SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

Annual report pursuant to section 13 and 15(d)

Filing Date: **2013-03-07** | Period of Report: **2012-12-31**
SEC Accession No. 0001193125-13-096234

(HTML Version on secdatabase.com)

FILER

Chrysler Group LLC

CIK:**1513153**| IRS No.: **270187394** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **10-K** | Act: **34** | File No.: **000-54282** | Film No.: **13674209**
SIC: **3711** Motor vehicles & passenger car bodies

Mailing Address
1000 CHRYSLER DRIVE
AUBURN HILLS MI 48326

Business Address
1000 CHRYSLER DRIVE
AUBURN HILLS MI 48326
800-247-9753

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

(Mark One)

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2012

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission file number 000-54282

CHRYSLER GROUP LLC

(Exact name of Registrant as Specified in its Charter)

DELAWARE	**27-0187394**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**
1000 Chrysler Drive **Auburn Hills, Michigan**	**48326**
(Address of Principal Executive Offices)	**(Zip Code)**

(248) 512-2950

(Registrant' s Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:
None

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant' s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K, or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☑ (Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

There is no public market for our equity securities. As of March 7, 2013, there were 1,632,654 Class A Membership Interests issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None.

Table of Contents

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES

2012 ANNUAL REPORT ON FORM 10-K

INDEX

Table of Contents

Unless otherwise specified, the terms “we,” “us,” “our,” “Chrysler Group” and the “Company” refer to Chrysler Group LLC and its consolidated subsidiaries, or any one or more of them, as the context may require. “Old Carco” refers to Old Carco LLC f/k/a Chrysler LLC and its consolidated subsidiaries, or any one or more of them, as the context may require. “Fiat” refers to Fiat S.p.A., a corporation organized under the laws of Italy, its consolidated subsidiaries (excluding Chrysler Group) and entities it jointly controls, or any one or more of them, as the context may require.

INDUSTRY DATA

In this report, we include and refer to industry and market data obtained or derived from internal surveys, market research, publicly available information and industry publications. Industry publications and surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. Although we believe that this information is reliable, we have not independently verified the data from third-party sources. Similarly, while we believe our internal estimates with respect to our industry are reliable, our estimates have not been verified by any independent sources. While we believe the industry data presented in this report is reliable, our estimates, in particular as they relate to market share and our future expectations, involve risks and uncertainties and are subject to change based on various factors, including those discussed under *Item 1A. Risk Factors.*

PRESENTATION OF RESULTS

As used in this report, all references to the Company, Chrysler Group and any results of operations (i) on and after June 10, 2009 refer only to Chrysler Group LLC and (ii) for the period from January 1, 2008 through June 9, 2009 refer only to Old Carco. Any full-year 2009 information contained in this report includes the combined results of Chrysler Group LLC and Old Carco LLC.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements that reflect our current views about future events. We use the words “anticipate,” “assume,” “believe,” “estimate,” “expect,” “will,” “intend,” “may,” “plan,” “project,” “should,” “could,” “seek,” “designed,” “potential,” “forecast,” “target,” “objective,” “goal,” or the negatives of such terms or other similar expressions. These statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. These risks and other factors include those listed under *Item 1A. Risk Factors* and elsewhere in this report. These factors include, but are not limited to:

- continued economic weakness, elevated unemployment levels and low consumer confidence, especially in North America, where we sell most of our vehicles;
- the impact of sustained weak economic conditions in several European nations in which we plan to increase sales of Chrysler Group vehicles, and where Fiat, our alliance partner, is organized and derives significant revenues;
- our ability to realize benefits from our industrial alliance with Fiat;
- our ability to increase vehicle sales outside of North America;
- our ability to regularly introduce new and significantly refreshed vehicles that appeal to consumers;

our ability to execute new vehicle launches and keep pace with demand for certain of our vehicles and components without eroding our quality or incurring unanticipated costs;

increases in fuel prices that may adversely impact demand for certain of our best-selling, higher margin vehicles;

competitive pressures that may limit our ability to reduce sales incentives, achieve better pricing and grow our profitability;

the potential inability of our dealers and customers to obtain affordably priced financing on a timely basis due to our current lack of a captive finance company, and our upcoming transition to a new private-label financing provider;

our ability to control costs and implement cost reduction and productivity improvement initiatives;

disruption of production or delivery of new vehicles due to shortages of materials, including supply disruptions resulting from natural disasters, labor strikes or supplier insolvencies;

changes and fluctuations in the prices of raw materials, parts and components;

our ability to accurately forecast demand for our vehicles, especially in light of the lead time required to adjust our manufacturing capabilities;

our substantial indebtedness and limitations on our liquidity that may limit our ability to execute our business plan;

changes in currency exchange rates and interest rates;

changes in laws, regulations and government policies, particularly those relating to vehicle emissions, fuel economy and safety;

the impact of vehicle defects and/or product recalls; and

interruptions to our business operations caused by information technology systems failures arising from our transition to new, enterprise-wide software systems or from potential cyber security incidents.

If any of these risks and uncertainties materialize, or if the assumptions underlying any of our forward-looking statements prove incorrect, then our actual results, level of activity, performance or achievements may be materially different from those we express or imply by such statements. The risks described in *Item 1A. Risk Factors* of this report are not exhaustive. Other sections of this report describe additional factors that could adversely affect our business, financial condition or results of operations. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time and we cannot predict all such risk factors, nor can we assess the impact of all such risks on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those implied by any forward-looking statements. In addition, any forward-looking statements are based on the assumption that the Company maintains its status as a partnership for U.S. federal and state income tax purposes and do not consider the impact of a potential conversion into a corporation. We do not intend, or assume any obligation, to update these forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and included elsewhere in this report.

PART I

Item 1. Business.

Chrysler Group Overview

Chrysler Group designs, engineers, manufactures, distributes and sells vehicles under the brand names Chrysler, Jeep, Dodge, and Ram. As part of our industrial alliance with Fiat, described below, we also manufacture Fiat vehicles in North America, which we distribute for ourselves throughout North America and sell to Fiat for distribution elsewhere in the world. Our product lineup includes passenger cars, utility vehicles, which include sport utility vehicles and crossover vehicles, minivans, pick-up trucks, and medium-duty trucks. In 2013, we plan to add commercial vans to our product lineup. We also sell automotive service parts and accessories under the Mopar brand name. Our products are sold in more than 120 countries around the world. The majority of our operations, employees, independent dealers and sales are in North America, primarily in the U.S. Approximately 10 percent of our vehicle sales in 2012 were outside North America, principally in Asia Pacific, South America and Europe.

In June 2009 and as part of the 363 Transaction described below, we entered into an alliance with Fiat pursuant to which Fiat became our principal industrial partner. The Fiat alliance provides us with a number of long-term benefits, including access to new vehicles, platforms and powertrain technologies, particularly with respect to smaller, more fuel-efficient vehicles, as well as commercial vehicles. The alliance also allows us to streamline global distribution of both companies' products, and to realize procurement benefits in light of our combined purchasing volume.

Formation of Chrysler Group

Chrysler Group is a Delaware limited liability company. It was formed on April 28, 2009 to complete the transactions contemplated by the master transaction agreement dated April 30, 2009 under which Chrysler Group agreed to purchase the principal operating assets of Old Carco and its principal domestic subsidiaries, to assume certain of their liabilities, and to purchase the equity of Old Carco's principal foreign subsidiaries. Old Carco and its principal domestic subsidiaries then filed for bankruptcy protection and sought approval under section 363 of the U.S. Bankruptcy Code for the transaction contemplated by the master transaction agreement, which we refer to as the 363 Transaction. As part of a larger effort to stabilize the automotive industry and the U.S. and Canadian economies in 2009, the U.S. and Canadian governments indicated their willingness to fund the 363 Transaction and to provide working capital to fund our operations following the 363 Transaction. We closed the 363 Transaction on June 10, 2009, and entered into credit agreements with the United States Department of the Treasury, or U.S. Treasury, and with Export Development Canada, or EDC.

As part of the 363 Transaction, we also entered into a master industrial agreement with Fiat, which has significantly accelerated our efforts to revitalize and reshape our product portfolio through the manufacture of fuel-efficient vehicles utilizing Fiat technology, and has helped us benefit from the managerial experience Fiat leaders gained during Fiat's own industrial recovery. Refer to *Item 13. Certain Relationships and Related Transactions, and Director Independence −Transactions with Fiat*, for additional information related to our alliance with Fiat.

In connection with the closing of the 363 Transaction, we issued membership interests to the United Auto Workers' Retiree Medical Benefits Trust, or the VEBA Trust, Fiat, U.S. Treasury, and Canada CH Investment Corporation, a wholly-owned subsidiary of the Canada Development Investment Corporation, a Canadian federal Crown corporation, or Canadian Government, in exchange for capital contributions and in consideration of the transactions contemplated by the master transaction agreement. The VEBA Trust was established to provide for postretirement health care benefits under an agreement with the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America, or the UAW. We refer in this report to the economic and voting rights associated with our membership interests as ownership interests. As a result of a series of transactions during 2011 and early 2012 that were contemplated in our governance documents and certain other agreements, our continuing members are now Fiat, which holds a 58.5 percent ownership interest in us, and the VEBA Trust, which holds the remaining 41.5 percent ownership interest in us. Fiat has since exercised its call option right to increase its ownership in us by 6.6 percent, but those transactions have yet to be completed. See *Item 10. Directors, Executive Officers and Corporate Governance* −*Corporate Governance* −*Transfer of Membership Interests*.

Old Carco is treated as our predecessor for financial reporting purposes. For that reason, this report includes financial information for Old Carco for periods prior to June 10, 2009.

Our 2010-2014 Business Plan

We have continued to progress against the business plan and related performance targets we announced on November 4, 2009 for the 2010 through 2014 period, or the 2010-2014 Business Plan. We have implemented a number of the initiatives highlighted in the business plan that were designed to bring significant changes to our business, including investing in our brands and new product development, leveraging our alliance with Fiat, improving supply chain management, optimizing our dealer network and building a workforce culture of high performance. Our business plan includes targets for vehicle sales and market share growth, profitability improvements and increased liquidity.

Specifically, we have focused on implementing our business plan by:

- rejuvenating our product lineup with the launch of more than 20 new or significantly refreshed vehicles since our formation in mid-2009, each of which possesses individualized characteristics that are more closely aligned with our newly refined brands;

- collaborating with Fiat on common platform architectures and technologies in order to produce desirable vehicles with improved quality and fuel economy at a lower overall cost, such as the Dodge Dart that we launched for retail sale in 2012 and the all-new Fiat 500L and Jeep Cherokee that we are preparing to launch in 2013;

- introducing innovative, industry-leading technology such as the 8-speed transmission, which, when equipped with our award-winning Pentastar V-6 engine, improves performance and affords best-in-class highway fuel economy for our new Ram 1500, Chrysler 300 and Dodge Charger;

- optimizing the global distribution of both Chrysler Group and Fiat vehicles by transitioning our sales and distribution operations within Europe to Fiat, by taking the final steps to rationalize our U.S. dealer network, and by initiating other opportunities to combine aspects of our respective sales channels;

- systemizing and improving our procurement, manufacturing, quality and supply chain functions; and

- continuing to refine our management organization to speed decision-making and to capitalize on the benefits of the Fiat alliance.

In addition, we have improved the availability of competitive financing sources to our dealers and retail customers. We began on that path when we partnered with Ally Financial Inc., or Ally, in 2009. We plan to expand and improve upon our offerings to dealers and consumers beginning in May 2013, with the launch of Chrysler Capital, the brand name under which financing will be provided pursuant to a private-label agreement with Santander Consumer USA, Inc., or SCUSA. We will also maintain the supplemental sources of financing we have established with other providers. The results of these and other actions taken in connection with our business plan are described more fully under *Item 1. Business* −*Dealer and Customer Financing*.

Alliance with Fiat

Fiat is the parent company of one of Italy' s largest industrial groups and one of the early founders of the European automotive industry. It is a publicly traded company, the shares of which are listed on the *Borsa Italiana* and several other European stock exchanges. Fiat has historically operated a wide range of businesses in the automotive, industrial and finance sectors. Following a corporate demerger transaction that became effective on January 1, 2011, Fiat' s primary business is the design, engineering, manufacture and sale of automobiles and automobile-related components and production systems through its subsidiaries: Fiat Group Automobiles, Ferrari, Maserati, Magneti Marelli, Teksid, Comau and Fiat Powertrain Technologies. Fiat vehicles are sold primarily in Europe and South America, particularly Brazil.

Under the master industrial agreement and related ancillary agreements, Chrysler Group and Fiat have formed an industrial alliance under which the parties are collaborating on a number of fronts, including product/platform sharing and development, global distribution, procurement, information technology infrastructure, management services and process improvement. Collaborative initiatives between us and Fiat include:

Product and Platform Sharing −We are benefiting from Fiat' s products and expertise in mini, small and compact (A-, B- and C-segment) vehicle markets, as well as commercial vans, while Fiat is using our products and expertise in the mid- to large-size car and truck (D-, E- and F-segment) vehicle markets. Similarly, we are co-developing and sharing platforms with Fiat to save on the cost of development and parts, to improve our quality and time to market, and to simplify our manufacturing processes. In 2012, we launched the Dodge Dart, the first vehicle based upon the compact U.S. wide, or CUSW, platform we co-developed with Fiat.

Shared Technology −Through the Fiat alliance, we have introduced certain Fiat automotive technologies into our products, such as Fiat' s Fully Integrated Robotised Engine, or FIRE, that incorporates Fiat' s fuel-saving MultiAir technology. Such access has permitted us to save on the significant investment of capital and time to develop such technology on our own, and minimizes the risk that the newly-implemented technology may not be effective. We currently plan to launch a version of the Dodge Dart that incorporates the next generation Fiat technology, MultiAir II. We anticipate using Fiat' s diesel engines and related technology in 2013 for the Jeep Grand Cherokee and new Ram 1500 in North America, while Fiat has the opportunity to use our Pentastar V-6 engine for its larger vehicles.

Global Distribution −We have broadened our opportunities to sell vehicles and service parts outside of North America through Fiat' s longstanding presence and established distribution networks in Europe and South America. At the same time, our extensive manufacturing, distribution, and logistics capabilities in North America are providing us the opportunity to generate additional revenues as a distributor and contract manufacturer for Fiat and a distributor of Alfa Romeo brand vehicles and service parts in Mexico.

Procurement −We have established joint purchasing programs with Fiat that are designed to yield short- and long-term savings and efficiencies, primarily through negotiations with common suppliers, as well as the use of shared parts and components.

World Class Manufacturing −We have introduced Fiat' s World Class Manufacturing, or WCM, into all of our assembly, powertrain and stamping facilities. WCM targets the elimination of waste of all types, and ultimately enhances efficiency, productivity and safety. In 2012, four of our plants received bronze-level WCM certification, and we are now beginning to introduce WCM principles in our suppliers' operations.

Information and Communication Technology −We are continuing to align our information and communication technology systems and related business processes with Fiat' s systems and processes throughout our industrial, commercial and corporate administrative functions in order to facilitate our collaboration with Fiat, and to support our drive toward common global systems. As part of this alignment, we are adopting and implementing upgraded engineering software tools, finance and procurement systems currently in use at Fiat, which we believe mitigates some of the risks typically encountered in implementing new information technology systems.

These initiatives, which build upon the parties' respective strengths, are conducted pursuant to various commercial arrangements we have with Fiat, described below in more detail under *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations*, and *Item 13. Certain Relationships and Related Transactions, and Director Independence —Transactions with Fiat*.

There is little, if any, competitive product overlap between Chrysler Group and Fiat. Although we and Fiat are sharing certain products and platforms as described above, we are minimizing competitive overlap in those markets in which we are both active through product and brand differentiation; for example, through different styling, powertrain configurations, accessories and marketing themes, as well as by targeting different customer segments and vehicle price points. Notwithstanding the limited competitive overlap and our close industrial alliance, we may have potential conflicts of interest with Fiat in a number of areas, including conflicts that may arise in the performance or renewal of contractual arrangements that implement or extend the alliance. We also benefit from the significant management experience of Fiat's leadership team, and these individuals may still owe duties to Fiat. For further discussion of these potential conflicts of interest with Fiat, see *Item 1A. Risk Factors —Notwithstanding our close industrial alliance, Fiat's significant control over our management, operations and corporate decisions may result in conflicts of interest*.

In addition, as indicated above, our Chief Executive Officer also serves as Chief Executive Officer of Fiat. We believe that this dual role facilitates the alliance partners' ability to coordinate their respective product and brand development plans and utilize their respective manufacturing capacity and capital resources more efficiently. For the same reasons, our Chief Financial Officer now serves as the Chief Financial Officer of Fiat. Nevertheless, these dual roles could give rise to potential conflicts of interest under our industrial alliance. While Mr. Marchionne receives compensation as a Company director, he does not receive any salary compensation from us for serving as our Chief Executive Officer, Chief Operating Officer and President. For a discussion of potential conflicts of interest under the Fiat alliance, see *Item 1A. Risk Factors —Notwithstanding our close industrial alliance, Fiat's significant control over our management, operations and corporate decisions may result in conflicts of interest*.

Our limited liability company operating agreement, as amended through the date hereof, or our LLC Operating Agreement, includes a number of provisions that provide governance protections to minimize the risks to us from potential conflicts with Fiat. It requires that all related party transactions with Fiat or its affiliates be reviewed to ensure the reasonableness of commercial terms, and that any agreement in excess of a designated threshold be approved by a majority of the disinterested members of our Board of Directors, or Board. It also requires our Board to include a minimum of three directors who meet the requirements for independence under the listing rules of the New York Stock Exchange. For a description of these provisions, see *Item 10. Directors, Executive Officers and Corporate Governance —Corporate Governance —Management of the Company —Fiat Rights*, *Item 13. Certain Relationships and Related Transactions, and Director Independence —Transactions with Fiat* and *Item 13. Certain Relationships and Related Transactions, and Director Independence —Director Independence*.

Products

A key component of our strategic plan is to create a compelling portfolio of products that will appeal to a wide range of retail customers. In order to optimize the mix of products we design, manufacture and sell, we consider a number of factors, including:

- consumer tastes, trends and preferences;
- demographic trends, such as age of population and rate of family formation;

economic factors that affect preferences for luxury, affordability and fuel-efficiency;

competitive environment, in terms of quantity and quality of competitors' vehicles offered within a particular segment;

our brand portfolio, as each of our brands targets a different group of customers;

consumer preferences for certain vehicle types based on geographic region; and

technology, manufacturing capacity, regulatory requirements and other factors that impact our product development.

We also consider these factors in developing a mix of vehicles within each brand, with an additional focus on ensuring that the vehicles we develop further our brand strategy.

As we acknowledged in our 2010-2014 Business Plan, our success rests largely on better balancing our portfolio to appeal to a broader, more global audience. We took significant steps to address our offerings in 2010 and 2011, when, over an eighteen-month period, we successfully re-designed and launched 16 vehicles with improved content and performance at a greater value. Among those launches was the new and widely acclaimed Jeep Grand Cherokee, which we then leveraged to develop and launch the three-row Dodge Durango to better accommodate families. We also expanded our reach to include smaller vehicles with the manufacture and sale of the eco-friendly Fiat 500.

In 2012, we continued to augment our smaller vehicle offerings with the launch of our first C-sedan, the all-new, fuel-efficient Dodge Dart. The Dodge Dart is the first vehicle to utilize the CUSW platform that we co-developed with Fiat. The Dart also incorporates several Fiat and Chrysler Group fuel-saving technologies. See *–Research, Development and Intellectual Property*, below. Also in 2012, we launched the new Ram 1500 pick-up truck, the most fuel-efficient truck in its class, featuring an 8-speed transmission and our newly launched telematics system. The new Ram 1500 received the *Motor Trend* "Truck of the Year" designation and was also selected as the North American International Auto Show "Truck/Utility of the Year." We broadened the reach of the Fiat brand in North America with the launch of an Abarth version of the Fiat 500, as well as the production launch of a fully electrified version of the Fiat 500, driven by a powertrain based on our electrification technology. Finally, we re-opened our Conner Street assembly plant in Detroit, Michigan to begin production of the all-new SRT Viper.

In 2013, we plan to launch the all-new Jeep Cherokee based on the new jointly-developed CUSW platform. Further expanding our breadth, we plan to launch the new ProMaster commercial van as part of our Ram lineup. The van, based upon the Fiat Ducato, will be built in a new plant in Saltillo, Mexico. We also plan to introduce the all-new Fiat 500L, a B-segment multi-purpose vehicle, or MPV, and we plan to perform mid-cycle upgrades of the Jeep Grand Cherokee and our heavy-duty Ram trucks. By the end of 2014, we expect that a substantial portion of our lineup would consist of vehicles based on new platform architectures, many of which would be platforms derived from Fiat-based architectures.

Partnering with Fiat, in 2013, we plan to sell diesel versions of the Jeep Grand Cherokee and new Ram 1500 that utilize Fiat engine technology in the U.S. and Canada. We had already utilized this technology to develop a diesel version of the Jeep Wrangler for retail sale in Europe.

In addition, we are producing Lancia versions of certain Chrysler-brand vehicles for Fiat to sell in Europe, and Fiat is selling a version of our Dodge Journey as a Fiat Freemont in several markets outside North America. In 2014, we expect to participate in an arrangement with Fiat to build a Jeep vehicle in China to be sold only in China.

Brands

We believe that we can continue to increase our vehicle sales, and reduce our reliance on sales incentives to dealers and retail customers, by building the value of our Chrysler, Jeep, Dodge and Ram brands, as well as the SRT performance vehicle designation, all of which have a strong heritage and wide recognition among consumers. We are also building our momentum in North America with respect to the Fiat brand, which enjoys similar recognition in other parts of the world.

Continuing our multi-year campaign to clearly define each of our brands' identities, we have launched several advertising campaigns that have received industry accolades. We are also building value by introducing new vehicles with individualized characteristics that are more closely aligned with each of our brands' unique identity. In 2012, we focused heavily on the globalization of the Jeep brand through advertising and sponsorships. Jeep world-wide sales set an all-time record in 2012 of 702,000 vehicles, with significant growth outside of North America. We also developed significant campaigns to support the launch of the all-new Dodge Dart and Ram 1500, and we strengthened the SRT designation with the launch of the widely-acclaimed SRT Viper.

Mopar

We sell Mopar-branded accessories and collision, repair, maintenance and performance parts for our vehicles primarily to our dealers and distributors. Through our dealer network, we also sell Mopar service contracts to retail customers for extended vehicle maintenance and repair. We are currently in the process of expanding our service contracts business throughout the world, for ourselves and for Fiat, under the Mopar Vehicle Protection name. We believe that our customers' future vehicle buying decisions are significantly influenced by their experience with post-sale service, replacement parts and accessories. We market Mopar as a standalone brand to increase the use of our products by, and improve the experience of, car enthusiasts and service providers who purchase replacement service parts and vehicle accessories. In 2012, the Mopar brand marked its 75th anniversary, and we broadened our traditional marketing of Mopar via special event sponsorships, branded accessories and special edition vehicles to also include more extensive use of digital and social media. We are also continuously improving the capabilities of www.mopar.com, which offers on-line shopping for Mopar service parts and accessories. In 2012, we experienced a 58 percent increase in unique visitors to the site over 2011.

Together with Fiat, we continue to employ Mopar's operational capabilities on a global basis to ensure the coordinated development and sale of common parts, diagnostic equipment and service tools. Mopar currently oversees 50 parts distribution centers which support both Chrysler Group and Fiat operations, 20 of which are located in North America. As our utilization of common platforms and sales of shared vehicles grows, Fiat plans to continue to leverage the Mopar brand to support its operations.

In the U.S., we have continued to build upon our initiative to improve our customer care experience at our dealers and to enhance revenue opportunities. In 2010, we had asked our U.S. dealers to extend their service hours to include Saturday and evening hours, and to market express oil change or other quick services using Mopar supplies. Approximately 80 percent of our U.S. dealers now offer Saturday service hours, and more than 35 percent provide an "express lane" or other quick service program. To support this effort, we now offer Saturday parts ordering and delivery services, and dealer technical support. Dealers in our network have also hired several hundred additional service and technical advisors to support the vehicle maintenance and repair services of our dealers and other aftermarket service providers. Finally, in 2012, we launched the wiADVISOR, a tablet-based service reception tool for our dealers. To date, more than 800 dealers in our network have adopted this technology in their service centers.

Vehicle Sales

The U.S. economy continues to gradually recover from the recession that began in late 2007 and became increasingly severe with the global credit crisis in 2008 and 2009. The weaker economic conditions led to a substantial industry-wide decline in vehicle sales in the U.S., which fell from 13.5 million vehicles in 2008 to 10.6 million vehicles in 2009. The impact of this downturn on our market share was particularly pronounced and sustained, partly as a result of constraints on Old Carco' s ability to make investments in the development of new and/or significantly refreshed vehicles. In addition, Old Carco' s vehicle sales were adversely affected by increased fuel prices beginning in 2008 due to the predominance of larger, less fuel-efficient vehicles in its product portfolio.

Subsequent to the 363 Transaction, we have taken a number of product development and improvement actions, as described under the captions ―*Products*, above, and ―*Research, Development and Intellectual Property*, below.

The following summarizes our new vehicle sales by geographic market for the years presented. Vehicles manufactured by Chrysler Group for other companies, including Fiat, are excluded from our new vehicle sales.

	Years Ended December 31,														
	2012 *(1)(2)*			2011 *(1)(2)*			2010 *(1)(2)*			2009 *(1)(2)(3)*			2008 *(1)(2)*		
	Chrysler Group	Industry	Percentage of Industry *(4)*	Chrysler Group	Industry	Percentage of Industry *(4)*	Chrysler Group	Industry	Percentage of Industry *(4)*	Chrysler Group and Old Carco	Industry	Percentage of Industry *(4)*	Old Carco	Industry	Percentage of Industry *(4)*
	(vehicles in thousands)														
U. S.	1,652	14,786	11.2%	1,369	13,041	10.5%	1,085	11,770	9.2%	931	10,603	8.8%	1,453	13,497	10.8%
Canada	244	1,714	14.2%	231	1,618	14.3%	205	1,581	13.0%	163	1,481	11.0%	223	1,672	13.3%
Mexico	88	1,024	8.6%	82	937	8.8%	79	846	9.3%	83	776	10.6%	116	1,069	10.9%
Total North America	1,984	17,524	11.3%	1,682	15,596	10.8%	1,369	14,197	9.6%	1,177	12,860	9.2%	1,792	16,238	11.0%
Rest of World	210	62,449	<1.0%	173	60,018	<1.0%	147	57,697	<1.0%	141	51,044	<1.0%	215	50,139	<1.0%
Total Worldwide	2,194	79,973	2.7%	1,855	75,614	2.5%	1,516	71,894	2.1%	1,318	63,904	2.1%	2,007	66,377	3.0%

(1) Certain fleet sales that are accounted for as operating leases are included in vehicle sales.

(2) The Company' s estimated industry and market share data presented are based on management' s estimates of industry sales data, which use certain data provided by third-party sources, including IHS Global Insight, Ward' s Automotive, Urban Science and Experian.

(3) For 2009, we have combined the vehicles sales of Old Carco and Chrysler Group. Vehicle sales in the U.S. were 426 thousand from January 1, 2009 to June 9, 2009 and 505 thousand from June 10, 2009 to December 31, 2009. Vehicle sales in Canada were 71 thousand from January 1, 2009 to June 9, 2009 and 92 thousand from June 10, 2009 to December 31, 2009. Vehicle sales in Mexico were 34 thousand from January 1, 2009 to June 9, 2009 and 49 thousand from June 10, 2009 to December 31, 2009. The balance of the international sales was 62 thousand from January 1, 2009 to June 9, 2009 and 79 thousand from June 10, 2009 to December 31, 2009.

(4) Percentages are calculated based on the unrounded vehicle sales volume for Chrysler Group, Old Carco and the industry.

See Note 19, *Geographic Information,* of our accompanying audited consolidated financial statements for information about our net revenues and long-lived assets by geographic area.

The following summarizes the total U.S. industry sales of new motor vehicles of domestic and foreign models and our relative competitive position for the years presented. Vehicles manufactured by Chrysler Group for other companies, including Fiat, are excluded from our new vehicle sales.

	Years Ended December 31,														
	2012 *(1)(2)*			2011 *(1)(2)*			2010 *(1)(2)*			2009 *(1)(2)(3)*			2008 *(1)(2)*		
	Chrysler Group	Industry	Percentage of Industry *(4)*	Chrysler Group	Industry*(5)*	Percentage of Industry *(4)*	Chrysler Group	Industry*(5)*	Percentage of Industry *(4)*	Chrysler Group and Old Carco	Industry*(5)*	Percentage of Industry *(4)*	Old Carco	Industry*(5)*	Percentage of Industry *(4)*
	(vehicles in thousands)														
Cars															
Small	72	2,763	2.6%	52	2,263	2.3%	45	1,988	2.3%	36	1,978	1.8%	84	2,365	3.6%
Mid-size	210	2,722	7.7%	143	2,272	6.3%	82	2,082	4.0%	61	1,962	3.1%	106	2,417	4.4%
Full-size	153	877	17.5%	106	850	12.5%	113	892	12.6%	99	808	12.3%	167	1,141	14.6%
Sport	63	672	9.4%	53	554	9.6%	44	555	8.0%	32	564	5.7%	49	783	6.3%
Total Cars	498	7,034	7.1%	354	5,939	6.0%	284	5,517	5.2%	228	5,312	4.3%	406	6,706	6.1%
Minivans	253	598	42.3%	206	500	41.0%	216	476	45.3%	175	434	40.4%	242	614	39.5%
Utility Vehicles	600	4,618	13.0%	552	4,252	13.0%	372	3,738	10.0%	333	3,102	10.7%	518	3,663	14.1%
Pick-up Trucks	278	1,889	14.7%	244	1,774	13.8%	207	1,602	12.9%	184	1,383	13.3%	267	1,959	13.6%
Van & Medium-Duty Trucks	23	647	3.6%	13	576	2.3%	6	437	1.3%	11	372	3.1%	20	555	3.6%
Total Vehicles	1,652	14,786	11.2%	1,369	13,041	10.5%	1,085	11,770	9.2%	931	10,603	8.8%	1,453	13,497	10.8%

(1) Certain fleet sales that are accounted for as operating leases are included in vehicle sales.
(2) The Company's estimated industry and market share data presented are based on management's estimates of industry sales data, which use certain data provided by third-party sources, including IHS Global Insight, Ward's Automotive, Urban Science and Experian.
(3) For 2009, we have combined the vehicle sales of Old Carco and Chrysler Group.
(4) Percentages are calculated based on the unrounded vehicle sales volumes for Chrysler Group, Old Carco and the industry.
(5) During 2012, certain industry segment classifications were modified. We have reclassified all prior periods presented to conform to the 2012 classifications.

Fleet Sales and Deliveries

Our vehicle sales and market share data presented above includes fleet sales, as well as sales by our dealers to retail customers. Fleet sales consist of sales to rental car companies, commercial fleet customers, leasing companies and government entities.

The following summarizes our U.S. fleet sales and the number of those sales as a percentage of our total annual U.S. vehicle sales:

	Years Ended December 31,				
	2012 *(1)*	2011*(1)*	2010 *(1)*	2009 *(1)(2)*	2008 *(1)(2)*
	(vehicles in thousands)				
Rental Car Companies	324	295	317	171	315
Other Fleet Customers	105	83	75	70	124
Total U.S. Fleet	429	378	392	241	439
Percentage of Total U.S. Vehicle Sales *(3)*	26.0%	27.6%	36.1%	25.9%	30.2%

(1) Certain fleet sales that are accounted for as operating leases are included in vehicle sales.
(2) Chrysler Group began operations on June 10, 2009. The data reflects fleet sales of Old Carco for 2008 and combined fleet sales of Old Carco and Chrysler Group for 2009.
(3) Percentages are calculated based on the unrounded vehicle sales volume for Chrysler Group and Old Carco.

Although our vehicle sales to dealers for sale to retail customers are normally more profitable than our fleet sales, our fleet sales are an important source of revenue and can also be an effective means for marketing our vehicles. Further, fleet orders also help normalize our plant production because they typically involve the delivery of a large, pre-determined quantity of vehicles over several months. Fleet sales are also a source of aftermarket service parts revenue for us and service revenue for our dealers.

In recent years, our fleet customers, particularly our commercial and government fleet customers, have tended to order smaller, more fuel-efficient vehicles. Since 2008, large passenger cars and large utility vehicles have increasingly been replaced by lower margin sales of small passenger cars and small utility vehicles.

Competitive Position

The automotive industry is highly competitive, especially in the U.S., our primary market, with 11 large manufacturers with significant market share offering more than 325 vehicle models. Vehicle manufacturers must continuously engineer improvements in vehicle design, performance and content to meet customer demands for quality, reliability, fuel efficiency, comfort, driving experience, style, and safety. To enhance our competitive position, we are renewing our existing product lineup and introducing smaller, more fuel-efficient vehicles to balance our product lineup, which has been traditionally more weighted toward utility vehicles, minivans, trucks and large sedans.

Historically, U.S. manufacturers relied heavily upon dealer, retail and fleet incentives, including cash rebates, option package discounts, guaranteed depreciation programs, and subsidized or subvented, financing or leasing programs to compete for vehicle sales. Although we will continue to use such incentives to market particular models in particular geographic regions during specific time periods, we now focus more of our efforts on improving vehicle sales primarily by building brand value, balancing our product portfolio, and improving the content, quality and performance of our vehicles. See *−Products* and *−Brands*, above, for information about our initiatives in those areas and *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations −Trends, Uncertainties and Opportunities −Pricing* for additional information related to incentives.

Our ability to increase or maintain vehicle prices and reduce reliance on incentives is limited by intense price competition resulting from the wide variety of available competitive vehicles in each segment of the new car market and global overcapacity in the automotive industry. At the same time, we will not be able to gain a competitive advantage by lowering prices as a means to increase vehicle sales without adversely affecting our profitability, since our ability to reduce costs is limited by commodity market prices, contract terms with suppliers, evolving regulatory requirements and collective bargaining agreements that limit our ability to reduce labor expenses in the short term.

The following provides new vehicle U.S. market share information for Chrysler Group and its principal competitors:

	Years Ended December 31, *(1)*				
	2012	2011	2010	2009	2008
Chrysler Group *(2)*	11.2%	10.5%	9.2%	8.8%	10.8%
GM	17.6%	19.2%	18.8%	19.6%	21.9%
Ford	15.2%	16.5%	16.4%	15.3%	14.2%
Toyota	14.1%	12.6%	15.0%	16.7%	16.4%
Honda	9.6%	8.8%	10.5%	10.9%	10.6%
Hyundai/Kia	8.6%	8.7%	7.6%	6.9%	5.0%
Nissan	7.7%	8.0%	7.7%	7.3%	7.0%
Other	16.0%	15.7%	14.8%	14.5%	14.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

(1) The Company's estimated market share data is presented based on management's estimates of industry sales data, which use certain data provided by third-party sources, including IHS Global Insight, Ward's Automotive, Urban Science and Experian.

(2) Chrysler Group began operations on June 10, 2009. The data reflects market share of Old Carco for 2008 and combined market share of Old Carco and Chrysler Group for 2009.

Table of Contents
Distribution

Our products are sold in more than 120 countries around the world. We sell our products to dealers and distributors for sale to retail customers and fleet customers. Sales of vehicles, service parts and accessories outside North America are primarily to wholly-owned, affiliated, or independent distributors and dealers.

In June 2011, Fiat became the general distributor of our vehicles and service parts in Europe, selling our products through a network of newly appointed dealers. Fiat is also distributing our vehicles, as well as selling vehicles that we manufacture for Fiat, through its well-established network in South America, particularly Brazil.

The following summarizes the number of independent dealer entities in our dealer network:

	As of December 31,				
	2012	2011	2010	2009	2008 *(6)*
U.S. *(1)(2)*	2,570	2,474	2,311	2,352	3,298
Canada *(3)*	437	434	433	434	453
Mexico *(4)*	149	136	132	115	117
Rest of World *(5)*	883	773	1,411	1,532	1,594
Total Worldwide	4,039	3,817	4,287	4,433	5,462

(1) The reduction in the number of U.S. dealers in 2009 reflects Old Carco's termination of 789 dealers in its bankruptcy proceeding, to optimize the dealer network prior to its assumption by Chrysler Group. For further discussion regarding efforts to optimize the dealer network, see Item 7 –Management's Discussion and Analysis of Financial Condition and Results of Operations –Progress on our Strategic Business Plan in 2012 –Optimizing our U.S. Dealer Network.

(2) The number of dealers in the U.S. as of December 31, 2012 and 2011 includes 200 and 138, respectively, Fiat brand dealers, of which 175 and 123, respectively, were also Chrysler, Jeep, Dodge and Ram brand dealers. The number of dealers in the U.S. as of December 31, 2011 has been restated to conform to the current year presentation and includes the total number of Fiat dealers.

(3) The number of dealers in Canada as of December 31, 2012 and 2011 includes 77 and 62, respectively, Fiat brand dealers, of which 76 and 62, respectively, were also Chrysler, Jeep, Dodge and Ram brand dealers.

(4) As of December 31, 2012, 2011 and 2010, the number of dealers in Mexico includes 31, 22 and 21 Fiat brand dealers, respectively, and 8, 3 and zero Alfa Romeo brand dealers. The numbers of dealers in Mexico as of December 31, 2011 and 2010 have been restated to conform to the current year presentation and include the total number of Fiat and Alfa Romeo dealers.

(5) The increase in the number of Rest of World dealers in 2012 as compared to 2011 is primarily attributable to our continuing efforts to engage in emerging market opportunities, particularly in Asia Pacific and South America. The decrease in the number of Rest of World dealers in 2011 as compared to 2010 is primarily attributable to our appointment in June 2011 of Fiat as our general distributor for select countries in Europe.

(6) Chrysler Group began operations on June 10, 2009. The data above includes Old Carco information for 2008.

We are the exclusive distributor of Fiat and Fiat Professional (light commercial) vehicles in Mexico, and we are also the exclusive distributor of Fiat brand vehicles and service parts in North America. In 2010, we began selecting dealers for the sale of Fiat brand vehicles and service parts in the U.S. and Canada. We chose the metropolitan areas for these dealers based on current small-car registration levels and the anticipated growth in the local small-car market over the next five years. We also reintroduced Alfa Romeo brand vehicles and service parts in Mexico in 2011, and plan to reintroduce the brand in the U.S. and Canada as well.

In January 2012, we began distributing vehicles for Fiat in Russia. In addition, we are continuing to work with Fiat to engage in additional opportunities for the production, distribution and sales of vehicles and service parts in Russia and other emerging markets, such as China. See *–Chrysler Group Overview –Alliance with Fiat –Global Distribution* above for additional information. In 2012, we also began selling vehicles for Fiat in Australia, Japan and New Zealand and, in 2013, in South Korea. Fiat is now selling our vehicles in Morocco and Turkey.

Dealer and Customer Financing

Because our dealers and retail customers finance the purchase of a significant percentage of the vehicles we sell, the availability and cost of financing is one of the most significant factors affecting our vehicle sales volumes. Dealers use wholesale financing arrangements to purchase vehicles from us to maintain vehicle inventory levels adequate to drive retail vehicle sales. Retail customers use a variety of financing and lease programs, including programs in which we offer financial subsidy incentives, capitalized cost reductions or special terms through a financial services company, to acquire new vehicles from our dealers. Historically, like most large automakers, Old Carco relied on an affiliated finance company to provide most of this financing. Following the 363 Transaction, we do not have a captive finance company and instead rely upon strategic relationships developed with independent financial service providers, principally Ally to date, to provide critical financing and support for our dealers and retail customers, as described below.

