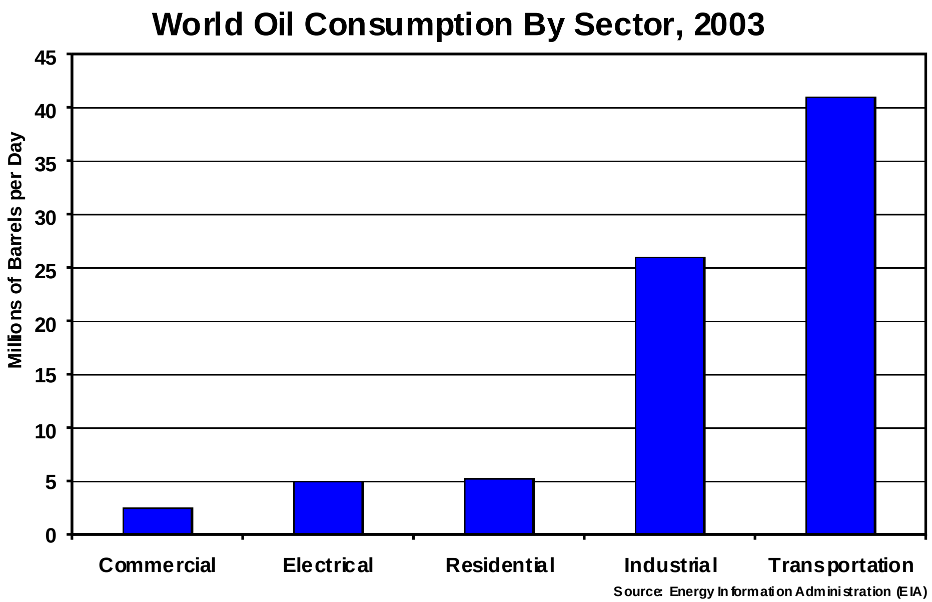
Reduce CO_2 Emissions

Increase Fuel Economy

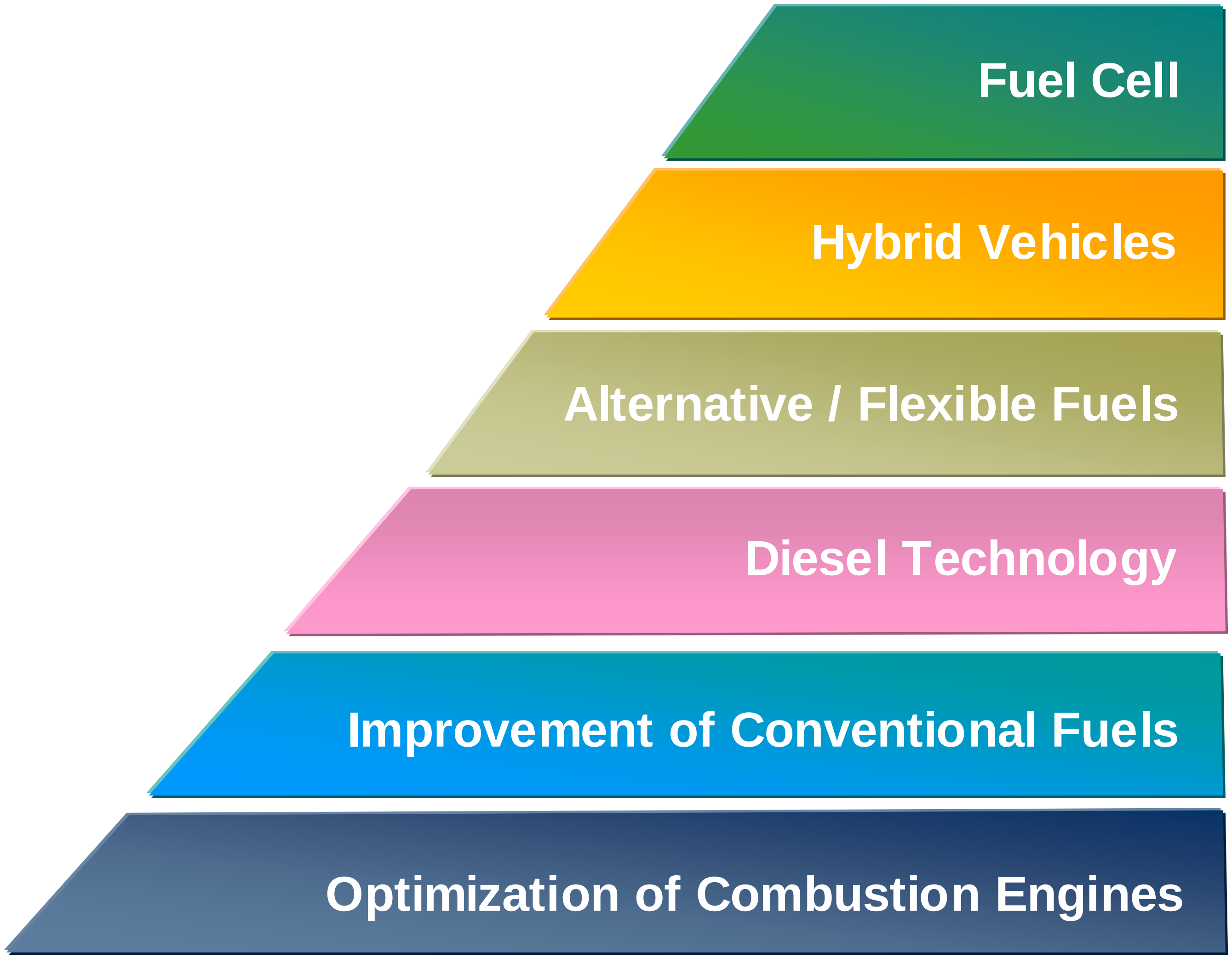
GLOBAL PETROLEUM PERSPECTIVE

- Global demand for petroleum is increasing
  - Consumption by emerging economies like China are projected to grow by 50% in the next 5-10 years
- Supply is constrained:
  - Geopolitical unrest
  - “Acts of God” such as Hurricane Katrina
- Political challenges exist to reduce greenhouse gas emissions while still fulfilling society’s mobility needs
- The transportation sector consumes more than one half of the worlds oil
  - The automobile represents a large portion of the transportation sector





PATHWAY OF PROPULSION



