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FCA and GAC Announce Major Developments In Joint Venture Project

- Localized production of Chrysler brand vehicle; joins localized Fiat passenger car portfolio
- Recommits to full line SUV offering through Jeep brand
- Establishes distinct commercial operation
- Creates framework for future dealer network through best performing dealers from existing Chrysler and Guangzhou Fiat

November 19, 2014, Guangzhou, China - Fiat Chrysler Automobiles N.V. (FCA) and Guangzhou Automobile Industry Group Co., Ltd. (GAC) today announced a preliminary agreement that would expand cooperation and further strengthen the GAC Fiat joint venture, which includes production of a Chrysler brand vehicle in China.

Chrysler Brand to China

FCA and GAC have agreed to bring a localized Chrysler product to China, adding it to the existing Fiat brand offering to create a formidable passenger car brand lineup. GAC Fiat will have access to the Fiat and Chrysler brand products announced during the FCA May 2014 Investor Day. Product announcements will be made at a future date.

Recommitment to full SUV lineup through Jeep

GAC Fiat also reaffirms its commitment to a full sport-utility vehicle (SUV) offering through the legendary Jeep brand with the localized production of three new Jeep models by the end of 2016. By 2018, the Jeep brand will have one of the most complete SUV portfolios in China ranging from subcompact SUVs to full-size luxury SUVs. Whether imported or localized, all Jeep products in China will honor the global core values of Jeep -- authenticity, passion, adventure and freedom.

Distinct Commercial and Industrial Activities

In addition, the preliminary agreement includes the separation of commercial and industrial activities. The distinct entities will provide support and management in working toward the successful launch of the approved product plan, including the introduction of a second vehicle plant in Guangzhou.

A joint commercial operation will be established that will be responsible for all Sales, Marketing, Product Planning and Aftersales development of Jeep, Fiat and Chrysler brands. This operation will have responsibility for both locally produced and imported products.

The industrial operations based in Changsha will continue to support both the Changsha and Guangzhou vehicle and powertrain manufacturing plants. This industrial group will retain responsibility for all GAC Fiat manufacturing activities including assembly, quality, product engineering and supply chain management.

Future Dealer Network

As part of the preliminary agreement, GAC and FCA will work to start laying the foundation for the aggressive network expansion required to support the development of SUVs through Jeep and passenger cars through the Fiat and

Chrysler brands

The best-performing dealers from the two existing networks in China will form the basis of both the Jeep SUV network and the Fiat /Chrysler passenger car network. Further investors will be required to support the doubling of both networks by 2018.

Zhang Fangyou, Chairman of GAC said, "CAG will take advantage of this opportunity to collaborate with leading auto brands from Europe and the United States to advance our globalization process, to achieve a more balanced growth, and to provide more options and better services for consumers."

"China is a market of strategic importance to FCA in the next five years," said John Kett, General Manager of Fiat Chrysler APAC and Head of the Jeep Brand APAC, Fiat Chrysler Automobiles. "Collectively the import brands of Chrysler, Jeep and Dodge, in addition to the localized brands of Fiat, have the group ranked as the fastest growing brands in China. This plan will accelerate our volume and market share growth at significant speed, and will enable us to deliver the commitment that we laid out on this year's FCA investor day by growing our sales volume in China to 760,000 by 2018."

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