In connection with the 2009 restructuring of the U.S. automotive industry, and with the assistance of the U.S. Treasury, we entered into an auto finance relationship with Ally. Ally historically was the captive finance company of General Motors, one of our principal competitors. Ally provides wholesale and retail financing to our dealers and retail customers in the U.S. and Canada pursuant to the terms of an Auto Finance Operating Agreement that we signed with Ally in August 2010, or Ally Agreement. Ally is one of the world' s largest automotive financial services companies. We do not have an exclusive arrangement with Ally, as Ally has a similar agreement with General Motors and provides wholesale and retail financing to support other vehicle manufacturers.

Pursuant to the Ally Agreement, Ally is required to consider applications for financing made by our dealers and retail customers in accordance with its usual and customary standards, and to make lending decisions in accordance with its business judgment. As a customer incentive, we subsidize interest rates or cash payments at the inception of a financing arrangement, a practice known as "subvention." Ally provides consumer and dealer financing to other manufacturers and our dealers and retail customers obtain financing, including some subvented financing, from other financing sources. Under the agreement, however, we must first offer all subvention programs to Ally, and we are required to ensure that Ally finances a specified minimum percentage of the vehicles we sell in North America under rate subvention programs in which it elects to participate. Under the Ally Agreement, we are required to repurchase Ally-financed dealer inventory upon certain triggering events and with certain exceptions, in the event of an actual or constructive termination of a dealer' s franchise agreement, including, in certain circumstances, when Ally forecloses on all assets of a dealer securing financing provided by Ally. These obligations exclude vehicles that have been damaged or altered, that are missing equipment or that have excessive mileage or an original invoice date that is more than one year prior to the repurchase date. As of December 31, 2012, the maximum potential amount of future payments required to be made to Ally under this guarantee is approximately $8.1 billion and was based on the aggregate repurchase value of eligible vehicles financed by Ally in our U.S. and Canadian dealer stock. If vehicles are required to be repurchased under this arrangement, the total exposure would be reduced to the extent the vehicles can be resold to another dealer. The fair value of the guarantee was less than $0.1 million at December 31, 2012, which considers both the likelihood that the triggering events will occur and the estimated payments that would be made net of the estimated value of inventory that would be reacquired upon the occurrence of such events. These estimates are based on historical experience.

In an effort to expand the financing options for our U.S. retail customers, in 2010, we also entered into subvention agreements with SCUSA, an affiliate of Banco Santander, for loans to sub-prime retail customers, and with US Bank, N.A. for lease financing. In 2011, we entered into an additional subvention agreement with Chase Bank, N.A. These supplemental programs are important sources of financing for some of our retail customers. Additionally, Chrysler Canada Inc., or Chrysler Canada, and Chrysler de Mexico S.A. de C.V., or Chrysler de Mexico, have arrangements with a number of financial institutions to provide a variety of retail financing programs.

As of December 31, 2012, Ally was providing wholesale financing to approximately 60 percent of our dealers in the U.S. For the year ended December 31, 2012, we estimate that approximately 80 percent of the vehicles purchased by our U.S. retail customers were financed or leased through our dealer network, of which approximately 15 percent were financed or leased through subvented programs with Ally and other lenders.

In April 2012, we notified Ally that we would not renew the Ally Agreement following expiration of its initial term on April 30, 2013. This notice was given in light of the Ally Agreement' s requirement of 12 months' prior notice. Notwithstanding the termination of the Ally Agreement, we anticipate that Ally will continue as a source of funding for our dealers and retail consumers given the relationships Ally has developed since the time of the 363 Transaction. Following our decision not to renew the Ally Agreement at the expiration of its initial term, we began discussions regarding alternatives for optimizing the financial products and services available to meet the needs of our dealers and customers in the U.S. On February 6, 2013, we entered into a Master Private Label Financing Agreement with SCUSA, or the SCUSA Agreement.

Under the SCUSA Agreement, SCUSA will provide a full range of wholesale and retail financing services to our dealers and consumers under the Chrysler Capital brand name. The financing services will include credit lines to finance our dealers' acquisition of vehicles and other products we sell or distribute, retail loans and leases to finance consumer acquisitions of new and used vehicles at our dealerships, financing for commercial and fleet customers and ancillary services. In addition, Chrysler Capital will offer dealers construction loans, real estate mortgage loans, working capital loans and revolving lines of credit. In providing these credit services, SCUSA will provide full and fair consideration of all credit applications from dealers and retail consumers applying credit standards consistent with its general practices and lending standards.

The new financing service is scheduled to launch May 1, 2013 and SCUSA has agreed to specific transition milestones for the initial year following launch. SCUSA has also agreed to use its best efforts to facilitate a smooth transition from our current arrangements under the Ally Agreement to the financing services to be provided under the SCUSA Agreement. If the transition milestones are met, the SCUSA Agreement will have a ten-year term, subject to early termination in certain circumstances, including the failure by a party to comply with certain of its ongoing obligations under the SCUSA Agreement. SCUSA will establish a separate business unit dedicated to providing the services under the SCUSA Agreement.

Under the SCUSA Agreement, we have provided SCUSA with certain rights, including a license to use those of our brand names we designate, as well as limited exclusivity to participate in specified minimum percentages of certain of our retail financing rate subvention programs. SCUSA' s exclusivity rights are subject to SCUSA maintaining price competitiveness based on market benchmark rates to be determined through a steering committee process as well as minimum approval rates.

SCUSA has committed to provide us with consideration in the form of a nonrefundable upfront payment and to certain revenue sharing arrangements. The SCUSA Agreement also includes several commitments from SCUSA with respect to available funding, approval and penetration rates, price competitiveness and certain exclusivity rights. SCUSA will bear the risk of loss on loans contemplated by the SCUSA Agreement and the parties will share in any residual gains and losses in respect of consumer leases, subject to specific provisions including limitations on our participation in gains and losses contained in the SCUSA Agreement. SCUSA has also committed to consider future revenue sharing opportunities.

As part of the SCUSA relationship, we may in the future acquire an equity participation in an operating entity that would be formed to continue to provide the financing services contemplated by the SCUSA Agreement. The cost of our investment would be determined based on the operations that both parties agree would be contributed to the new operating entity and the resulting value.

Finally, as part of the Fiat alliance, we entered into agreements with financial services affiliates of Fiat for the provision of financing to our dealers and customers in China, Argentina and Brazil.

Research, Development and Intellectual Property

We engage in research and development for new vehicles and technology to improve the performance, safety, fuel efficiency, reliability and customer perception of our vehicles. As of December 31, 2012, we employed over 5,000 engineers. Our engineers support our product development efforts and have expertise in a number of disciplines, including mechanical, electrical, materials, computer science and chemical engineering. We also provide several internal programs through which a portion of our engineers receive cross-training in various technical and business functions.

We typically conduct consumer research during the early stages of new product development initiatives in order to identify key features and vehicle attributes desired by consumers. Although a substantial portion of our research and development work is done in support of specific new vehicles that are in development, we also engage in research and development of new technologies outside of our regular product development cycles that, if successful, can be applied in new products. As is typical in the automotive industry, we often collaborate with our suppliers, government agencies and higher educational institutions on research and development.

Our research and development spending is used for a number of activities that support development of new and existing vehicles and powertrain technologies, including the building of three-dimensional models, virtual simulations, prototype building and testing (including with respect to the integration of safety and powertrain technologies) and assembly of pre-production pilot models.

As provided in our business plan, we have significantly expanded our investment in research and development activities and prioritized development of vehicles with greater fuel efficiency and reduced emissions. These efforts culminated most recently in the launch of the new Ram 1500, the first full-size pick-up to achieve a U.S. Environmental Protection Agency, or EPA, -rated fuel economy of 25 miles per gallon on the highway. It also led to the development of the all-new Dodge Dart, a small fuel-efficient vehicle with an EPA-rated fuel economy of up to 41 miles per gallon highway.

The following summarizes our research and development expenses (in millions of dollars):

	Years Ended December 31,		
	2012	2011	2010
Research and development expenses, net	$ 2,324	$ 1,674	$ 1,500

Fuel-Efficiency and Reduced Emissions

We have made the development of more fuel-efficient vehicles a priority to meet retail customer preferences, comply with future regulations and as part of our commitment to sustainability. We are therefore focusing our research efforts on five areas aimed at reducing fuel consumption and emissions: vehicle energy use, engines, transmissions, axles, and hybrid propulsion and alternative fuel technologies.

Vehicle Energy Use

Our research in vehicle energy use examines ways to optimize vehicle weight, aerodynamic drag, tire performance, braking drag and driveline losses. For example, we have increased our use of high-strength steel and other lightweight materials to reduce vehicle weight, and thus improve fuel economy, while still meeting standards for vehicle safety. Approximately 70 percent of the body structure in the new CUSW platform co-developed with Fiat, which we introduced with our new Dodge Dart, is of high-strength composition. To further reduce vehicle weight, we have introduced high pressure, lightweight aluminum casting technology into our vehicles, including the front and rear suspension cross-members in the Dodge Dart. Our research also seeks to reduce electrical loads through application of higher efficiency fans and fuel pumps.

In addition, we continue to research vehicle applications for thermal management, which optimizes the way in which energy is utilized, extracted and re-utilized so as to reduce total energy consumption. Thermal management technologies not only help reduce fuel consumption, but they are a critical factor in extending battery range for hybrid electric and all-electric vehicle models. Our current research efforts include various strategies to warm engines and transmissions faster, to have our vehicles run at an ideal set point, and to recapture waste heat.

Our new Ram 1500 and the all-new Dodge Dart both incorporate many of the technologies we have developed to manage energy use, including active grille shutters to improve aerodynamic drag and to moderate temperature, electric power steering and increased use of LED lighting to reduce the vehicle' s overall energy consumption. In 2013, we anticipate that certain of our vehicles will also begin to incorporate a low-tension belt for the front-end accessory drive, which will further drive fuel savings. We plan to deploy electric power steering across our entire lineup in future years.

To further reduce fuel consumption, we incorporated stop/start technology into the new Ram 1500 as well as the diesel version of the Jeep Wrangler that Fiat is selling on our behalf in Europe. Stop/start technology turns off the engine and fuel flow at full stops, and re-starts the engine automatically upon acceleration. We plan to initiate fleet-wide integration of this fuel-saving start/stop technology on a global basis, including certain models in North America.

Powertrain Technologies

Engines. For the third year in a row, *Ward' s Auto* has recognized the Pentastar V-6 engine as one of the "10 Best Engines" for the upcoming model year based upon its refinement, power, fuel-efficiency and low emissions. This engine features a light weight aluminum block with variable valve timing that, on average, improves fuel efficiency by 7 percent over its pre-2010 predecessor engines.

We use the Pentastar V-6 engine in the Jeep Grand Cherokee, the Ram 1500 and in 12 other vehicles. Because this engine was designed with flexible architecture, we have the ability to use the engine in a range of models, and to use it together with a variety of advanced technologies, such as Fiat MultiAir (described below), direct injection or turbo charging. We manufacture the Pentastar V-6 engine at our facilities in Trenton, Michigan, and Saltillo, Mexico. Despite its recent 2010 launch, high demand for this engine led to production of one million Pentastar engines by January 2012, and we have taken steps to further expand our capacity for production.

For the Fiat 500, we also manufacture the 1.4L 4-cylinder Fiat FIRE engine which incorporates Fiat' s MultiAir technology. This added a fuel-efficient small engine to our portfolio. Fiat' s MultiAir technology involves proprietary hardware, combustion strategies and controls that provide cycle-by-cycle control of engine intake valve lift and timing. This technology delivers up to a 7.5 percent improvement in fuel efficiency and CO_2 emissions, while enhancing performance.

Fiat has now developed a second-generation MultiAir technology, or MultiAir II, which maximizes the combustion efficiency by simultaneously managing the intake valves, throttle position and spark timing. We believe these enhancements will improve torque and fuel economy beyond that of the original MultiAir technology. We plan to apply this new technology to the new 2.4 liter, 4-cylinder Tigershark engine available in the 2013 Dodge Dart GT. This engine provides better fuel economy and refinement than our current World Gas Engine. By 2015, we expect that the Tigershark family will replace our World Gas Engine.

Our engine mix is intentionally moving toward smaller, 4-cylinder engines. In 2012, 26 percent of our vehicles incorporated a 4-cylinder engine, as compared to 24 percent in 2011 and 19 percent in 2010. We expect this trend of downsizing engines to continue.

Transmissions. We have two commercial agreements with one of our key suppliers, ZF Getriebe GmbH, or ZF, for the design, engineering and manufacture of new automatic transmissions that deliver reduced fuel consumption combined with improved driving performance. The first agreement covers a rear-wheel drive 8-speed transmission for light- and medium-duty applications that we originally introduced in 2011 in the Chrysler 300 and Dodge Charger. We have now included this transmission in the new Ram 1500, and plan to utilize it in 2013 in the Jeep Grand Cherokee, including in the diesel version. This transmission reduces fuel consumption by up to 12 percent over our current 5-speed and 6-speed transmissions. We ultimately plan to use this transmission in all of our rear-wheel drive vehicles except the heavy-duty versions of the Ram truck and the Viper.

The second agreement with ZF covers the development and manufacture of an all-new 9-speed front-wheel drive transmission for medium-duty applications. This transmission is expected to reduce fuel consumption by up to 11 percent over our current 6-speed transmissions. We first plan to use this transmission in 2013 for the all-new Jeep Cherokee and in future vehicles as well. We plan to manufacture the majority of our volume requirements for both the 8- and 9-speed ZF transmissions at our own facilities in Kokomo, Indiana under licenses from ZF, and we plan to purchase the remainder of our volume requirements from ZF.

In 2012, we introduced Fiat' s dual dry clutch transmission, or DDCT, in select versions of the Dodge Dart. The DDCT combines the basic mechanical system of a conventional manual transmission assembly with an electronically controlled shifting system that the driver operates like an automatic transmission. The DDCT achieves improved fuel economy over a conventional automatic transmission when used in small- to medium-sized vehicles.

Axles. We have a commercial agreement with an affiliate of ZF in which they produce lightweight axles at our facility in Marysville, Michigan. This relationship affords us access to advanced axle technologies we could not develop on our own without investing significant time and capital. The proprietary ZF axles weigh up to 34 percent less than, and improve fuel efficiency by 2 percent relative to, comparable axles. In 2011, we incorporated the front and rear ZF axles in our Jeep Grand Cherokee, the Dodge Durango and the Ram pick-up truck.

We also produce the only all-wheel drive passenger vehicles that incorporate front-axle disconnect technology. When the axle is disconnected, the number of rotating components in the driveline is reduced, thus enhancing fuel economy. This feature, which we incorporated in 2011 in our all-wheel drive versions of the Dodge Charger and the Chrysler 300, automatically changes the vehicle' s mode between two-wheel and all-wheel as changes in driving conditions occur, thereby improving safety and performance. This technology, in combination with our V-6 Pentastar engine, afforded the Dodge Charger and the Chrysler 300 best-in-class fuel economy designations among full-size, rear-wheel drive vehicles. We use this same technology in the new Ram 1500, which also has best-in-class highway fuel economy.

Hybrid Propulsion and Alternative Fuel Vehicles

Our research activities include the development of technology that can be used in a range of electrified vehicles, including conventional hybrids, plug-in hybrids, fully electrified and range-extended electric vehicles. A conventional hybrid vehicle includes both an internal combustion engine and an electric motor to propel the vehicle, and the battery is charged using the combustion engine. A plug-in hybrid vehicle is similar to a conventional hybrid vehicle, but the battery can also be charged through an external power cord. A fully electrified vehicle contains only an electric motor to propel the vehicle that is charged by a power cord, and a range-extended vehicle is a fully electrified vehicle that also contains a generator to power the vehicle when the batteries run low. With respect to these advanced technologies, we are creating modular solutions that can be utilized across various types of electrified vehicles. Additionally, significant effort is focused on optimizing combustion engine technology so that it will be synergistic with hybrid electric vehicle technology, and addressing cost reduction strategies to ensure the affordability of such vehicles in the future.

In 2012, we launched the production of a fully electrified, zero emission version of the Fiat 500 for sale in the U.S. with a best-in-class 87-mile range and a fuel economy of 108 miles per gallon-equivalent highway.

After two years of testing, we have re-directed our Department of Energy demonstration project for Ram truck and minivan plug-in hybrids to conduct a battery pack upgrade. We have also explored the development of non-electrified hybrid vehicles, such as a hybrid powertrain that would operate using hydraulic power coupled with a gasoline engine for light-duty applications.

Alternative Fuels. In 2013, we plan to introduce a Jeep Grand Cherokee with a diesel engine in North America. We expect this version of one of our best-selling vehicles to provide significantly improved fuel economy. Later this year, we also plan to introduce a diesel version of the new Ram 1500. Together with Fiat, we are producing vehicles that utilize compressed natural gas and other alternative fuel sources. In late 2012, we launched a bi-fuel version of the Ram 2500, originally intended only for fleet sales, but we have expanded to retail sales at the request of our customers. This vehicle is capable of utilizing either compressed natural gas or gasoline.

Uconnect Technology

Our Uconnect systems provide our retail customers access to traditional broadcast media, as well as digital radio, satellite broadcasts, personal content and rear seat entertainment, navigation services, traffic and travel data, and hands-free communication. Our second generation of Uconnect systems, which we incorporated in vehicles starting in 2011, provided certain improvements such as a new 8.4-inch touch-screen, simplified steering wheel controls and hands-free voice commands. The system, as included in the Dodge Charger, received the Edmunds.com Breakthrough Technology Award for 2012.

We recently began to incorporate our third-generation, flexible Uconnect system, known as Uconnect Access into the new Ram 1500 and the all-new SRT Viper, and in 2013, we plan to incorporate it into the new Jeep Grand Cherokee. This platform can be personalized to serve the needs of retail customers with varying degrees of skill and comfort with technology, and includes the option to load Chrysler Group-certified applications. These applications, while similar to those found on smartphones and tablets, are specifically designed for in-vehicle use. In addition to offering telematics services such as emergency notification and remote start, the new system includes the first cloud-based voice texting services offered by a domestic automaker, which leverages the system' s natural language voice recognition technology. We are also the first automaker to be able to offer the full set of Sirius XM satellite channels. In 2012, Uconnect Access received the first-ever "Technology of the Year" award from AOL Autos.

This platform is designed so that it can be leveraged across our entire vehicle lineup, and can be easily upgraded in the future as this area of technology continues to evolve. In addition to the wide range of connectivity options and intuitive and responsive user interface capabilities of our newest system, all of which aim to enhance the driving experience and reduce driver distraction, we are continuing to develop integration with our retail customers' own smartphones and inclusion of vehicle diagnostic services.

Intellectual Property

We hold numerous patents for use in our business. We also jointly own or hold licenses to intellectual property in certain technologies with Fiat and other third parties pursuant to various commercial agreements. No single patent is material to our business as a whole. We also own a number of trademarks and service marks that are critical to the recognition of our products by consumers, including, in particular, the Chrysler, Jeep, Dodge, Ram, SRT and Mopar marks, described in *—Brands* above.

Our intellectual property portfolio is supplemented by our license of certain Fiat intellectual property obtained in the 363 Transaction. The license is exclusive in North America and non-exclusive for other parts of the world.

Raw Materials, Services and Supplies

We procure a variety of raw materials, parts, supplies, utilities, transportation and other services from numerous suppliers to manufacture our vehicles, parts and accessories, primarily on a purchase order basis. Raw materials we use typically consist of steel, aluminum, resin, copper, lead, and precious metals including platinum, palladium and rhodium. In recent years, prices for many of these raw materials have fluctuated significantly and related freight charges have also increased. Moreover, our fixed annual contracts for steel expired mid-year, and we opted to negotiate new contracts with the majority of our steel suppliers that contain variable pricing mechanisms, albeit with certain protections against extreme fluctuations.

Although we have not experienced any significant loss of production as a result of material or parts shortages, we, like our competitors, regularly source systems, components, parts, equipment and tooling from a sole provider or limited number of providers. Therefore, we are at risk of production delays and losses should any supplier fail to deliver goods and services on time.

Supply of raw materials, parts and components may also be disrupted or interrupted by natural disasters such as the 2011 earthquake and tsunami in Japan. In such circumstances, we work proactively with our suppliers to identify shortages of materials and parts, and take steps to mitigate the impact of any shortages we identify, by deploying additional personnel, accessing alternative sources of supply and managing our production schedules. We also continue to refine our processes to identify emerging capacity constraints in the supplier tiers given the ramp up in manufacturing volumes to meet expected growth in customer demand. Further, we continuously monitor supplier performance according to key metrics such as part quality, delivery performance and financial solvency to proactively manage risks in the event of a downturn affecting particular suppliers.

We work with our suppliers on an ongoing basis to reduce our supply costs whenever possible. When one of our suppliers proposes a program or method that results in a cost saving to us, we share that cost saving equally with the supplier for a one-year period after such program or method is implemented, which we believe encourages our suppliers to actively pursue efforts that will reduce our supply costs.

Environmental and Regulatory Matters

The automotive industry is subject to extensive government regulation. Chief among these are vehicle and engine requirements governing safety, emissions and fuel economy, and the environmental impacts of our manufacturing operations. As described below, regulations in the U.S. and other countries impose substantial testing and certification requirements with respect to vehicle emissions, fuel economy, noise and safety, and with respect to the emissions and operations of manufacturing plants. These countries also impose substantial rules and regulations designed to protect the health and safety of our workforce. The costs of complying with these requirements can be significant, and violations with respect to these requirements can result in fines, penalties, vehicle recalls, cleanup costs and claims for personal injury or property damage.

Vehicle Emissions

U.S. Standards. Under the Clean Air Act, EPA, and the California Air Resources Board, or CARB (by EPA waiver) require emission compliance certification before a vehicle can be sold in the U.S or in California and other states that have adopted the California emissions requirements. Both agencies impose limits on tailpipe and evaporative emissions of certain smog-forming pollutants from new motor vehicles and engines. Pre-production testing data must demonstrate compliance with such standards to obtain the certification. For vehicles sold in the U.S., EPA’ s Clean Air Act Tier 2 tailpipe emissions standards apply to passenger cars and light trucks (which for this purpose includes our minivans, sport utility vehicles and pick-up trucks other than the Ram 2500/3500 Heavy Duty), and heavy-duty emissions of regulated compounds standards apply to heavy-duty vehicles (our medium-duty and chassis cab trucks).

Currently, EPA has finalized (but has not issued) Tier 3 tailpipe and evaporative emission standards. These Tier 3 standards are generally more stringent than the Tier 2 standards. The Tier 3 standards are also generally aligned with California' s LEV III tailpipe and evaporative standards (see discussion below). Once issued, the Tier 3 standards would become effective in model year 2017 for light-duty vehicles, and 2018 for heavy-duty vehicles. These standards would further require us to conduct post-production vehicle testing to demonstrate compliance with these emissions limits for the estimated useful life of a vehicle, for up to eleven years, or 120,000 miles, or longer, depending on the compliance category. For Tier 2 and Tier 3, we are required to monitor and report issues with the emissions performance over that time, and can be required to recall, repair or stop delivery of non-conforming vehicles.

In addition, EPA and CARB regulations require that a vehicle' s emissions performance be monitored with onboard diagnostic, or OBD, systems. We have implemented hardware and software systems to comply with the OBD requirements. Conditions identified through OBD systems could lead to vehicle recalls (or other remedial actions) with significant costs for related inspections, repairs, or per-vehicle penalties.

California Standards. California sets its own, more stringent, emissions standards pursuant to a waiver from EPA under the Clean Air Act. CARB has adopted requirements relating to vehicle certification, OBD, and tailpipe emissions limitations known as the Low Emission Vehicle III, or LEV III, standards, which will apply beginning with 2014 model year vehicles. CARB regulations also require that a specified percentage of cars and certain light-duty trucks sold in California must be zero emission vehicles, or ZEVs, such as electric vehicles or hydrogen fuel cell vehicles. A manufacturer can earn credits toward the ZEV requirement through the sale of advanced-technology vehicles such as hybrid electric vehicles or natural gas vehicles with extremely low tailpipe emissions and, as set forth in the LEV III standards, by over complying with the federal model year 2017 through 2025 greenhouse gas, or GHG, standards, retiring such credits, and applying them to its ZEV obligation. Through the 2017 model year, ZEV rules also provide certain ZEV credits for partial zero-emission vehicles, or PZEVs, which can include internal combustion engine vehicles certified to very low tailpipe emissions and zero evaporative emissions. The ZEV regulations, which CARB revised most recently in February 2009 for the 2012 and subsequent model years, require increasing volumes of battery electric and other advanced technology vehicles with each model year. We currently comply with the ZEV requirements using a variety of vehicles, including battery electric vehicles (full zero emission vehicles), PZEVs and hybrid vehicles.

The Clean Air Act permits other states to adopt California' s stricter emission standards. Eleven other states (New York, Massachusetts, Maine, Vermont, Connecticut, Pennsylvania, Rhode Island, New Jersey, Oregon, Washington and Maryland), as well as the Province of Quebec, currently use California' s LEV III standards in lieu of the federal EPA standards, and ten states also have adopted California' s ZEV requirements.

The introduction of the Fiat 500 in the U.S. market in 2011 has enhanced our ability to comply with EPA and California emissions standards because compliance is based on a fleet-wide sales weighted average, and sales of the Fiat, Maserati and Chrysler Group fleets are combined in the U.S. In addition, the battery electric version of the Fiat 500 that we are producing and will begin to sell in the U.S. in 2013, will assist our efforts to comply with the federal GHG and fuel economy requirements, as well as California' s ZEV requirements.

California also has GHG emissions limitations, which are discussed below under the caption *−Vehicle Fuel Economy and GHG Regulations*.

European Standards. The European Union, or EU, regulates tailpipe smog-forming pollutant and evaporative emissions for vehicles sold in its member states. Other European countries have adopted similar regulations from the United Nations Economic Commission for Europe. European regulations, like those in the U.S., require certification by regulatory authorities of the emissions performance of our new vehicles before they can be sold. The current Euro-5 EU emission standard was adopted in 2009. The more stringent Euro-6 EU standard will apply to 2014 and later model year vehicles. The new standards will require the development of additional diesel engine technology, which is likely to increase the cost of diesel engines and compromise total fuel economy. The EU also requires such programs as OBD and pre- and post-production testing. We expect the combined Chrysler Group and Fiat vehicle fleet to meet the requirements of both the Euro-5 and Euro-6 standards, as applicable.

Other Regions. Vehicles sold in Asia, South America and other parts of the world also are subject to local emissions and evaporative standards and OBD requirements. We expect to comply with such requirements, which generally are based on the EU standards, California standards, or a hybrid standard based on those established programs.

Vehicle Fuel Economy and GHG Regulation

U.S. Requirements. Since enactment of the 1975 Energy Policy and Conservation Act, or EPCA, the National Highway Transportation Safety Administration, or NHTSA, has established minimum average fuel economy requirements, known as Corporate Average Fuel Economy, or CAFE, standards, for fleets of new passenger cars and light-duty trucks sold in the U.S. A manufacturer is subject to civil penalties if it fails to meet the CAFE standard in any model year, after taking into account all available credits for performance in the last three model years or expected performance in the next five model years. Passenger cars imported into the U.S. are averaged separately from those manufactured in the U.S., but all light trucks are averaged together.

The 2007 Energy Independence and Security Act, or EISA, revised EPCA and required NHTSA to establish more stringent CAFE standards beginning with the 2011 model year. Among other things, although there will continue to be separate standards for cars and light trucks, standards must be set such that they increase year over year to achieve an industry-wide standard by 2016. The CAFE standards applicable to all manufacturers' 2011-2016 model year domestic and imported passenger car and light-duty truck fleets are "footprint-based," meaning that each manufacturer's fuel economy requirement is dependent on the size and the sales volumes, of the mix of models in the manufacturer's fleet. Meeting these CAFE standards caused us to make costly adjustments to our product plans through the 2016 model year.

In addition, there has been significant interest among vehicle manufacturers, governmental authorities, environmental groups, and consumers regarding the impact of GHG vehicle emissions, primarily carbon dioxide, or CO_2, on the global climate. There remains significant conflicting regulatory overlap in this area since regulating GHG vehicle emissions also has the effect of regulating fuel economy.

In May 2009, President Obama announced an agreement in principle among EPA and other federal agencies, the State of California and the automotive industry to establish a coordinated national program to reduce GHGs under the Clean Air Act and improve fuel economy. EPA and the NHTSA subsequently issued a joint final rule under EPA's GHG and NHTSA's CAFE standards to implement a coordinated national GHG and fuel economy program for light-duty vehicles (passenger cars, light-duty trucks, and medium-duty passenger vehicles) establishing standards for model years 2012 through 2016. The rule is harmonized with CARB's GHG rule, so that compliance with the federal rule constitutes compliance with CARB's rule. Additionally, EPA and NHTSA issued a joint final rule on September 15, 2011, that establishes a similar GHG/fuel economy national program for medium and heavy-duty vehicles, beginning with model year 2014 for GHG standards, and model year 2016 for fuel economy standards.

On November 16, 2011, EPA and NHTSA issued a proposed rule to extend the coordinated GHG/fuel economy national program for light-duty vehicles to model years 2017 through 2025, calling for year-over-year increases in fuel economy until the average fleet-wide standards reach 54.5 mpg by 2025. The proposed rule calls for a "mid-term review" to be completed by 2021 that compels EPA and NHTSA to evaluate the market acceptance of advance vehicle technology, as well as other assumptions that formed the basis for the stringency of this rule to determine whether the standards are appropriate. Again, this rule is harmonized with CARB's GHG rule, so that compliance with the federal rule constitutes compliance with CARB's rule. The model year 2017-2025 rule contains a variety of compliance flexibilities, including incentives for sales of electric vehicles and hybrids, as well as alternative fuels like compressed natural gas or hydrogen fuel cell vehicles, and the use of the new ultra low-global warming potential refrigerant HFO1234yf. NHTSA's corresponding proposed CAFE rule imposes new vehicle safety standards in conjunction with the fuel economy standards.

While we believe that our current product plan will meet the applicable federal and California GHG/fuel economy standards established through model year 2016, our compliance is in some measure dependent on our ability to purchase the refrigerant HFO1234yf, which would generate GHG credits pursuant to EPA' s GHG rule for model years 2012 through 2016. Regulatory uncertainty, as well as manufacturing delays or supply issues causing product shortages outside of our control could threaten the supply of the refrigerant in sufficient volumes so that our compliance needs are not met. Based on projected sales volumes and fleet mix, compliance with the standards as proposed for the 2017 through 2025 model years will require us to take further additional costly actions or to limit the sale of certain of our vehicles in certain states. Additionally, if pending litigation challenging EPA' s ability to regulate GHG vehicle emissions as a pollutant is successful (such that the model years 2012 through 2016 rule is violated) and, as a result, CARB enforces its GHG rule separately, we would need to adjust our product plan and would incur additional cost.

European Requirements. The EU promulgated passenger car CO_2 emissions regulations, beginning in 2012 and phasing in compliance through 2015. These regulations target vehicle weight, calculated as an average across the manufacturer' s fleet. The law also provides certain flexibility, such as credits for "eco-innovations," alternative fuel use, and vehicles with very low CO_2 emissions. We are developing a compliance plan based on our predicted fleets and vehicle CO_2 emissions averages of Chrysler Group and Fiat vehicles sold in Europe. The EU also adopted CO_2 emissions standards for light commercial vehicles, a program similar to the passenger car program.

Another set of regulations, called the "complementary measures" laws, could potentially require low-rolling resistance tires, tire-pressure monitors, gear shift indicators, fuel economy indicators and more efficient air conditioners. Some EU members have adopted or are considering CO_2-based tax incentives.

Canadian Requirements. Canadian federal emissions regulations are substantially similar to the U.S. regulations described above, including compliance certification requirements.

Mexican Requirements. On February 20, 2013, the Mexican Ministry of Environment and Natural Resources issued for public comment a new GHG gas regulation applicable to manufacturers and importers of light duty vehicles in Mexico. This rule is based on the model years 2012 through 2016 U.S. GHG rule described above. It is anticipated that this Mexico GHG rule will take effect in June 2013.

Requirements in Other Regions. China, Korea, India and South American countries have proposed or are considering establishing fuel economy/GHG emissions requirements that would pose additional compliance obligations that would increase the cost of our vehicles.

Vehicle Fuel Content

For years, EPA regulations have allowed conventional gasoline to contain up to 10 volume percent ethanol, or E10, and we and other vehicle manufacturers designed vehicles to accommodate E10. Ethanol is an alcohol-based fuel generally made with starch crops, such as corn, or cellulosic sources, such as wood or other biodegradable materials. Proponents of ethanol maintain that its use can reduce GHG emissions and dependence on oil.

In response to an application for waivers filed by ethanol manufacturers, EPA granted waivers under the Clean Air Act that allow fuel manufacturers to introduce gasoline containing up to 15 volume percent ethanol, or E15, for use in certain light-duty vehicles (including passenger cars, light-duty trucks and sport utility vehicles). The first waiver, granted in October 2010, allows such use in model year 2007 and newer vehicles, and the second waiver, granted in January 2011, allows such use in model year 2001 through 2006 vehicles.

In connection with the E15 waiver application, the automotive industry expressed concern to EPA that the use of E15 in prior model year vehicles designed for E10 could result in fuel system failures, OBD system warnings, customer dissatisfaction and increased warranty claims since ethanol is more corrosive than gasoline. EPA imposed conditions on the waivers that it believes will assure the quality of E15 and reduce the potential for misfueling of older model year vehicles. Automotive industry representatives and other groups challenged the waivers and those lawsuits are pending. Currently, E15 is being sold at a limited number of fueling stations.

Certain of our vehicles are specially designed as flexible fuel vehicles capable of using up to 85 volume percent ethanol, or E85, or conventional gasoline, or any mixture of those two fuels. We have almost fully implemented our plan to have all of our engines designed to be flexible fuel capable and expect that, when we are fully implemented, approximately 50 percent of our fleet will be flexible fuel vehicles.

Vehicle Safety

U.S. Requirements. Under federal law, all vehicles sold in the U.S. must comply with all applicable Federal Motor Vehicle Safety Standards, or FMVSS, promulgated by NHTSA, and they must also be certified by their manufacturer as being in compliance with those standards. In addition, if a vehicle contains a defect that is related to motor vehicle safety or does not comply with an applicable FMVSS, the manufacturer must notify vehicle owners and provide a remedy. Moreover, the Transportation Recall Enhancement, Accountability, and Documentation Act, or TREAD Act, requires us to report certain information related to certain claims and lawsuits involving fatalities and injuries in the U.S. if alleged to be caused by our vehicles, and other information related to customer complaints, warranty claims, and field reports in the U.S., as well as information about and fatalities and recalls outside the U.S.

Several new or amended FMVSS' s will take effect during the next few years (sometimes under phase-in schedules that require only a portion of a manufacturer' s fleet to comply in the early years of the phase-in). These include an amendment to the side impact protection requirements that added several new tests and performance requirements (FMVSS No. 214), an amendment to the roof crush resistance requirements (FMVSS No. 216), and a new rule for ejection mitigation requirements (FMVSS No. 226). In addition, NHTSA recently proposed to adopt a new FMVSS that would require all light vehicles to be equipped with a rear-mounted video camera and an in-vehicle visual display, and another to mandate the content recorded on Event Data Recorders. Compliance with these new requirements, as well as other possible prospective NHTSA requirements, is likely to be difficult and/or costly.

NHTSA is also expected to publish guidelines for driver distraction soon, and, although not rising to the level of an FMVSS, there may be substantial costs associated with conformance.

At times, organizations like NHTSA or the Insurance Institute for Highway Safety, or IIHS, will issue or reissue safety ratings applicable to automobiles. Changes to these ratings are subject to the agencies' discretion. IIHS has recently introduced new tests, and modified its "Top Safety Pick" protocol. Pursuant to the new protocol, many of our vehicles' existing Top Safety Pick ratings are at risk, and we could incur significant expense to maintain those ratings, or could suffer negative public relations if we do not maintain them.

Requirements in Other Regions. We are subject to certain safety standards and recall regulations in the markets outside the U.S. in which we operate. Foreign safety standards often have the same purpose as the U.S. standards, but they may differ in their requirements and test procedures. From time to time, other countries adopt safety requirements that are more stringent than U.S. standards. The EU and many other countries require "type approval" by a government agency before a vehicle can be sold, while the U.S. and Canada require "self-certification" by the manufacturer.

Environmental Regulation of Manufacturing Operations

We operate manufacturing facilities and other facilities, primarily in the U.S., Canada and Mexico, that are subject to a multitude of federal, state/provincial and local environmental protection laws, including those that govern air emissions, water discharges, hazardous substance handling, storage and use, waste generation, management and disposal, remediation of site contamination, odor and noise. These requirements impose various operating permit, data collection and reporting requirements.

A variety of air, water and waste regulations are currently the subject of litigation and rulemaking procedures that might result in potential modifications to the rules, including, in the U.S., the boiler maximum achievable control technology, or Boiler MACT, and commercial and industrial solid waste incinerator, or CISWI, rules, the definition of solid waste, and the ozone and particulate National Ambient Air Quality Standards, among others. Additionally, new and existing regulations of nitrogen dioxide, or NO_2, in the U.S. and Canada impose local air quality limits on the emissions from manufacturing facilities that must be managed continuously, and can impact expansion activities.

As a result of the federal vehicle GHG standards that were finalized in May 2010 and came into effect in January 2011, CO_2 and other GHGs were deemed to be pollutants subject to regulation under the Clean Air Act. Consequently, in May 2010, EPA issued a regulation that phased in new requirements for operating permits for facilities based on annual emissions of GHGs. The rule tailors the application of two operating permit programs, the prevention of significant deterioration, or PSD, program and the Title V program, to facilities based on their emissions level, industrial category, and current permit status. EPA has issued further rulemaking and guidance on the requirement, though questions still remain on rules regarding the use the “best available control technology” and other matters. There is litigation challenging the GHG rule for model years 2012 through 2016, as it triggered regulatory control of GHG emissions from U.S. manufacturing facilities. If this litigation is successful in voiding the GHG rule for model years 2012 through 2016, we could be subject to the stricter California standards in both California and in the states that adopted the California standards, which outcome could cause us to incur additional expenses for the modification of vehicles, or could limit the sale of certain vehicles. These new requirements will apply to most of our U.S. manufacturing facilities and may require us to install additional pollution control equipment and/or change operating processes.

We expect to spend an aggregate of approximately $13 million in 2013 for pollution control equipment and other capital expenditures at our North American facilities in connection with stationary source standards for controlling air and water pollution and hazardous waste. We expect environmental requirements applicable to our industry to become more stringent over time, and significant expenditures could be required to comply with environmental requirements that may be adopted or imposed in the future.

Occupational Safety

The Occupational Safety and Health Act of 1970, as amended, or OSHA, establishes certain employer responsibilities, including maintenance of a workplace free of recognized hazards likely to cause death or serious injury, compliance with standards promulgated by OSHA and various record keeping, disclosure and procedural requirements. Various OSHA standards may apply to our operations. We have incurred, and will continue to incur, capital and operating expenditures and other costs in the ordinary course of our business to comply with OSHA and other state and local laws and regulations. Any failure to comply with these regulations could result in fines by government authorities and payment of damages to private litigants and affect our ability to service our customers and adversely affect our consolidated results of operations.