GLOBAL ENGINE MANUFACTURING ALLIANCE (GEMA)

World Engine:

Partners: MMC and HMC

4 Cylinder Aluminum Engines

Displacements: 1.8L, 2.0L, 2.4L

Two plants in U.S. (5 Plants WW)

WORLD ENGINE / CVT TECHNOLOGY
VEHICLE APPLICATIONS

	World Engine	CVT	Over 30 MPG
Dodge Caliber	X	X	X
Jeep Compass	X	X	X
Jeep Patriot	X	X	X
Chrysler Sebring	X		X

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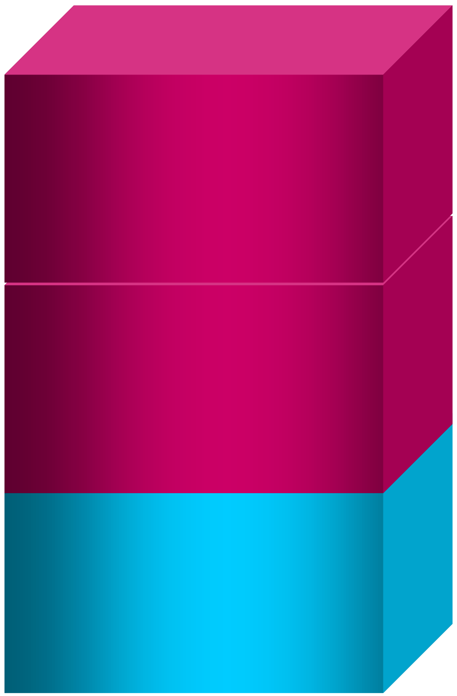
Nearly 50% of all new cars sold in Europe are diesel



2/3 of Chrysler Group vehicles sold in Europe are diesel powered

According to EPA, a 33% diesel market penetration would save up to 1.4 Million barrels of oil per day in the US

- The worlds cleanest diesel
- Capable of achieving 50-state emissions

ETHANOL (E85): FLEXIBLE FUEL

1.5 Million

Chrysler Group total
E-85 Flex Fuel Vehicles
sales since 1998

250,000

FFV production in 2007

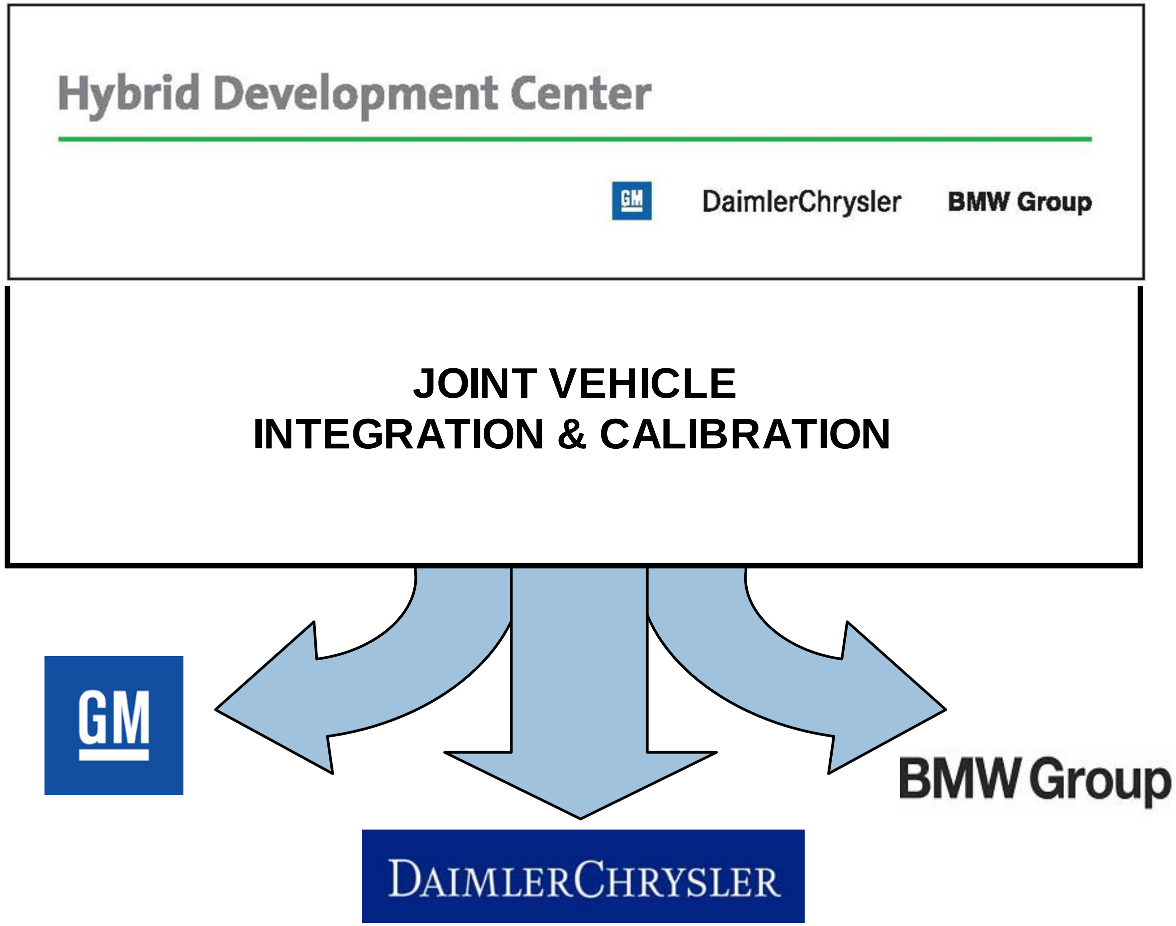
500,000

FFV production in 2008

ETHANOL INFRASTRUCTURE – MIDWEST

State	Fueling Locations	Refineries	E85 Pumps
Minnesota	210	17	215
Ohio	9	3	11
Michigan	10	4	12

HYBRID JOINT VENTURE – DCX / GM / BMW



Independent vehicle integration ensures the brand specific character of the product.