Employees

The following summarizes the number of our salaried and hourly employees as of December 31 of the respective years:

Employees	2012	2011	2010	2009	2008 *(1)*
Salaried	18,558	16,116	13,706	12,405	12,951
Hourly	46,977	39,571	37,917	34,921	39,240
Total	65,535	55,687	51,623	47,326	52,191

(1) Chrysler Group began operations on June 10, 2009. The above includes employees of Old Carco at December 31, 2008.

The increase in our total workforce in 2012 is primarily attributable to the hiring of manufacturing employees to support our current and anticipated production volumes, as well as additional engineering, research and development and other highly skilled employees to support our product development, sales, marketing and other corporate activities.

In the U.S. and Canada combined, substantially all of our hourly employees and approximately one-quarter of our salaried employees were represented by unions under collective bargaining agreements, which represented approximately 64 percent of our worldwide workforce as of December 31, 2012. The UAW and National Automobile, Aerospace, Transportation and General Workers Union of Canada, or CAW, represent substantially all of these represented employees in the U.S. and Canada, respectively.

In September 2012, the CAW ratified a new four-year collective bargaining agreement. The provisions of this new agreement provide for a lump sum payment to eligible CAW employees in each of the four years. In addition, the agreement maintains the current wage rates through September 2016 for employees hired prior to September 24, 2012, or traditional employees, and starts employees hired on or after September 24, 2012 at a lower wage rate that can increase to the current maximum wage rate of traditional employees at the end of ten years. The new agreement expires in September 2016.

Cyclical Nature of Business

As is typical in the automotive industry, our vehicle sales are highly sensitive to general economic conditions, availability of affordably priced financing for dealers and retail customers and other external factors, including fuel prices, and as a result may vary substantially from quarter to quarter and year to year. Retail customers tend to delay the purchase of a new vehicle when disposable income and consumer confidence are low. In addition, our vehicle production volumes and related revenues may vary from month to month, sometimes due to plant shutdowns, which may occur for several reasons, including production changes from one model year to the next. Model year changeovers occur throughout the year. Plant shutdowns, whether associated with model year changeovers or other factors, such as temporary supplier interruptions, can have a negative impact on our revenues and a negative impact on our working capital as we continue to pay suppliers under standard contract terms while we do not receive proceeds from vehicle sales. Refer to *Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations −Liquidity and Capital Resources −Working Capital Cycle,* for additional information.

Item 1A. Risk Factors.

We face a variety of risks in our business. The risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties that we are unaware of or that we currently believe to be immaterial, may also become important factors that affect us. If any of the following events occur, our business, financial condition and results of operations could be materially and adversely affected.

Economic weakness has adversely affected our business, particularly in our principal market, North America. If economic conditions do not continue to improve, or if they weaken, our results of operations could be negatively affected.

Our business, financial condition and results of operations have been, and may continue to be, adversely affected by worldwide economic conditions. Overall demand for our vehicles, as well as our profit margins, could decline as a result of many factors outside our control, including economic recessions, changes in consumer preferences, increases in commodity prices, changes in laws and regulations affecting the automotive industry and the manner in which they are enforced, inflation, fluctuations in interest and currency exchange rates and changes in the fiscal or monetary policies of governments in the areas in which we operate, the effect of which may be exacerbated during periods of general economic weakness. Depressed demand for vehicles affects our suppliers as well. Any decline in vehicle sales we experience may, in turn, adversely affect our suppliers' ability to fulfill their obligations to us, which could result in production delays, defaults and inventory management challenges. These supplier events could further impair our ability to build and sell vehicles.

Current financial conditions and, in particular, unemployment levels and low consumer confidence levels continue to place significant economic pressures on our customers and dealer network and have negatively impacted our vehicle sales. Any significant further deterioration in economic conditions may further impair the demand for our products and our results of operations, financial position and cash flows could be materially and adversely affected.

As in prior years, in 2012, over 90 percent of our vehicle sales were to customers in the U.S., Canada and Mexico. In the U.S., where we sell most of the vehicles we manufacture, industry-wide vehicle sales declined from 16.5 million vehicles in 2007 to 10.6 million vehicles in 2009. After several years of gradual economic recovery, U.S. vehicle sales reached 14.8 million in 2012, and Chrysler Group' s U.S. sales exceed Oldco' s U.S. sales for 2008. We believe this growth occurred largely because of our significant investments in vehicle design, engineering and manufacturing, through which we broadened and upgraded our product portfolio. Overall, however, economic recovery in North America has been slower and shallower than many industry analysts predicted. This limited recovery in vehicle sales may not be sustained. For instance, continued weakness in the U.S. new home construction market would likely depress sales of pick-up trucks, one of our strongest selling products. As a result, we may experience further declines in vehicle sales in the future, and we may not realize a sufficient return on the investments we have made or that we plan to make in the future. As a result, our financial condition and results of operations would be materially affected.

Although we are increasing our vehicle sales outside of North America, we anticipate that our results of operations will continue to depend substantially on vehicle sales in the North American markets. Our vehicle sales in North America will therefore continue to be critical to our plans to maintain and improve current levels of profitability. Our principal competitors, including General Motors and Ford Motor Company, or Ford, however, are more geographically diversified and are less dependent on sales in North America. As a result, any further significant decline in demand in the North American market would have a disproportionately large negative effect on our vehicle sales and profitability relative to our principal competitors, whose vehicle sales are not similarly concentrated.

We depend on the Fiat alliance to provide new vehicle platforms and powertrain technologies, additional scale, and management resources that are critical to our viability and success.

In connection with the 363 Transaction, we entered into an alliance with Fiat in which Fiat became our principal industrial partner. The Fiat alliance is intended to provide us with a number of long-term benefits, including access to new vehicle platforms and powertrain technologies, particularly in smaller, more fuel-efficient segments where we do not have a significant presence, as well as procurement benefits, management services and global distribution opportunities. The Fiat alliance is also intended to facilitate our penetration in many international markets where we believe our products would be attractive to consumers, but where we do not have significant penetration.

We believe that our ability to realize the benefits of the alliance is critical for us to compete with our larger and better-funded competitors. If we are unable to convert the opportunities presented by the alliance into long-term commercial benefits, either by improving sales of our vehicles and service parts, reducing costs or both, our financial condition and results of operations may be materially adversely affected.

Because of our dependence on the Fiat alliance, any adverse development in the Fiat alliance could have a material adverse effect on our business prospects, financial condition and results of operations. Therefore, if the Fiat alliance does not bring us its intended benefits, or if there is any adverse change in the Fiat alliance due to disagreements between the parties, changes in circumstances at Fiat or at our Company, there may be a material adverse effect on our business prospects, financial condition and results of operations.

In addition, our dependence on the Fiat alliance may subject us to risks associated with Fiat' s own business and financial condition. Although Fiat has executed its own significant industrial restructuring and financial turnaround over the past several years, it remains smaller and less well-capitalized than many of its principal competitors in Europe and globally, and Fiat has historically operated with more limited capital than many other global automakers. Moreover, Fiat' s sales and revenue have been negatively affected by the continuing economic weakness in several European countries, including Italy. Like other manufacturers and suppliers in Europe, Fiat now has considerable excess manufacturing capacity. As a result, Fiat has significantly revised its business plan, including its planned focus for product development and manufacturing operations. If, pursuant to this revised business plan, Fiat cannot fulfill all of its obligations under the Fiat alliance, we would not realize all of the benefits we have anticipated from the Fiat alliance, which may adversely affect our financial condition and results of operations.

Fiat may terminate the master industrial agreement dated June 10, 2009 and related ancillary agreements at any time on 120 days' prior written notice, although each party would be required to continue to provide certain distribution services and technology rights and other items provided under the agreement for certain transition periods as described below under *Item 13. Certain Relationships and Related Transactions, and Director Independence −Transactions with Fiat*. In addition, either we or Fiat may terminate the master industrial agreement and related ancillary agreements if the other party either commits a breach that is material, considering all ancillary agreements taken as a whole, or in the event of certain bankruptcy, liquidation or reorganization proceedings. Upon a termination for breach or bankruptcy event, the terminating party will be entitled to receive continued distribution services and technology rights and other items from the other party as noted above. A termination of the Fiat alliance could have a material adverse effect on our business prospects, financial condition and results of operations.

Notwithstanding our close industrial alliance, Fiat' s significant control over our management, operations and corporate decisions may result in conflicts of interest.

Our LLC Operating Agreement accords significant management oversight and governance rights to Fiat as a holder of the majority of our membership interests. Fiat currently holds a majority ownership interest in us, and therefore has the right to appoint a majority of the Board. As a result, to the extent permitted by the covenants in our debt agreements, Fiat has the ability to control our management and operations, including with respect to significant corporate transactions such as mergers and acquisitions, asset sales, borrowings, issuances of securities and our dissolution, as well as amendments to our LLC Operating Agreement. Fiat' s control is subject only to a requirement that the Company must have the consent of the VEBA Trust, holder of the remaining ownership interest in us, to make certain major decisions that would disproportionately affect the VEBA Trust. Despite processes we have implemented to guard against conflicts of interest and to review affiliate transactions, there can be no assurance that Fiat will not take actions or cause the Company to take actions that are not in the best interests of the Company. See *Item 13. Certain Relationships and Related Transactions, and Director Independence −Policies and Processes for Transactions Involving Related Parties* for a description of the review processes in place.

Actual or perceived conflicts of interest may arise between us and Fiat in a number of areas relating to our industrial alliance. These may include:

Management. We benefit from the significant management experience of Fiat' s leadership team, which was gained in part through Fiat' s own industrial turnaround. Both our Chief Executive Officer and Chief Financial Officer serve in those same roles for Fiat and serve on a Fiat executive management committee (the Group Executive Council, or GEC) formed to oversee the management and integration of all Fiat interests, including its interest in Chrysler Group. Members of this committee include several other employees of Chrysler Group. Chrysler Group executives who serve on the GEC owe duties to Chrysler Group and therefore may have conflicts of interest with respect to matters involving both companies. Moreover, although the GEC cannot contractually bind Chrysler Group, and recommendations made by the GEC to Chrysler Group, including transactions with

Fiat affiliates, are subject to our own internal review and approval procedures, there can be no assurance that these potential conflicts will not affect us. See *Item 13. Certain Relationships and Related Transactions, and Director Independence –Policies and Processes for Transactions Involving Related Parties* for a description of the review processes in place.

Moreover, in addition to serving as Chief Executive Officer of both Fiat and Chrysler Group, Mr. Marchionne also serves as Chairman or Chief Executive Officer of several significant business units within Fiat and Fiat Industrial including Fiat Group Automobiles, Case New Holland, or CNH, and Iveco. Mr. Marchionne does not receive any salary compensation from us for serving as our Chief Executive Officer, and we do not have a specified allocation of Mr. Marchionne' s time and attention. If Mr. Marchionne allocates more of his time and attention to non-Chrysler matters, our business may suffer as a result.

Industrial alliance. We have entered into a number of agreements with Fiat to implement and extend our industrial alliance pursuant to which each party has provided, or agreed to provide, the other with goods, services and other resources. We expect to enter into additional agreements to further our industrial alliance from time to time. Although we believe that these arrangements bolster a sense of cooperation and mutual dependence between the two companies, conflicts may arise in the performance of the parties' obligations under these agreements or in the interpretation, renewal or negotiation of these arrangements. Although the terms of any such transactions with Fiat will be established based upon negotiations between us and Fiat and, in certain cases, will be subject to the approval of the "disinterested" members of our Board or a committee of such directors, there can be no assurances that the terms of any such transactions will be as favorable to us as we may otherwise have obtained in arm' s length negotiations with a party other than Fiat. In addition, while our senior secured credit agreement and the indenture governing the secured senior notes include covenants restricting transactions between us and Fiat, compliance with these covenants may not prevent us from entering into transactions that are, particularly with the benefit of future hindsight, unfavorable to us.

Business Opportunities. Although we believe that our operational strengths complement those of Fiat, which limits the scope for business conflicts, there may be areas in which the companies will compete with one another, including with respect to business opportunities that may be of interest to both parties. We may be restricted from pursuing such opportunities by virtue of Fiat' s control of us.

We may not be successful in increasing our vehicle sales outside of North America, and if we do increase our vehicle sales outside of North America we will be exposed to additional risks of operating in different regions and countries.

We currently generate a small, but growing, proportion of our vehicle sales outside of North America. As part of our business plan, and to capitalize on opportunities presented by our industrial alliance with Fiat, we intend to actively pursue growth opportunities in a number of markets outside North America. Expanding our operations and vehicle sales internationally may subject us to additional regulatory requirements and cultural, political and economic challenges, including the following:

- securing relationships to help establish our presence in local markets, including distribution and vehicle finance relationships;
- hiring and training personnel capable of marketing our vehicles, supporting dealers and retail customers, and managing operations in local jurisdictions;
- identifying and training qualified service technicians to maintain our vehicles, and ensuring that they have timely access to diagnostic tools and parts;
- localizing our vehicles to target the specific needs and preferences of local customers, including with respect to vehicle safety, fuel economy and emissions, which may differ from our traditional customer base in North America;

- implementing new systems, procedures and controls to monitor our operations in new markets;
- multiple, changing and often inconsistent enforcement of laws and regulations;
- satisfying local regulatory requirements, including those for vehicle safety, content, fuel economy or emissions;
- competition from existing market participants that have a longer history in, and greater familiarity with, the local markets we enter;
- differing labor regulations and union relationships;
- consequences from changes in tax laws;
- tariffs and trade barriers;
- laws and business practices that favor local competitors;
- fluctuations in currency exchange rates;
- extended payment terms and the ability to collect accounts receivable;
- imposition of limitations or conversion of foreign currencies into U.S. dollars or remittance of dividends and other payments by foreign subsidiaries; and
- changes in a specific country’ s or region’ s political or economic conditions.

Moreover, for the past several years, sustained economic weakness in several European countries has slowed our plans to sell more vehicles through the Fiat dealer network in that region.

If we fail to address these challenges and other risks associated with international expansion, we may encounter difficulties implementing our strategy, which could impede our growth or harm our operating results.

Our future success depends on our continued ability to introduce new and refreshed vehicles that appeal to a wide base of consumers and to respond to changing consumer preferences, economic conditions, and government regulations.

Until 2011, our vehicle portfolio had fewer new or significantly refreshed vehicle models than many of our competitors, largely due to capital constraints experienced by Old Carco over the period from 2007 to 2009. Our relative lack of new or significantly refreshed product offerings during this period continues to have an adverse effect on our vehicle sales, market share, average selling price and profitability. Since our formation in 2009, we have significantly upgraded, updated and broadened our product offerings to meet our customers’ changing demands and expectations as described in detail under *Item 1. Business −Products*. In order to meet these goals, we had to invest heavily in vehicle design, engineering and manufacturing. Our ability to realize acceptable returns on these investments will depend in large part on consumers’ acceptance of our new and significantly refreshed vehicles.

We undertake significant market research and testing prior to developing and launching new or significantly refreshed vehicles. Nevertheless, market acceptance of our products depends on a number of factors, many of which are outside of our control and require us to anticipate customer preferences and competitive products several years in advance. These factors include the market perception of styling, safety, reliability, capability and cost of ownership of our vehicles as compared to those of our competitors, as well as other factors that affect demand, including price competition and financing or lease programs. If we fail to continue to introduce new and/or significantly refreshed vehicles in those segments that can compete successfully in the market, or if we fail to successfully reduce our concentration in those vehicle segments with declining consumer preferences, our financial condition and results of operations could deteriorate.

Competition has traditionally been intense in the automotive industry and has intensified further in recent years, including in the utility vehicle, minivan and truck segments that historically have represented most of our U.S. vehicle sales. In 2012, these segments accounted for approximately 70 percent of our vehicle sales in the U.S. whereas truck, utility vehicle and minivan sales accounted for only about 52 percent of the overall U.S. market, respectively. In prior years, our competitors had been successful in introducing new vehicles in these segments that have taken market share away from us. At times, consumer preference has shifted away from these vehicles, which all have relatively low fuel economy, due to elevated fuel prices, environmental concerns, economic conditions, governmental actions or incentives, and other reasons, adversely affecting our overall market share and profitability. Despite our heavy cadence of new vehicle introductions since 2009, we still have far fewer competitive passenger vehicles, particularly smaller, fuel-efficient vehicles, than our competitors. Therefore, a return to higher fuel prices, continued volatility in fuel prices or fuel shortages, particularly in the U.S. could have a disproportionate effect on our vehicle sales as compared to our competitors.

If our new or significantly refreshed products are not received favorably by customers, our vehicle sales, market share and profitability will suffer. If we are required to cut capital expenditures due to insufficient vehicle sales and profitability or if we decide to reduce costs and conserve cash, our ability to continue our program of improving and updating our vehicle portfolio and keeping pace with product and technological innovations introduced by our competitors will be diminished, which may further reduce demand for our vehicles.

Product development cycles can be lengthy, and there is no assurance that new designs will lead to revenues from vehicle sales, or that we will be able to accurately forecast demand for our vehicles, potentially leading to inefficient use of our production capacity, which could harm our business.

It generally takes two years or more to design and develop a new product, and there may be a number of factors that could lengthen that schedule. Because of this product development cycle and the various elements that may contribute to consumers' acceptance of new vehicle designs, including competitors' product introductions, fuel prices, general economic conditions and changes in styling preferences, we cannot be certain that an initial product concept or design that appears to be attractive will result in a production model that will generate sales in sufficient quantities and at high enough prices to be profitable. If our designs do not result in the development of products that are accepted in the market, our financial condition and results of operations may be adversely affected. Additionally, our high proportion of fixed costs, both due to our significant investment in property, plant and equipment as well as the requirements of our collective bargaining agreements, which limit our flexibility in quickly calibrating personnel costs to changes in demand for our products, further exacerbate the risks associated with incorrectly assessing demand for our vehicles.

The North American automotive industry has undergone substantial restructuring over the past several years, resulting in widespread consolidation among vehicle manufacturers and suppliers. This restructuring was aimed largely at reducing the substantial excess capacity that existed throughout the automotive supply chain prior to 2009. While the industry's successful reduction in capacity has lowered break-even production rates, many companies are still adjusting to these changes and have limited access to capital. Accordingly, there is currently little available capacity for certain materials, parts and components to respond to an unanticipated increase in demand. For the past three years, we have encountered challenges in our operations with:

Our ability to rapidly increase production levels in light of our suppliers' ability to provide greater than forecast volumes of raw materials and components, and those suppliers ability to increase their own production rapidly enough to meet our demand, particularly in light of our industry's focus on just-in-time inventory systems; and

Increased costs due to excessive employee overtime, expedited procurement of raw materials and parts, and other expenditures, all of which are driving up costs for manufacturing and logistics, which, if not addressed, may impact our profitability over the long term.

These rapid increases in manufacturing volumes may also adversely affect our manufacturing quality, partly due to the challenge of hiring, training and overseeing a growing workforce. Such downturns in quality could delay production and deliveries, or could generate product recalls and warranty claims. These results could reduce our gross margins and adversely impact customer satisfaction. In addition, we may not be able to properly repair or maintain our equipment in these conditions, which could cause us to lose valuable manufacturing capability in the long run.

If, on the other hand, demand does not develop as we forecast, we could have excess inventory, and we may need to increase sales incentives to sell off inventory, and/or take impairments or other charges. Lower than forecasted demand could also result in excess manufacturing capacity and reduced manufacturing efficiencies, which could reduce margins and profitability.

Our ability to achieve cost reductions and to realize production efficiencies is critical to maintaining our competitiveness and long-term profitability.

We are continuing to implement a number of cost reduction and productivity improvement initiatives in our automotive operations, through the Fiat alliance and otherwise, including, for example, increasing the number of our vehicles that are based on common platforms, reducing our dependence on sales incentives offered to dealers and retail customers, leveraging our purchasing capacity with Fiat' s and implementing WCM principles. Our future success depends upon our ability to implement these initiatives throughout our operations. In addition, while some of the productivity improvements are within our control, others depend on external factors, such as commodity prices or trade regulation. These external factors may impair our ability to reduce our structural costs as planned, and we may sustain larger than expected production expenses, materially affecting our business and results of operations. Furthermore, reducing costs may prove difficult due to our focus on introducing new and improved products in order to meet customer expectations.

The automotive industry is highly competitive. Our competitors' efforts to increase their share of vehicle sales could have a significant negative impact on our vehicle pricing, market share and operating results.

The automotive industry is highly competitive, particularly in the U.S., our primary market. Our competitors may respond to negative market conditions by attempting to make their vehicles more attractive or less expensive to customers by adding vehicle enhancements, providing subsidized financing or leasing programs, offering option package discounts, price rebates or other sales incentives, or by reducing vehicle prices in certain markets. In addition, manufacturers in countries such as China and India, which have lower production costs, have announced that they intend to export lower-cost automobiles to established markets, including North America. With excess manufacturing capacity growing in Europe, historically higher-priced, desirable vehicles from that region may become available for sale in North America at lower prices. These actions have had, and are expected to continue to have, a significant negative impact on our vehicle pricing, market share, and operating results, and present a significant risk to our ability to improve or even maintain our average selling price per vehicle.

Offering desirable vehicles that appeal to customers can mitigate the risks of increased price competition, but vehicles that are perceived to be less desirable (whether in terms of price, quality, styling, safety, fuel efficiency or other attributes) can exacerbate these risks.

Dealer sourcing and inventory management decisions could adversely affect sales of our vehicles and service parts.

We sell most of our vehicles and service parts through our dealer network. Our vehicle and service part sales depend on the willingness and ability of our dealer network to purchase vehicles and service parts for resale to retail customers. Our dealers' willingness and ability to make these purchases depends, in turn, on the rate of their retail vehicle sales, as well as the availability and cost of capital and financing necessary for dealers to acquire and hold inventories for resale. The dealers carry inventories of vehicles and service parts in their ongoing operations and they adjust those inventories based on their assessment of future sales prospects, their ability to obtain wholesale financing, and other factors. Certain of our dealers may also carry products or operate separate dealerships that carry products of our competitors and may focus their inventory purchases and sales efforts on products of our competitors due to industry and product demand or profitability. These inventory and sourcing decisions can adversely impact our sales, financial condition and results of operations.

Availability of adequate financing on competitive terms for our dealers and retail customers is critical to our success. Our lack of a captive finance company could place us at a competitive disadvantage to competitors that have a captive finance company and therefore may be able to offer consumers and dealers financing and leasing on better terms than our customers and dealers are able to obtain. In lieu of a captive finance company, we depend on our relationship with Ally, and in the future, will depend on a new relationship with SCUSA to supply a significant percentage of this financing.

Our dealers enter into wholesale financing arrangements to purchase vehicles from us to hold in inventory to facilitate vehicle sales, and our retail customers use a variety of finance and lease programs to acquire vehicles. Our leasing volumes are significantly below market levels. Our inability to offer competitive leases may negatively impact our vehicle sales volumes and market share. Our results of operations therefore depend on establishing and maintaining appropriate sources of financing for our dealers and retail customers.

Unlike most of our competitors who operate and control affiliated finance companies, we do not have a finance company dedicated solely to our operations. Our competitors with dedicated or wholly-owned finance companies may be better able to implement financing programs designed principally to maximize vehicle sales in a manner that optimizes profitability for them and their finance companies on an aggregate basis, including with respect to the amount and terms of the financing provided. If such competitors offer retail customers and dealers financing and leasing on better terms than our customers and dealers are able to obtain, consumers may be more inclined to purchase or lease our competitors' vehicles and our competitors' dealers may be better able to stock our competitors' products, each of which could adversely affect our results of operations. In addition, unless financing arrangements other than for retail purchase continue to be developed and offered by banks to our retail customers in Canada, our lack of a captive finance company could present a competitive disadvantage in Canada, since banks are restricted by law from providing retail lease financing in Canada.

In connection with the 2009 restructuring of the U.S. automotive industry, and with the assistance of the U.S. Treasury, we entered into an auto finance relationship with Ally, which historically was the captive finance company of General Motors, one of our principal competitors. Following its own participation in the 2009 restructuring of the U.S. automotive industry, Ally has been majority owned by the U.S. Treasury, although General Motors and Ally's former majority owner, Cerberus Capital Management L.P., or Cerberus, each retain partial ownership. As of December 31, 2012, Ally was financing approximately 60 percent of our dealers in the U.S.

While Ally has agreed to consider applications for financing made by our dealers and their retail customers in accordance with Ally's usual and customary standards, and to make lending decisions in accordance with its business judgment, Ally is not obligated to provide specific levels of financing to our dealers or customers.

Ally's performance may also be negatively affected by our decision to terminate our agreement with Ally effective April 30, 2013 and our recent announcement that we had reached an agreement with SCUSA, under which SCUSA will serve as a private-label financing provider under the name Chrysler Capital and will manage our retail and wholesale financing needs beginning May 1, 2013. Our decision to transition our financing services relationship to SCUSA and to develop a private-label financing solution subjects us to significant risks, particularly in the short term as SCUSA begins to ramp up its operations to serve the financing needs of our dealers and customers. If SCUSA is unable to timely provide an acceptable level of service including response time, approval rates and a full range of competitive financing products at competitive rates, our sales may suffer.

Any financing services provider, including Ally and SCUSA, will face other demands on its capital, including the need or desire to satisfy funding requirements for dealers or customers of our competitors as well as liquidity issues relating to other investments. Therefore, they may not have the capital and liquidity necessary to support our vehicle sales, and even with sufficient capital and liquidity, they may apply lending criteria in a manner that will adversely affect our vehicle sales. In addition, Ally may suspend its performance under its agreement with us, after notice to us, in the event that Ally' s unsecured financial exposure (as defined in the agreement) exceeds a specified amount.

To the extent that either Ally or SCUSA is unable or unwilling to provide sufficient financing at competitive rates to our dealers and retail customers, or we encounter challenges in our transition from Ally to Chrysler Capital, our dealers and retail customers may not have sufficient access to such financing. As a result, our vehicle sales and market share may suffer, which would adversely affect our financial condition and results of operations.

Our profitability depends on reaching certain minimum vehicle sales volumes. If vehicle sales do not continue to increase, or if they deteriorate, our results of operations will suffer.

Our business and results of operations depend upon our ability to achieve certain minimum vehicle sales volumes. As is typical for an automobile manufacturer, we have significant fixed costs and therefore, changes in our vehicle sales volume can have a disproportionately large effect on profitability. In addition, we generally receive payments from vehicle sales to dealers in North America within a few days of shipment from our assembly plants, whereas there is a lag between the time we receive parts and materials from our suppliers and the time we are required to pay for them. As a result, we tend to operate with working capital supported by these terms with our suppliers, and periods of vehicle sales declines therefore have a significant negative impact on our cash flow and liquidity. If our vehicle sales do not continue to increase, or if they were to decline to levels significantly below our assumptions, due to financial crisis, renewed recessionary conditions, changes in consumer confidence, geopolitical events, limited access to financing or other factors, our financial condition and results of operations would be substantially adversely affected.

Our business plan depends, in part, on reducing the extent to which we depend on dealer and retail incentives to sell vehicles, and our ability to modify these market practices is uncertain.

The intense competition and limited ability to reduce fixed costs that characterize the automotive industry has in many cases resulted in significant over-production of vehicles. These factors, together with significant excess manufacturing capacity, have driven manufacturers, including us, to rely heavily on sales incentives to drive vehicle sales. These incentives have included both dealer incentives, typically in the form of dealer rebates or volume-based awards, as well as retail incentives in a variety of forms, including subsidized financing, price rebates and other incentives. As part of our business plan, we are attempting to reduce our reliance on incentives, which might negatively affect our sales volumes. However, we expect the impact of any reduction in vehicle sales to be offset by improved and more predictable pricing and margins on vehicle sales. If, despite our efforts, we are unable to reduce our reliance on short-term sales incentives, and maintain price discipline, our financial condition and results of operations may be adversely affected.

Vehicle defects may delay vehicle launches, or increase our warranty costs.

Manufacturers are required to remedy defects related to motor vehicle safety and to emissions through safety recall campaigns, and a manufacturer is obligated to recall vehicles if it determines that they do not comply with an applicable FMVSS. In addition, if we determine that a safety or emissions defect or a non-compliance exists with respect to certain of our vehicles prior to the start of production, the launch of such vehicle could be delayed until we remedy the defect or non-compliance. The costs associated with any protracted delay in new model launches necessary to remedy such defect, and the cost of providing a free remedy for such defects or non-compliance in vehicles that have been sold, could be substantial. We are also obligated under the terms of our warranty to make repairs or replace parts in our vehicles at our expense for a specified period of time. Therefore, any failure rate that exceeds our expectations may result in unanticipated losses.

Product recalls may result in direct costs and loss of vehicle sales that could have material adverse effects on our business.

From time to time, we have been required to recall vehicles to address performance, compliance or safety-related issues. The costs we incur to recall vehicles typically include the cost of the new remedy parts and labor to remove and replace the problem parts, and may be substantial depending on the nature of the remedy and the number of vehicles affected. Product recalls also harm our reputation and may cause consumers to question the safety or reliability of our products.

Any costs incurred, or lost vehicle sales resulting from, product recalls could materially adversely affect our business. Moreover, if we face consumer complaints, or we receive information from vehicle rating services that calls into question the safety or reliability of one of our vehicles and we do not issue a recall, or if we do not do so on a timely basis, our reputation may also be harmed and we may lose future vehicle sales.

If our suppliers fail to provide us with the raw materials, systems, components and parts that we need to manufacture our automotive products, our business operations may be disrupted which would have a material adverse effect on our business.

Our business depends on a significant number of suppliers, which provide the raw materials, components, parts and systems we require to manufacture vehicles and parts and to operate our business. We use a variety of raw materials in our business including steel, aluminum, lead, resin and copper, and precious metals such as platinum, palladium and rhodium. The prices for these raw materials often fluctuate. We seek to manage this exposure, but we may not always be successful in hedging these risks. See *−We may be adversely affected by fluctuations in foreign currency exchange rates, commodity prices, and interest rates* below. Substantial increases in the prices for our raw materials increase our operating costs and could reduce our profitability if we cannot recoup the increased costs through changes in vehicle prices. In addition, certain raw materials are sourced from a limited number of suppliers and from a limited number of countries. We cannot guarantee that we will be able to maintain arrangements with these suppliers and ensure our access to these raw materials, and in some cases this access may be affected by factors outside of our control and the control of our suppliers. For instance, in 2012, the uptick in automotive volumes caused some constraint in the supply of palladium, which is utilized in catalytic converters.

As with raw materials, we are also at risk for supply disruption and shortages in parts and components for use in our vehicles. We will continue to work with our suppliers to monitor potential shortages and to mitigate the effects of any emerging shortages on our production volumes and revenues; however, there can be no assurances that these events will not have an adverse effect on our production in the future, and any such effect may be material.

Moreover, we rely on specific suppliers to provide certain components, parts and systems that are required to manufacture our vehicles, and in some circumstances, we rely exclusively on one such supplier. Over the past several years, we have worked to reduce or eliminate our dependence on certain suppliers that we believed were financially at risk; however, this has increased our dependence on, and the concentration of our credit risk, to our remaining suppliers. As volumes increase throughout the industry, some of our suppliers must make capital investments to keep pace with demand. Due to the long lead times for such investment, if our suppliers delay in making such investments or do not have sufficient access to capital, that could limit the ability of such suppliers to meet our full demands. Further, if our suppliers seek to increase prices to offset these capital investments, and we are unable to capture those additional costs through pricing on our vehicles, we may not be able achieve the production and financial targets stated in our business plan.

At the same time, many of our suppliers located in Europe, or whose customers are concentrated in Europe, are currently experiencing financial difficulties similar to those in North America between 2008 and 2010 due to the combination of general economic weakness, sharply declining vehicle sales and tightened credit availability in the region. When key suppliers on which we depend have experienced financial difficulties in the past, they often sought to increase prices, accelerate payments or seek other relief. Some of those suppliers have ceased doing business or sought bankruptcy court protection. Any such actions would likely increase our costs, impair our ability to meet design and quality objectives and in some cases make it difficult or impossible for us to produce certain vehicles. We may take steps to assist key suppliers to remain in business and maintain operations, but this would require us to divert capital from other needs and adversely affect our liquidity. It may also be difficult to find a replacement supplier without significant delay.

Any interruption in the supply or any increase in the cost of raw materials, parts and components could negatively impact our ability to achieve the growth in vehicle sales and profitability improvement contemplated by our business plan and the impact to our vehicle sales and profitability could be material.

From time to time we enter into long-term supply arrangements that commit us to purchase minimum or fixed quantities of certain parts or materials, or to pay a minimum amount to a supplier, or "take-or-pay" contracts, through which we may incur costs that cannot be recouped by vehicles sales.

From time to time, we enter into long-term supply contracts that require us to purchase a minimum or fixed quantity of parts to be used in the production of our vehicles. If our need for any of these parts were to lessen, we would still be required to purchase a specified quantity of the part or pay a minimum amount to the supplier pursuant to the take-or-pay contract. We also have entered into a small number of long-term supply contracts for raw materials that require us to purchase fixed quantities. If our needs for raw materials decline, we could be required to purchase more materials than we need. Additionally, we have changed the way in which we do business with certain key suppliers by paying up front for engineering design and development costs, rather than paying for these costs after production has begun via component or materials pricing. We believe that this shift will help financially stabilize our suppliers and will encourage supplier investment in our business, but as a result, we will now bear certain of the costs of new product development years before we will realize any revenue on that new product, which reduces our liquidity. In the event that parts production volumes are lower than forecast, or that the supplier does not perform all the way through the production cycle, we will experience financial losses that we would not otherwise have incurred under the prior payment system. Our competitors may not change their supplier payment programs, and may not experience similar losses, putting us at a potential competitive disadvantage in terms of available capital.

Limitations on our liquidity and access to funding may limit our ability to execute our business plan and improve our business, financial condition and results of operations.

Our business is capital intensive and we require significant liquidity to support our business plan and meet other funding requirements. See *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations –Liquidity and Capital Resources* for a more detailed discussion of our liquidity and capital requirements. In addition, during periods of vehicle sales decreases, our cash flow and liquidity may be significantly negatively impacted because we typically receive revenues from vehicle sales before we are required to pay our suppliers. Any limitations on our liquidity, due to decreases in vehicle sales, the amount of or restrictions in our existing indebtedness, conditions in the credit markets, general economic conditions or otherwise, may adversely impact our ability to execute our business plan and improve our business prospects, financial condition and results of operations. In addition, any actual or perceived limitations of our liquidity may limit the ability or willingness of counterparties, including dealers, customers, suppliers and financial service providers, to do business with us, which may adversely affect our business, financial condition and results of operations.

Table of Contents

Our defined benefit pension plans are currently underfunded and our pension funding obligation could increase significantly due to a reduction in funded status as a result of a variety of factors, including weak performance of financial markets, investment risks inherent in our investment portfolio, and unanticipated changes in interest rates resulting in a decrease in the value of certain plan assets or increase in the present value of plan obligations, which could have a material adverse effect on our business, financial condition or results of operations.

Our defined benefit pension plans are currently underfunded. At the end of 2012, our defined benefit pension plans were underfunded by approximately $8.9 billion. Our pension funding obligations may increase significantly if investment performance of plan assets does not keep pace with our benefit payment obligations and we do not make additional contributions to offset these impacts. See *Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations −Liquidity and Capital Resources −Defined Benefit Pension Plans and OPEB Plans −Contributions and Funded Status −Defined Benefit Pension Plans −Funded Status, and −Critical Accounting Estimates −Pension.*

Mandatory funding obligations may increase based upon lower than anticipated returns on plan assets whether as a result of overall weak market performance or particular investment decisions, changes in the level of interest rates used to determine required funding levels, changes in the level of benefits provided for by the plans, and any changes in applicable law related to funding requirements.

Our defined benefit pension plans currently hold significant investments in equity and fixed income securities, as well as investments in less liquid instruments such as private equity, real estate and certain hedge funds. Due to the complexity and magnitude of certain of our investments, additional risks may exist, including significant changes in investment policy, insufficient market capacity to complete a particular investment strategy and an inherent divergence in objectives between the ability to manage risk in the short term and our ability to quickly rebalance illiquid and long-term investments.

To determine the appropriate level of funding and contributions to our defined benefit pension plans, as well as the investment strategy for the plans, we are required to make various assumptions, including an expected rate of return on plan assets and a discount rate used to measure the obligations under our defined benefit pension plans. Interest rate increases generally will result in a decline in the value of investments in fixed income securities and the present value of the obligations. Conversely, interest rate decreases will generally increase the value of investments in fixed income securities and the present value of the obligations. We are required to re-measure our discount rate annually and did so at December 31, 2012, with the result that our pension obligations increased. Any reduction in investment returns or the value of plan assets, or any increase in the present value of obligations may increase our pension expenses and required contributions, and as a result constrain our liquidity and materially adversely affect our financial condition and results of operations. If we fail to make required minimum funding contributions, we could be subjected to reportable event disclosure to the Pension Benefit Guaranty Corporation, as well as interest and excise taxes calculated based upon the amount of any funding deficiency.

We may be adversely affected by fluctuations in foreign currency exchange rates, commodity prices, and interest rates.

Our manufacturing and sales operations are exposed to a variety of market risks, including the effects of changes in foreign currency exchange rates, commodity prices and interest rates. We monitor and manage these exposures as an integral part of our overall risk management program, which is designed to reduce the potentially adverse effects of these fluctuations. Nevertheless, changes in these market indicators cannot always be predicted or hedged. In addition, because of intense price competition, our significant fixed costs and our financial and liquidity restrictions, we may not be able to minimize the impact of such changes, even if they are foreseeable. As a result, substantial unfavorable changes in foreign currency exchange rates, commodity prices or interest rates could have a material adverse effect on our revenues, financial condition and results of operations.

Laws, regulations or governmental policies in foreign countries may limit our ability to access our own funds.

When we sell vehicles in countries other than the U.S., we are subject to various laws, regulations and policies regarding the exchange and transfer of funds back to the U.S. In rare cases, we may be limited in our ability to transfer some or all of our funds for unpredictable periods of time. In addition, the local currency of a country may be devalued as a result of adjustments to the official exchange rate made by the government with little or no notice. For instance, we are subject to the rules and regulations of the Venezuelan government concerning our ability to exchange cash or marketable securities denominated in Venezuelan bolivar fuerte, or BsF, into U.S. dollars. Under these regulations, the purchase and sale of foreign currency must be made through the Commission for the Administration of Foreign Exchange, or CADIVI, at official rates of exchange and subject to volume restrictions. These factors limit our ability to access and transfer liquidity out of Venezuela to meet demands in other countries and also subject us to increased risk of devaluation or other foreign exchange losses. On December 30, 2010, the Venezuelan government announced an adjustment to the official CADIVI exchange rate, which resulted in a devaluation of our BsF denominated balances as of December 31, 2010. The Venezuelan government announced a further devaluation of the BsF relative to the U.S. dollar, effective February 13, 2013, which resulted in a further devaluation of our BsF denominated balances.

Our substantial indebtedness could adversely affect our financial condition, our cash flow, our ability to operate our business and could prevent us from fulfilling our obligations under the terms of our indebtedness.

We have a substantial amount of indebtedness. As of December 31, 2012, our total debt, including the debt of our subsidiaries, was $13,329 million (based on the face value of such indebtedness), excluding unused commitments of $1,300 million under our revolving credit facility. Despite our substantial amount of indebtedness, we may be able to incur significant additional debt, including secured and unsecured debt, in the future. Although restrictions on the incurrence of additional debt are contained in the terms of our $4.3 billion senior secured credit agreement, which includes a $3.0 billion Tranche B Term Loan and a $1.3 billion revolving credit facility, or Revolving Facility, collectively referred to as the Senior Credit Facilities, in the indenture governing the secured senior notes (which restricts only secured debt) and in our other financing arrangements, these restrictions are subject to a number of qualifications and exceptions. The more leveraged we become, the more we are exposed to the further risks associated with substantial leverage described below.

Our debt levels and financing agreements could have significant negative consequences, including, but not limited to:

- making it more difficult to satisfy our obligations, including our obligations with respect to the Senior Credit Facilities and the secured senior notes;
- diminishing our future earnings;
- limiting our ability to obtain additional financing;
- requiring us to issue debt or raise equity or to sell some of our principal assets, possibly on unfavorable terms, to meet debt payment obligations;
- exposing us to risks that are inherent in interest rate and currency fluctuations because certain of our indebtedness bears variable rates of interest and is in various currencies;
- subjecting us to financial and other restrictive covenants, and if we fail to comply with these covenants and that failure is not waived or cured, could result in an event of default under our indebtedness;
- requiring us to devote a substantial portion of our available cash and cash flow to make interest and principal payments on our debt, thereby reducing the amount of cash available for other purposes, including for vehicle design and engineering, manufacturing improvements, other capital expenditures and other general corporate uses;

limiting our financial and operating flexibility in response to changing economic and competitive conditions or exploiting strategic business opportunities; and

placing us at a disadvantage compared to our competitors that have relatively less debt and may therefore be better positioned to invest in design, engineering and manufacturing improvements.

If our debt obligations materially hinder our ability to operate our business and adapt to changing industry conditions, we may lose market share, our revenues may decline and our operating results may suffer. If we do not have sufficient earnings to service our indebtedness, we may be required to refinance all or part of our indebtedness, sell assets, borrow more money or sell securities, which we may not be able to do on acceptable terms if at all.

Restrictive covenants in the agreements governing our indebtedness could adversely affect our business by limiting our operating and strategic flexibility.

In connection with our refinancing on May 24, 2011, we entered into a term loan agreement in the amount of $3.0 billion, and an undrawn revolving credit facility in the amount of $1.3 billion. We also issued Secured Senior Notes due in 2019 and 2021 totaling $3.2 billion. Our credit agreement governing our term loan and our revolver, as well as our indenture governing the Secured Senior Notes we issued contain restrictive covenants that limit our ability to, among other things:

incur or guarantee additional secured and unsecured indebtedness;

pay dividends or make distributions or purchase or redeem capital stock;

make certain other restricted payments;

incur liens;

sell assets;

enter into sale and lease-back transactions;

enter into transactions with affiliates; and

effect a consolidation, amalgamation or merger.

These restrictive covenants could have an adverse effect on our business by limiting our ability to take advantage of financing, mergers and acquisitions, joint ventures or other corporate opportunities. In addition, the Senior Credit Facilities requires us to maintain a minimum ratio of borrowing base to covered debt, as well as a minimum liquidity of $3.0 billion, which includes any undrawn amounts on the Revolving Facility. Also, the Senior Credit Facilities, and the indentures governing the Secured Senior Notes and the senior unsecured note issued to the VEBA Trust with a face value of $4,587 million, or the VEBA Trust Note, may limit our ability and the ability of our subsidiaries to incur debt. See *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations –Liquidity and Capital Resources* for a further description of our indebtedness. Any new financing may include additional, and potentially more burdensome, covenants and restrictions on our operations and financial flexibility.

Moreover, if we are unable to comply with the terms applicable to our indebtedness, including all the covenants under the indenture governing the Secured Senior Notes, the terms of the Senior Credit Facilities or any of our other indebtedness, we may be in default, which could result in cross-defaults under certain of our indebtedness and the acceleration of our outstanding indebtedness and foreclosure on our mortgaged properties. If acceleration occurred, we may not be able to repay our debt as it is unlikely that we would be able to borrow sufficient additional funds to refinance our debt. Even if new financing is made available to us in such circumstances, it may not be available on acceptable terms. Non-compliance with our debt covenants could have a material adverse effect on our business, financial condition and results of operations.

We may not be able to generate sufficient cash to service all of our indebtedness and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to generate sufficient cash flow from operations to make scheduled payments on, or to refinance obligations under, our debt depends on our financial and operating performance, which, in turn, is subject to prevailing economic and competitive conditions and to financial and business-related factors, including credit ratings, many of which may be beyond our control.

As of December 31, 2012, we had $13,329 million of outstanding indebtedness (based on the face value of such indebtedness), excluding unused commitments of $1,300 million under our revolving credit facility.

If our cash flow and capital resources are insufficient to fund our debt service obligations, we may have less working capital, and we may be forced to reduce or delay capital expenditures, sell assets, seek additional equity capital or restructure all or a portion of our debt. We may not be able to complete any of these on commercially reasonable terms or at all, and even if successful, we still may be unable to meet our scheduled debt service obligations. In particular, our ability to refinance our indebtedness or obtain additional financing may be adversely affected by our high levels of debt, prevailing market conditions and the debt incurrence restrictions imposed by our debt instruments. In the absence of sufficient cash flow and capital resources, we could face substantial liquidity problems and may be required to dispose of material assets or operations to meet our debt service and other obligations. The indenture governing the Secured Senior Notes, the terms of the Senior Credit Facilities and certain other debt agreements restrict our ability to dispose of assets and the use of proceeds from any such disposition. We cannot be assured that we will be able to consummate any asset sales, or if we do, what the timing of the sales will be or whether the proceeds that we realize will be adequate to meet our debt service obligations when due or that we will be contractually permitted to apply such proceeds for that purpose. In addition, any failure to make scheduled payments of interest and principal on our outstanding indebtedness would likely result in a reduction in our credit rating, which could harm our ability to incur additional indebtedness on commercially reasonable terms, if at all. Our inability to generate sufficient cash flow to satisfy our debt obligations, or to implement any of these alternative measures, would have a material adverse effect on our business, financial condition and results of operations.

Laws, regulations and governmental policies, including those regarding increased fuel economy requirements and reduced GHG emissions, may have a significant effect on how we do business and may adversely affect our results of operations.

In order to comply with government regulations related to fuel economy and emissions standards, we must devote significant financial and management resources, as well as vehicle engineering and design attention to these legal requirements. We expect the number and scope of these regulatory requirements, along with the costs associated with compliance, to increase significantly in the future. In the U.S., for example, governmental regulation is driven by a variety of sometimes conflicting concerns, including vehicle safety, fuel economy and environmental impact (including GHG emissions). Complying with these regulatory requirements despite competing policy goals could significantly affect our plans for product development, particularly our plans to further integrate product development with our industrial partner, Fiat, and may result in substantial costs, including civil penalties, if we are unable to comply fully. They may also limit the types of vehicles we produce and sell and where we sell them, which can affect our vehicle sales and revenues. These requirements may also limit the benefits of the Fiat alliance, as we expend financial, vehicle design and engineering resources to the localization of Fiat vehicle platforms and adapt other Fiat technologies for use in our principal markets in North America, where Fiat has had a limited presence in recent years.

Among the most significant regulatory changes we face over the next several years are the heightened requirements for fuel economy and GHG emissions. CAFE provisions under the EISA, mandate that, by 2025, car and truck fleet-wide average fuel economy must be materially higher than that required today. In addition, as a result of the recent revelation that certain automakers' reported fuel economy ratings that were higher than EPA' s verification testing showed, EPA has increased its scrutiny of all automakers' fuel economy claims. This increased scrutiny could have an effect on the fuel economy ratings of certain of our vehicles, which, in turn, could affect our consumer perception and sales, and our ability to meet our CAFE obligations in the long-term.

The State of California, through CARB, is implementing its own program to regulate vehicle emissions that would require even further improved fuel economy. This California program currently has standards established for the 2009 through 2016 model years. Some additional states and Canadian provinces have also adopted variations of the California emissions standards.

In May 2009, President Obama announced a goal of implementing harmonized federal standards for fuel economy and GHG emissions. EPA and NHTSA, issued a joint final rule to implement this new federal program in May 2010. These standards apply to passenger cars, light-duty trucks, and medium-duty passenger vehicles built in model years 2012 through 2016, and CARB has agreed that compliance with the these federal emissions standards will be deemed compliance with the California emissions standards for the 2012 through 2016 model years. In the absence of these rules, we would be subject to conflicting and in some cases more onerous requirements enacted by California and adopted by other states. Moreover, in November, 2011, EPA and NHTSA issued a joint rule increasing the emissions standards from 2017 through 2025, such that the car and truck fleet-wide average fuel economy must achieve 54.5 miles per gallon by 2025. As with the model year 2012-2016 rule, compliance with the joint rule will be deemed compliance with California emissions requirements. Implementation of this rule will require us to take costly design actions and implement vehicle technologies that may not appeal to customers. In addition, if circumstances arise where CARB and EPA regulations regarding GHG emissions and fuel economy conflict, this too could require costly actions or limit the sale of certain of our vehicles in certain states. We could also be adversely affected if pending litigation by third parties outside of the automotive industry challenging EPA' s regulatory authority with respect to GHGs is successful and as a result, CARB were to enforce its GHG standards.

We are committed to meeting these new regulatory requirements. While we believe that our current product plan will meet the applicable federal and California GHG/fuel economy standards established through model year 2016, our compliance is dependent on our ability to purchase the ultra-low global warming potential refrigerant HFO1234yf, which would generate GHG credits pursuant to EPA' s GHG rule for model years 2012 through 2016. Manufacturing delays and consequential product shortages outside of our control could threaten the supply of the refrigerant in sufficient volumes to meet our compliance needs. Moreover, our current vehicle technology cannot yield the improvement in fuel efficiency necessary to achieve compliance with the requirements of the proposed 2017-2025 joint rule, and certain regulatory provisions dictate that our fleet of vehicles must be combined with the fleet of vehicles from our industrial partners Fiat Group Automobiles and Maserati vehicles for GHG and CAFE purposes. These matters may cause additional strain on our ability to comply with those rules. Even in the years leading up to 2016, we may not be able to develop appealing vehicles that comply with these requirements that can be sold at a competitive price. Our customers may not purchase these vehicles in the volumes necessary to achieve the proper fleet mix to achieve fuel economy requirements.

Canadian federal emissions regulations largely mirror the U.S. regulations.

The EU promulgated new passenger car CO_2 emissions regulations beginning in 2012. This directive sets an industry target for 2020 of a fleet average measured in grams per kilometer, with the requirements for each manufacturer calculated based on the average weight of vehicles across its fleet. In addition, some EU member states have adopted or are considering some form of CO_2 based vehicle tax, which may affect consumer preferences for certain vehicles in unpredictable ways, and which could result in specific market requirements that are more stringent than the EU emissions standards.

Other countries are also developing or adopting new policies to address these issues. These policies could significantly affect our product development and international expansion plans and, if adopted in the form of new laws or regulations, could subject us to significant civil penalties or require that we modify our products to remain in compliance. Any such modifications may reduce the appeal of our vehicles to our customers.

Additionally, any new regulations could result in substantial increased costs, which we may be unable to pass through to customers, and could limit the vehicles we design, manufacture and sell and the markets we can access. These changes could adversely affect our business, financial condition and results of operations. For example, pending litigation may prompt EPA to reexamine the use of selective catalyst reduction technology in diesel engines. Regulatory constraints on such use could adversely affect our ability to sell heavy-duty vehicles.

Safety standards set by regulatory authorities, as well as design, safety and quality ratings by widely accepted independent parties may have a significant negative effect on our costs and our vehicle sales.

Our vehicles must satisfy safety requirements that are developed and overseen by a variety of governmental bodies within the U.S. and in foreign countries. Our vehicles are also tested by independent vehicle rating programs such as the IIHS. In addition, independent ratings services such as Consumers Union and J.D. Power and Associates perform reviews on safety, design and quality issues, which often influence consumers' purchase decisions.

Meeting or exceeding government-mandated safety standards and improving independent safety, design and quality ratings can be difficult and costly. Often, safety requirements or desired quality and design attributes hinder our efforts to meet emissions and fuel economy standards, since the latter are often facilitated by reducing vehicle weight. The need to meet regulatory or other generally accepted rating standards can substantially increase costs for product development, testing and manufacturing, particularly if new requirements or testing standards are implemented in the middle of a product cycle, and the vehicle does not already meet the new requirements or standards.

To the extent that the ratings of independent parties are negative, or are below our competitors' ratings, our vehicle sales may be negatively impacted.

We are exposed to ongoing litigation and other legal and regulatory actions and risks in the ordinary course of our business, and we could incur significant liabilities and substantial legal fees.

In the ordinary course of business, we face a significant volume of litigation as well as other legal claims and proceedings and regulatory enforcement actions. The results of these legal proceedings cannot be predicted with certainty, and adverse results in current or future legal proceedings may materially harm our business, financial condition and results of operations, whether because of significant damage awards or injunctions or because of harm to our reputation and market perception of our vehicles and brands. We may incur losses in connection with current or future legal proceedings that exceed any provisions we may have set aside in respect of such proceedings or that exceed any applicable insurance coverage.

Although we design and develop vehicles to comply with all applicable safety standards, compliance with governmental standards does not necessarily prevent individual or class action lawsuits, which can entail significant costs and risks. For example, whether FMVSS preempt state common law claims is often a contested issue in litigation, and some courts have found us in breach of legal duties and liable in tort, even though our vehicles comply with all applicable federal and state regulations. Furthermore, simply responding to actual or threatened litigation or government investigations regarding our compliance with regulatory standards, even in cases in which no liability is found, often requires significant expenditures of funds, time and other resources, and may cause reputational harm.

In addition, our vehicles may have "long-tail" exposures, including as a result of potential product recalls and product liability claims, giving rise to liabilities many years after their sale. Any insurance we hold currently may not be available when costs arise in the future and, in the case of harm caused by a component sourced from a supplier, the supplier may no longer be available to provide indemnification or contribution.

Taxing authorities could challenge our historical and future tax positions as well as our allocation of taxable income among our subsidiaries.

The amount of income tax we pay is subject to our interpretation of applicable tax laws in the jurisdictions in which we file. We have taken, and will continue to take, appropriate tax positions based on our interpretation of such tax laws. While we believe that we have complied with all applicable income tax laws, there can be no assurance that a taxing authority will not have a different interpretation of the law and assess additional taxes. Should additional taxes be assessed, this may have a material adverse effect on our results of operations and financial condition.

We conduct sales, contract manufacturing, marketing, distribution and research and development operations with affiliated companies located in various tax jurisdictions around the world. While our transfer pricing methodologies are based on economic studies that we believe are reasonable, the transfer prices for these products and services could be challenged by the various tax authorities resulting in additional tax liabilities, interest and/or penalties, and the possibility of double taxation. To reduce the risk of transfer pricing adjustments, the Company entered into an advanced pricing agreement, or APA, with Canada that is applicable through 2014. We intend to seek an extension to the Canadian APA.

We depend on the services of our key executives, the loss of whose skills could materially harm our business. Also, we are in the process of hiring additional employees, and we may encounter difficulties with hiring sufficient employees with critical skills, particularly in competitive specialties such as vehicle design and engineering.

Several of our senior executives, including our Chief Executive Officer, Sergio Marchionne, are important to our success because they have been instrumental in establishing our new strategic direction and implementing our business plan. If we were to lose the services of any of these individuals this could have a material adverse effect on our business, financial condition and results of operations. We believe that these executives, in particular Mr. Marchionne, could not easily be replaced with executives of equivalent experience and capabilities.

In addition, we are currently seeking to hire employees in a number of critical areas, including vehicle design and engineering. We have experienced some difficulties in hiring and retaining highly skilled employees, particularly in competitive specialties, and we may experience such difficulties going forward. Due to the potential lack of critical skills in our employee population, we may not be able to achieve our business plan targets in as cost-effective or efficient a manner as we have projected.

Our collective bargaining agreements limit our ability to modify our operations and reduce costs in response to market conditions.

Substantially all of our hourly employees in the U.S. and Canada are represented by unions and covered by collective bargaining agreements. We recently negotiated a new collective bargaining agreement with the UAW in 2011 and with the CAW in 2012. As a practical matter, both these agreements restrict our ability to modify our operations and reduce costs quickly in response to changes in market conditions during the terms of the agreements. These and other provisions in our collective bargaining agreements may impede our ability to restructure our business successfully to compete more effectively, especially with those automakers whose employees are not represented by unions.

Work stoppages at our suppliers' facilities or other interruptions of production may harm our business.

A work stoppage or other interruption of production could occur at our facilities or those of our suppliers as a result of disputes under existing collective bargaining agreements with labor unions, or in connection with negotiations of new collective bargaining agreements, or as a result of supplier financial distress. A work stoppage or interruption of production at our facilities or those of our suppliers due to labor disputes, shortages of supplies, or any other reason (including but not limited to tight credit markets or other financial distress, natural or man-made disasters, or production difficulties) could substantially adversely affect our financial condition and results of operations.

We depend on our information technology and data processing systems to operate our business, and a significant malfunction or disruption in the operation of our systems, or a security breach that compromises the confidential and sensitive information stored in those systems, could disrupt our business and adversely impact our ability to compete.

Our ability to keep our business operating effectively depends on the functional and efficient operation of our enterprise resource planning and telecommunications systems, including our vehicle design, manufacturing, inventory tracking and billing and collection systems. We rely on these systems to make a variety of day-to-day business decisions as well as to track transactions, billings, payments and inventory. Such systems are susceptible to malfunctions and interruptions due to equipment damage, power outages, and a range of other hardware, software and network problems. Those systems are also susceptible to cybercrime, or threats of intentional disruption, which are increasing in terms of sophistication and frequency. For any of these reasons, we may experience systems malfunctions or interruptions. Although our systems are diversified, including multiple server locations and a range of software applications for different regions and functions, and we are currently undergoing an effort to assess and ameliorate risks to our systems, a significant or large-scale malfunction or interruption of our computer or data processing systems could adversely affect our ability to manage and keep our operations running efficiently, and damage our reputation if we are unable to track transactions and deliver products to our dealers and customers. A malfunction that results in a wider or sustained disruption to our business could have a material adverse effect on our business, financial condition and results of operations.

We are currently in the process of transitioning, retiring or replacing a significant number of our software applications at an accelerated rate, an effort that will continue in future years. These applications include, among others, our engineering, finance, procurement and communication systems. During the transition periods, and until we fully migrate to our new systems, we may experience material disruptions in communications, in our ability to conduct our ordinary business processes and in our ability to report out on the results of our operations. Though we are taking commercially reasonable steps to transition our data properly and to assess and minimize risk during this process, we may lose significant data in the transition, or we may be unable to access data for periods of time without forensic intervention. Loss of data may affect our ability to continue ongoing business processes according to the dates in our business plan, or could affect our ability to file timely reports required by a wide variety of regulators, including the U.S. Securities and Exchange Commission, or SEC. Our ability to comply with the requirements of the Sarbanes-Oxley Act, to the extent required of us, may also be compromised.

In addition to supporting our operations, we use our systems to collect and store confidential and sensitive data, including information about our business, our customers and our employees. As our technology continues to evolve, we anticipate that we will collect and store even more data in the future, and that our systems will increasingly use remote communication features that are sensitive to both willful and unintentional security breaches. Much of our value is derived from our confidential business information, including vehicle design, proprietary technology and trade secrets, and to the extent the confidentiality of such information is compromised, we may lose our competitive advantage and our vehicle sales may suffer. We also collect, retain and use personal information, including data we gather from customers for product development and marketing purposes, and data we obtain from employees. In the event of a breach in security that allows third parties access to this personal information, we are subject to a variety of ever-changing laws on a global basis that require us to provide notification to the data owners, and that subject us to lawsuits, fines and other means of regulatory enforcement. Our reputation could suffer in the event of such a data breach, which could cause our customers to purchase their vehicles from our competitors. Ultimately, any compromise in the integrity of our data security could have a material adverse effect on our business.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

We own or lease 33 principal manufacturing facilities, of which 22 are located in the U.S., six in Mexico, four in Canada and one in South America. These manufacturing facilities primarily include vehicle assembly plants, powertrain plants, and metal stamping plants. Our manufacturing facilities in the U.S. are primarily located in Michigan, Indiana, Ohio, and Illinois. We own our principal engineering and research facilities and general offices, which are located in Auburn Hills, Michigan and include approximately 5.4 million square feet on 465 acres, including our 4.8 million square foot technology center.

We own proving grounds located in Michigan and Arizona, which allow us to test vehicle performance and safety in a wide variety of environments. We operate several parts distribution facilities primarily located in the U.S., Canada, Mexico and other international locations. These locations facilitate the distribution of service and accessory parts to our dealer network and include a combination of owned and leased facilities.

We own or lease various dealership and vehicle storage properties in the U.S., Canada and Japan, which we in turn lease to our dealers. Our warehouses and sales offices are primarily leased and are located in various states throughout the U.S. and in Canada, Mexico and other international locations.

Our principal engineering and research facilities and general offices are encumbered by a mortgage given to secure a loan on our Auburn Hills headquarters. Substantially all of our owned facilities and principal properties located in the U.S., subject to certain exceptions, are encumbered by the Senior Credit Facilities and the Secured Senior Notes. Certain of our owned facilities in Mexico have been placed in special purpose trusts to secure the repayment of the Mexican development banks credit facilities. See Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations –Liquidity and Capital Resources* for additional information.

We believe that our properties are suitable and adequate for the manufacture, assembly, distribution and sale of our products. As part of our strategic planning and operations, we monitor our production capacity in relation to developing and anticipated industry changes and market conditions. We also adjust our capacity by selling, expanding or downsizing various production facilities or by adding or eliminating shifts, subject to restrictions contained in our collective bargaining agreements with unions.

Item 3. Legal Proceedings.

Various legal proceedings, claims and governmental investigations are pending against us on a wide range of topics, including vehicle safety; emissions and fuel economy; dealer, supplier and other contractual relationships; intellectual property rights; product warranties and environmental matters. Some of these proceedings allege defects in specific component parts or systems (including air bags, seats, seat belts, brakes, ball joints, transmissions, engines and fuel systems) in various vehicle models or allege general design defects relating to vehicle handling and stability, sudden unintended movement or crashworthiness. These proceedings seek recovery for damage to property, personal injuries or wrongful death, and in some cases include a claim for exemplary or punitive damages. Adverse decisions in one or more of these proceedings could require us to pay substantial damages, or undertake service actions, recall campaigns or other costly actions.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant' s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

There is no public market for our common equity. On January 1, 2013, in accordance with our LLC Operating Agreement, the Class B Membership Interests outstanding on that date were converted into a proportionate number of Class A Membership Interests. As of March 7, 2013, there were two holders of our Class A Membership Interests.

We have issued no cash dividends or distributions, other than certain state taxes withheld on behalf of our members as required by state statutes, on our Class A Membership Interests or our previously issued Class B Membership Interests in the two most recent fiscal years.

Both our senior secured credit agreement and the indenture governing our secured senior notes contain limitations on our ability to make restricted payments, including a limit on declaring dividends or making distributions to our members. Each of these agreements is filed as an exhibit to this report.

The following sets forth information regarding our equity compensation plans as of December 31, 2012:

Equity Compensation Plan Information

Plan Category	*(a)* Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	*(b)* Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	*(c)* Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column *(a)*)
Equity compensation plans approved by security holders	–	–	–
Equity compensation plans not approved by security holders	31,097 *(1)*	– *(2)*	12,663 *(3)*
Total	31,097	–	12,663

(1) The amount reported in the table consists of the units granted under our Restricted Stock Unit Plan, the Amended and Restated Chrysler Group LLC Directors' Restricted Stock Unit Plan and the 2012 Long Term Incentive Plan, or collectively the Plans. Under the Plans, each unit represents the right to receive a Chrysler Group Unit, which represents 1/600th of the value of a Class A Membership Interest on a fully diluted basis. Since there is currently no publicly observable trading price for our membership interests, we periodically conduct valuations of our Class A Membership Interests' fair value. The number reported in the table represents the number of Class A Membership Interests determined by dividing 18,658,326, the number of Chrysler Group Units related to outstanding units issued under the Plans as of December 31, 2012, by 600. Prior to an initial public offering of equity securities, or IPO, all payments under the Plans are settled solely in cash and, on or after an IPO, payment may be in cash or publicly traded stock as determined by the Company in its sole discretion. For a description of our share-based compensation plans, see Item 11. Executive Compensation –Compensation Discussion and Analysis –Compensation Components –Director Compensation and Note 16, Share-Based Compensation, of our accompanying audited consolidated financial statements.

(2) The units issued under the Plans do not require any payment by the holder to the Company at the time of vesting or otherwise and, accordingly, there is no weighted-average exercise price information reported in column (b).

(3) The number reported in the table represents the number of Class A Membership Interests determined by dividing 7,597,694, the number of Chrysler Group Units remaining available for grant as of December 31, 2012, by 600.

Table of Contents

Item 6. Selected Financial Data.

The following sets forth selected financial data of Chrysler Group (Successor) and Old Carco (Predecessor). The selected financial data has been derived from:

Chrysler Group' s accompanying audited consolidated financial statements as of and for the years ended December 31, 2012, 2011 and 2010 (Successor);

Chrysler Group' s audited consolidated financial statements as of December 31, 2009 and for the period from June 10, 2009 to December 31, 2009 (Successor), which are not included in this report; and

Old Carco' s audited consolidated financial statements as of June 9, 2009 and December 31, 2008 and for the period from January 1, 2009 to June 9, 2009 and the year ended December 31, 2008 (Predecessor), which are not included in this report.

Chrysler Group was formed on April 28, 2009. On June 10, 2009, we purchased the principal operating assets and assumed certain liabilities of Old Carco and its principal domestic subsidiaries, in addition to acquiring the equity of Old Carco' s principal foreign subsidiaries, in the 363 Transaction approved by the bankruptcy court. Chrysler Group represents the successor to Old Carco for financial reporting purposes. Old Carco represents the Predecessor to Chrysler Group for financial reporting purposes.

Refer to *Item 1. Business* for additional discussion of Chrysler Group' s background and formation.

	Successor				Predecessor	
	Year Ended December 31, 2012	Year Ended December 31, 2011	Year Ended December 31, 2010	Period from June 10, 2009 to December 31, 2009	Period from January 1, 2009 to June 9, 2009	Year Ended December 31, 2008
	(in millions of dollars)				(in millions of dollars)	
Consolidated Statements of Operations Data:						
Revenues, net	$ 65,784	$ 54,981	$ 41,946	$ 17,710	$ 11,082	$ 48,477
Gross margin	10,434	8,559	6,060	1,599	(1,934)	1,928
Selling, administrative and other expenses	5,179	4,751	3,797	4,336	1,599	3,991
Research and development expenses, net	2,324	1,674	1,500	626	452	1,525
Restructuring (income) expenses, net *(1)*	(61)	3	48	34	(230)	1,306
Interest expense *(2)*	1,094	1,238	1,276	470	615	1,080
Loss on extinguishment of debt *(3)*	–	551	–	–	–	–
Impairment of brand name intangible assets *(4)*	–	–	–	–	844	2,857
Impairment of goodwill *(5)*	–	–	–	–	–	7,507
Reorganization expenses, net *(6)*	–	–	–	–	843	–
Net income (loss)	1,668	183	(652)	(3,785)	(4,425)	(16,844)
Consolidated Statements of Cash Flows Data:						
Cash flows provided by (used in):						
Operating activities	$ 5,821	$ 4,603	$ 4,195	$ 2,335	$ (7,130)	$ (5,303)
Investing activities	(3,557)	(1,970)	(1,167)	250	(404)	(3,632)
Financing activities	(251)	(405)	(1,526)	3,268	7,517	1,058
Other Financial Information:						
Depreciation and amortization expense	$ 2,701	$ 2,876	$ 3,051	$ 1,587	$ 1,537	$ 4,808
Capital expenditures	3,633	3,009	2,385	1,088	239	2,765
Consolidated Balance Sheets Data at Period End:						
Cash, cash equivalents and marketable securities	$ 11,614	$ 9,601	$ 7,347	$ 5,877	$ 1,845	$ 1,898
Restricted cash	371	461	671	730	1,133	1,355
Total assets	40,971	37,543	35,449	35,423	33,577	39,336
Current maturities of financial liabilities	456	230	2,758	1,092	2,694	11,308
Long-term financial liabilities	12,147	12,344	10,973	8,459	1,900	2,599
Members' deficit	(7,259)	(6,035)	(4,489)	(4,230)	(16,562)	(15,897)
Other Statistical Information (unaudited):						
Worldwide factory shipments (in thousands) *(7)(9)*	2,409	2,011	1,602	670	381	1,987
Net worldwide factory shipments (in thousands) *(8)(9)*	2,432	1,993	1,581	672	459	2,065
Worldwide vehicle sales (in thousands) *(9)*	2,194	1,855	1,516	725	593	2,007
U.S. dealer inventory at period end (in thousands)	427	326	236	179	246	398
Number of employees at period end *(10)*	65,535	55,687	51,623	47,326	48,237	52,191

(1) Old Carco initiated multi-year recovery and transformation plans aimed at restructuring its business in 2007, which were refined in 2008 and 2009 due to depressed economic conditions and decreased demand for its vehicles. We have continued to execute the remaining actions initiated by Old Carco. For additional information refer to Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations –Results of Operations.

(2) Interest Expense for the period from January 1, 2009 to June 9, 2009 excludes $57 million of contractual interest expense on debt subject to compromise.

(3) In connection with the May 2011 repayment of our outstanding obligations under the U.S. Treasury first lien credit facilities, or U.S. Treasury credit facilities, and the Export Development Canada Credit Facilities, or EDC credit facilities, we recognized a $551 million loss on extinguishment of debt. The charges consisted of the write off of $136 million of unamortized discounts and $34 million of unamortized debt issuance costs associated with the U.S. Treasury credit facilities and $367 million of unamortized discounts and $14 million of unamortized debt issuance costs associated with the EDC credit facilities.

(4) Old Carco recorded indefinite-lived intangible asset impairment charges of $844 million and $2,857 million during the period from January 1, 2009 to June 9, 2009 and the year ended December 31, 2008, respectively, related to its brand names. The impairments were primarily a result of the significant deterioration in Old Carco's revenues, the ongoing volatility in the U.S. economy, in general, and in the automotive industry in particular, and a significant decline in its projected production volumes and revenues considering the market conditions at that time.

(5) In 2008, Old Carco recorded a goodwill impairment charge of $7,507 million, primarily as a result of significant declines in its projected financial results considering the deteriorating economic conditions and the weakening U.S. automotive market at that time.

(6) In connection with Old Carco's bankruptcy filings, Old Carco recognized $843 million of net losses during the period from January 1, 2009 to June 9, 2009, from the settlement of pre-petition liabilities, provisions for losses resulting from the reorganization and restructuring of the business, as well as professional fees directly related to the process of reorganizing Old Carco and its principal domestic subsidiaries under Chapter 11 of the U.S. Bankruptcy Code. These losses were partially offset by a gain on extinguishment of certain financial liabilities and accrued interest.

(7) Represents vehicle sales to our dealers, distributors, contract manufacturing customers and fleet customers. For additional information refer to Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations −Worldwide Factory Shipments.

(8) Represents vehicle sales to our dealers, distributors, contract manufacturing customers and fleet customers adjusted for Guaranteed Depreciation Program, or GDP, vehicle shipments and auctions. For additional information refer to Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations −Worldwide Factory Shipments.

(9) Vehicles manufactured by Chrysler Group for other companies, including for Fiat, are included in our worldwide factory shipments and new worldwide factory shipments, however, they are excluded from our worldwide vehicles sales.

(10) The number of employees provided for June 9, 2009 is as of June 30, 2009.

Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion of our financial condition and results of operations should be read together with the information included under Item 1. Business, Item 6. Selected Financial Data and our accompanying audited consolidated financial statements and related notes thereto. This discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described under –Disclosure Regarding Forward-Looking Statements and Item 1A. Risk Factors. Actual results may differ materially from those contained in any forward-looking statements.

Overview of our Operations and Formation

We generate revenues, income and cash primarily from our sales of Chrysler, Jeep, Dodge and Ram vehicles and Mopar service parts and accessories to dealers and distributors for sale to retail and fleet customers. As part of our industrial alliance with Fiat, we also manufacture Fiat vehicles, which we sell to Fiat or distribute ourselves throughout North America. The majority of our operations, employees, independent dealers and vehicle sales are in North America, principally in the United States. Approximately 10 percent of our vehicle sales in 2012 were outside North America, mostly in Asia Pacific, South America and Europe. We also generate revenues, income and cash from the sale of separately-priced service contracts to consumers and from providing contract manufacturing services to other vehicle manufacturers. Our dealers enter into wholesale financing arrangements to purchase vehicles to hold in inventory for sale to retail customers. Our retail customers use a variety of finance and lease programs to acquire vehicles from our dealers.

We began operations on June 10, 2009, following our purchase of the principal operating assets of Old Carco in connection with the U.S. Bankruptcy Court-approved 363 Transaction. As a key part of that transaction, we entered into an industrial alliance with Fiat that provides for collaboration in a number of areas, including product platform sharing and development, global distribution, procurement, information technology infrastructure and process improvement. See *Item 1. Business –Chrysler Group Overview* for a description of the circumstances surrounding our formation and the Fiat alliance for additional information.

Progress on our Strategic Business Plan in 2012

In November 2009, we announced our business plan and related performance targets for the 2010 through 2014 period. Our business plan focuses on a number of initiatives designed to bring significant changes to our business by leveraging our alliance with Fiat. These targets included: upgrading our product innovation, quality and safety; rejuvenating and refining our brands; improving processes in procurement, supply chain management and manufacturing; enhancing our information technology infrastructure; optimizing our dealer network and global distribution strategy; and building a workforce culture of high performance.

We have made significant progress against our stated business plan objectives as they related to:

Product Development. We have made meaningful strides in rationalizing our product mix to produce a range of desirable vehicles with improved fuel economy. Where feasible, we have leveraged the use of common platform architectures and technologies with Fiat. Following these principles, we have completed an extensive renewal of our product lineup with the launch of over 20 new or significantly refreshed vehicles since our formation in mid-2009. Among those vehicles, we began selling the widely-acclaimed new Jeep Grand Cherokee, and we worked in cooperation with Fiat to launch our first vehicle in the mini-segment, the eco-friendly Fiat 500.

In 2012, we launched the new, fuel-efficient Dodge Dart, the first vehicle built on the CUSW platform that we co-developed with Fiat. We plan to use the CUSW platform for the all-new Jeep Cherokee in 2013, and for all of our future C- and D-segment vehicles, except the body-on-frame Jeep Wrangler. We expect that widespread use of this platform will reduce the total number of our passenger car and utility vehicle platforms from 11 in 2010 to seven by the end of 2014, three of which will be shared with Fiat. We plan to continue to use other platforms for our medium-duty and chassis cab trucks, as well as for the new SRT Viper we launched this year. We expect to garner savings from common sourcing for shared platform technology, and expect that benefit will continue to grow with the wider deployment of such common architectures.

For the third consecutive year, *Ward's Auto* recognized our Pentastar V-6 as one of the "10 Best Engines" for the coming model year. Because of this engine's flexible architecture, we are able to deploy it across our product portfolio, which affords us significant efficiencies in manufacturing and logistics. The engine contributes to greater fuel efficiency in our Jeep Grand Cherokee, Chrysler 300 and Town and Country, and 11 other models. This engine is also utilized in the Fiat Freemont and Lancia Voyager, and we plan to use it in the Ram ProMaster commercial van beginning in 2013. By January 2012, we had produced one million of these engines to meet growing demand, and we have taken several steps to increase our manufacturing capacity. We also manufacture the 1.4L FIRE engine for use in the Fiat 500 that we began selling in 2011. Finally, we continue our efforts to broaden the offerings for our Tigershark engine, and to combine it with Fiat technology. Additional progress on our efforts to develop and implement technologies in tandem with Fiat are detailed in *Item 1. Business –Research, Development and Intellectual Property*.

Product Quality. We believe we are making significant inroads in our efforts to enhance product quality and reliability. We have improved the quality of our interiors, implemented a multitude of improvements in our manufacturing processes and quality control through WCM, and have doubled the number of test miles for all our vehicles. Due to increased reliability, our warranty claims have fallen by over thirty percent since our formation in mid-2009, and are down nearly sixty percent from 2007. Additionally, our customer surveys indicate that these improvements, coupled with enhanced customer service, have increased Chrysler Group vehicle owners' satisfaction with our products and willingness to recommend our brands to their friends and families.

These changes have also continued to translate into improved third-party ratings and a number of awards recognizing the desirability and strong residual values of our vehicles. In 2012, our new Ram 1500 received both the *Motor Trend* "Truck of the Year" and the North American International Auto Show "Truck/Utility of the Year." Our Jeep Grand Cherokee has received more awards than any other SUV. Finally, 12 of our 2012 vehicles were designated as Top Safety Picks by the IIHS, as compared to five of our 2010 models.

Enhancing Our Brands. We are continuing to focus heavily on building the value of our brands as a means to increase sales of our vehicles and service parts to minimize our reliance on sales incentives. This effort has included our multi-year campaign to strengthen our Chrysler, Jeep, Dodge and Mopar brands, to develop Ram as a separate brand, to add the SRT designation for select performance vehicles, and to reintroduce the Fiat brand in the U.S. and Canadian markets.

Our marketing efforts, particularly our "Imported from Detroit" campaign, garnered significant attention and accolades for us throughout 2011 and 2012. Though the campaign centered on the Chrysler brand, the momentum of the advertisements elevated all our brands and enhanced our company image. In 2012, we launched additional campaigns to support the launch of the Dodge Dart, to increase global awareness of the Jeep brand and to better target potential Ram buyers. During that year, we had record worldwide Jeep brand sales of 702,000 vehicles, a 19 percent increase over the prior year. In addition, the Ram brand's market share increased 1.5 percentage points in the highly competitive U.S. large pick-up truck market, which included significant sales to conquest buyers. We believe our substantial investment in marketing has contributed to the 21 percent increase in our U.S. vehicle sales in 2012.

We have continued to have each brand headed by a single individual with responsibility for the brand' s identity and product portfolio. The head of each brand is responsible for ensuring that each vehicle within that brand' s product lineup reflects brand attributes such as distinct appearance, capability, performance, content, ride and handling. In addition, we have separated advertising and marketing efforts for each brand to further underscore brand differentiation.

In 2013, we will continue to invest in our brands and are turning our focus to "giving back," a theme captured in our recently launched campaigns that emphasize the historical ties of the Jeep brand to the U.S. military and the long-standing relationship of the Ram brand and the Future Farmers of America Organization.

As with our own brands, our management of the Fiat brand for the North American market is headed by a single individual. We and Fiat are jointly responsible for determining strategies, policies and plans relating to this part of our portfolio and Chrysler Group is responsible for management and implementation of such plans and policies.

Optimizing our U.S. Dealer Network. We have largely completed the consolidation of our dealer network, with 91 percent of our Chrysler, Jeep, Dodge and Ram dealers now selling all four brands of our vehicles in one strategically selected location. We are currently working to strengthen the network by closing gaps in geographical coverage, solidifying dealer financials and profitability, modernizing sales and service facilities, and increasing diversity, all of which we believe will continue to increase per-dealer sales. As of December 31, 2012, we had 2,570 U.S. dealers in our network, of which 2,370 were Chrysler, Jeep, Dodge and Ram dealers. We had 200 independent Fiat dealerships in the U.S., of which 175 are owned by our Chrysler, Jeep, Dodge and Ram dealers. In 2012, approximately 87 percent of the U.S. dealers in our dealer network reported to us that they were profitable. This compares to approximately 86 percent in 2011, 82 percent in 2010 and 70 percent in 2009. The average profit per dealer is at its highest mark in ten years.