Cooperative Benefits:

- **Sets standards with a family of products**
- **Increases technical expertise**
- **Shares elements of cost, risk, and benefits**
- **Pools volume leading to economies of scale**
- **“Leap frog” existing technology**

2006 Sales Development

GLOBAL SALES AND SHARE

2006 CY Sales

	U.S.	Canada	Mexico	International
Sales (Day rate basis)	-7%	+2%	+3%	+15%
Market Share	-0.6	0.0	0.2	N/A

CHRYSLER GROUP U.S. DEALER INVENTORY

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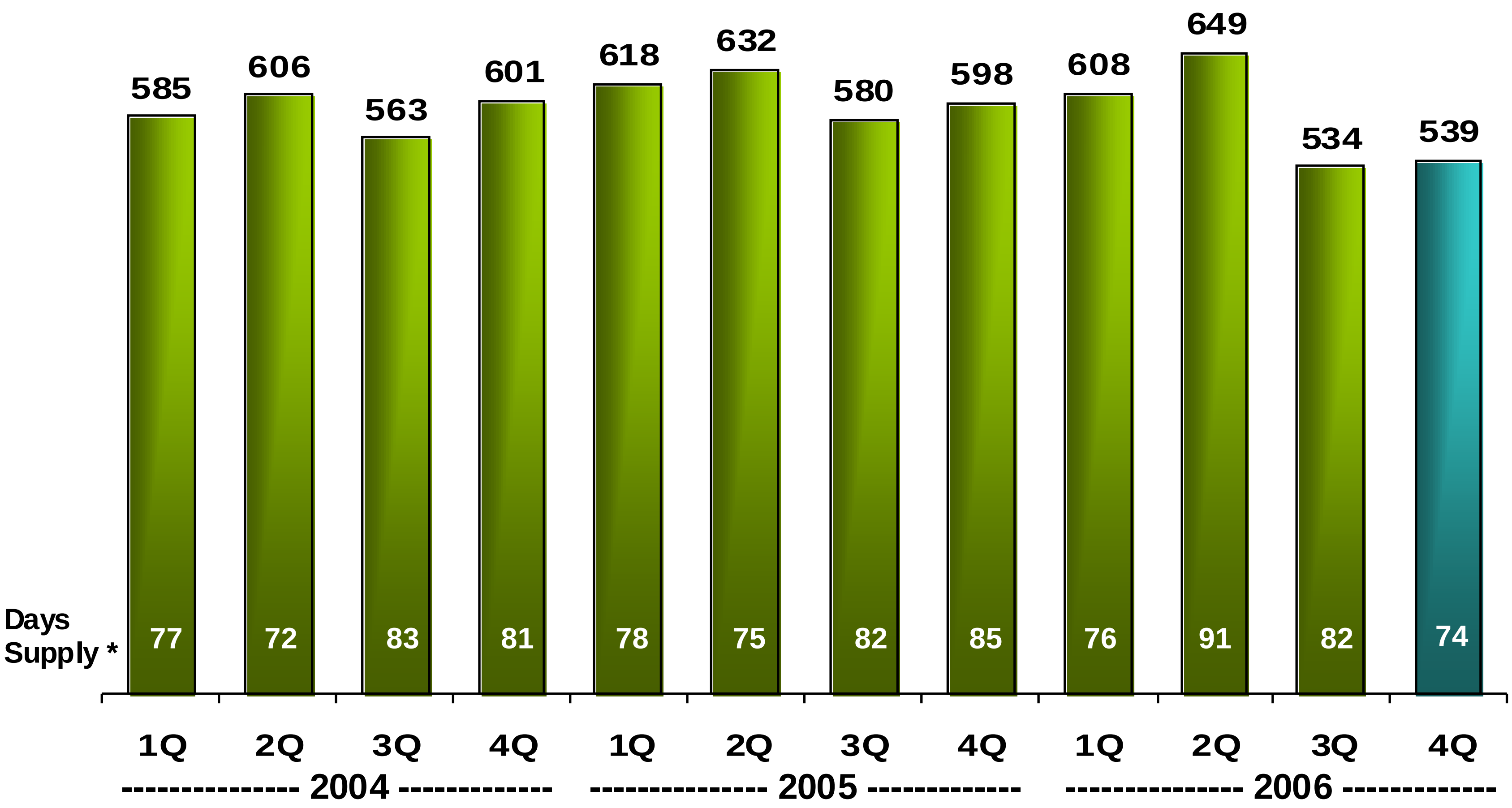
(000's Units)



*** - Based on Day Rate***

U.S. SALES MIX SHIFT

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2006 CY U.S. Sales

	Industry % of total		Change 2006 vs. 2005	Chrysler Group % of total		Change 2006 vs. 2005
Pickup	17%	45% of total sales	↓ 11%	21%	64% of total sales (72% of retail only sales)	↓ 13%
SUV	22%		↓ 4%	26%		↓ 6%
Minivan	6%		↓ 7%	17%		↓ 9%
Sp. Tourer	4%		↑ 10%	11%		↓ 4%
Car	46%		↑ 1%	24%		↓ 3%
Other	5%		↑ 5%	1%		↑ 10%
TOTAL	100%		↓ 2%	100%		↓ 7%

NETWORK OPTIMIZATION

Over 200 dealerships under contract for sizeable improvements

Expected over 500 dealerships to be completed by 2008

- **GOAL - Fewer, more profitable dealers strategically located in appropriately sized territories / operating within a highly competitive business model**
- **Only where appropriate to gain a competitive advantage**

EXAMPLE – JON MEYERS, NAPLES (FL) DODGE

Service & Parts Focus

Investment in people and Processes
Proven Results – 2004 vs. 2005

Customer Pay Labor	*+28%*
Customer Pay Parts	*+21%*
Mechanical Dept. Sales	*+17%*

INTERNATIONAL STRATEGY

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Chrysler Group sells and services vehicles in more than 125 countries

International operations account for approximately 8 percent of the Company's total global sales; growing to 9% or more in 2007.

INTERNATIONAL GROWTH THROUGH PRODUCT

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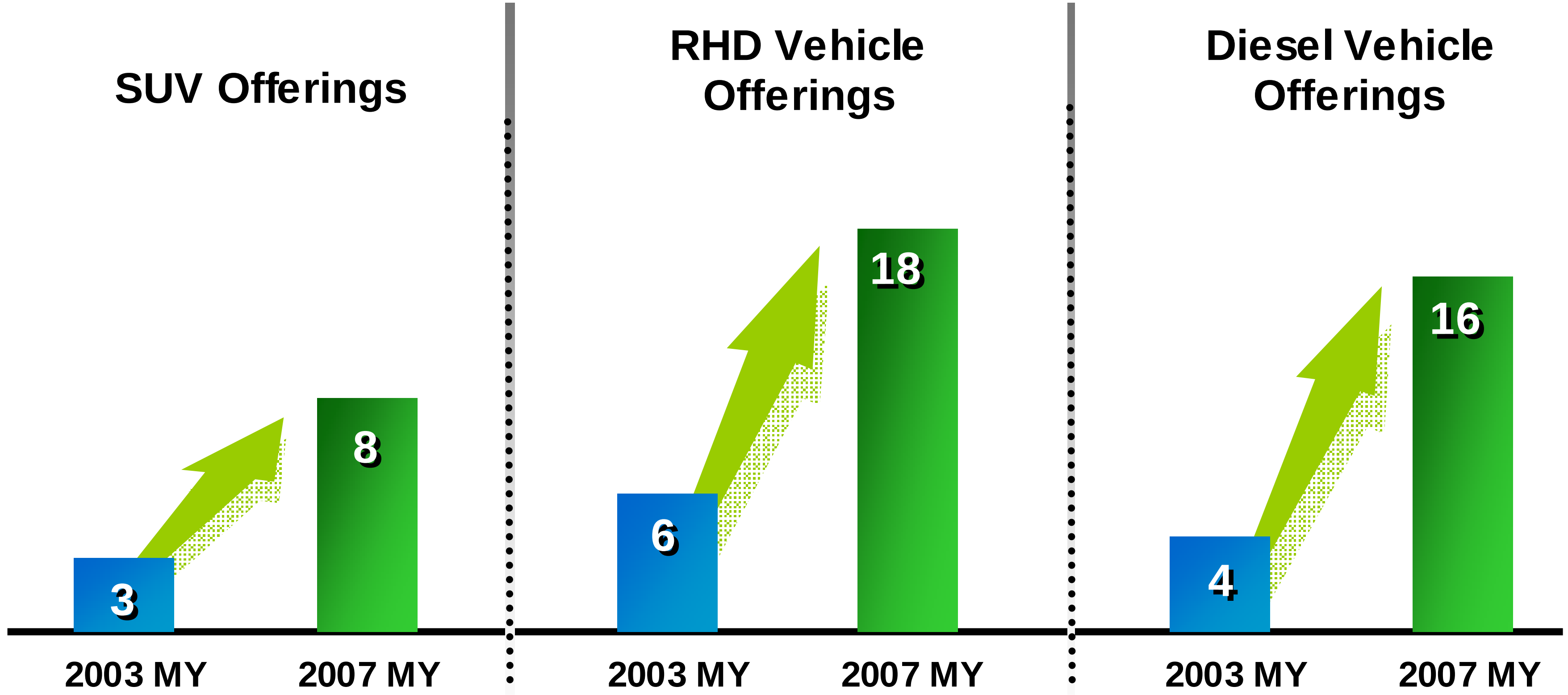