Now more profitable, and with access to available capital on reasonable terms, our dealers are increasingly willing to make the significant investments necessary to attract customers, which have involved construction, renovation, and maintenance of modern sales and service facilities that are equipped with state-of-the-art diagnostic equipment, tools and information management systems, and are staffed by well-trained sales and service personnel. Since we began operations in June 2009, dealers in our network have committed to invest $670 million in new construction and major renovations to their Chrysler, Jeep, Dodge and Ram dealerships. In addition, our Fiat dealers have invested over $160 million in new, state-of-the-art facilities.

We continue to focus heavily on increasing diversity among the owners of our dealerships to better reflect and serve the communities in which they are situated. We are a leader among our competitors in this regard, with more than 6 percent of our dealerships minority owned and operated. We have achieved this level of diversity through our unique 18-month education program that prepares high-potential minority candidates to own and successfully operate a dealership.

Maximizing Efficiency through World Class Manufacturing. In 2012, we invested approximately $205 million in our manufacturing plants to improve the infrastructure, efficiency and quality of our production systems. This investment, which was incremental to the investments we made for our new model launches, was part of our continued effort to apply WCM principles to our manufacturing operations. WCM fosters a manufacturing culture that targets improved performance, safety and efficiency, as well as the elimination of all types of waste.

Our progress toward achieving WCM goals is verified by WCM experts, who measure our plants' performance against 20 categories of pre-determined WCM metrics. In 2012, four Chrysler facilities achieved WCM Bronze Award status (Dundee Engine, Windsor Assembly, Toledo Assembly Complex, and Saltillo Assembly). We conducted 46 WCM reviews in 2012, and we are planning for 59 in 2013. Beginning in 2012, we also engaged key suppliers in the pilot phase of WCM Lite, a program through which suppliers can learn and incorporate WCM principles in their own operations.

Our integration of WCM enabled us to launch several new vehicles in 2012, while also increasing our manufacturing pace to grow our shipments from 2.0 million in 2011 to 2.4 million in 2012, in line with our business plan. We also utilized WCM principles to guide the production launch of the new 8-Speed transmission at the Kokomo Transmission Plant, and to introduce the 3-crew operating pattern at Jefferson North Assembly Plant, which helps us generate more volume without significantly increased labor costs. Despite these demands on our operations, we have continued to drive process improvement in our plants. In 2012, we reduced the frequency of injuries by 26 percent, and we recognized manufacturing cost productivity improvement of seven percent. In addition, we made significant strides in manufacturing quality, advancing the dimensional control of our processes to achieve better consistency in fit and finish during assembly and stamping processes.

In January 2012, we opened the WCM Academy, a training facility designed to transfer WCM know-how to participants using automated learning modules and a variety of hands-on simulation techniques. The WCM Academy delivered training to more than 3,400 employees across 34 courses in 2012. Participants who attend the full program commit to leading a follow-up WCM project in their home plant, and then return to the academy to verify and share their results. In addition to Academy-based training, 51 in-plant workshops were conducted to further advance WCM methodology and tool usage.

Procurement. We have established joint purchasing programs with Fiat that are designed to yield preferred pricing and supplier responsiveness, particularly with respect to shared parts and common suppliers. This joint sourcing has yielded benefits that span both direct and indirect procurement, from powertrain components and robots, to computer equipment and corporate expenses. Working with Fiat' s automotive and industrial affiliates, the alliance provides the opportunity to develop global commodity and supplier strategies, which allow us to leverage our combined annual direct purchasing power of approximately $96 billion in 2012. For example, in utilizing the shared CUSW platform for the Dodge Dart, we were able to negotiate tiered reductions in part costs. As volume grows with sales of the Dodge Dart and launches of subsequent vehicles based on the same platform, we expect to realize savings on these common parts. We are currently also working on a global component standardization initiative with Fiat. As we deploy these standardized components across our vehicle lines, we expect to realize additional savings in development, investment and variable cost.

Supply Chain Management. In 2012, we continued to maintain the discipline in our supply chain function that began with the implementation of our business plan in 2010. Our supply chain management function coordinates efforts to accurately forecast demand, manage the materials and vehicle ordering processes, track plant capacity, schedule production, allocate product inventory and arrange transportation logistics. Supply chain management is important in preventing potentially costly oversupply or undersupply conditions. Our continued rigor and process improvement in this area has enabled us to rapidly grow our shipments from 1.6 million vehicles in 2010 to 2.4 million vehicles in 2012. At the same time, our improved efficiency in logistics has helped us to improve our 2012 fuel economy for our internal fleet of trucks by 8 percent over our 2010 figures, substantially reducing our CO_2 emissions on a per vehicle produced basis, in line with the Company' s commitment to sustainability.

Our supply chain management also monitors our dealers' vehicle inventory levels to maintain availability of vehicles to facilitate sales, while at the same time preventing excess dealer stock to avoid the need for increased dealer and retail incentives. Since our formation in 2009, we have experienced significant growth in volumes. We have also faced many challenges in forecasting sales patterns given the launch of over 20 new and significantly refreshed vehicles, including most recently, the all-new Dodge Dart and the new Ram 1500. We have nevertheless continued to manage U.S. dealer vehicle inventory levels more in line with market demand and finished the year with 73 days supply (number of units in dealer inventory divided by the daily selling rate for December 31, 2012). Our days supply is up from 64 days supply as of December 31, 2011 due to the Dodge Dart and Ram 1500 launches.

Global Distribution. We have made significant progress on our plan to increase our sales of vehicles and service parts outside of North America by leveraging the Fiat alliance to provide better access to key markets in Europe and South America. In June 2011, Fiat became the general distributor of our vehicles and service parts in Europe, where it sells our products through a network of newly appointed dealers. As contemplated by that plan, we are producing and selling several of our vehicle models and related service parts to Fiat for significantly expanded distribution in Europe, including a range of Jeep models and several Chrysler brand vehicle models sold under Fiat's Lancia brand.

In addition, in July 2011, we began producing the Fiat Freemont, a utility vehicle based on the Dodge Journey, which Fiat distributes in Europe. We have also implemented strategies by which we are benefitting from Fiat's longstanding presence in Brazil, the largest automotive market in South America. In that regard, Fiat is also distributing the Chrysler Group manufactured Fiat Freemont in Brazil, and is selling a portion of the Fiat 500 vehicles that we manufacture in Mexico through its dealer network in Brazil and Argentina. Fiat is also selling a portion of the Fiat 500 vehicles we manufacture in Mexico through its dealers in China. Fiat added the Fiat Freemont to its portfolio in China in 2012.

As the exclusive distributor of Fiat in North America, we began distributing Fiat vehicles in Mexico in 2010, and we are now producing and selling the Fiat 500 throughout North America. We began to distribute Alfa Romeo vehicles in Mexico in 2011, and we will also be the exclusive distributor for Alfa Romeo in the U.S. and Canada. We are also taking on the distribution of Fiat vehicles outside North America in those regions where our dealer networks are better established. In January 2012, we began distributing Fiat vehicles and service parts through our international distribution center in Russia, and in May 2012, we began to distribute Fiat vehicles and service parts in Australia and New Zealand. We also began to distribute Fiat vehicles in Japan during 2012 and South Korea during 2013. As a result of this increased global activity, our sales outside of North America grew from 196,000 in 2011 to 277,000 in 2012, including sales of vehicles manufactured by us and sold by Fiat as Fiat- and Lancia-branded vehicles.

Finally, we are exploring additional opportunities for the local production and expansion of the sale of Chrysler Group vehicles and service parts in growing and emerging markets, such as China and Russia, in connection with Fiat's efforts to establish or expand manufacturing and distribution activities in those markets. To that end, we licensed certain technology to Fiat for a vehicle that a Fiat joint venture began to produce in China in 2012, and we are now selling related service parts to that joint venture. In 2014, we expect to participate in an arrangement with Fiat to build a Jeep vehicle in China to be sold only in China.

Management Structure. At the time of our formation, we implemented a flatter management structure so that each functional area of our business reports directly to the Chief Executive Officer. To facilitate collaboration and enhance speed of decision-making, two management committees chaired by our Chief Executive Officer meet regularly to consider significant operational matters. Our Product Committee oversees capital investment, engineering and product development, while our Commercial

Committee oversees matters related to sales and marketing. Both committees include the managers of each of our brands, each of whom also has a separate functional responsibility across all the brands. We believe this matrix system has fostered cooperation and information sharing and further speeds decision-making. For example, the head of the Jeep brand is also the head of international operations for all our brands, and the head of our Dodge brand is also responsible for sales in the U.S. and Canada for all of our brands.

In addition, we recently formed a third management committee, the Industrial Committee, to coordinate and expedite the mitigation of operational risks associated with the production and distribution of our vehicles. This committee, which consists of our industrial heads, is similarly chaired by our Chief Executive Officer.

In September 2011, Fiat formed a management committee, known as the GEC, to oversee and enhance the operational integration of all Fiat affiliates, including Chrysler Group. Drawing leaders from both Chrysler Group and Fiat, the GEC has helped both parties to maximize the benefits of the Fiat alliance, but has allowed us to continue to independently govern our business decisions to ensure value for our members. See *Item 13. Certain Relationships and Related Transactions, and Director Independence −Polices and Processes for Transactions Involving Related Parties* for more information regarding the governance processes related to our operational integration with Fiat.

Our business plan also includes targets related to increased liquidity. On May 24, 2011, we completed a refinancing transaction whereby we entered into a $4.3 billion senior secured credit agreement, which includes a $3.0 billion Tranche B Term Loan and a $1.3 billion undrawn revolving credit facility. In addition, we issued $3.2 billion of secured senior notes. The net proceeds received from the refinancing transaction, along with the proceeds received from Fiat' s concurrent exercise of its incremental equity call option, and cash generated from our operations, were used to repay all amounts outstanding under the U.S. Treasury and EDC credit facilities. Refer to *−Liquidity and Capital Resources −Liquidity Overview* and specifically to *−Repayment of U.S. Treasury and Export Development Canada Credit Facilities and −Senior Credit Facilities and Secured Senior Notes below, for additional information regarding our current sources of liquidity and capital resources and refinancing transaction.*

See *Item 1. Business −Chrysler Group Overview* and *Item 13. Certain Relationships and Related Transactions, and Director Independence −Transactions with Fiat* for additional information regarding our progress in implementing our business plan.

Trends, Uncertainties and Opportunities

Rate of U.S. Economic Recovery. The U.S. economy has not yet fully recovered from the recession that developed in late 2007 and culminated in the severe global credit crisis in 2008 and 2009. The high unemployment rates that developed during that period have fallen off slowly over the past several years, and the U.S. economy has grown moderately at best. Coupled with concern over events such as the "fiscal cliff" at the end of 2012, and sequestration in early 2013, and sustained economic weakness in several parts of the world, consumer confidence levels in the U.S. remain depressed. As a result, despite the aging car parc, consumers have remained hesitant to purchase new vehicles. Vehicle sales in 2012, at a U.S. seasonally adjusted annualized sales rate, or SAAR, level of 14.8 million, still remain well below the 16.5 million in 2007. For the past several years, we have conservatively estimated U.S. SAAR levels, but our estimate of 15.5 million vehicles for 2013 is aligned with other industry estimates. Our ability to meet our performance targets in 2013 and future years will depend more heavily than ever on whether our estimates of growth are accurate, and whether we continue to capture greater market share as that growth unfolds.

Product Development and Launches. Since our formation in mid-2009, we have launched more than 20 new and significantly refreshed vehicles. Despite this strong cadence, we are still suffering the effects of the long interruption in Old Carco' s launch of new and significantly refreshed products, particularly during 2008 and 2009. Until our lineup consists of more competitive vehicles desired by consumers, particularly with respect to passenger cars, we will have to continue this accelerated pace of new vehicle launches. This challenging product development and launch schedule depends heavily on continued successful collaboration with Fiat, particularly in terms of sharing vehicle platforms. During the development of these new offerings, despite the pace, we must also heed our commitment to improved quality. Moreover, our ability to continue to make the necessary investments in product development to achieve these plans depends in large part on the market acceptance and success of the new and significantly refreshed vehicles we introduced early in the process.

Pricing. Our profitability depends in part on our ability to maintain or increase margins on the sale of vehicles, while operating in an automotive industry that has intense price competition resulting from the wide variety of available competitive vehicles and manufacturing overcapacity. Historically, manufacturers have competed for vehicle sales by offering dealer, retail and fleet incentives, including cash rebates, option package discounts, guaranteed depreciation programs, and subsidized financing or leasing programs, all of which constrain margins on vehicle sales. Although we will continue to use such incentives to generate sales for particular models in particular geographic regions during specific time periods, we are focusing on achieving higher sales volumes by building brand value, balancing our product portfolio by offering smaller vehicle models, and improving the content, quality and performance of our vehicles. Throughout 2010, our U.S. retail average net transaction price increased and our average incentive per unit decreased, as adjusted for changes in model mix over the period, due to favorable content mix and net price discipline. We continued this positive trend into 2011, and in 2012, we maintained our average net transaction price, and kept our incentive per unit largely stable as well, as adjusted for changes in model mix. We may encounter challenges given that our smaller, less expensive cars are not currently as competitive as our larger, more profitable vehicles, and we may not be able to price our vehicles or minimize our incentives as planned.

Vehicle Profitability. Our results of operations depend on the profitability of the vehicles we sell, which tends to vary by vehicle segment. Vehicle profitability depends on a number of factors, including sales prices, net of sales incentives, costs of materials and components, as well as transportation and warranty costs. Typically, larger vehicles, which tend to have higher unit selling prices, have been more profitable on a per unit basis. Therefore, our minivans, larger utility vehicles and pick-up trucks have generally been more profitable than our passenger cars. Our minivans, larger utility vehicles and pick-up trucks accounted for approximately 55 percent of our total U.S. vehicle sales in 2012. The vehicle profitability of this portion of our portfolio is approximately 69 percent of our overall profitability. While more profitable on a per unit basis, these larger vehicles have relatively low fuel economy and over the past several years, consumer preferences have shifted away from these vehicles, particularly in periods of relatively high fuel prices. As part of the Fiat alliance, we continue to work toward a more balanced product portfolio that we believe would mitigate the future impact of any shift in consumer demand. In order to ensure that our portfolio of vehicles appropriately addresses the range of vehicles that may appeal to consumers over time, we have renewed our focus on the design, manufacturing, marketing and sale of our passenger cars, including mini, compact and subcompact cars, notwithstanding the lower per unit profitability. Our success in selling these smaller vehicles will provide us not only with a degree of insulation from the effects of changing consumer preferences, but will also be an important part of our efforts to comply with tightening environmental and fuel economy standards and to achieve corporate sustainability goals. Until we develop a full line of competitive passenger car offerings, we must continue to make substantial investments in product development and engineering, and our ability to increase our margins on these offerings is therefore limited as compared to our competitors. In addition, our vehicle sales through dealers to retail customers are normally more profitable than our fleet sales. Our fleet customers increasingly tend to purchase a higher proportion of our smaller, more fuel-efficient vehicles, which have historically had a lower profitability per unit. Nevertheless, our fleet sales have been an important source of stable revenue and can also be an effective means for marketing our vehicles. Our fleet sales also help to normalize our plant production because they typically involve the delivery of a large, pre-determined quantity of vehicles over several months. In line with our plan to decrease fleet sales as a percentage of our total business, our U.S. fleet sales accounted for approximately 26 percent of our total U.S. vehicle sales in 2012, versus 28 percent in 2011 and 36 percent in 2010.

Cost of Sales. Our cost of sales is comprised of a number of elements. The most significant element of our cost of sales is the cost of materials and components, which makes up the majority of our cost of sales, typically around 75 percent of the total. A large portion of our materials and component costs are affected directly or indirectly by raw materials prices, particularly prices for steel, aluminum, lead, resin and copper, as well as precious metals. The prices for these raw materials fluctuate and can be difficult to predict. These market conditions affect, to a significant extent, our ability to manage our cost of sales over the long term. To the extent raw material price fluctuations may affect our cost of sales, we typically seek to manage these costs and minimize the impact on cost of sales through the use of fixed price purchase contracts and the use of commercial negotiations and technical efficiencies. As a result, for the periods reported, changes in raw material costs generally have not had a material effect on the period to period comparisons of our cost of sales. Nevertheless, our cost of sales related to materials and components has increased, as we have significantly enhanced the quality and content of our vehicles in an effort to remain competitive. Our ability to price our vehicles so as to recover those increased costs does, and will continue to, impact our profitability.

The remaining costs principally include labor costs, consisting of direct and indirect wages and fringe benefits, depreciation and amortization, and transportation costs. To grow our production from 2.0 million vehicles in 2011 to 2.4 million vehicles in 2012, these elements of our cost of sales increased. The uptick in our volumes required us to take numerous actions to increase production capacity at our own plants, and we also had to demand that our suppliers quickly increase their production levels as well. This growth occurred in a production environment that was already capacity constrained, due to the greater volumes in 2011 over the 1.6 million vehicles we produced in 2010. As a result of this growth, we could not maximize our efficiency, and we incurred non-standard costs for overtime, expedited freight and component banking. As with our suppliers, the industry' s just-in-time inventory systems further exacerbate our costs in times of sudden capacity constraints. In some cases, we outsourced our operations, but moving our production to suppliers or to locations overseas, where there is available capacity, creates additional risk with respect to quality control, component pricing, logistics and currency exchange rates. We attempted to manage our labor costs where possible, but overtime payments were unavoidable in some of our operations. For example, in our Dundee Engine Plant, our 30 percent increase in demand meant that production continued during 31 Sundays and holidays in 2012, as compared to six such days in 2011. We are projecting additional growth for 2013, and we anticipate that we will encounter even more challenges as we work to contain our costs while we still maintain our production quality. To improve, or even maintain, our margins, we must contain the associated increases in our cost of sales.

Engineering, Design and Development Costs. In the past, suppliers often incurred the initial cost of engineering, designing and developing automotive component parts, and recovered their investments over time by including a cost recovery component in the price of each part based on expected volumes. Due in part to liquidity constraints faced by key suppliers, many of them have negotiated for cost recovery payments independent of volumes. This trend places increased demands on our liquidity and increases our economic risk, if new vehicles incorporating these components are not successful in the market.

Impact of Labor Cost Modifications. Our collective bargaining agreements with the UAW and the CAW have introduced lower wage and benefit structures for entry-level new hires, eliminated the employment security system (commonly known as the "Jobs Bank"), and reduced other compensation programs for terminated or laid-off represented employees, other than traditional severance pay. Over time, these and other modifications are intended to help us achieve hourly labor costs that are comparable to those of the transplant automotive manufacturers with which we compete, while continuing to offer competitive compensation packages. We expect to realize the benefit of the new hire wage and benefit structure as our production increases and as a result of natural attrition. We successfully renegotiated our collective bargaining agreement with the UAW in 2011 and with the CAW in 2012. Although we made some concessions in wages and benefits during negotiations, particularly with respect to expanded profit sharing opportunities, we still expect to realize a significant portion of the savings negotiated in our prior agreement.

Fiat Ownership Interest

Through a series of transactions in 2011 and early 2012, which included our achievement of the three Class B Events described in our LLC Operating Agreement and Fiat' s exercise of its incremental equity call option in May 2011, Fiat increased its ownership interest in the Company from 20.0 percent to 58.5 percent.

In May 2011, and concurrent with the repayment of our U.S. Treasury and EDC credit facilities, Fiat exercised its incremental equity call option and acquired an additional 16 percent fully-diluted ownership interest in the Company. We received the entire exercise price of $1,268 million in cash, increasing our contributed capital by the proceeds received, and we issued new Class A Membership Interests to Fiat. Refer to *−Repayment of U.S. Treasury and Export Development Canada Credit Facilities*, for information related to our refinancing transaction and the repayment of our U.S. Treasury and EDC credit facilities.

In January 2012, we notified the U.S. Treasury that we irrevocably committed to begin assembly of a vehicle based on a Fiat platform or vehicle technology that has a verified unadjusted combined fuel economy of at least 40 miles per gallon in commercial quantities in a production facility in the U.S. As a result, we achieved our third and final Class B Event and Fiat' s ownership interest in the Company increased from 53.5 percent on a fully diluted basis to 58.5 percent. We achieved the first and second Class B Events during 2011.

In addition, in July 2012 and January 2013, Fiat exercised its call option rights to acquire two tranches of Class A Membership Interests, each of which represent approximately 3.3 percent of the Company' s outstanding equity. The transactions are not yet complete because the VEBA Trust disagrees with Fiat' s pricing of the membership interests. The matter is currently the subject of a proceeding in the Delaware Chancery Court. In the event that these transactions are completed as contemplated, Fiat will own 65.17 percent of the ownership interests in Chrysler Group and the VEBA Trust will own the remaining 34.83 percent.

On January 1, 2013, and in accordance with our LLC Operating Agreement, the 200,000 Class B Membership Interests held by Fiat automatically converted to 571,429 Class A Membership Interests. There were no dilutive effects of the conversion.

Critical Accounting Estimates

The audited consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America, or U.S. GAAP, which require the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses in the periods presented. We believe that the accounting estimates employed are appropriate and resulting balances are reasonable; however, due to inherent uncertainties in making estimates, actual results could differ from the original estimates, requiring adjustments to these balances in future periods.

The critical accounting estimates that affect the audited consolidated financial statements and that use judgments and assumptions are listed below. In addition, the likelihood that materially different amounts could be reported under varied conditions and assumptions is discussed.

Pension

We sponsor both noncontributory and contributory defined benefit pension plans. The majority of the plans are funded plans. The noncontributory pension plans cover certain of our hourly and salaried employees. Benefits are based on a fixed rate for each year of service. Additionally, contributory benefits are provided to certain of our salaried employees under the salaried employees' retirement plans. These plans provide benefits based on the employee' s cumulative contributions, years of service during which the employee contributions were made and the employee' s average salary during the five consecutive years in which the employee' s salary was highest in the fifteen years preceding retirement.

Our defined benefit pension plans are accounted for on an actuarial basis, which requires that we make use of estimates of the present value of the projected future payments to all participants, taking into consideration the likelihood of potential future events such as demographic experience. These assumptions may have an effect on the amount and timing of future contributions.

The assumptions used in developing the required estimates include the following key factors:

Discount rates. Our discount rates are based on yields of high-quality (AA-rated or better) fixed income investments for which the timing and amounts of payments match the timing and amounts of the projected pension payments.

Expected return on plan assets. Our expected long-term rate of return on plan assets assumption is developed using a consistent approach across all plans. This approach primarily considers various inputs from a range of advisors for long-term capital market returns, inflation, bond yields and other variables, adjusted for specific aspects of our investment strategy.

Salary growth. Our salary growth assumption reflects our long-term actual experience, outlook and assumed inflation.

Inflation. Our inflation assumption is based on an evaluation of external market indicators.

Expected contributions. Our expected amount and timing of contributions is based on an assessment of minimum funding requirements. From time to time contributions are made beyond those that are legally required.

Retirement rates. Retirement rates are developed to reflect actual and projected plan experience.

Mortality rates. Mortality rates are developed to reflect actual and projected plan experience.

Plan Assets Measured at Net Asset Value. Plan assets are recognized and measured at fair value in accordance with the accounting guidance related to fair value measurements, which specifies a fair value hierarchy based upon the observability of inputs used in valuation techniques (Level 1, 2 and 3). Level 3 pricing inputs include significant inputs that are generally less observable from objective sources. At December 31, 2012, substantially all of our investments classified as Level 3 in the fair value hierarchy are valued at the net asset value, or NAV. These plan assets are classified as Level 3 as we are not able to redeem our investments at their respective measurement dates. NAV is provided by the investment manager or a third-party administrator.

Our investments classified as Level 3 include private equity, real estate and hedge fund investments. Private equity investments include those in limited partnerships that invest primarily in operating companies that are not publicly traded on a stock exchange. Our private equity investment strategies include leveraged buyouts, venture capital, mezzanine and distressed investments. Real estate investments include those in limited partnerships that invest in various commercial and residential real estate projects both domestically and internationally. Hedge fund investments include those seeking to maximize absolute returns using a broad range of strategies to enhance returns and provide additional diversification. Investments in limited partnerships are valued at the NAV, which is based on audited financial statements of the funds when available, with adjustments to account for partnership activity and other applicable valuation adjustments.

Refer to Note 2, *Basis of Presentation and Significant Accounting Policies*, and Note 17, *Employee Retirement and Other Benefits*, of our accompanying audited consolidated financial statements for a discussion of the fair value hierarchy measurement.

Plan obligations and costs are based on existing retirement plan provisions. No assumption is made regarding any potential future changes to benefit provisions beyond those to which we are presently committed, such as in existing labor contracts.

Significant differences in actual experience or significant changes in assumptions may affect the pension obligations and pension expense. The effect of actual results differing from assumptions and of changing assumptions are included in accumulated other comprehensive income as unrecognized actuarial gains and losses. These gains and losses are subject to amortization to expense over the average future service period of employees expected to receive benefits under the plans to the extent they exceed 10 percent of the higher of the market related value of assets or the projected benefit obligation of the respective plan. During 2012, the actual return on plan assets was $2,378 million, which was higher than the expected return of $1,811 million, resulting in an unrecognized actuarial gain of $567 million. The weighted average discount rate used to determine the benefit obligation for defined benefit pension plans was 3.98 percent at December 31, 2012 versus 4.84 percent at December 31, 2011, resulting in an unrecognized actuarial loss of $3,174 million. In 2013, $294 million of net unrecognized actuarial losses are expected to be recognized into expense.

The funded status of our pension plans as of December 31, 2012 and the expenses recognized during 2013 are affected by year-end 2012 assumptions. These sensitivities may be asymmetric and are specific to the time periods noted. They also may not be additive, so the impact of changing multiple factors simultaneously cannot be calculated by combining the individual sensitivities shown. The effect of the indicated increase (decrease) in selected factors, holding all other assumptions constant, is shown below (in millions of dollars):

	Pension Plans	
	Effect on 2013 Pension Expense	Effect on December 31, 2012 Projected Benefit Obligation
10 basis point decrease in discount rate	$ 25	$ 403
10 basis point increase in discount rate	(25)	(396)
50 basis point decrease in expected return on assets	124	−
50 basis point increase in expected return on assets	(124)	−

Refer to Note 17, *Employee Retirement and Other Benefits*, of our accompanying audited consolidated financial statements for a detailed discussion of our pension plans.

Other Postretirement Employee Benefits

We provide health care, legal and life insurance benefits to certain of our hourly and salaried employees. Upon retirement from the Company, these employees may become eligible for continuation of certain benefits. Benefits and eligibility rules may be modified periodically.

Other postretirement employee benefits, or OPEB, plans are accounted for on an actuarial basis, which requires the selection of various assumptions. The estimation of our obligations, costs and liabilities associated with OPEB, primarily retiree health care and life insurance, requires that we make use of estimates of the present value of the projected future payments to all participants, taking into consideration the likelihood of potential future events such as health care cost increases and demographic experience, which may have an effect on the amount and timing of future payments.

The assumptions used in developing the required estimates include the following key factors:

> *Discount rates.* Our discount rates are based on yields of high-quality (AA-rated or better) fixed income investments for which the timing and amounts of payments match the timing and amounts of the projected benefit payments.

Health care cost trends. Our health care cost trend assumptions are developed based on historical cost data, the near-term outlook, and an assessment of likely long-term trends.

Salary growth. Our salary growth assumptions reflect our long-term actual experience, outlook and assumed inflation.

Retirement rates. Retirement rates are developed to reflect actual and projected plan experience.

Mortality rates. Mortality rates are developed to reflect actual and projected plan experience.

Plan obligations and costs are based on existing OPEB plan provisions. No assumptions have been made regarding any potential future changes to benefit provisions beyond those to which we are presently committed, such as in existing labor contracts.

The effect of actual results differing from assumptions and of changing assumptions are included in accumulated other comprehensive income as unrecognized actuarial gains and losses. These gains and losses are subject to amortization to expense over the average future service period of employees expected to receive benefits under the plan to the extent they exceed 10 percent of the higher of the market related value of assets of the accumulated benefit obligation of the respective plan. We immediately recognize actuarial gains or losses for OPEB plans that are short-term in nature and under which our obligation is capped. The weighted average discount rate used to determine the benefit obligation for OPEB plans was 4.07 percent at December 31, 2012 versus 4.93 percent at December 31, 2011, resulting in an unrecognized actuarial loss of $299 million. In 2013, $48 million of net unrecognized actuarial losses are expected to be recognized into expenses.

The effect of the indicated increase (decrease) in the assumed discount rate, holding all other assumptions constant, is shown below (in millions of dollars):

	OPEB Plans	
	Effect on 2013 OPEB Expense	Effect on December 31, 2012 OPEB Obligation
10 basis point decrease in discount rate	$ 2	$ 37
10 basis point increase in discount rate	(2)	(37)

Refer to Note 17, *Employee Retirement and Other Benefits,* of our accompanying audited consolidated financial statements for more information regarding costs and assumptions for OPEB plans.

Share-Based Compensation

We have various compensation plans that provide for the granting of share-based compensation to certain employees and directors. We account for share-based compensation plans in accordance with the accounting guidance set forth for share-based payments, which requires us to recognize share-based compensation expense based on fair value. Compensation expense for equity-classified awards is measured at the grant date based on the fair value of the award using a discounted cash flow methodology. For those awards with post-vesting contingencies, we apply an adjustment to account for the probability of meeting the contingencies. Liability-classified awards are remeasured to fair value at each balance sheet date until the award is settled. Compensation expense is recognized over the employee service period with an offsetting increase to contributed capital or accrued expenses and other liabilities depending on the nature of the award. If awards contain certain performance conditions in order to vest, we recognize the cost of the award when achievement of the performance condition is probable. Costs related to plans with graded vesting are generally recognized using the graded vesting method. We record share-based compensation expense in Selling, Administrative and Other Expenses in the accompanying Consolidated Statements of Operations.

The fair value of each unit issued under the plans is based on the fair value of our membership interests. Each unit, or Chrysler Group Unit, is equal to 1/600th of the value of a Class A Membership Interest on a fully-diluted basis after conversion of the Class B Membership Interests, which equates to approximately 980 million Chrysler Group Units. Refer to Note 16, *Share-Based Compensation,* of our accompanying audited consolidated financial statements for additional information.

Since there is no publicly observable trading price for our membership interests, fair value was determined using a discounted cash flow methodology. We use this approach, which is based on our projected cash flows, to estimate our enterprise value. We then deduct the fair value of our outstanding interest bearing debt as of the measurement date from our enterprise value to arrive at the fair value of equity. This amount is then divided by the total number of Chrysler Group Units, as determined above, to estimate the fair value of a single Chrysler Group Unit. The significant assumptions used in the calculation of fair value at each issuance date and for each period included the following:

Four years of annual projections prepared by management that reflect the estimated after-tax cash flows a market participant would expect to generate from operating the business;

A terminal value which was determined using a growth model that applied a 2.0 percent long-term growth rate to our projected after-tax cash flows beyond the four year window. The long-term growth rate was based on our internal projections, as well as industry growth prospects;

An estimated after-tax weighted average cost of capital ranging from 16.0 percent to 16.5 percent in 2012, 14.4 percent to 16.5 percent in 2011, and 15.0 percent to 15.3 percent in 2010; and

Projected worldwide factory shipments ranging from approximately 2.0 million vehicles in 2011 to approximately 3.2 million vehicles in 2016.

In 2011, the implied fair value of the Company, resulting from the transactions through which Fiat acquired beneficial ownership of the membership interests previously held by the U.S. Treasury and Canadian Government, was used to corroborate the values determined using the discounted cash flow methodology. There were no such transactions during 2012.

Based on these calculations, we estimated that the per unit fair value of a Chrysler Group Unit, calculated based on the fully-diluted Chrysler Group Units of 980 million, was $9.00, $7.63 and $4.87 at December 31, 2012, 2011 and 2010, respectively. The increase in the per unit fair value was primarily attributable to continued improvement in our performance and achievement of the objectives outlined in our business plan.

Impairment of Long-Lived Assets

Long-lived assets held and used (such as property, plant and equipment, and equipment and other assets on operating leases) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. Recoverability of an asset or asset group to be held and used is measured by a comparison of the carrying amount of an asset or asset group to the estimated undiscounted future cash flows expected to be generated by the asset or group of assets. If the carrying amount of an asset or asset group exceeds its estimated undiscounted future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset or group of assets exceeds the fair value of the asset or group of assets. No impairment indicators were identified during the years ended December 31, 2012, 2011 and 2010. As such, no impairment charges were recognized during the respective periods. When long-lived assets are considered held for sale, they are recorded at the lower of carrying amount or fair value less costs to sell, and depreciation ceases.

Goodwill and Other Intangible Assets

We account for goodwill in accordance with the accounting guidance related to intangibles and goodwill, which requires us to test goodwill for impairment at the reporting unit level at least annually and when significant events occur or there are changes in circumstances that indicate the fair value is less than the carrying value. Such events could include, among others, a significant adverse change in the business climate, an unanticipated change in the competitive environment and a decision to change the operations of the Company. We have one operating segment, which is also our only reporting unit.

Goodwill is evaluated for impairment annually as of October 1. In September 2011, the Financial Accounting Standards Board, or FASB, issued updated guidance on annual goodwill impairment testing. The amendment allows an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If we elect the qualitative assessment, and we conclude it is more likely than not that the fair value of a reporting unit is less than its carrying amount, quantitative impairment testing is required. However, if we conclude otherwise, quantitative impairment testing is not required.

When quantitative impairment testing is required, goodwill is reviewed for impairment utilizing a two-step process. The first step of the impairment test is to compare the fair value of our reporting unit to its carrying value. The fair value is determined by estimating the present value of expected future cash flows for the reporting unit. If the fair value of the reporting unit is greater than its carrying amount, no impairment exists and the second step of the test is not performed. If the carrying amount of the reporting unit is greater than the fair value, there is an indication that an impairment may exist and the second step of the test must be completed to measure the amount of the impairment. The second step of the test calculates the implied fair value of goodwill by assigning the fair value of the reporting unit to all of the assets and liabilities of that unit as if the reporting unit had been acquired in a business combination. The implied fair value of goodwill is then compared to the carrying value. If the implied fair value of goodwill is less than the carrying value, an impairment loss is recognized equal to the difference. No goodwill impairment losses have been recognized for the years ended December 31, 2012, 2011 and 2010.

Intangible assets that have a finite useful life are amortized over their respective estimated useful lives, which are reviewed by management each reporting period and whenever changes in circumstances indicate that the carrying value of the assets may not be recoverable. Other intangible assets determined to have an indefinite useful life are not amortized, but are instead tested for impairment annually. In July 2012, the FASB issued updated guidance on the annual testing of indefinite-lived intangible assets for impairment. The amendments allow an entity to first assess qualitative factors to determine whether it is more likely than not that the indefinite-lived intangible asset is impaired. If we elect the qualitative assessment, and we conclude it is more likely than not that the fair value of the indefinite-lived intangible assets is less than its carrying amount, quantitative impairment testing is required. However, if we conclude otherwise, quantitative impairment testing is not required. An impairment loss is recognized to the extent that the carrying amount exceeds the asset' s fair value. Management estimates fair value through various techniques including discounted cash flow models, which incorporate market based inputs, and third party independent appraisals, as considered appropriate. Management also considers current and estimated economic trends and outlook. No impairment losses on these assets have been recognized for the years ended December 31, 2012, 2011 and 2010.

Valuation of Deferred Tax Assets

A valuation allowance on deferred tax assets is required if, based on the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon our ability to generate sufficient taxable income during the carryback or carryforward periods applicable in each relevant tax jurisdiction. Our accounting for deferred tax assets represents our best estimate of those future events. Changes in our current estimates, due to unanticipated events or otherwise, could have a material impact on our financial condition and results of operations.

In assessing the realizability of deferred tax assets, we consider both positive and negative evidence. Concluding that a valuation allowance is not required is difficult when there is absence of positive evidence and significant negative evidence which is objective and verifiable, such as cumulative losses in recent years. The weight given to the positive and negative evidence is commensurate with the extent to which the evidence may be objectively verified. As such, it is generally difficult for positive evidence regarding projected future taxable income exclusive of reversing taxable temporary differences to outweigh objective negative evidence of recent financial reporting losses. A cumulative loss in recent years is a significant piece of negative evidence that is difficult to overcome in determining that a valuation allowance is not needed against deferred tax assets.

The assessment for the nature, timing and recognition of a valuation allowance takes into account a number of types of evidence, including the following:

- Nature, frequency and severity of current and cumulative financial reporting losses. A pattern of objectively measured recent financial reporting losses is heavily weighted as a source of negative evidence. In certain circumstances, historical information may not be as relevant due to changed circumstances;

- Sources of future taxable income. Future reversals of existing temporary differences are heavily-weighted sources of objectively verifiable positive evidence. Projections of future taxable income exclusive of reversing temporary differences are a source of positive evidence when the projections are combined with a history of recent profits and can be reasonably estimated. Otherwise, these projections are considered inherently subjective and generally will not be sufficient to overcome negative evidence that includes relevant cumulative losses in recent years, particularly if the projected future taxable income is dependent on an anticipated turnaround to profitability that has not yet been achieved. In such cases, these projections of future taxable income are given little weight for the purposes of valuation allowance assessment; and

- Tax planning strategies. If necessary and available, tax planning strategies would be implemented to accelerate taxable amounts to utilize expiring carryforwards. These strategies would be a source of additional positive evidence and, depending on their nature, could be heavily weighted.

Our deferred tax assets consist primarily of those of our subsidiaries in foreign jurisdictions. We have concluded that negative evidence, including the lack of sustained profitability, outweighs our positive evidence and that we are required to maintain our valuation allowances in respect of our net deferred tax assets as of December 31, 2012. As we have previously disclosed, our subsidiaries in foreign jurisdictions are highly dependent on our North American operations, which consists primarily of our U.S. operations. We have not yet reached a level of sustained profitability for our U.S. operations. While we were profitable in the U.S. for the years ended December 31, 2012 and 2011, our financial performance history is somewhat limited. We have undergone significant changes in our capital structure, management and business strategies since the 363 Transaction, as well as implemented several new product development programs. While our product portfolio is improving, we must continue to rebalance our concentration of sales and decrease our dependency on the pick-up truck, SUV and minivan markets. We are also reliant upon our alliance with Fiat to jointly develop vehicles and vehicle platforms, which is somewhat uncertain given Fiat' s own business and financial condition, as well as its revised business plan for product development and manufacturing operations. We believe that our ability to realize the benefits of the alliance is important for us to compete with our larger, more product diversified and better-funded competitors.

Accordingly, at December 31, 2012, we continued to maintain valuation allowances on our net deferred tax assets of $1,164 million.

We believe that sustained profitability may be demonstrated by certain factors, which may include any of the following:

- continued positive progress on our five year business plan, including achievement of a substantial portion of our 2013 financial and performance objectives;

continued improvement in our product mix;

increased sales outside of North America; or

validation of our ability to successfully launch products, particularly those using a Fiat or jointly developed platform.

If, in the future, we demonstrate a level of sustained profitability, our conclusion regarding the need for valuation allowances in respect of our subsidiaries in foreign jurisdictions could change, resulting in the reversal of some or all of the valuation allowances. If we are able to demonstrate sustained profitability, then the release of a significant portion of the valuation allowances in the foreign subsidiaries could occur within the next 12 months. In the reporting period in which the valuation allowance is released, we will record a substantially large tax benefit related to the release, which will result in a large negative effective tax rate. Until such time, we will reverse a portion of the valuation allowance related to the corresponding realized tax benefit for that period, without changing our conclusions regarding the need for a full valuation allowance against the remaining net deferred tax assets.