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TOP 10 CG INTERNATIONAL MARKETS

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		2006 CY	2005 CY	Change (%)
1	Italy	21,260	18,967	+12%
2	U. K.	20,572	14,715	+40%
3	Germany	16,820	15,624	+8%
4	Venezuela	16,367	12,483	+31%
5	Spain	13,621	10,126	+35%
6	France	10,423	8,960	+16%
7	China	10,096	16,529	-39%
8	Australia	9,065	7,526	+20%
9	Puerto Rico	7,594	8,799	-14%
10	South Africa	6,335	6,564	-4%

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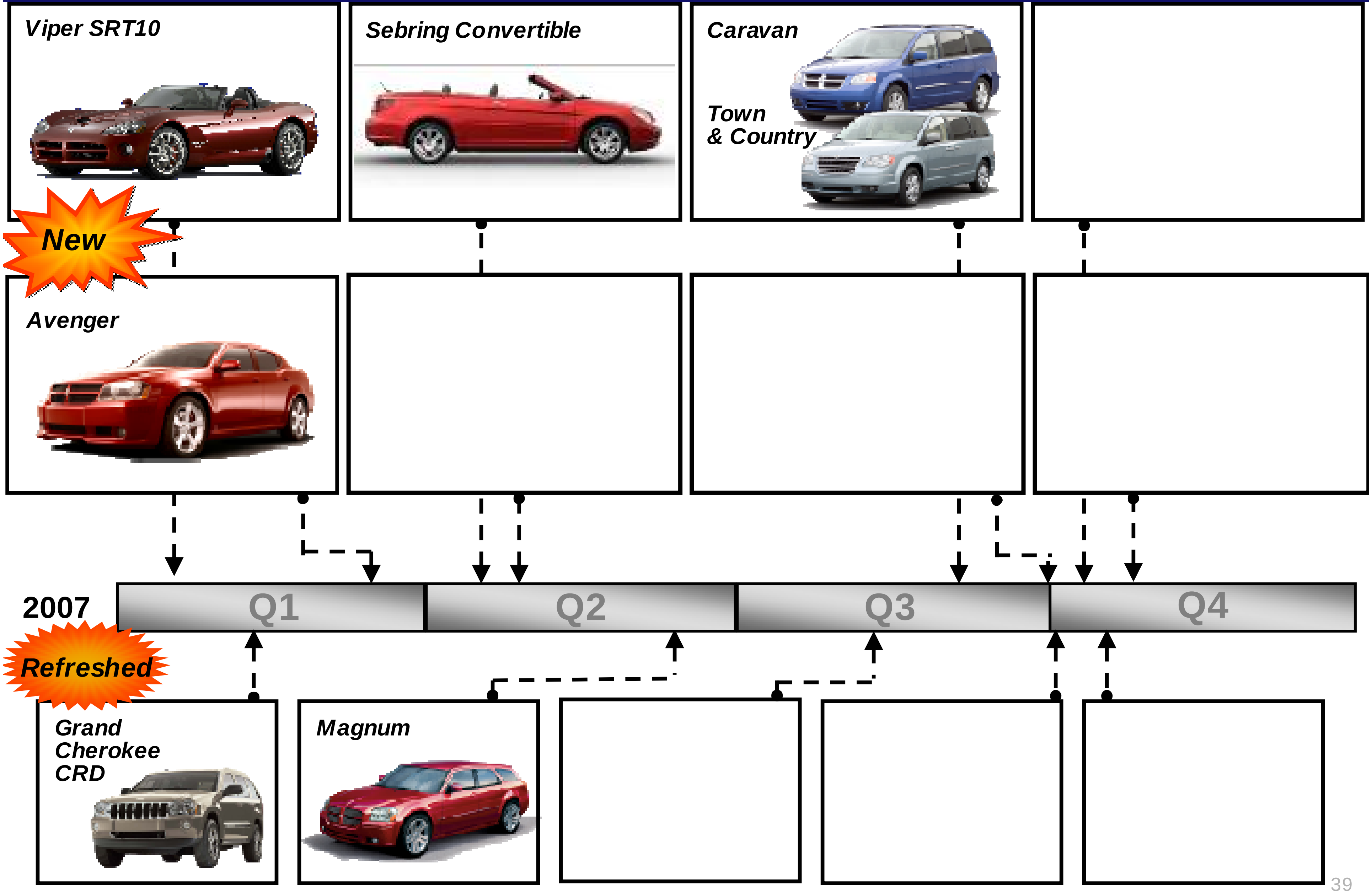
8 NEW PRODUCTS & 5 FRESHENINGS IN 2007