Sales Incentives

We record the estimated cost of sales incentive programs offered to dealers and retail customers as a reduction to revenue at the time of sale to the dealer. This estimated cost represents the incentive programs offered to dealers and retail customers, as well as the expected modifications to these programs in order to facilitate sales of the dealer inventory. Subsequent adjustments to incentive programs related to vehicles previously sold to dealers are recognized as an adjustment to revenue in the period the adjustment is determinable.

We use price discounts to adjust vehicle pricing in response to a number of market and product factors, including: pricing actions and incentives offered by competitors, economic conditions, the amount of excess industry production capacity, the intensity of market competition, consumer demand for the product and to support promotional campaigns. We may offer a variety of sales incentive programs at any given point in time, including: cash offers to dealers and retail customers and subvention programs offered to retail customers, or lease subsidies, which reduce the retail customer' s monthly lease payment or cash due at the inception of the financing arrangement, or both. Incentive programs are generally brand, model and region specific for a defined period of time, which may be extended.

Multiple factors are used in estimating the future incentive expense by vehicle line including the current incentive programs in the market, planned promotional programs and the normal incentive escalation incurred as the model year ages. The estimated incentive rates are reviewed monthly and changes to the planned rates are adjusted accordingly, thus impacting revenues. As discussed previously, there are a multitude of inputs affecting the calculation of the estimate for sales incentives, and an increase or decrease of any of these variables could have a significant effect on recorded revenues.

Warranty and Product Recalls

We establish reserves for product warranties at the time the sale is recognized. We issue various types of product warranties under which we generally guarantee the performance of products delivered for a certain period or term. The reserve for product warranties includes the expected costs of warranty obligations imposed by law or contract, as well as the expected costs for policy coverage, recall actions and buyback commitments. Estimates are principally based on historical claims experience for our vehicles and, where little or no claims experience exists, assumptions regarding the lifetime warranty costs of each vehicle. In addition, the number and magnitude of additional service actions expected to be approved, and policies related to additional service actions, are taken into consideration. Due to the uncertainty and potential volatility of these estimated factors, changes in our assumptions could materially affect our results of operations.

We periodically initiate voluntary service and recall actions to address various customer satisfaction, safety and emissions issues related to vehicles we sell. Included in the reserve is the estimated cost of these service and recall actions. The estimated future costs of these actions are based primarily on historical claims experience for our vehicles. Estimates of the future costs of these actions are inevitably imprecise due to numerous uncertainties, including the enactment of new laws and regulations, the number of vehicles affected by a service or recall action and the nature of the corrective action. It is reasonably possible that the ultimate cost of these service and recall actions may require us to make expenditures in excess of established reserves over an extended period of time and in a range of amounts that cannot be reasonably estimated. Our estimate of warranty and additional service and recall action obligations is re-evaluated on a quarterly basis. Experience has shown that initial data for any given model year can be volatile; therefore, our process relies upon long-term historical averages until actual data is available. As actual experience becomes available, it is used to modify the historical averages to ensure that the forecast is within the range of likely outcomes. Resulting accruals are then compared with current spending rates to ensure that the balances are adequate to meet expected future obligations.

Accounting Standards Not Yet Adopted

Accounting standards not yet adopted are discussed in Note 2, *Basis of Presentation and Significant Accounting Policies*, of our accompanying audited consolidated financial statements.

Non-GAAP Financial Measures

We monitor our operations through the use of several non-GAAP financial measures: Adjusted Net Income (Loss); Modified Operating Profit (Loss); Modified Earnings Before Interest, Taxes, Depreciation and Amortization, which we refer to as Modified EBITDA; Gross and Net Industrial Debt; as well as Free Cash Flow. We believe that these non-GAAP financial measures provide useful information about our operating results and enhance the overall ability to assess our financial performance. They provide us with comparable measures of our financial performance based on normalized operational factors which then facilitate management' s ability to identify operational trends, as well as make decisions regarding future spending, resource allocations and other operational decisions. These and similar measures are widely used in the industry in which we operate.

These financial measures may not be comparable to other similarly titled measures of other companies and are not an alternative to net income (loss) or income (loss) from operations as calculated and presented in accordance with U.S. GAAP. These measures should not be used as a substitute for any U.S. GAAP financial measures.

Adjusted Net Income (Loss)

Adjusted Net Income (Loss) is defined as net income (loss) excluding the impact of infrequent charges, which includes losses on extinguishment of debt. We use Adjusted Net Income (Loss) as a key indicator of the trends in our overall financial performance, excluding the impact of such infrequent charges.

Modified Operating Profit (Loss)

We measure Modified Operating Profit (Loss) to assess the performance of our core operations, establish operational goals and forecasts that are used to allocate resources, and evaluate our performance period over period. Modified Operating Profit (Loss) is computed starting with net income (loss), and then adjusting the amount to (i) add back income tax expense and exclude income tax benefits, (ii) add back net interest expense (excluding interest expense related to financing activities associated with the Gold Key Lease vehicle lease portfolio), (iii) add back (exclude) all pension, OPEB and other employee benefit costs (gains) other than service costs, (iv) add back restructuring expense and exclude restructuring income, (v) add back other financial expense, (vi) add back losses and exclude gains due to cumulative change in accounting principles, and (vii) add back certain other costs, charges and expenses, which include the charges factored into the calculation of Adjusted Net

Table of Contents
Income (Loss). We also use performance targets based on Modified Operating Profit (Loss) as a factor in our incentive compensation calculations for our represented and non-represented employees.

Modified EBITDA

We measure the performance of our business using Modified EBITDA to eliminate the impact of items that we do not consider indicative of our core operating performance. We compute Modified EBITDA starting with net income (loss) adjusted to Modified Operating Profit (Loss) as described above, and then add back depreciation and amortization expense (excluding depreciation and amortization expense for vehicles held for lease). We believe that Modified EBITDA is useful to determine the operational profitability of our business, which we use as a basis for making decisions regarding future spending, budgeting, resource allocations and other operational decisions.

The reconciliation of net income (loss) to Adjusted Net Income, Modified Operating Profit and Modified EBITDA is set forth below (in millions of dollars):

	Years Ended December 31,		
	2012	2011	2010
Net income (loss)	$ 1,668	$ 183	$ (652)
Plus:			
Loss on extinguishment of debt *(1)*	–	551	–
Adjusted Net Income (Loss)	$ 1,668	$ 734	$ (652)
Plus:			
Income tax expense	274	198	139
Net interest expense	1,050	1,199	1,228
Pension, OPEB and other employee benefit costs (gains) other than service costs	(34)	(170)	(52)
Loss on Canadian HCT Settlement *(2)*	–	–	46
Restructuring (income) expenses, net	(61)	3	48
Other financial expense, net	15	11	6
Modified Operating Profit	$ 2,912	$ 1,975	$ 763
Plus:			
Depreciation and amortization expense	2,701	2,876	3,051
Less:			
Depreciation and amortization expense for vehicles held for lease	(163)	(97)	(353)
Modified EBITDA	$ 5,450	$ 4,754	$ 3,461

(1) In connection with the May 2011 repayment of our outstanding obligations under the U.S. Treasury credit facilities and the EDC credit facilities, we recognized a $551 million loss on extinguishment of debt, which consisted of the write-off of $136 million of unamortized discounts and $34 million of unamortized debt issuance costs associated with the U.S. Treasury credit facilities and $367 million of unamortized discounts and $14 million of unamortized debt issuance costs associated with the EDC credit facilities.

(2) In August 2010, Chrysler Canada entered into a settlement agreement with the CAW to permanently transfer the responsibility for providing postretirement health care benefits to the Covered Group to a new retiree plan. The new retiree plan will be funded by the HCT. During the year ended December 31, 2010, we recognized a $46 million loss as a result of the Canadian HCT Settlement Agreement.

Gross and Net Industrial Debt

We compute Gross Industrial Debt as total financial liabilities less Gold Key Lease financing obligations. Gold Key Lease financing obligations were primarily satisfied out of collections from the related operating leases and proceeds from the sale of the related vehicles. As of June 2012, all Gold Key Lease financing obligations have been repaid.

Table of Contents

We deduct our cash and cash equivalents from Gross Industrial Debt to compute Net Industrial Debt. We use Net Industrial Debt as a measure of our financial leverage and believe it is useful to others in evaluating our financial leverage.

The following is a reconciliation of financial liabilities to Gross and Net Industrial Debt (in millions of dollars):

	Years Ended December 31,	
	2012	2011
Financial liabilities *(1)*	$12,603	$12,574
Less: Gold Key Lease obligations		
Short-term asset-backed notes payable	–	41
Gross Industrial Debt	$12,603	$12,533
Less: Cash and cash equivalents	11,614	9,601
Net Industrial Debt	$989	$2,932

(1) Refer to Note 11, Financial Liabilities, of our accompanying audited consolidated financial statements for additional information regarding our financial liabilities.

Free Cash Flow

Free Cash Flow is defined as cash flows from operating and investing activities, excluding any debt related investing activities, adjusted for financing activities related to Gold Key Lease. Free Cash Flow is presented because we believe that it is used by analysts and other parties in evaluating the Company. However, Free Cash Flow does not necessarily represent cash available for discretionary activities, as certain debt obligations and capital lease payments must be funded out of Free Cash Flow. We also use performance targets based on Free Cash Flow as a factor in our incentive compensation calculations for our non-represented employees.

Free Cash Flow should not be considered as an alternative to, or substitute for, net change in cash and cash equivalents. We believe it is important to view Free Cash Flow as a complement to our consolidated statements of cash flows.

The following is a reconciliation of Net Cash Provided by (Used In) Operating and Investing Activities to Free Cash Flow (in millions of dollars):

	Years Ended December 31,		
	2012	2011	2010
Net Cash Provided by Operating Activities	$5,821	$4,603	$4,195
Net Cash Used in Investing Activities	(3,557)	(1,970)	(1,167)
Investing activities excluded from Free Cash Flow:			
Proceeds from USDART *(1)*	–	(96)	–
Change in loans and notes receivables	(2)	(6)	(36)
Financing activities included in Free Cash Flow:			
Proceeds from Gold Key Lease financing	–	–	266
Repayments of Gold Key Lease financing	(41)	(584)	(1,903)
Free Cash Flow	$2,221	$1,947	$1,355

(1) U.S. Dealer Automotive Receivables Transition LLC, or USDART, as described below under −Liquidity and Capital Resources −Ally.

Results of Operations

Worldwide Factory Shipments

The following summarizes our gross and net worldwide factory shipments, which include vehicle sales to our dealers and distributors, fleet customers and contract manufacturing customers. Management believes that this data provides meaningful information regarding our operating results. Shipments of vehicles manufactured by our assembly facilities are generally aligned with current period production, which is driven by consumer demand. Revenue is generally recognized when the risks and rewards of ownership of a vehicle have been transferred to our customer, which usually occurs upon release of the vehicle to the carrier responsible for transporting the vehicle to our customer. Our fleet customers include rental car companies, commercial fleet customers, leasing companies and governmental entities. Our fleet shipments include vehicle sales through our Guaranteed Depreciation Program, or GDP, under which we guarantee the residual value or otherwise assume responsibility for the minimum resale value of the vehicle. We account for such sales similar to an operating lease and recognize rental income over the contractual term of the lease on a straight-line basis. At the end of the lease term, we recognize revenue for the portion of the vehicle sales price which had not been previously recognized as rental income and recognize, in cost of sales, the remainder of the cost of the vehicle which had not been previously recognized as depreciation expense over the lease term. We include GDP vehicle sales in our worldwide factory shipments at the time of auction, rather than at the time of sale to the fleet customer, consistent with the timing of revenue recognition. We consider these net worldwide factory shipments to approximate the timing of revenue recognition.

	Years Ended December 31,		
	2012	2011	2010
	(units in thousands)		
Retail	1,844	1,507	1,151
Fleet	484	441	435
Contract Manufacturing	81	63	16
Worldwide Factory Shipments	2,409	2,011	1,602
Adjust for GDP activity during the period:			
Less: Vehicles shipped	(51)	(76)	(63)
Plus: Vehicles auctioned	74	58	42
Net Worldwide Factory Shipments	2,432	1,993	1,581

Consolidated Results

The following is a discussion of the results of operations for the year ended December 31, 2012 as compared to the year ended December 31, 2011 and for the year ended December 31, 2011 as compared to the year ended December 31, 2010. The discussion of certain line items (cost of sales, gross margin, selling, administrative and other expenses, and research and development expenses) includes a presentation of such line items as a percentage of revenues, for the respective periods presented, to facilitate the discussion of the year over year comparisons.

<u>Revenues, Net</u>

	Years Ended December 31,			Increase (Decrease)			
	2012	2011	2010	2012 vs. 2011		2011 vs. 2010	
			(in millions of dollars)				
Revenues, net	$65,784	$54,981	$ 41,946	$10,803	19.6%	$13,035	31.1%

2012 Compared to 2011

Revenues for the year ended December 31, 2012 increased $10,803 million as compared to the year ended December 31, 2011, approximately $11.2 billion of which was attributable to an increase in our net worldwide factory shipments from 1,993 thousand vehicles for the year ended December 31, 2011 to 2,432 thousand vehicles for the year ended December 31, 2012. The 22 percent increase in our net worldwide factory shipments was driven primarily by increased demand for our vehicles, as evidenced by an increase in our U.S. market share from 10.5% for the year ended December 31, 2011 to 11.2% for the year ended December 31, 2012. In addition, the increase in our shipments was due to the continued improvement in the U.S. automotive market, which experienced a 13 percent increase in industry vehicle sales from the year ended December 31, 2011 to the year ended December 31, 2012.

Approximately $900 million of the revenue increase was attributable to more favorable net pricing of our 2012 and 2013 model year vehicles as compared to the prior model years, which was driven by our ability to adjust prices for our vehicle content enhancements in the current market. Additionally, approximately $100 million of the revenue increase was due to a favorable shift in sales mix to greater retail shipments as a percentage of total shipments, which is consistent with our continued plan to grow the U.S. retail market while maintaining stable U.S. fleet shipments. Typically, the average revenue per vehicle for retail shipments is higher than the average revenue per vehicle for fleet shipments, as our retail customers tend to purchase larger vehicles with more optional features. For additional information regarding retail and fleet shipments, refer to *−Worldwide Factory Shipments* above.

These increases were partially offset by a decrease in revenues of approximately $2.0 billion as a result of a higher percentage growth in passenger car sales as compared to truck and sport utility vehicle sales as well as consumers purchasing vehicles with option packages that group commonly selected options at a value price. The options, include, but are not limited to, Uconnect Touch, keyless entry, leather seats and/or DVD systems being included as standard features in certain vehicles

2011 Compared to 2010

Revenues for the year ended December 31, 2011 increased $13,035 million as compared to the year ended December 31, 2010, approximately $10.0 billion of which was attributable to an increase in our net worldwide factory shipments from 1,581 thousand vehicles for the year ended December 31, 2010 to 1,993 thousand vehicles for the year ended December 31, 2011. The increase in our net worldwide factory shipments was primarily driven by consumer demand for our 16 all-new or significantly refreshed vehicles, 11 of which first became available for sale early in 2011. In addition, the increase in our shipments was driven by the overall improvement in the U.S. automotive market, which experienced an 11 percent increase in industry vehicle sales from the year ended December 31, 2010 to the year ended December 31, 2011. Approximately $1.6 billion of the revenue increase was attributable to more favorable net pricing of our 2011 and 2012 model year vehicles as compared to the prior model years, and reduced reliance on incentives. In addition, approximately $500 million of the increase was due to a favorable shift in sales mix to greater retail shipments as a percentage of total shipments.

Cost of Sales

	Years Ended December 31,						Increase (Decrease)			
	2012	Percentage of Revenues	2011	Percentage of Revenues	2010	Percentage of Revenues	2012 vs. 2011		2011 vs. 2010	
				(in millions	of dollars)					
Cost of sales	$55,350	84.1%	$46,422	84.4%	$35,886	85.6%	$8,928	19.2%	$10,536	29.4%
Gross margin	10,434	15.9%	8,559	15.6%	6,060	14.4%	1,875	21.9%	2,499	41.2%

We procure a variety of raw materials, parts, supplies, utilities, transportation and other services from numerous suppliers to manufacture our vehicles, parts and accessories, primarily on a purchase order basis. The raw materials we use typically consist of steel, aluminum, resin, copper, lead, and precious metals including platinum, palladium and rhodium. The cost of materials and components makes up a majority of our cost of sales, which was approximately 76 percent, 74 percent and 70 percent for the years ended December 31, 2012, 2011 and 2010. The remaining costs primarily include labor costs consisting of direct and indirect wages and fringe benefits as well as depreciation, amortization and transportation costs. Cost of sales also includes warranty and product-related costs, as well as depreciation expense related to our GDP vehicles. Fluctuations in costs of sales are primarily driven by the number of vehicles that we produce and sell.

2012 Compared to 2011

Cost of sales for the year ended December 31, 2012 increased $8,928 million compared to the same period in 2011 primarily due to higher production volumes and an increase in vehicle shipments, which accounted for approximately $8.8 billion of the increase. Additionally, cost of sales increased due to higher costs associated with the shift in sales mix to greater retail shipments as a percentage of total shipments also noted above. These increases in cost of sales were partially offset by savings associated with the higher percentage growth of passenger car sales as compared to truck and SUV sales, as well as our increased sales of vehicles with the value option packages as noted above in *—Revenues, Net*.

Material costs for the year ended December 31, 2012 increased by approximately $300 million consistent with our continuing investments in vehicle components and enhancements. These enhancements include improved engine and transmission technologies, primarily the 3.6L Pentastar V-6 engine and 8-speed automatic transmission, as well as upgraded media components such as the Uconnect Touch, featuring an 8.4 inch screen. In addition we continue to upgrade the interiors of our vehicles with features such as premium leather and LED accent lighting.

Further, price increases for certain raw materials had a negative impact on our cost of sales of approximately $400 million. However, we were able to partially offset these price increases by achieving certain cost savings, principally from commercial re-negotiations and technical efficiencies, such as modifying the material content of a part, as well as efficiencies achieved through our ongoing implementation of WCM processes.

Additionally, during the year ended December 31, 2012, we recognized insurance recoveries totaling $76 million related to losses sustained in 2011 due to supply disruptions. The proceeds from these recoveries were fully collected as of September 30, 2012. There were no similar insurance recoveries during the years ended December 31, 2011 and 2010.

2011 Compared to 2010

Cost of sales for the year ended December 31, 2011 increased $10,536 million as compared to the same period in 2010 primarily due to higher production volumes and an increase in vehicle shipments, which accounted for approximately $7.9 billion of the increase. Additionally, approximately $1.1 billion of the increase was due to additional costs associated with enhanced features and content in our 2011 and 2012 model year vehicles, including upgraded media and stereo components, improved engine technologies, and upgraded interiors. In addition, approximately $200 million of the increase was due to the favorable shift in sales mix to more retail shipments as a percentage of total shipments noted above in *—Revenues, Net*. For the year ended December 31, 2011 as compared to the same period in 2010, price increases for certain raw materials, particularly steel, had an unfavorable impact on our cost of sales of approximately $650 million. Our exposure to the increase in steel prices was limited because we purchased approximately 65 percent of our steel pursuant to fixed-price contracts during the first half of 2011 and all of 2010. In the second half of 2011, the percentage of steel purchased pursuant to fixed-price contracts declined to approximately 40 percent. In addition, we were able to offset these price increases by achieving certain cost savings, principally from commercial re-negotiations and technical efficiencies, such as modifying the material content of a part.

Table of Contents

Selling, Administrative and Other Expenses

	Years Ended December 31,						Increase (Decrease)			
	2012	Percentage of Revenues	2011	Percentage of Revenues	2010	Percentage of Revenues	2012 vs. 2011		2011 vs. 2010	
	(in millions of dollars)									
Selling, administrative and other expenses	$5,179	7.9%	$4,751	8.6%	$3,797	9.1%	$428	9.0%	$954	25.1%

Selling, administrative and other expenses include advertising, personnel, warehousing and other costs. Advertising costs accounted for approximately 53 percent, 54 percent and 44 percent of these costs for the years ended December 31, 2012, 2011 and 2010, respectively.

2012 Compared to 2011

Our advertising costs through the first half of 2012 were relatively consistent with costs incurred during 2011, as we continued to place great emphasis on our brand- and vehicle-focused campaigns in order to increase consumer awareness of our current portfolio. We typically incur greater advertising costs in the initial months that new or refreshed vehicles are available to customers in dealerships. During the second half of 2012, we began incurring greater advertising costs associated with our national and regional advertising campaigns to support the retail launches of the all-new Dodge Dart and new Ram 1500. In addition, during 2012, we continued to increase our advertising spending for the Fiat 500 to build upon the growing success of the vehicle and to support the launch of the Fiat 500 Abarth. Personnel expenses also increased during the year ended December 31, 2012 as compared to the same period in 2011, primarily due to the increase in headcount in 2012 to support our sales, marketing and other corporate initiatives.

2011 Compared to 2010

The increase in selling, administrative and other expenses during the year ended December 31, 2011 as compared to the year ended December 31, 2010 was primarily due to an increase of approximately $800 million in advertising expenses. The increase in advertising expenses was primarily driven by our launch of 16 all-new or significantly refreshed vehicles during late 2010 and throughout 2011. Our key retail launches and significant advertising campaigns in 2011 primarily related to the Fiat 500, Chrysler 200 and 300, as well as the Dodge Durango and Journey.

Research and Development Expenses, Net

	Years Ended December 31,						Increase (Decrease)			
	2012	Percentage of Revenues	2011	Percentage of Revenues	2010	Percentage of Revenues	2012 vs. 2011		2011 vs. 2010	
	(in millions of dollars)									
Research and development expenses, net	$2,324	3.5%	$1,674	3.0%	$1,500	3.6%	$650	38.8%	$174	11.6%

Research and development expenses consist primarily of material costs and personnel related expenses associated with engineering, design and development. Our research and development spending has been focused on improving the quality of our vehicles and reducing the time-to-market of new vehicles. Our efforts entail both short-term improvements related to existing vehicles, which include easily recognizable and extensive upgrades, and longer term product and powertrain programs. Our research and development expenses for the years ended December 31, 2012, 2011 and 2010, are net of $51 million, $78 million and $36 million, respectively, of reimbursements recognized for costs related to shared engineering and development activities performed under the product and platform sharing agreement that is part of our industrial alliance with Fiat.

2012 Compared to 2011

The increase in net research and development expenses for the year ended December 31, 2012 as compared to the same period in 2011, was primarily due to increased spending for direct and indirect materials related to mid-cycle actions, principally the Ram truck lineup, Jeep Grand Cherokee and Dodge Durango, as well as joint development programs with Fiat, including the CUSW platform utilized for the all-new Dodge Dart and designed for certain future C- and D- segment vehicles. In addition, we continue to invest in vehicle and technology enhancements for Fiat vehicles that we will produce and distribute within North America. To support all of these efforts, we have increased our average headcount for research and development employees by approximately 17 percent period over period to fulfill specialized needs. The average number of temporary contract workers remained consistent period over period.

2011 Compared to 2010

The increase in net research and development expenses for the year ended December 31, 2011, as compared to the same period in 2010, was primarily related to joint development programs with Fiat associated with the CUSW platform and various powertrain and other programs, as well as mid-cycle actions related to our vehicle portfolio. To support these efforts, we have increased our average headcount for research and development by 26 percent from the year ended December 31, 2010 to the same period in 2011, while also increasing our temporary contract workers by 49 percent to meet specialized needs.

Restructuring (income) expenses, net

	Years Ended December 31,			Increase (Decrease)			
	2012	2011	2010	2012 vs. 2011		2011 vs. 2010	
	(in millions of dollars)						
Restructuring (income) expenses, net	$ (61)	$ 3	$ 48	$ (64)	(2,133.3)%	$ (45)	(93.8)%

In connection with the 363 Transaction, we assumed certain liabilities related to specific restructuring actions commenced by Old Carco. These liabilities represented costs for workforce reduction actions related to our represented and non-represented hourly and salaried workforce, as well as specific contractual liabilities assumed for other costs, including supplier cancellation claims. In accordance with the accounting guidance for exit or disposal activities, certain costs associated with these previously announced plans, such as relocation, contract termination and plant deactivations, are recognized as restructuring expense when the costs are incurred. We continue to monitor these previously established reserves for adequacy and any necessary adjustments are recorded in the period the adjustment is determinable.

2012

Restructuring income, net for the year ended December 31, 2012 includes refinements to existing reserve estimates of $62 million primarily related to decreases in the expected workforce reduction costs and legal claim reserves, as well as other transition costs related to the integration of the operations of our European distribution and dealer network into Fiat’ s distribution organization. These refinements, which were based on management’ s adequacy reviews, took into consideration the status of the restructuring actions and the estimated costs to complete the actions. These refinements were partially offset by $1 million of charges primarily related to costs associated with employee relocations for previously announced restructuring initiatives.

2011

Restructuring expenses, net for the year ended December 31, 2011 included charges of $51 million primarily related to costs associated with employee relocations and plant deactivations for previously announced restructuring initiatives, as well as other transition costs resulting from the integration of the operations of our European distribution and dealer network into Fiat' s distribution organization. These charges were substantially offset by refinements to existing reserve estimates of $48 million primarily related to decreases in the expected workforce reduction costs, as well as legal and supplier cancellation claim reserves as a result of management' s adequacy reviews.

2010

Restructuring expenses, net for the year ended December 31, 2010 included charges of $273 million primarily related to costs resulting from the integration of the operations of our European distribution and dealer network into Fiat' s distribution organization, which included, but were not limited to, workforce reductions, contract cancellations, legal claim costs and other transition costs. The charges also related to costs associated with workforce reductions and plant deactivations for previously announced restructuring initiatives. These charges were partially offset by refinements to existing reserve estimates of $227 million, which were primarily the result of the cancellation of a previously announced plant closure. During 2010, we announced that our Sterling Heights, Michigan assembly plant, which was scheduled to close after 2012, would remain open in connection with the granting of certain tax incentives by local and state governments. The adjustments also related to decreases in supplier cancellation claim reserves as a result of the settlement of certain claims and a net decrease in the expected workforce reduction costs as a result of management' s adequacy reviews. Restructuring expenses, net also included $2 million of interest accretion for the year ended December 31, 2010.

Interest Expense

	Years Ended December 31,			Increase (Decrease)			
	2012	2011	2010	2012 vs. 2011		2011 vs. 2010	
			(in millions of dollars)				
Interest Expense	$1,094	$1,238	$ 1,276	$ (144)	(11.6)%	$(38)	(3.0)%

Interest expense included the following (in millions of dollars):

	Years Ended December 31,			Increase (Decrease)			
	2012	2011	2010	2012 vs. 2011		2011 vs. 2010	
Financial interest expense:							
VEBA Trust Note	$440	$432	$420	$8	1.9%	$12	2.9%
2019 and 2021 Notes	260	157	–	103	65.6%	157	100.0%
Tranche B Term Loan	181	111	–	70	63.1%	111	100.0%
Canadian Health Care Trust Notes	99	92	–	7	7.6%	92	100.0%
Mexican development banks credit facilities	58	41	18	17	41.5%	23	127.8%
U.S. Treasury first lien credit facilities	–	202	514	(202)	(100.0)%	(312)	(60.7)%
EDC credit facilities	–	44	107	(44)	(100.0)%	(63)	(58.9)%
Other	53	62	95	(9)	(14.5)%	(33)	(34.7)%
Interest accretion, primarily related to debt discounts, debt issuance costs and fair value adjustments	119	170	229	(51)	30.0%	(59)	(25.8)%
Payable-in-kind interest	–	27	68	(27)	(100.0)%	(41)	(60.3)%
Capitalized interest related to capital expenditures	(116)	(100)	(175)	(16)	(16.0)%	75	42.9%
Total	$1,094	$1,238	$1,276	$(144)	(11.6)%	$(38)	(3.0)%

2012 compared to 2011 and 2010

The decrease in interest expense for the year ended December 31, 2012 as compared to the years ended December 31, 2011 and 2010 was primarily due to the interest savings and reduced interest accretion achieved as a result of our debt refinancing transaction in May 2011. In that transaction, we repaid our outstanding obligations under the U.S. Treasury and EDC credit facilities and entered into the Tranche B Term Loan and issued the 2019 Notes and 2021 Notes. Refer to *−Liquidity and Capital Resources* below, for additional information regarding our refinancing transaction. The interest savings and reduced interest accretion are primarily due to the Tranche B Term Loan and 2019 Notes and 2021 Notes having lower effective interest rates and debt discounts than the U.S. Treasury and EDC credit facilities. Refer to *−Loss on Extinguishment of Debt* below, for additional information regarding the write off of the U.S. Treasury and EDC credit facilities unamortized discounts and debt issuance costs. The decrease was partially offset by additional interest expense incurred on the Canadian Health Care Trust Notes issued on December 31, 2010 and the Mexican development banks credit facilities entered into in July 2010 and December 2011.

Loss on Extinguishment of Debt

	Years Ended December 31,			Increase (Decrease)			
	2012	2011	2010	2012 vs. 2011		2011 vs. 2010	
			(in millions	of dollars)			
Loss on extinguishment of debt	$ −	$ 551	$ −	$(551)	(100.0)%	$551	100.0%

In connection with the repayment of our outstanding obligations under the U.S. Treasury and EDC credit facilities, we recognized a $551 million loss on extinguishment of debt, which consisted of the write off of $136 million of unamortized discounts and $34 million of unamortized debt issuance costs associated with the U.S. Treasury credit facilities and $367 million of unamortized discounts and $14 million of unamortized debt issuance costs associated with the EDC credit facilities. Refer to *−Liquidity and Capital Resources* below, for additional information regarding our refinancing transaction.

Income Tax Expense

	Years Ended December 31,			Increase (Decrease)			
	2012	2011	2010	2012 vs. 2011		2011 vs. 2010	
			(in millions	of dollars)			
Income tax expense	$ 274	$ 198	$ 139	$76	38.4%	$59	42.4%

Our effective income tax rate differs from the expected federal statutory rate of 35 percent primarily because we are a limited liability company, or LLC, taxed as a partnership and substantially all of our wholly-owned U.S. subsidiaries are LLCs that are disregarded entities for U.S. federal tax purposes. The difference is also due to differences between foreign statutory tax rates and the U.S. federal statutory tax rate.

2012

Our effective income tax rate for the year ended December 31, 2012 was 14 percent, primarily due to income generated by us and certain of our wholly-owned U.S. subsidiaries. Income tax expense for the year ended December 31, 2012 was primarily driven by foreign tax provisions as a result of our subsidiaries in foreign jurisdictions having current period taxable earnings.

2011

Our effective income tax rate for the year ended December 31, 2011 was 52 percent, primarily due to losses generated by us and certain of our wholly-owned U.S. subsidiaries. Income tax expense for the year ended

December 31, 2011 was primarily driven by foreign tax provisions as a result of our subsidiaries in foreign jurisdictions having current period taxable earnings and adjustments made to prior year returns. Income tax expense also includes provisions for U.S. state and local taxes.

2010

Our effective income tax rate for the year ended December 31, 2010 was negative 27 percent, primarily due to losses generated by us and certain of our wholly owned U.S. subsidiaries, as well as the establishment of additional Canadian income tax receivables for prior year tax refunds and increases in valuation allowances in the U.S., Canada and other foreign jurisdictions.

Non-Cash Charges (Gains)

The following summarizes our significant non-cash charges (gains) (in millions of dollars):

	Years Ended December 31,		
	2012	2011	2010
Loss on extinguishment of debt	$ −	$ 551	$ −
Valuation allowances against deferred tax assets	(77)	6	100
Total significant non-cash charges	$ (77)	$ 557	$ 100

Liquidity and Capital Resources

Liquidity Overview

We require significant liquidity in order to meet our obligations and fund our business plan. Short-term liquidity is required to purchase raw materials, parts and components required for vehicle production, and to fund selling, administrative, research and development, and other expenses. In addition to our general working capital needs, we expect to use significant amounts of cash for the following purposes: (i) capital expenditures to support our existing and future products; (ii) principal and interest payments under our financial obligations and (iii) pension and OPEB payments. Our capital expenditures are estimated to be approximately $4 billion in 2013, which we plan to fund with cash generated primarily from our operating activities.

Refer to *−Contractual Obligations* below, for additional information regarding short-term and long-term payments due under our significant contractual obligations and commitments as of December 31, 2012. Liquidity needs are met primarily through cash generated from operations, including the sale of vehicles and service parts to dealers, distributors and other customers worldwide. We also have access to an undrawn revolving credit facility as detailed under the caption *−Total Available Liquidity* below. In addition, long-term liquidity needs may involve some level of debt refinancing as outstanding debt becomes due or we are required to make amortization or other principal payments. Although we believe that our current level of total available liquidity is sufficient to meet our short-term and long-term liquidity requirements, we regularly evaluate opportunities to improve our liquidity position and reduce our net industrial debt over time in order to enhance our financial flexibility and to achieve and maintain a liquidity and capital position consistent with that of our principal competitors.

Any actual or perceived limitations of our liquidity may affect the ability or willingness of counterparties, including dealers, suppliers and financial service providers, to do business with us, or require us to restrict additional amounts of cash to provide collateral security for our obligations. Our liquidity levels are subject to a number of risks and uncertainties, including those described in *Item 1A. Risk Factors*.

Total Available Liquidity

At December 31, 2012, our total available liquidity was $12,914 million, including $1,300 million available to be borrowed under our Revolving Facility. We may access these funds subject to the conditions of our Senior Credit Facilities and may use the proceeds for general corporate and/or working capital purposes. The terms of our Senior Credit Facilities require us to maintain a minimum liquidity of $3.0 billion inclusive of any amounts undrawn on our Revolving Facility. Total available liquidity includes cash and cash equivalents, which are subject to intra-month, foreign exchange and seasonal fluctuations. Restricted cash is not included in our presentation of total available liquidity.

The following summarizes our total available liquidity (in millions of dollars):

	December 31, 2012	December 31, 2011
Cash and cash equivalents *(1)*	$ 11,614	$ 9,601
Revolving Facility availability *(2)*	1,300	1,300
Total Available Liquidity	$ 12,914	$ 10,901

(1) *The foreign subsidiaries for which we have elected to permanently reinvest earnings outside of the U.S. held $1.1 billion and $0.7 billion of cash and cash equivalents as of December 31, 2012 and 2011, respectively. Our current plans do not demonstrate a need to, nor do we have plans to, repatriate the retained earnings from these subsidiaries, as the earnings are permanently reinvested. However, if we determine, in the future, that it is necessary to repatriate these funds or we sell or liquidate any of these subsidiaries, we may be required either to pay taxes, even though we are not currently a taxable entity for U.S. federal income tax purposes, or make distributions to our members to pay taxes associated with the repatriation or the sale or liquidation of these subsidiaries. We may also be required to accrue and pay withholding taxes, depending on the foreign jurisdiction from which the funds are repatriated.*

(2) *Prior to the final maturity date of the Senior Credit Facilities, we have the option to increase the amount of these facilities in an aggregate principal amount not to exceed $1.2 billion, either through an additional term loan, an increase in the Revolving Facility or a combination of both.*

The increase of $2,013 million in total available liquidity from December 31, 2011 to December 31, 2012, reflects a $2,013 million increase in cash and cash equivalents resulting from net cash provided from operating activities of $5,821 million, offset by net cash used in investing activities of $3,557 million and net cash used in financing activities of $251 million. Refer to −*Cash Flows* below, for additional information regarding our changes in cash and cash equivalents.

Restricted Cash

Restricted cash, which includes cash equivalents, was $371 million at December 31, 2012. Restricted cash included $259 million held on deposit or otherwise pledged to secure our obligations under various commercial agreements guaranteed by a subsidiary of Daimler, $24 million of collateral for foreign currency exchange and commodity hedge contracts, and $88 million of collateral for other contractual agreements.

Working Capital Cycle

Our business and results of operations depend upon our ability to achieve certain minimum vehicle sales volumes. As is typical for an automotive manufacturer, we have significant fixed costs, and therefore, changes in our vehicle sales volume can have a significant effect on profitability and liquidity. We generally receive payment on sales of vehicles in North America within a few days of shipment from our assembly plants, whereas there is a lag between the time we receive parts and materials from our suppliers and the time we are required to pay for them. Therefore, during periods of increasing vehicle sales, there is generally a corresponding positive impact on our cash flow and liquidity. Alternatively, during periods in which vehicle sales decline, there is generally a corresponding negative impact on our cash flow and liquidity. In addition, the timing of our vehicle sales under our guaranteed depreciation program can cause seasonal fluctuations in our working capital. Typically, the number of vehicles sold under the program peak during the second quarter and then taper off during the third quarter.

Cash Flows

Year Ended December 31, 2012 compared to Years Ended December 31, 2011 and 2010

Operating Activities –Year Ended December 31, 2012

For the year ended December 31, 2012, our net cash provided by operating activities was $5,821 million and was primarily the result of:

(i) net income of $1,668 million, adjusted to add back $2,787 million for depreciation and amortization expense (including amortization and accretion of debt discounts, debt issuance costs, fair market value adjustments and favorable and unfavorable lease contracts);

(ii) a $1,325 million increase in trade liabilities, primarily due to increased production in response to increased consumer demand of our vehicles, which was consistent with the increase in our worldwide factory shipments;

(iii) a $600 million increase in accrued sales incentives, primarily due to an increase in our U.S. dealer inventory levels at December 31, 2012 versus December 31, 2011 to support increased sales volumes across all nameplates and deliveries of our newly launched Dodge Dart and the new Ram 1500 at the end of 2012;

(iv) a $478 million decrease in receivables due from Fiat as a result of greater sales to Fiat during the fourth quarter of 2011 versus the fourth quarter of 2012, primarily due to reduced consumer demand as a result of the continuing economic weakness in several European countries; and

(v) a $184 million increase in payables due to Fiat as a result of increased purchases of vehicles, parts and services during late 2012 as compared to late 2011, as a result of us becoming the primary distributor for Fiat vehicles in certain countries.

These increases in our net cash provided by operating activities were partially offset by:

(i) a $630 million increase in inventory, primarily due to increased finished vehicle levels at December 31, 2012 versus December 31, 2011. These increases were primarily driven by an increase in our international vehicle inventory levels in order to support consumer demand for both our and Fiat’ s vehicles. In 2012, we began distributing Fiat vehicles through more of our international distribution centers;

(ii) a $513 million combined decrease in the residual value guarantees accruals and deferred revenue related to our GDP vehicles, primarily driven by the decrease in the number of U.S. GDP vehicles in-service at December 31, 2012 versus December 31, 2011, as rental car companies moved towards purchasing non-GDP vehicles due to the improved residual values of our vehicles. This decrease is mostly offset by a decrease in the related vehicles classified as equipment on operating leases;

(iii) $443 million of pension and OPEB contributions; and

(iv) a $334 million increase in accounts receivable primarily due to an increase in receivables from third party international dealers and distributors due to increased sales at the end of 2012 as compared to

2011 due to consumer demand. Our payment terms on vehicle sales outside of North America are longer than vehicle sales in North America, which are typically collected within a few days of shipment from our assembly plants.

Operating Activities −Year Ended December 31, 2011

For the year ended December 31, 2011, our net cash provided by operating activities was $4,603 million and was primarily the result of:

(i) net income of $183 million, adjusted to add back the $551 million loss on extinguishment of debt associated with the repayment of our U.S. Treasury and EDC credit facilities and $3,062 million of depreciation and amortization expense (including amortization and accretion of debt discounts, debt issuance costs, fair market value adjustments and favorable and unfavorable lease contracts);

(ii) a $1,711 million increase in trade liabilities, primarily due to increased production in response to increased consumer demand for our vehicles following the introduction of our 16 all-new or significantly refreshed vehicles, which was consistent with the increase in our worldwide factory shipments;

(iii) $374 million in collections from Daimler AG, or Daimler, related to the Daimler tax receivable. Refer to −*Daimler Tax Receivable*, below, for additional information related to these collections;

(iv) a $274 million increase in payables due to Fiat as a result of increased purchases of parts and services during late 2011 as compared to late 2010; and

(v) a $301 million increase in accrued sales incentives, primarily to an increase in our U.S. dealer inventory levels as December 31, 2011 versus December 31, 2010, mostly due to an increase in our shipments during late 2011 versus the end of 2010 in order to meet consumer demand for our 16 all-new or significantly refreshed vehicles.

These increases in our net cash provided by operating activities were partially offset by:

(i) a $751 million increase in receivables due from Fiat as a result of increased sales of vehicles, service parts and services to Fiat during 2011 as compared to the end of 2010, primarily due to the integration of our European distribution and dealer network organization into Fiat' s distribution organization;

(ii) a $721 million increase in inventory, primarily due to increased finished vehicle and work in process levels at December 31, 2011 versus December 31, 2010. These increases were primarily driven by the overall increase in production levels and international vehicle shipments due to greater consumer demand for our vehicles and the vehicles we manufacture for Fiat;

(iii) $579 million of pension and OPEB contributions, partially offset by the collection of a $200 million pension receivable from Daimler; and

(iv) the repayment of $395 million of capitalized payable-in-kind, or PIK, interest on our U.S. Treasury credit facilities.

Operating Activities −Year Ended December 31, 2010

For the year ended December 31, 2010, our net cash provided by operating activities was $4,195 million and was primarily the result of:

(i) a net loss of $652 million, adjusted to add back $3,308 million for depreciation and amortization expense (including amortization and accretion of debt discounts, debt issuance costs, fair market value adjustments and favorable and unfavorable lease contracts), partially offset by $227 million of net non-cash adjustments to restructuring reserve estimates. Refer to *−Results of Operations −Restructuring (Income) Expenses, net* above, for additional information related to these adjustments;

(ii) a $1,469 million increase in trade liabilities, primarily due to increased production, which was consistent with the increase in our worldwide factory shipments;

(iii) a $931 million decrease in accounts receivable due primarily to lower dealer and fleet receivables, settlement of trade receivables with Daimler and improved customer collections;

(iv) $377 million in collections from Daimler related to the Daimler tax receivable. Refer to *−Daimler Tax Receivable,* below, for additional information related to these collections; and

(v) a $249 million increase in our deferred revenue, primarily due to an increase in the number of vehicles in service under our guaranteed depreciation program. This increase is mostly offset by an increase in the related vehicles classified as equipment on operating leases.

These increases in our net cash provided by operating activities were partially offset by:

(i) a $860 million increase in inventory, primarily due to increased finished vehicle and work in process levels to support multiple product launches in the fourth quarter 2010, partially offset by a reduction in international inventories during the year due to the sale of inventory to Fiat in connection with its assumption of the management of our distribution and sales operations in select European countries;

(ii) $662 million of pension and OPEB contributions, partially offset by the collection of a $200 million pension receivable from Daimler; and

(iii) $160 million of payments related to the Canadian HCT Settlement Agreement. Refer to Note 17, *Employee Retirement and Other Benefits,* of our accompanying audited consolidated financial statements for additional information related to the Canadian Health Care Trust Settlement Agreement.

Investing Activities −Year Ended December 31, 2012

For the year ended December 31, 2012, our net cash used in investing activities was $3,557 million and was primarily the result of:

(i) $3,633 million of capital expenditures to support our investments in existing and future products.

These cash outflows were partially offset by:

(i) $87 million of proceeds from disposals of equipment and other assets on operating leases, primarily related to our Gold Key Lease vehicle lease portfolio; and

(ii) a $90 million decrease in restricted cash, primarily due to reduced collateral requirements as a result of positive mark-to-market adjustments for outstanding derivative instruments during the period.

Investing Activities −Year Ended December 31, 2011

For the year ended December 31, 2011, our net cash used in investing activities was $1,970 million and was primarily the result of:

(i) $3,009 million of capital expenditures to support our investments in existing and future products.

These cash outflows were partially offset by:

(i) $704 million of proceeds from disposals of equipment and other assets on operating leases, primarily related to our Gold Key Lease vehicle lease portfolio;

(ii) a $215 million decrease in restricted cash. The decrease in restricted cash was primarily the result of the release of $167 million of collateral associated with the Gold Key Lease vehicle lease portfolio, which was used to pay down an equivalent amount outstanding on our Gold Key Lease credit facility. The decrease was also due to the release of initial margin collateral requirements for foreign currency exchange and commodity hedge contracts, in addition to positive mark-to-market adjustments; and

(iii) $96 million of proceeds from U.S. Dealer Automotive Receivables Transition LLC, or USDART, which represented the remaining balance of a previous advance to USDART that was transferred to us in May 2011, in connection with the termination of the Ally Master Transaction Agreement, or Ally MTA, between the U.S. Treasury, Ally and USDART. Refer to *−Ally MTA* below, for additional information related to the USDART and the Ally MTA.

Investing Activities −Year Ended December 31, 2010

For the year ended December 31, 2010, our net cash used in investing activities was $1,167 million and was primarily the result of:

(i) $2,385 million of capital expenditures to support our investments in existing and future products.

These cash outflows were partially offset by:

(i) $1,144 million of proceeds from disposals of equipment and other assets on operating leases, primarily related to our Gold Key Lease vehicle lease portfolio.

Financing Activities −Year Ended December 31, 2012

For the year ended December 31, 2012, our net cash used in financing activities was $251 million and was primarily the result of:

(i) $204 million of debt repayments, including $50 million related to the Auburn Hills Headquarters loan, $30 million related to the Tranche B Term Loan, $25 million related to the Canadian Health Care Trust Note – Tranche D, $15 million related to the Mexican development banks credit facility and $84 million related to capital leases and other financial obligations; and

(ii) $41 million of repayments of our Gold Key Lease financing obligations, which included the final repayment of the outstanding asset-backed note payable in June 2012. Gold Key Lease program proceeds used to fund these payments are included in operating and investing activities.

Financing Activities −Year Ended December 31, 2011

For the year ended December 31, 2011, our net cash used in financing activities was $405 million and was primarily the result of:

(i) $584 million of repayments of our Gold Key Lease financing obligations, which included the full repayment of the amounts outstanding on our Gold Key Lease credit facility in April 2011; and

(ii) $135 million of debt repayments, including $26 million related to the Canadian Health Care Trust Note - Tranche D, $15 million related to the Tranche B Term Loan, $13 million related to the Auburn Hills Headquarters loan and $81 million related to capital leases and other financial obligations.

These cash outflows were partially offset by:

(i) $217 million of loan proceeds received in December 2011 as a result of a financing arrangement with certain Mexican development banks; and

(ii) net proceeds received from our refinancing transaction in May 2011, which consisted of:

(a) $3,160 million of net proceeds from the Secured Senior Notes;

(b) $2,933 million of net proceeds from the Tranche B Term Loan;

(c) $1,268 million of proceeds received from Fiat' s exercise of its incremental equity call option;

(d) $5,460 million of principal repayments (excluding capitalized PIK) of our U.S. Treasury credit facilities;

(e) $1,723 million of principal repayments of our EDC credit facilities; and

(f) $72 million of related debt issuance costs.

Financing Activities −Year Ended December 31, 2010

For the year ended December 31, 2010, our net cash used in financing activities was $1,526 million and was primarily the result of:

(i) $1,637 million of net repayments of our Gold Key Lease financing obligations, which included additional borrowings of $266 million under an asset-backed securitization facility in May 2010, in which we utilized available operating lease assets under the Gold Key Lease vehicle lease portfolio to borrow the additional funds. These funds were used to repay a portion of the amounts outstanding on our Gold Key Lease credit facility;

(ii) $166 million of other debt repayments, including $45 million related to the Canadian Health Care Trust Note - Tranche D, $12 million related to the Auburn Hills Headquarters loan and $109 million related to capital leases and other financial obligations; and

(iii) $123 million repayment of the Chrysler Receivables SPV LLC, or Receivable SPV, loan.

These cash outflows were partially offset by:

(i) $400 million of loan proceeds received in July 2010 as a result of a financing arrangement with certain Mexican development banks.

Net Industrial Debt

Our calculation of Gross and Net Industrial Debt, as well as a detailed discussion of these measures, is included above in *−Non-GAAP Financial Measures −Gross and Net Industrial Debt*.

Our Net Industrial Debt decreased by $1,943 million from $2,932 million at December 31, 2011 to $989 million at December 31, 2012, primarily due to a $2,013 million increase in cash and cash equivalents. Refer to *—Cash Flows* above, for additional information regarding the increase in our cash and cash equivalents for the year ended December 31, 2012.

Free Cash Flow

Our calculation of Free Cash Flow, as well as a detailed discussion of this measure, is included above in *—Non-GAAP Financial Measures —Free Cash Flow*.

Free Cash Flow for the years ended December 31, 2012, 2011 and 2010 totaled $2,221 million, $1,947 million and $1,355 million, respectively.

The increase in Free Cash Flow from 2011 to 2012 was primarily due to:

(i) a $1,218 million increase in our cash generated from operations. Refer to *—Cash Flows* above, for additional information regarding the change in cash generated from operations; and

(ii) a $543 million reduction in repayments on our Gold Key Lease financing obligations, primarily due to the significant reduction in the related outstanding obligations, which is consistent with the wind down of the program. As of June 2012, all Gold Key Lease financing obligations have been repaid.

These favorable cash flows were partially offset by:

(i) a $624 million increase in our capital expenditures due to our continued investments to enhance our current and future product portfolio;

(ii) a $617 million reduction in proceeds from disposals of equipment and other assets on operating leases, primarily related to the wind down of our Gold Key Lease vehicle lease portfolio; and

(iii) a $125 million reduction in our change in restricted cash. The $90 million reduction in restricted cash during 2012 was primarily driven by reduced collateral requirements for foreign currency exchange and commodity hedge contracts as a result of positive mark-to-market adjustments during 2012. The $215 million reduction in restricted cash during 2011 was primarily due to the release of $167 million of collateral associated with the Gold Key Lease vehicle lease portfolio and the release of initial margin collateral requirements for foreign currency exchange and commodity hedge contracts.

The increase in Free Cash Flow from 2010 to 2011 was primarily due to:

(i) a $1,053 million reduction in our net repayments on our Gold Key Lease financing obligations, primarily due to the significant reduction in the related outstanding obligations, which is consistent with the wind down of the program;

(ii) a $408 million increase in our cash generated from operations. Refer to *—Cash Flows* above, for additional information regarding the change in cash generated from operations; and

(iii) a $155 million increase in our change in restricted cash, primarily due to 2011 including the release of $167 million of collateral associated with the Gold Key Lease vehicle lease portfolio and the release of initial margin collateral requirements for foreign currency exchange and commodity hedge contracts.

Table of Contents

These favorable cash flows were partially offset by:

(i) a $624 million increase in our capital expenditures due to our continued investments to enhance our current and future product portfolio; and

(ii) a $440 million reduction in proceeds from disposals of equipment and other assets on operating leases, primarily related to the wind down of our Gold Key Lease vehicle lease portfolio.

Repayment of U.S. Treasury and Export Development Canada Credit Facilities

On May 24, 2011, we repaid all amounts outstanding under the U.S. Treasury and EDC credit facilities. Refer to −*U.S. Treasury Credit Facilities* and − *Export Development Canada Credit Facilities* below for additional information related to these agreements.

Payments were made as follows (in millions of dollars):

	Principal	Accrued Interest	Total Payment
U.S. Treasury first lien credit facilities:			
Tranche B	$2,080 *(1)*	$ 22	$ 2,102
Tranche C	3,675 *(2)*	65	3,740
Zero Coupon Note	100	−	100
Total U.S Treasury first lien credit facilities	5,855	87	5,942
EDC credit facilities:			
Tranche X	1,319	14	1,333
Tranche X-2	404	4	408
Total EDC credit facilities	1,723	18	1,741
Total U.S Treasury and EDC credit facilities	$7,578	$ 105	$ 7,683

(1) Includes $80 million of PIK interest previously capitalized. The payment of PIK interest is included as a component of Net Cash Provided by Operating Activities in the accompanying Consolidated Statements of Cash Flows.

(2) Includes $315 million of PIK interest previously capitalized. The payment of PIK interest is included as a component of Net Cash Provided by Operating Activities in the accompanying Consolidated Statements of Cash Flows. In addition, as a result of the termination of the Ally MTA and in accordance with the U.S. Treasury first lien credit agreement, amounts outstanding under that agreement were reduced by $4 million, the amount of qualifying losses incurred by Ally through April 2011. Refer to Note 13, Commitments, Contingencies and Concentrations, of our accompanying audited consolidated financial statements for additional information related to the Ally MTA.

Senior Credit Facilities and Secured Senior Notes

On May 24, 2011, we and certain of our U.S. subsidiaries as guarantors entered into the following arrangements:

Senior Credit Facilities − a $3.0 billion Tranche B Term Loan maturing on May 24, 2017, which was fully drawn on May 24, 2011 and a $1.3 billion revolving credit facility that matures on May 24, 2016, or Revolving Facility, and remains undrawn;

Secured Senior Notes due 2019 − issuance of $1.5 billion of 8 percent secured senior notes due June 15, 2019, or Original 2019 Notes; and

Secured Senior Notes due 2021 − issuance of $1.7 billion of 8 ¼ percent secured senior notes due June 15, 2021, or Original 2021 Notes.

Senior Credit Facilities

Our Senior Credit Facilities with a syndicate of private sector lenders provide for borrowings of up to $4.3 billion and include, the Revolving Facility which may be borrowed and repaid from time to time until the maturity date. Up to $200 million of the Revolving Facility may be used for the issuance of letters of credit. Prior to the final maturity date of each of the facilities, we have the option to extend the maturity date of all or a portion of these facilities with the consent of the lenders whose loans or commitments are being extended. We also have the option to increase the amount of these facilities in an aggregate principal amount not to exceed $1.2 billion, either through an additional term loan, an increase in the Revolving Facility or a combination of both, subject to certain conditions.

The outstanding principal amount of the Tranche B Term Loan is payable in equal quarterly installments of $7.5 million, with the remaining balance due at maturity. No scheduled principal payments are required on amounts drawn on the Revolving Facility until the maturity date of the facility.

All amounts outstanding under the Tranche B Term Loan and Revolving Facility bear interest at our option of either a base rate plus 3.75 percent per annum or at LIBOR plus 4.75 percent per annum. For the Tranche B Term Loan, a base rate floor of 2.25 percent per annum or a LIBOR floor of 1.25 percent per annum applies. We currently accrue interest based on LIBOR. Commencing in July 2011, interest has been reset every three months and is payable quarterly in January, April, July and October of each year.

We are required to pay commitment fees equal to 0.75 percent per annum, which may be reduced to 0.50 percent per annum if we achieve a specified consolidated leverage ratio, multiplied by the daily average undrawn portion of the Revolving Facility. Commitment fees are payable quarterly in arrears.

If we voluntarily prepay all or any portion of the Tranche B Term Loan on or before May 24, 2014, we will be obligated to pay a call premium. Prior to May 24, 2013, the call premium will be 2.00 percent of the principal amount of such loans prepaid or repriced, and after May 24, 2013 but on or prior to May 24, 2014, the call premium will be 1.00 percent of the principal amount of such loans prepaid or repriced. After May 24, 2014, we may make voluntary prepayments under the Tranche B Term Loan without premium or penalty, except for normal breakage costs.

Mandatory prepayments are required, subject to certain exceptions, from the net cash proceeds of asset sales, incurrence of additional indebtedness, insurance or condemnation proceeds and excess cash flow. In the case of excess cash flow, the mandatory prepayments are subject to a leverage-based step-down and only to the extent our liquidity exceeds a certain threshold. Certain mandatory prepayments are subject to call premiums consistent with the voluntary prepayments.

The Senior Credit Facilities are secured by a senior priority security interest in substantially all of Chrysler Group LLC’ s assets and the assets of its U.S. subsidiary guarantors, subject to certain exceptions. The collateral includes 100 percent of the equity interests in our domestic subsidiaries and 65 percent of the equity interests in foreign subsidiaries held directly by Chrysler Group LLC and its U.S. subsidiary guarantors.

The senior secured credit agreement includes a number of affirmative covenants, many of which are customary, including, but not limited to, the reporting of financial results and other developments, compliance with laws, payment of taxes, maintenance of insurance and similar requirements. The senior secured credit agreement also contains several negative covenants, including but not limited to, (i) limitations on incurrence, repayment and prepayment of indebtedness; (ii) limitations on incurrence of liens; (iii) limitations on making restricted payments, including a limit on declaring dividends or making distributions to our members; (iv) limitations on transactions with affiliates, swap agreements and sale and leaseback transactions; (v) limitations on fundamental changes, including certain asset sales and (vi) restrictions on certain subsidiary distributions. In addition, the senior secured credit agreement requires us to maintain a minimum ratio of borrowing base to covered debt, as well as a minimum liquidity of $3.0 billion, which includes any undrawn amounts on the Revolving Facility.

The senior secured credit agreement contains a number of events of default related to, (i) failure to make payments when due; (ii) failure to comply with covenants; (iii) breaches of representations and warranties; (iv) certain changes of control; (v) cross-default with certain other debt and hedging agreements and (vi) the failure to pay certain material judgments. As of December 31, 2012, we were in compliance with all covenants under the senior secured credit agreement.

Secured Senior Notes

We entered into an indenture with CG Co-Issuer Inc., our wholly-owned special purpose finance subsidiary, certain of our wholly-owned U.S. subsidiaries, and Wilmington Trust FSB, as trustee and Citibank, N.A. as collateral agent, paying agent, registrar and authenticating agent, pursuant to which we issued the Original 2019 Notes and Original 2021 Notes, collectively referred to as the Original Notes. The Original Notes were issued at par and were sold in a private placement to (i) qualified institutional buyers in reliance on Rule 144A under the Securities Act of 1933, as amended, or the Securities Act, and (ii) outside the United States to persons who are not U.S. persons (as defined in Rule 902 of Regulation S under the Securities Act) in compliance with Regulation S under the Securities Act.

In connection with the offering of the Original Notes, we entered into a registration rights agreement with the initial purchasers of the Original Notes. Under the terms of the registration rights agreement, we agreed to register notes having substantially identical terms as the Original Notes with the SEC as part of an offer to exchange freely tradable exchange notes for the Original Notes. On December 29, 2011, and subject to the terms and conditions set forth in our prospectus, we commenced an offer to exchange our new 8 percent secured senior notes due 2019, or 2019 Notes, for the outstanding Original 2019 Notes and our new 8 ¼ percent secured senior notes due 2021, or 2021 Notes, for the outstanding Original 2021 Notes. The 2019 Notes and 2021 Notes are collectively referred to as the Notes.

On February 1, 2012, our offers to exchange the Original 2019 Notes and Original 2021 Notes expired. Substantially all of the Original Notes were tendered for the Notes. The holders of the Notes received an equal principal amount of 2019 Notes for the Original 2019 Notes and an equal principal amount of 2021 Notes for the Original 2021 Notes. The form and terms of the Notes are identical in all material respects to the Original Notes, except that the Notes do not contain restrictions on transfer.

Beginning December 15, 2011, interest on each series of the Original Notes is payable semi-annually in June and December of each year, to the holders of record of such Original Notes at the close of business on June 1 or December 1, respectively, preceding such interest payment date.

We may redeem, at any time, all or any portion of the 2019 Notes on not less than 30 and not more than 60 days' prior notice mailed to the holders of the 2019 Notes to be redeemed. Prior to June 15, 2015, the 2019 Notes will be redeemable at a price equal to the principal amount of the 2019 Notes being redeemed, plus accrued and unpaid interest to the date of redemption and a "make-whole" premium calculated under the indenture. At any time prior to June 15, 2014, we may also redeem up to 35 percent of the aggregate principal amount of the 2019 Notes, at a redemption price equal to 108 percent of the principal amount of the 2019 Notes being redeemed, plus accrued and unpaid interest to the date of redemption with the net cash proceeds from certain equity offerings. On and after June 15, 2015, the 2019 Notes are redeemable at redemption prices specified in the indenture, plus accrued and unpaid interest to the date of redemption. The redemption price is initially 104 percent of the principal amount of the 2019 Notes being redeemed for the twelve months beginning June 15, 2015, decreasing to 102 percent for the year beginning June 15, 2016 and to par on and after June 15, 2017.

We may redeem, at any time, all or any portion of the 2021 Notes on not less than 30 and not more than 60 days' prior notice mailed to the holders of the 2021 Notes to be redeemed. Prior to June 15, 2016, the 2021 Notes will be redeemable at a price equal to the principal amount of the 2021 Notes being redeemed, plus accrued and unpaid interest to the date of redemption and a "make-whole" premium calculated under the indenture. At any time prior to June 15, 2014, we may also redeem up to 35 percent of the aggregate principal amount of the 2021 Notes, at a redemption price equal to 108.25 percent of the principal amount of the 2021 Notes being redeemed, plus accrued and unpaid interest to the date of redemption with the net cash proceeds from certain equity offerings. On and after June 15, 2016, the 2021 Notes are redeemable at redemption prices specified in the indenture, plus accrued and unpaid interest to the date of redemption. The redemption price is initially 104.125 percent of the principal amount of the 2021 Notes being redeemed for the twelve months beginning June 15, 2016, decreasing to 102.75 percent for the year beginning June 15, 2017, to 101.375 percent for the year beginning June 15, 2018 and to par on and after June 15, 2019.

The indenture includes affirmative covenants, including the reporting of financial results and other developments. The indenture also contains negative covenants related to our ability and, in certain instances, the ability of certain of our subsidiaries to, (i) pay dividends or make distributions on the Company' s capital stock or repurchase the Company' s capital stock; (ii) make restricted payments; (iii) create certain liens to secure indebtedness; (iv) enter into sale and leaseback transactions; (v) engage in transactions with affiliates; (vi) merge or consolidate with certain companies and (vii) transfer and sell assets.

The indenture provides for customary events of default, including but not limited to, (i) nonpayment; (ii) breach of covenants in the indenture; (iii) payment defaults or acceleration of other indebtedness; (iv) a failure to pay certain judgments and (v) certain events of bankruptcy, insolvency and reorganization. If certain events of default occur and are continuing, the trustee or the holders of at least 25 percent in aggregate of the principal amount of the Notes outstanding under one of the series may declare all of the Notes of that series to be due and payable immediately, together with accrued interest, if any. As of December 31, 2012, we were in compliance with all covenants under the indenture.

VEBA Trust Note

On June 10, 2009, and in accordance with the terms of a settlement agreement between us and the UAW, or the VEBA Settlement Agreement, we issued a senior unsecured note with a face value of $4,587 million to the VEBA Trust, or VEBA Trust Note. Refer to Note 17, *Employee Retirement and Other Benefits,* of our accompanying audited consolidated financial statements for additional information related to the VEBA Settlement Agreement.

The VEBA Trust Note has an implied interest rate of 9.0 percent per annum and requires annual payments of principal and interest on July 15. Scheduled VEBA Trust Note payments through 2012 did not fully satisfy the interest accrued at the implied rate. In accordance with the agreement, the difference between a scheduled payment and the accrued interest through June 30 of the payment year was capitalized as additional debt on an annual basis. In July 2012, 2011 and 2010, we made scheduled payments of $400 million, $300 million and $315 million, respectively, on the VEBA Trust Note and accrued interest of $38 million, $126 million and $123 million, respectively, was capitalized as additional debt.

Canadian Health Care Trust Notes

On December 31, 2010, Chrysler Canada issued four unsecured promissory notes to an independent Canadian Health Care Trust in an initial aggregate face value of $976 million ($974 million CAD), or Canadian Health Care Trust Notes, as part of the settlement of its obligations with respect to retiree health care benefits for the Covered Group. In addition, the Canadian Health Care Trust Notes had accrued interest from January 1, 2010 through December 31, 2010 of $80 million ($80 million CAD) and a $31 million ($31 million CAD) net premium. Refer to Note 17, *Employee Retirement and Other Benefits*, of our accompanying audited consolidated financial statements for additional information related to the Canadian Health Care Trust Settlement Agreement.

Payments on the Canadian Health Care Trust Notes are due on June 30 of each year unless that day is not a business day in Canada, in which case payments are due on the next business day. The scheduled Tranche A and

Tranche B note payments through 2012 did not fully satisfy the interest accrued at the stated rate of 9.0 percent per annum. Accordingly, on the payment date, the difference between the scheduled payment and the interest accrued through the payment date was capitalized as additional debt. We are not required to make a payment on the Tranche C note until 2020. However, interest accrued at the stated rate of 7.5 percent per annum on the Tranche C note will be capitalized as additional debt on the payment date of the Tranche B note through 2019. In July 2012 and June 2011, $74 million ($76 million CAD) and $27 million ($26 million CAD), respectively, of interest accrued in excess of the scheduled payments was capitalized as additional debt.

The terms of each of the notes are substantially similar and provide that each note will rank *pari passu* with all existing and future unsecured and unsubordinated indebtedness for borrowed money of Chrysler Canada, and that Chrysler Canada will not incur indebtedness for borrowed money that is senior in any respect in right of payment to the notes.

Mexico Development Banks Credit Facilities

In July 2010, Chrysler de Mexico, our principal operating subsidiary in Mexico, entered into a financing arrangement with certain Mexican development banks which provides for a 15 year amortizing term loan facility equal to the Mexican peso equivalent of $400 million. The facility was fully drawn during July 2010 and was funded in Mexican pesos. Any amounts repaid on the facility cannot be re-borrowed.

In December 2011, Chrysler de Mexico entered into a financing arrangement with certain Mexican development banks which provides for a ten year amortizing term loan facility of 3.0 billion Mexican pesos. The facility was fully drawn during December 2011 and was funded in Mexican pesos. Principal payments on the loan are not required until 2016, and any amounts repaid cannot be re-borrowed.

The terms of these loans are similar. Chrysler de Mexico placed certain of its assets in special purpose trusts to secure repayment of the loans, including certain receivables and property, plant and equipment. As of December 31, 2012 and 2011, Chrysler de Mexico had $66 million and $56 million of cash on deposit with the trusts, which is included in Prepaid Expenses and Other Assets in the accompanying Consolidated Balance Sheets. The loans require compliance with certain covenants, including but not limited to, limitations on liens, incurrence of debt and asset sales. As of December 31, 2012 we were in compliance with all covenants under the facilities.

Gold Key Lease

Chrysler Canada maintains our Gold Key Lease vehicle lease portfolio. The related vehicles are leased to Canadian consumers and were financed by asset-backed securitization facilities, as well as a $5.0 billion ($5.0 billion CAD) secured revolving credit facility. In June 2012, we repaid the remaining outstanding balance of the asset-backed note payable. These obligations were primarily repaid out of collections from the operating leases and proceeds from the sales of the related vehicles. We are currently winding down the Gold Key Lease program, therefore, no additional funding will be required. No vehicles were added to the portfolio during the years ended December 31, 2012 and 2011.

U.S. Treasury Credit Facilities

On June 10, 2009, and in connection with the 363 Transaction, we entered into a first lien credit agreement with the U.S. Treasury, which included a $2.0 billion term loan, or Tranche B Loan, used to acquire substantially all of the net operating assets of Old Carco. The credit agreement also made various term loans available to us for future working capital needs in an amount not to exceed $4.6 billion, or Tranche C Commitment. In addition, we provided the U.S. Treasury a $288 million note and assumed $500 million of U.S. Treasury loans originally provided to Chrysler Holding LLC for the benefit of Old Carco. We collectively refer to these loans, as well as the amounts drawn on the Tranche C Commitment as Tranche C Loans. We also provided the U.S. Treasury a $100 million zero coupon note.

The Tranche C Commitment was scheduled to accrue quarterly PIK interest of a maximum of $17 million through June 10, 2017, and the PIK interest was to be capitalized on a quarterly basis. Accordingly, $17 million and $68 million of PIK interest was capitalized as additional debt during the three months ended March 31, 2011 and the year ended December 31, 2010, respectively.

On May 24, 2011, we repaid all amounts owed under the U.S. Treasury first lien credit agreement and terminated all lending commitments thereunder. See *−Repayment of U.S. Treasury and Export Development Canada Credit Facilities*, above, for additional information.

Export Development Canada Credit Facilities

Chrysler Canada entered into a loan and security agreement with the EDC on March 30, 2009, which was subsequently amended on April 29, 2009, pursuant to which the EDC provided a $1,238 million ($1,209 million CAD) secured term loan facility known as Tranche X. On June 10, 2009, the EDC loan agreement was amended and restated to increase the secured term loan facility by a CAD equivalent of $909 million USD, up to a maximum of $1,116 million CAD. The increase in the loan facility was known as Tranche X-2. In addition to the Tranche X and Tranche X-2 loans, Chrysler Canada provided the EDC additional notes of $81 million ($80 million CAD). The additional notes are included in the Tranche X facility.

On May 24, 2011, we repaid all amounts owed under the EDC loan and security agreement and terminated all lending commitments thereunder. See *−Repayment of U.S. Treasury and Export Development Canada Credit Facilities*, above, for additional information.

Ally MTA

Prior to May 2011, we were a party to the Ally MTA between the U.S. Treasury, Ally and USDART. The Ally MTA provided for a risk sharing arrangement, in which USDART would reimburse Ally for qualifying losses on loans with third party Chrysler Group dealerships issued prior to November 21, 2009. In May 2011, all parties mutually agreed to terminate the Ally MTA. Under the terms of the agreement, $96 million, which represented the remaining balance of a previous advance to USDART, was transferred to us. In addition, under the terms of the U.S. Treasury first lien credit agreement, amounts outstanding under that agreement were reduced by $4 million, the amount of qualifying losses incurred by Ally through April 2011.

Receivables SPV

In March 2010, we repaid, in full, the $123 million outstanding on a loan facility provided by the U.S. Treasury to Receivables SPV related to the Auto Supplier Support Program. In April 2010, the Auto Supplier Support Program expired and, in accordance with the terms of the agreement, we paid the U.S. Treasury a $40 million exit fee associated with the program, as well as $5 million, which represented 50 percent of the residual equity of Receivables SPV. Refer to Note 3, *Variable Interest Entities*, of our accompanying audited consolidated financial statements for additional information related to Receivables SPV.

Daimler Tax Receivable

During the years ended December 31, 2011 and 2010, we received reimbursements from Daimler of $374 million and $377 million, respectively, related to tax payments previously made by us which had been previously applied by the Canada Revenue Agency and the Provincial Tax Authorities against additional taxes assessed related to the Canadian transfer pricing matter. No such reimbursements were received during the year ended December 31, 2012.

For additional information related to the Daimler tax receivable, refer to Note 12, *Income Taxes*, of our accompanying audited consolidated financial statements.

Cash Management & Risk Management Policies

Our cash management and risk management activities are governed by internal policies designed to: (i) maintain appropriate internal control over disbursements; (ii) ensure our ability to pay all outstanding obligations when due; and (iii) obtain a reasonable return while maintaining appropriate diversification and minimizing counterparty risk. These policies include permitted investment guidelines, counterparty evaluation and limits, derivative guidelines, funding guidelines, credit and collections guidelines, compliance monitoring, internal control requirements and controls over electronic funds transactions.

Investments of Corporate Cash

Cash and cash equivalents are primarily invested in short-term instruments with highly rated counterparties. Counterparties are evaluated in accordance with internal guidelines. Limits are established for each approved counterparty and actual exposures are tracked against the limits.

Defined Benefit Pension Plans and OPEB Plans –Contributions and Funded Status

Contributions and Payments. Our funding policy for defined benefit pension plans and OPEB plans is to contribute at least the minimum amounts required by applicable laws and regulations. Occasionally, additional discretionary contributions in excess of those legally required are made to achieve certain desired funding levels. Since the inception of our various pension plans, contributions have exceeded minimum required funding amounts. In the U.S., these excess amounts are tracked, and the resulting credit balance can be used to satisfy minimum funding requirements in future years. As of December 31, 2012, the combined credit balances for our U.S. qualified pension plans is approximately $2.7 billion. While the usage of credit balances to satisfy minimum funding requirements is subject to our plans maintaining certain funding levels, we expect to be able to utilize the credit balances in 2013 such that no significant additional cash contributions are required for our U.S. plans in 2013, although we may voluntarily elect to make contributions.

The following summarizes employer contributions made to our defined benefit pension plans or direct benefit payments to plan participants (in millions of dollars):

	Years Ended December 31,		
	2012	2011	2010
Total employer contributions	$ 254	$ 362	$ 390

In connection with the 363 Transaction, we acquired a $600 million receivable from a subsidiary of Daimler to fund contributions to our U.S. pension plans. This receivable was payable to us in three equal annual installments beginning in 2009. The third and final $200 million installment was received by us in 2011. Amounts received were utilized to fund a portion of our contributions to our funded pension plans in each year upon receipt of the installments.

Employer contributions to our funded pension plans are expected to be approximately $998 million in 2013, of which discretionary contributions of $526 million and $115 million will be made to the U.S. and Canadian plans, respectively; and $6 million and $351 million will be made to our U.S. and Canadian plans, respectively, to satisfy minimum funding requirements. Employer contributions to our unfunded pension and OPEB plans in 2013 are expected to be $40 million and $190 million, respectively, which represents the expected benefit payments to participants.

In July 2012, a U.S. pension funding relief measure known as the Moving Ahead for Progress in the 21st Century Act, or MAP-21, was signed into law. The aim of MAP-21 is to ease employer funding obligations so that assets are available for capital improvements, workforce expansions and other economic growth stimuli. Under MAP-21, employers can calculate defined benefit pension plan liabilities for funding purposes using discount rates based on a 25-year average of interest rates, which has the effect of increasing discount rates and reducing minimum funding requirements. Previously, the discount rates used to calculate liabilities were solely based upon a two-year average of interest rates, which resulted in higher minimum funding requirements due to recent interest rates being low. The change in discount rates used to determine our minimum funding requirements did not impact the reported funded status of our U.S. plans.

Additionally, during the second half of 2012, Canadian pension regulators extended the filing deadline for actuarial valuation reports to February 28, 2013. Required contributions are due within sixty days following the filing deadline.

The following summarizes net benefit payments expected to be paid, based on the last remeasurement of all of our plans as of December 31, 2012 which reflects estimated future employee service (in millions of dollars):

	Pension Benefits	OPEB
2013	$ 2,331	$ 190
2014	2,272	185
2015	2,227	181
2016	2,186	180
2017	2,150	179
2018 − 2022	10,324	882

During the life of the plans, we intend to primarily utilize plan assets to fund benefit payments and minimize our cash contributions. OPEB payments are currently funded from our cash flows from operations.

Defined Benefit Pension Plans –Funded Status. The following summarizes the funded status of our pension plans (in millions of dollars):

	December 31,	
	2012	2011
Benefit obligation	$34,837	$31,980
Fair value of plan assets	25,972	25,444
Funded status of plans	$(8,865)	$(6,536)

The change in funded status from December 31, 2011 to December 31, 2012 was primarily due to the impacts of changes in discount rates of $3,174 million during 2012, as well as service and interest costs of $1,838 million. These changes were partially offset by the actual return on plan assets of $2,378 million and company contributions of $254 million made during 2012.

OPEB Plans –Funded Status

Our OPEB plans were underfunded by $3,073 million at December 31, 2012 and by $2,729 million at December 31, 2011. The change in funded status was primarily due to the impacts of changes in discount rates and actuarial assumptions of $367 million and service and interest costs of $159 million during 2012. These changes were partially offset by company contributions of $189 million made directly to pay benefits.

For additional information related to our defined benefit pension and OPEB plans, refer to Note 17, *Employee Retirement and Other Benefits,* of our accompanying audited consolidated financial statements.

Off-Balance Sheet Arrangements

We have entered into various off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, results of operations or liquidity. These include variable interest entities, or VIEs. For a discussion of our VIEs, refer to Note 3, *Variable Interest Entities*, of our accompanying audited consolidated financial statements.

Arrangements with Key Suppliers

From time to time, in the ordinary course of our business, we enter into various arrangements with key suppliers in order to establish strategic and technological advantages. A limited number of these arrangements contain unconditional purchase obligations to purchase a fixed or minimum quantity of goods and/or services with fixed and determinable price provisions. Purchases under these arrangements from third parties were $437 million, $674 million and $295 million for the years ended December 31, 2012, 2011 and 2010, respectively.

In addition, certain of the arrangements we have entered into with Fiat contain unconditional purchase obligations to purchase a fixed or minimum quantity of goods and/or services with fixed and determinable price provisions. Purchases under these arrangements were $383 million and $305 million for the year ended December 31, 2012 and 2011, respectively. We did not have any purchases under these arrangements for the year ended December 31, 2010.

We also enter into similar arrangements containing unconditional purchase obligations to purchase a minimum quantity of goods for which pricing is variable, and therefore do not have fixed and determinable future payment streams. Under these arrangements we are obligated to make payments or receive reimbursements if our purchase volumes are outside a specified range of values. Purchases from third parties under these arrangements were $441 million, $346 million and $116 million for the years ended December 31, 2012, 2011 and 2010, respectively. We did not have any purchases from unconsolidated related companies under these arrangements.

Contractual Obligations

The following summarizes payments due under our significant contractual obligations and commitments as of December 31, 2012 (in millions of dollars):

	Payments Due by Period				
	2013	2014-2015	2016-2017	2018 and thereafter	Total
Long term financial liabilities *(1)*	$436	$ 895	$ 3,875	$7,836	$13,042
Capital lease obligations	36	75	71	105	287
Interest on long term financial liabilities and capital lease obligations *(2)*	1,059	2,030	1,776	2,263	7,128
Operating lease commitments	135	193	126	195	649
Unconditional minimum purchase obligations	294	403	162	–	859
Pension contribution requirements *(3)*	357	–	–	–	357
Total	$2,317	$ 3,596	$ 6,010	$10,399	$22,322

(1) The amounts above are net of fair value adjustments, discounts, premiums and loan origination fees totaling $726 million. For additional information refer to Note 11, Financial Liabilities, of our accompanying audited consolidated financial statements.

(2) Amounts include interest payments based on contractual terms and current interest rates on our debt and capital lease obligations. Interest payments based on variable rates included above were determined using the current interest rate in effect at December 31, 2012.

(3) Pension contribution requirements are based on an estimate of our minimum funding requirements pursuant to the Employee Retirement Income Security Act, or ERISA, regulations. We expect required contributions to be approximately $357 million in 2013. We may elect to make contributions in excess of the minimum funding requirements in response to investment performance and changes in interest rates, to achieve funding levels required by our defined benefit plan arrangements, or when we believe that it is financially advantageous to do so and based on our other capital requirements. We plan to make $526 million and $115 million of discretionary contributions to our U.S and Canadian plans in 2013. Our minimum funding

requirements after 2013 will depend on several factors, including investment performance and interest rates. Therefore, the above excludes payments beyond 2013, since we cannot predict with reasonable reliability the timing and amounts of future minimum funding requirements. Excluded from above are expected payments of $40 million and $190 million due in 2013 with respect to our unfunded pension and OPEB plans, respectively, which represent the expected benefit payments to participants as costs are incurred.