AUTO SHOW CONCEPT VEHICLES

COMPLETE AND DISCIPLINED EXECUTION TO OPTIMIZE VALUE ACROSS THE ORGANIZATION

- **Guiding principles will be determined by what is needed to run the business on a benchmark level and what is needed to keep it sustainable**

- **Strategic initiatives will be aimed at:**
  - **Increasing efficiency and flexibility**
  - **Achieving and sustaining a competitive cost position**
  - **Reducing fixed cost and net assets**
  - **Increasing revenues and margin**

- **Focus will be on strategic initiatives aimed at maximizing return objectives**

OPTIMIZATION PLAN

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CHRYSLER GROUP OPTIMIZATION PROGRAM IS STRUCTURED TO ENSURE COMPLETE TRANSPARENCY AND AID DECISION MAKING

Chrysler Group Executive Committee

Program-Office

WM1	Product Strategy / Portfolio Management	• Right New Products • Right Cost/Investment Position
WM2	Fixed Cost Management	• Rightsizing • Future Breakeven
WM3	Structural Changes/ Manufacturing	• Manpower Alignment • Capacity Utilization
WM4	Material Costs Management	• Global Best Practices • Global Supply Base Rationalization • Cost Reductions
WM5	Revenue Management	• Top Line Growth • Continuation of Year-Over-Year Gains
WM6	Quality	• Improve Customer Focus • Integrate Across Value Chain • Warranty Cost Reduction
WM7	Capital Management	• Benchmarking • Investment Efficiency

WM – Work Module

DISCLAIMER

This presentation contains forward-looking statements that reflect management's current views with respect to future events. The words "anticipate," "assume," "believe," "estimate," "expect," "intend," "may," "plan," "project" and "should" and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties, including, but not limited to: an economic downturn in Europe or North America; changes in currency exchange rates, interest rates and in raw material prices; introduction of competing products; increased sales incentives; the effective implementation of our new management model, and the CORE program, including the new business model for smart, at the Mercedes Car Group; renewed pressure to reduce costs in light of restructuring plans announced by our major competitors in NAFTA; the ability of the Chrysler Group to reduce dealer inventories with current incentive programs and respond to a shift in market demand for smaller, more fuel efficient vehicles; lower profit contributions by EADS due to delays in deliveries of the Airbus A380; disruption of production or vehicle deliveries, resulting from shortages, labor strikes or supplier insolvencies; the resolution of pending governmental investigations; and decline in resale prices of used vehicles. If any of these or other risks and uncertainties occur (some of which are described under the heading "Risk Report" in DaimlerChrysler's most recent Annual Report and under the heading "Risk Factors" in DaimlerChrysler's most recent Annual Report on Form 20-F filed with the Securities and Exchange Commission), or if the assumptions underlying any of these statements prove incorrect, then actual results may be materially different from those expressed or implied by such statements. We do not intend or assume any obligation to update any forward-looking statement, which speaks only as of the date on which it is made.