The above also excludes payments for product warranty costs. We issue various types of product warranties under which we generally guarantee the performance of products delivered for a certain period or term. We also periodically initiate voluntary service and recall actions to address various customer satisfaction, safety and emissions issues related to vehicles we sell. The estimated future costs of these actions are principally based on assumptions regarding the lifetime warranty costs of each vehicle line and each model year of that vehicle line, as well as historical claims experience for our vehicles. Estimates of the future costs of these actions are inevitably imprecise due to numerous uncertainties, including the enactment of new laws and regulations, the number of vehicles affected by a service or recall action and the nature of the corrective action. It is reasonably possible that the ultimate cost of these service and recall actions may require us to make expenditures in excess of established reserves over an extended period of time and in a range of amounts that cannot be reasonably estimated. As of December 31, 2012, our product warranty reserves were $3,514 million.

For additional information regarding long term financial liabilities and employee retirement and other benefits, see Note 11, *Financial Liabilities*, and Note 17, *Employee Retirement and Other Benefits*, respectively, of our accompanying audited consolidated financial statements.

Ally Repurchase Obligation

In accordance with the terms of the Ally Agreement, we are required to repurchase Ally-financed dealer inventory, upon certain triggering events and with certain exceptions, in the event of an actual or constructive termination of a dealer' s franchise agreement, including in certain circumstances when Ally forecloses on all assets of a dealer securing financing provided by Ally. These obligations exclude vehicles that have been damaged or altered, that are missing equipment or that have excessive mileage or an original invoice date that is more than one year prior to the repurchase date.

As of December 31, 2012, the maximum potential amount of future payments required to be made to Ally under this guarantee was approximately $8.1 billion and was based on the aggregate repurchase value of eligible vehicles financed by Ally in our U.S. and Canadian dealer stock. If vehicles are required to be repurchased under this arrangement, the total exposure would be reduced to the extent the vehicles can be resold to another dealer. The fair value of the guarantee was less than $0.1 million at December 31, 2012, which considers both the likelihood that the triggering events will occur and the estimated payment that would be made net of the estimated value of inventory that would be reacquired upon the occurrence of such events. The estimates are based on historical experience.

The Ally Agreement is effective through April 30, 2013, with automatic one-year renewals unless either party elects not to renew. We have notified Ally of our election not to renew the Ally Agreement for an additional term.

Refer to *Item 1. Business −Dealer and Customer Financing,* for information regarding our new financing agreement.

Other Repurchase Obligations

In accordance with the terms of other wholesale financing arrangements in Mexico, we are required to repurchase dealer inventory financed under these arrangements, upon certain triggering events and with certain exceptions, including in the event of an actual or constructive termination of a dealer' s franchise agreement. These obligations exclude certain vehicles including, but not limited to, vehicles that have been damaged or altered, that are missing equipment or that have excessive mileage.

As of December 31, 2012, the maximum potential amount of future payments required to be made in accordance with these other wholesale financing arrangements was approximately $325 million and was based on the aggregate repurchase value of eligible vehicles financed through such arrangements in the respective dealer' s stock. If vehicles are required to be repurchased through such arrangements, the total exposure would be reduced to the extent the vehicles can be resold to another dealer. The fair value of the guarantee was less than $0.1 million at December 31, 2012, which considers both the likelihood that the triggering events will occur and the estimated payment that would be made net of the estimated value of inventory that would be reacquired upon the occurrence of such events. The estimates are based on historical experience.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

Due to the nature of our business, we are exposed to a variety of market risks, including foreign currency exchange rate risk, commodity price risk, interest rate risk and counterparty risk. We evaluate these risks on an on-going basis and manage our exposures centrally. Our Foreign Exchange Hedging Committee and Commodity Hedging Committee approve derivative hedging strategies to manage our operating risk exposures for foreign exchange and commodities, respectively.

The members of these committees include the Chief Financial Officer, the Treasurer and other senior operating management of the Company. The Treasury Department executes derivative transactions in accordance with the approved strategies, as well as within our risk management policies.

We use derivatives (primarily forward contracts and swaps) to hedge our financial and operational exposures. We do not enter into derivative transactions for speculative purposes or to hedge our balance sheet translation risk. Refer to Note 15, *Derivative Financial Instruments and Risk Management,* of our accompanying audited consolidated financial statements for additional information on our derivatives.

We use sensitivity analyses to quantify the impact of changes in foreign currency exchange rates, commodity prices and interest rates on the fair value of the financial instruments used to hedge these risks. Our models assume instantaneous, parallel shifts in foreign currency exchange rates, commodity prices and interest rate yield curves. We did not have any option contracts or any other instruments with non-linear returns outstanding at December 31, 2012.

Foreign Currency Exchange Rate Risk

We are exposed to foreign currency exchange rate risk as a result of sales of vehicles and parts, purchases of components used in our manufacturing operations, debt and dividend payments from foreign subsidiaries denominated in currencies other than the USD. Foreign currency exchange rate risk is the risk that fluctuations in specific currencies against the USD will negatively impact our results of operations. To the extent possible, we net sales and purchases in specific currencies against each other and review this net cash flow position for hedging purposes. We are most vulnerable to fluctuations in the CAD, Euro, Australian dollar, Japanese yen and Mexican peso against the USD. To manage these exposures, we enter into derivative contracts (primarily currency forward and swap contracts) to hedge a portion of our exposures. The derivative contracts used to hedge foreign exchange rate risk had remaining maturities of up to 15 months at December 31, 2012.

The net fair value of foreign currency derivatives at December 31, 2012 was a liability of $38 million compared to an asset of $61 million as of December 31, 2011. The potential decrease in the fair value of our foreign currency derivatives, assuming a 10 percent adverse change in the underlying foreign currency derivative versus the USD, would be approximately $365 million at December 31, 2012, compared with a decrease of $262 million as of December 31, 2011.

Table of Contents

In addition, we are exposed to foreign currency exchange rate risk as a result of translating the assets and liabilities of our subsidiaries outside of the United States (primarily Canada, Mexico and Venezuela) into USD. On February 8, 2013, the Venezuelan government announced a further devaluation of the BsF relative to the USD, effective February 13, 2013. Refer to Note 24, *Subsequent Events,* of our accompanying audited consolidated financial statements for additional information.

Commodity Price Risk

We are exposed to changes in the prices of commodities used in the manufacture of vehicles, such as non-ferrous metals (such as aluminum, lead and copper), precious metals (such as platinum and palladium) and energy (such as natural gas). Commodity price risk is the adverse impact that changes in commodity prices would have on our financial results. To manage this risk, we enter into commodity derivative contracts for a portion of our exposures. The derivative contracts used to hedge commodity price risk had remaining maturities of up to 18 months at December 31, 2012.

The net fair value of commodity derivatives as of December 31, 2012 was an asset of $19 million compared to a liability of $123 million as of December 31, 2011. The potential decrease in the fair value of our commodity derivatives, due to a 10 percent decrease in commodity prices, would be approximately $64 million at December 31, 2012, compared with a decrease of $66 million as of December 31, 2011. This amount does not include the offsetting impact of lower prices we would pay for the underlying commodities.

Interest Rate Risk

We are exposed to interest rate risk due to our interest-bearing investment portfolio and financing activities. Interest rate risk is the risk of loss we would incur due to changes in interest rates.

For purposes of sensitivity analyses, we segregated our interest-bearing financial instruments into fixed or floating. For fixed-rate financial instruments, our sensitivity analysis measures the changes in fair value, whereas for floating-rate financial instruments, our sensitivity analysis measures the potential loss in future earnings.

We had fixed-rate debt of $9.1 billion as of December 31, 2012, compared with $9.0 billion at December 31, 2011. The potential increase in the fair value of our fixed-rate interest-bearing financial instruments as a result of a 10 percent decrease in market interest rates would be approximately $0.4 billion at December 31, 2012, compared with an increase of approximately $0.5 billion at December 31, 2011.

We also had floating-rate investments and floating-rate debt of $12.0 billion and $3.5 billion, respectively, at December 31, 2012 compared to $10.1 billion and $3.5 billion, respectively, at December 31, 2011. The majority of our floating rate debt is exposed to changes in LIBOR, with a 1.25 percent interest rate floor. Given the relationship of floating-rate investments to floating-rate debt as of December 31, 2012 and the current low interest rate environment, a decrease in interest rates would not have a material impact on our consolidated financial position.

Counterparty Risk

We are exposed to counterparty risk as a result of our investment and derivatives contracts. Counterparty risk relates to the risk of loss which we would incur if a counterparty defaulted on an investment or derivatives contract. Our Treasury Department manages counterparty risk by establishing exposure limits for each counterparty based on credit ratings and financial position, and monitoring utilization against these limits. Counterparty limits and exposure utilization are periodically reviewed with our Treasurer. Substantially all of our counterparties are rated single-A or higher.

There have been no significant changes in our exposure to financial market risks since December 31, 2012.

[Table of Contents](#)

Item 8. Financial Statements and Supplementary Data.

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Members of
Chrysler Group LLC
Auburn Hills, Michigan

We have audited the accompanying consolidated balance sheets of Chrysler Group LLC and subsidiaries (the "Company") as of December 31, 2012 and 2011, and the related consolidated statements of operations, comprehensive loss, members' deficit, and cash flows for each of the three years in the period ended December 31, 2012. Our audits also included the financial statement schedule included in Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Chrysler Group LLC and subsidiaries as of December 31, 2012 and 2011, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2012, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ DELOITTE & TOUCHE LLP

Detroit, Michigan
March 7, 2013

Table of Contents

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions of dollars)

	Notes	Years Ended December 31, 2012	2011	2010
Revenues, net		$65,784	$54,981	$41,946
Cost of sales		55,350	46,422	35,886
GROSS MARGIN		10,434	8,559	6,060
Selling, administrative and other expenses		5,179	4,751	3,797
Research and development expenses, net	*2*	2,324	1,674	1,500
Restructuring (income) expenses, net	*20*	(61)	3	48
Interest expense	*4*	1,094	1,238	1,276
Interest income		(44)	(39)	(48)
Loss on extinguishment of debt	*11*	–	551	–
INCOME (LOSS) BEFORE INCOME TAXES		1,942	381	(513)
Income tax expense	*12*	274	198	139
NET INCOME (LOSS)		$1,668	$183	$(652)

See accompanying notes to consolidated financial statements.

Table of Contents

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In millions of dollars)

		Years Ended December 31,		
	Notes	2012	2011	2010
NET INCOME (LOSS)		$1,668	$183	$(652)
Other comprehensive loss:				
Loss on derivatives recorded in accumulated other comprehensive loss, net *(1)*	*15*	(92)	(27)	(33)
Loss on derivatives reclassified from accumulated other comprehensive loss to income, net *(1)*	*15*	50	65	1
Foreign currency translation adjustments *(1)*		(63)	18	(107)
Defined benefit plan adjustments:	*17*			
Actuarial loss *(2)*		(2,733)	(3,123)	(463)
Prior service (cost) credit *(1)*		(44)	80	5
TOTAL OTHER COMPREHENSIVE LOSS		(2,882)	(2,987)	(597)
TOTAL COMPREHENSIVE LOSS		$(1,214)	$(2,804)	$(1,249)

(1) Net of $0 of taxes
(2) Net of $5 of income tax benefit for the year ended December 31, 2012

See accompanying notes to consolidated financial statements.

Table of Contents

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In millions of dollars)

	Notes	December 31, 2012	December 31, 2011
CURRENT ASSETS:			
Cash and cash equivalents		$ 11,614	$ 9,601
Restricted cash	13	28	106
Trade receivables, net of allowance for doubtful accounts of $56 and $68, respectively		1,179	845
Inventories	5	4,998	4,366
Prepaid expenses and other assets	9	1,108	1,603
Deferred taxes	12	23	25
TOTAL CURRENT ASSETS		18,950	16,546
PROPERTY AND EQUIPMENT:			
Property, plant and equipment, net	6	15,491	13,965
Equipment and other assets on operating leases, net	7	976	1,421
TOTAL PROPERTY AND EQUIPMENT		16,467	15,386
OTHER ASSETS:			
Advances to related parties and other financial assets		47	56
Restricted cash	13	343	355
Goodwill	8	1,361	1,361
Other intangible assets, net	8	3,360	3,371
Prepaid expenses and other assets	9	403	421
Deferred taxes	12	40	47
TOTAL OTHER ASSETS		5,554	5,611
TOTAL ASSETS		$ 40,971	$ 37,543
CURRENT LIABILITIES:			
Trade liabilities		$ 9,734	$ 8,566
Accrued expenses and other liabilities	10	8,518	7,707
Current maturities of financial liabilities	11	456	230
Deferred revenue		862	1,171
Deferred taxes	12	71	73
TOTAL CURRENT LIABILITIES		19,641	17,747
LONG-TERM LIABILITIES:			
Accrued expenses and other liabilities	10	15,537	12,758
Financial liabilities	11	12,147	12,344
Deferred revenue		822	653
Deferred taxes	12	83	76
TOTAL LONG-TERM LIABILITIES		28,589	25,831
Commitments and contingencies	13	–	–
MEMBERS' DEFICIT:			
Membership Interests			
Class A Membership Interests − 1,061,225 units authorized, issued and outstanding at December 31, 2012 and 2011		–	–
Class B Membership Interests − 200,000 units authorized, issued and outstanding at December 31, 2012 and 2011		–	–
Contributed capital		2,647	2,657
Accumulated losses		(2,586)	(4,254)
Accumulated other comprehensive loss		(7,320)	(4,438)
TOTAL MEMBERS' DEFICIT		(7,259)	(6,035)
TOTAL LIABILITIES AND MEMBERS' DEFICIT		$ 40,971	$ 37,543

See accompanying notes to consolidated financial statements.

Table of Contents

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions of dollars)

	Notes	Years Ended December 31, 2012	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income (loss)		$1,668	$183	$(652)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization of property, plant and equipment and intangible assets		2,531	2,759	2,692
Depreciation of equipment and other assets on operating leases		170	117	359
Net amortization of favorable and unfavorable lease contracts		(36)	7	13
Changes in deferred taxes		–	(17)	55
Non-cash interest accretion, primarily related to debt discounts, debt issuance costs and fair value adjustments		122	179	244
Capitalized payable-in-kind interest	*11, 18*	–	17	68
Repayment of capitalized payable-in-kind interest	*11*	–	(395)	–
Loss on extinguishment of debt	*11*	–	551	–
Net loss on disposal of property, plant and equipment, equipment and other assets on operating leases and intangible assets		27	67	29
Non-cash adjustments to restructuring reserve estimates, net	*20*	(57)	(48)	(227)
Non-cash share-based compensation expense	*16*	71	36	35
Share-based compensation payments	*16*	(31)	(6)	–
Non-cash pension and OPEB expense, net		94	2	1
Pension and OPEB contributions	*17*	(443)	(579)	(662)
Reimbursements of OPEB contributions resulting from Canadian Health Care Trust settlement	*17*	–	–	53
Payments associated with Canadian Health Care Trust settlement	*17*	–	(19)	(160)
Canadian Health Care Trust settlement loss	*17*	–	–	46
Collection of Daimler pension receivable	*17*	–	200	200
Collection of Daimler tax receivable	*12*	–	374	377
Changes in accrued expenses and other liabilities		1,239	1,099	845
Changes in other operating assets and liabilities:				
−inventories		(630)	(721)	(860)
−trade receivables		(334)	(46)	931
−trade liabilities		1,325	1,711	1,469
−other assets and liabilities		105	(868)	(661)
NET CASH PROVIDED BY OPERATING ACTIVITIES		$5,821	$4,603	$4,195

See accompanying notes to consolidated financial statements.

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS – CONTINUED
(In millions of dollars)

	Notes	Years Ended December 31, 2012	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:				
NET CASH PROVIDED BY OPERATING ACTIVITIES		$5,821	$4,603	$4,195
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases of property, plant and equipment and intangible assets		(3,633)	(3,009)	(2,385)
Proceeds from disposals of property, plant and equipment		9	35	13
Purchases of equipment and other assets on operating leases		(123)	(35)	(35)
Proceeds from disposals of equipment and other assets on operating leases		87	704	1,144
Change in restricted cash	*13*	90	215	60
Proceeds from the sale of certain international dealerships to Fiat, net	*18*	11	–	–
Change in loans and notes receivable		2	6	36
Proceeds from U.S. Dealer Automotive Receivables Transition LLC	*13*	–	96	–
Other		–	18	–
NET CASH USED IN INVESTING ACTIVITIES		(3,557)	(1,970)	(1,167)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Repayment of U.S. Treasury first lien credit facilities	*11*	–	(5,460)	–
Repayment of Export Development Canada credit facilities	*11*	–	(1,723)	–
Proceeds from Secured Senior Notes	*11*	–	3,160	–
Proceeds from Tranche B Term Loan	*11*	–	2,933	–
Repayments of Tranche B Term Loan	*11*	(30)	(15)	–
Proceeds from Mexican development banks credit facilities	*11*	–	217	400
Repayments of Mexican development banks credit facilities	*11*	(15)	–	–
Proceeds from Gold Key Lease financing	*11*	–	–	266
Repayments of Gold Key Lease financing	*11*	(41)	(584)	(1,903)
Repayments of Canadian Health Care Trust Notes	*11*	(25)	(26)	(45)
Repayments of Auburn Hills Headquarters loan		(50)	(13)	(12)
Repayment of Chrysler Receivables SPV loan	*3, 18*	–	–	(123)
Net repayment of other financial liabilities		(84)	(81)	(109)
Debt issuance costs		–	(72)	–
Proceeds from Fiat' s incremental equity call option exercise	*18*	–	1,268	–
Distribution for state tax withholding obligations on behalf of members		(6)	(9)	–
NET CASH USED IN FINANCING ACTIVITIES		(251)	(405)	(1,526)
Effect of exchange rate changes on cash and cash equivalents		–	26	(17)
Net change in cash and cash equivalents		2,013	2,254	1,485
Cash and cash equivalents at beginning of period		9,601	7,347	5,862
Cash and cash equivalents at end of period		$11,614	$9,601	$7,347
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:				
Interest paid		$(968)	$(925)	$(1,148)
Income tax payments, net		(224)	(81)	(40)
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES:				
Capitalized interest on VEBA Trust Note	*11*	38	126	123
Capitalized interest on Canadian Health Care Trust Notes	*11*	74	27	–
Recognition of a financial liability related to the VEBA Trust Note, net of discount	*17*	–	–	3,854
Satisfaction of contribution receivable for the VEBA Trust membership interests	*17*	–	–	990
Settlement of CAW retiree OPEB obligation in exchange for Canadian Health Care Trust Notes	*17*	–	–	1,087

See accompanying notes to consolidated financial statements.

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF MEMBERS' DEFICIT
(In millions of dollars)

	Notes	Contributed Capital	Accumulated Losses	Accumulated Other Comprehensive Loss	Total
Balance at December 31, 2009		$ 409	$ (3,785)	$ (854)	$(4,230)
VEBA Trust contribution	*17*	990	–	–	990
Net loss		–	(652)	–	(652)
Total other comprehensive loss		–	–	(597)	(597)
Balance at December 31, 2010		$ 1,399	$ (4,437)	$ (1,451)	$(4,489)
Exercise of Fiat' s incremental equity call option	*18*	1,268	–	–	1,268
Distribution for state tax withholding obligations on behalf of members		(10)	–	–	(10)
Net income		–	183	–	183
Total other comprehensive loss		–	–	(2,987)	(2,987)
Balance at December 31, 2011		$ 2,657	$ (4,254)	$ (4,438)	$(6,035)
Distribution for state tax withholding obligations on behalf of members		(10)	–	–	(10)
Net income		–	1,668	–	1,668
Total other comprehensive loss		–	–	(2,882)	(2,882)
Balance at December 31, 2012		$ 2,647	$ (2,586)	$ (7,320)	$(7,259)

See accompanying notes to consolidated financial statements.

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 1. Background and Nature of Operations

Unless otherwise specified, the terms "we," "us," "our," "Chrysler Group" and the "Company" refer to Chrysler Group LLC and its consolidated subsidiaries, or any one or more of them, as the context may require. "Fiat" refers to Fiat S.p.A., a corporation organized under the laws of Italy, its consolidated subsidiaries (excluding Chrysler Group) and entities it jointly controls, or any one or more of them, as the context may require.

Background

Chrysler Group was formed on April 28, 2009 as a Delaware limited liability company. On June 10, 2009, we completed the transaction contemplated by the master transaction agreement dated April 30, 2009, among the Company, Fiat and Old Carco LLC ("Old Carco") and certain of its subsidiaries, which was approved under section 363 of the U.S. Bankruptcy Code (the "363 Transaction"). In connection with the closing of the 363 Transaction, we received capital contributions from the United Auto Workers' Retiree Medical Benefits Trust (the "VEBA Trust"), Fiat, the United States Department of the Treasury (the "U.S. Treasury") and Canada CH Investment Corporation, a wholly-owned subsidiary of the Canada Development Investment Corporation, a Canadian federal Crown corporation ("Canadian Government"), in exchange for ownership interests in the Company.

As a result of a series of transactions during 2011 and early 2012 that were contemplated in our governance documents and certain other agreements, our continuing members are now Fiat, which holds a 58.5 percent ownership interest in us, and the VEBA Trust, which holds the remaining 41.5 percent ownership interest in us. Refer to Note 18, *Other Transactions with Related Parties,* and Note 24, *Subsequent Events,* for additional information regarding Fiat' s exercise of its option to acquire additional portions of the VEBA Trust' s membership interests in Chrysler Group.

Nature of Operations

We design, engineer, manufacture, distribute and sell vehicles under the brand names Chrysler, Jeep, Dodge and Ram. As part of our industrial alliance with Fiat, we also manufacture Fiat vehicles in North America, which we distribute for ourselves throughout North America and sell to Fiat for distribution elsewhere in the world. Our product lineup includes passenger cars, utility vehicles, which include sport utility vehicles and crossover vehicles, minivans, pick-up trucks, and medium-duty trucks. We also sell automotive service parts and accessories under the Mopar brand name.

Our products are sold in more than 120 countries around the world. We sell our products to dealers and distributors for sale to retail customers and fleet customers, which include rental car companies, commercial fleet customers, leasing companies and government entities. The majority of our operations, employees, independent dealers and sales are in North America, primarily in the U.S. Approximately 10 percent of our vehicle sales in 2012 were outside North America, principally in Asia Pacific, South America and Europe. Vehicle, service parts and accessories sales outside North America are primarily through wholly-owned, affiliated or independent distributors and dealers. In June 2011, Fiat became the general distributor of our vehicles and service parts in Europe, selling our products through a network of newly appointed dealers. Refer to Note 18, *Other Transactions with Related Parties*, for additional information.

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 2. Basis of Presentation and Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). All inter-company transactions have been eliminated in consolidation.

Consolidation and Financial Statement Presentation

The consolidated financial statements include the accounts of our subsidiaries, certain variable interest entities ("VIEs") where we are the primary beneficiary and other entities controlled by us. Related parties that are 20 percent to 50 percent owned and subsidiaries where control is expected to be temporary are accounted for under the equity method.

We continually evaluate our involvement with VIEs to determine whether we have variable interests and are the primary beneficiary of the VIE. Based on our evaluation, we identified transactions with, or variable interests in, certain VIEs. The financial results of the VIEs in which we are the primary beneficiary are included in the accompanying consolidated financial statements in accordance with the accounting guidance for consolidations. Refer to Note 3, *Variable Interest Entities*, for additional information regarding our VIEs.

Recent Accounting Pronouncements

In March 2013, the Financial Accounting Standards Board ("FASB") issued updated guidance to clarify the applicable guidance for a parent company' s accounting for the release of the cumulative translation adjustment into net income upon derecognition of certain subsidiaries or groups of assets within a foreign entity or of an investment in a foreign entity. This guidance is effective for fiscal periods beginning after December 15, 2013, and is to be applied prospectively to derecognition events occurring after the effective date. We will comply with this guidance as of January 1, 2014, and we are evaluating the potential impact on our consolidated financial statements.

In February 2013, the FASB issued updated guidance in relation to the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation is fixed at the reporting date. This guidance is effective for fiscal periods beginning after December 15, 2013, and is to be applied retrospectively for all periods presented for those obligations resulting from joint and several liability arrangements that exist at the beginning of the fiscal year of adoption. We will comply with this guidance as of January 1, 2014, and we are evaluating the potential impact to our consolidated financial statements.

In February 2013, the FASB issued updated guidance that amends the reporting of amounts reclassified out of accumulated other comprehensive income ("AOCI"). These amendments do not change the current requirements for reporting net income or other comprehensive income in the financial statements. However, the guidance requires an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component, either on the face of the financial statement where net income is presented or in the notes to the financial statements. This guidance is effective for fiscal periods beginning after December 15, 2012, and is to be applied prospectively. We will comply with this guidance as of January 1, 2013, and the adoption of the guidance will not have a material impact on our consolidated financial statements.

In October 2012, the FASB issued updated guidance on technical corrections and other revisions to various FASB codification topics. The guidance represents changes to clarify the codification, correct unintended application of the guidance or make minor improvements to the codification. The guidance also amends various codification topics to reflect the measurement and disclosure requirements of Accounting Standards Codification

Note 2. Basis of Presentation and Significant Accounting Policies −Continued

Recent Accounting Pronouncements −Continued

Topic 820, *Fair Value Measurements and Disclosures*. Certain amendments in this guidance are effective for fiscal periods beginning after December 15, 2012, while the remainder of the amendments are effective immediately. We previously adopted the guidance that was effective immediately and it did not have a material impact on our consolidated financial statements. We will comply with the remainder of the guidance as of January 1, 2013, and it will not have a material impact on our consolidated financial statements.

In August 2012, the FASB issued updated guidance on technical corrections to the U.S. Securities and Exchange Commission ("SEC") guidance in the U.S. GAAP hierarchy. The SEC guidance was updated to make it more consistent with U.S. GAAP issued by the FASB. The principal changes of the guidance involve revision or removal of accounting guidance references and other conforming changes to ensure consistent referencing throughout the SEC' s Staff Accounting Bulletins. This guidance was effective immediately and it did not have a material impact on our consolidated financial statements.

In July 2012, the FASB issued updated guidance on the annual testing of indefinite-lived intangible assets for impairment. The amendments allow an entity to first assess qualitative factors to determine whether it is more likely than not that the indefinite-lived intangible asset is impaired. If, based on its qualitative assessment, an entity concludes it is more likely than not that the fair value of the indefinite-lived intangible asset is less than its carrying amount, quantitative impairment testing is required. However, if an entity concludes otherwise, quantitative impairment testing is not required. This guidance is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012, with early adoption permitted. We elected to early adopt the updated guidance as of October 1, 2012, and it did not have a material impact on our consolidated financial statements.

In December 2011, the FASB issued updated guidance which amends the disclosure requirements regarding the nature of an entity' s rights of offset and related arrangements associated with its financial instruments and derivative instruments. Under the guidance, an entity must disclose both gross and net information about instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting arrangement. In January 2013, the FASB issued updated guidance which clarified that the 2011 amendment to the balance sheet offsetting standard does not cover transactions that are not considered part of the guidance for derivatives and hedge accounting. This guidance is effective for fiscal periods beginning on or after January 1, 2013. We will comply with this guidance as of January 1, 2013, and we are evaluating the potential impact to our consolidated financial statements.

In May 2011, the FASB issued updated guidance to achieve common fair value measurement and disclosure requirements between International Financial Reporting Standards and U.S. GAAP. The amendments clarify the FASB' s intent about the application of existing requirements and provides for changes in measuring the fair value of financial instruments that are managed within a portfolio and the application of premiums or discounts. This guidance will require us to, among other things, expand existing disclosures for recurring Level 3 fair value measurements and for those assets and liabilities not measured at fair value on the balance sheet, but for which fair value is disclosed. This guidance was effective for fiscal periods beginning after December 15, 2011, and was to be applied prospectively. We adopted this guidance as of January 1, 2012, and it did not have a material impact on our consolidated financial statements.

Significant Accounting Policies

Use of Estimates

The preparation of our consolidated financial statements in conformity with U.S. GAAP requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 2. Basis of Presentation and Significant Accounting Policies −Continued

Significant Accounting Policies −Continued

Use of Estimates −Continued

disclosures of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include, but are not limited to, goodwill, long-lived asset and indefinite-lived intangible asset impairment analyses, recoverability of investments in equipment and other assets on operating leases, warranty obligations, product liability accruals, sales incentive obligations, restructuring accruals, valuation of derivative instruments, valuation of deferred tax assets, obligations related to income taxes, employee benefit related obligations and the useful lives of property and equipment.

Actual results could differ from those estimates. Future changes in economic conditions may have a significant effect on such estimates made by management. Management believes the following significant accounting policies affect its more significant estimates, judgments and assumptions used in the preparation of the consolidated financial statements.

Revenue Recognition

Revenue for sales of vehicles and service parts is recognized when persuasive evidence of an arrangement exists, the risks and rewards of ownership have transferred to the customer, delivery has occurred or services have been rendered, the price of the transaction is fixed and determinable and collectability is reasonably assured. For vehicles, this is generally when the vehicle is released to the carrier responsible for transporting vehicles to dealers. Revenues are recognized net of discounts, including but not limited to, cash sales incentives, customer bonuses and rebates granted. Shipping and handling costs are recorded as cost of sales in the period incurred. Operating lease revenue is recognized over the contractual term of the lease on a straight-line basis.

We use price discounts to adjust vehicle pricing in response to a number of market and product factors, including: pricing actions and incentives offered by competitors, economic conditions, the amount of excess industry production capacity, the intensity of market competition, consumer demand for the product and the need to support promotional campaigns. We may offer a variety of sales incentive programs at any given point in time, including: cash offers to dealers and retail customers and subvention programs offered to retail customers or lease subsidies, which reduce the retail customer’ s monthly lease payment or cash due at the inception of the financing arrangement, or both. Incentive programs are generally brand, model and region specific for a defined period of time, which may be extended.

We record the estimated cost of sales incentive programs offered to dealers and retail customers as a reduction to revenue at the time of sale to the dealer. This estimated cost represents the incentive programs offered to dealers and retail customers, as well as the expected modifications to these programs in order to facilitate sales of the dealer inventory. Subsequent adjustments to incentive programs related to vehicles previously sold to dealers are recognized as an adjustment to revenue in the period the adjustment is determinable. For the years ended December 31, 2012, 2011 and 2010, incentive expense was $8.8 billion, $7.2 billion and $7.0 billion, respectively, and is included as a reduction to Revenues, Net in the accompanying Consolidated Statements of Operations.

Vehicle sales through our Guaranteed Depreciation Program (“GDP”), under which we guarantee the residual value or otherwise assume responsibility for the minimum resale value of the vehicle, are accounted for similar to an operating lease and rental income is recognized over the contractual term of the lease on a straight-line basis.

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 2. Basis of Presentation and Significant Accounting Policies −Continued

Significant Accounting Policies −Continued

Revenue Recognition −Continued

At the end of the lease term, we recognize revenue for the portion of the vehicle sales price which had not been previously recognized as rental income and recognize, in cost of sales, the remainder of the cost of the vehicle which had not been previously recognized as depreciation expense over the lease term. Cash flows associated with this program are included within Cash Flows from Operating Activities in the accompanying Consolidated Statements of Cash Flows.

Chrysler Canada Inc. ("Chrysler Canada"), our principal operating subsidiary in Canada, maintains our Gold Key Lease vehicle lease portfolio. The related vehicles are leased to Canadian consumers and are accounted for as operating leases. Operating lease revenue is recognized over the contractual term of the lease on a straight-line basis. Initial direct costs are recorded as an adjustment to the carrying value of the leased assets and are amortized over the term of the lease on a straight-line basis.

We are currently winding down our Gold Key Lease vehicle lease program, and do not anticipate adding any additional vehicles to the portfolio. No vehicles were added to the portfolio during the years ended December 31, 2012, 2011 and 2010. Refer to Note 11, *Financial Liabilities*, for additional information related to this portfolio.

We offer customers the opportunity to purchase separately-priced extended warranty and service contracts. In addition, from time to time we sell certain vehicles with a service contract included in the sales price of the vehicle. The service contract and vehicle qualified as separate units of accounting in accordance with the accounting guidance for multiple-element arrangements. The revenue from these contracts, as well as our separately-priced extended warranty and service contracts, is recorded as a component of Deferred Revenue in the accompanying Consolidated Balance Sheets at the inception of the contract and is recognized as revenue over the contract period in proportion to the costs expected to be incurred based on historical information. A loss on these contracts is recognized if the sum of the expected costs for services under the contract exceeds unearned revenue.

Cost of Sales

Cost of sales is comprised of a number of expenses incurred in the manufacturing and distribution of vehicles and parts, the most significant of which is the cost of materials and components. The remaining costs principally include labor costs, consisting of direct and indirect wages and fringe benefits, depreciation and amortization, and transportation costs. Cost of sales also includes product-related costs, which are described below under *Product-Related Costs*, along with depreciation expense related to our GDP vehicles, as well as interest, depreciation and amortization expense related to the Gold Key Lease portfolio.

Share-Based Compensation

We have various compensation plans that provide for the granting of share-based compensation to certain employees and directors. We account for share-based compensation plans in accordance with the accounting guidance set forth for share-based payments, which requires us to recognize share-based compensation expense based on fair value. Compensation expense for equity-classified awards is measured at the grant date based on the fair value of the award using a discounted cash flow methodology. For those awards with post-vesting contingencies, we apply an adjustment to account for the probability of meeting the contingencies. Liability-classified awards are remeasured to fair value at each balance sheet date until the award is settled. Compensation

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 2. Basis of Presentation and Significant Accounting Policies −Continued

Significant Accounting Policies −Continued

Share-Based Compensation −Continued

expense is recognized over the employee service period with an offsetting increase to contributed capital or accrued expenses and other liabilities depending on the nature of the award. If awards contain certain performance conditions in order to vest, we recognize the cost of the award when achievement of the performance condition is probable. Costs related to plans with graded vesting are generally recognized using the graded vesting method. We record share-based compensation expense in Selling, Administrative and Other Expenses in the accompanying Consolidated Statements of Operations.

Product-Related Costs

Expenditures for research and development include material and personnel costs and are expensed as incurred. Research and development expenses, net were $2,324 million, $1,674 million and $1,500 million for the years ended December 31, 2012, 2011 and 2010, respectively. Advertising, sales promotion and other product-related costs are also expensed as incurred. For the years ended December 31, 2012, 2011 and 2010, advertising expense was $2,742 million, $2,560 million and $1,721 million, respectively, and is included in Selling, Administrative and Other Expenses in the accompanying Consolidated Statements of Operations.

We periodically initiate voluntary service and recall actions to address various customer satisfaction, safety and emissions issues related to vehicles we sell. We establish reserves for product warranty obligations, including the estimated cost of these service and recall actions, when the related sale is recognized. Refer to Note 10, *Accrued Expenses and Other Liabilities,* for additional information related to warranty reserves. The estimated future costs of these actions are principally based on assumptions regarding the lifetime warranty costs of each vehicle line and each model year of that vehicle line, as well as historical claims experience for our vehicles. Costs associated with these actions are recorded in Cost of Sales in the accompanying Consolidated Statements of Operations.

We reserve for estimated product liability costs arising from personal injuries alleged to be the result of product defects. The valuation of the reserve is actuarially determined on an annual basis based on, among other factors, the number of vehicles sold and product liability claims incurred. The product liability reserve is included in Accrued Expenses and Other Liabilities in the accompanying Consolidated Balance Sheets. Costs associated with this reserve are recorded in Cost of Sales in the accompanying Consolidated Statements of Operations and any subsequent adjustments to the product liability reserve are recorded in the period in which the adjustment is determinable.

Restructuring Actions −Exit and Disposal Activities

We account for employee separation, exit and disposal activities in accordance with the relevant accounting guidance on these topics. Actions associated with restructuring plans include, but are not limited to, workforce reductions, capacity adjustments (plant or facility closures or permanent shift eliminations), product cancellations and international distribution network realignments. Costs associated with these actions may include, but are not limited to, employee severance, accelerated post-employment benefits, relocations, contract terminations, plant deactivations and legal claims.

Post-employment benefits accrued for workforce reductions related to restructuring activities are recorded in the period when it is probable that employees will be terminated, which generally occurs when a plan meets the

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 2. Basis of Presentation and Significant Accounting Policies −Continued

Significant Accounting Policies −Continued

Restructuring Actions −Exit and Disposal Activities −Continued

following criteria and is communicated to employees: (i) management, having authority to approve the action, commits to a plan of termination, (ii) the plan identifies the number of employees to be terminated, their location and job classifications or functions, as well as the expected completion date, (iii) the plan establishes the terms of the benefit arrangement, including the benefits that employees will receive upon termination, in sufficient detail to enable employees to determine the type and amount of benefits they will receive if they are involuntarily terminated and (iv) the actions required to complete the plan indicate that it is unlikely that significant changes to the plan will occur or that the plan will be withdrawn. Other associated costs such as relocations, contract terminations and plant deactivations are recorded when the costs are incurred. Costs associated with actions that will exceed one year are reflected on a discounted basis. Restructuring reserves are included in Accrued Expenses and Other Liabilities in the accompanying Consolidated Balance Sheets and are reviewed at least quarterly for adequacy and any necessary adjustments are recorded in the period the adjustment is determinable.

Income Taxes

We are a limited liability company classified as a partnership entity for U.S. federal income tax purposes. As such, we are not a taxable entity for U.S. federal income tax purposes. Rather, federal taxable income or loss is included in the respective federal income tax returns of our members. However, our provision for income taxes includes foreign taxes for our corporate subsidiaries, as well as for certain U.S. states which impose income taxes upon non-corporate legal entities.

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for net operating loss and tax credit carryforwards and the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and the respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances on deferred tax assets are recognized if it is more likely than not that the benefit from the deferred tax asset will not be realized. In addition, current income taxes include adjustments to accruals for uncertain tax positions and related interest expense or income.

Cash and Cash Equivalents

Highly liquid investments with original maturities of three months or less at the date of purchase are classified as cash equivalents.

Marketable Securities

Investments in marketable securities are classified as available-for-sale based upon management' s intent and are accounted for at fair value. Unrealized gains and losses on available-for-sale securities are included as a component of AOCI, net of applicable income taxes, until realized. A decline in value of any available-for-sale security below cost, that is deemed to be other than temporary, results in an impairment charge to earnings that reduces the carrying amount of the security to fair value, establishing a new cost basis. Realized gains or losses are determined on a specific identification basis.

Note 2. Basis of Presentation and Significant Accounting Policies −Continued

Significant Accounting Policies −Continued

Allowance for Doubtful Accounts

We maintain an allowance for doubtful accounts as a contra asset to our accounts receivable balances. A provision for probable losses is charged against selling, administrative and other expenses to maintain the allowance for doubtful accounts at an amount management believes represents the best estimate of probable losses related to specifically identified receivables, as well as probable losses inherent in all other receivables as of the balance sheet date. Management periodically and systematically evaluates the adequacy of the allowance for doubtful accounts by reviewing historical loss experience, delinquency statistics and other factors in the economy that are expected to have an impact on the losses incurred, in addition to specifically identified probable losses.

Inventories

Inventories are stated at the lower of cost or market. The cost for a substantial portion of finished product inventories was determined primarily on a specific identification basis. The cost of other inventories is determined on a first-in, first-out basis. The measurement of inventories includes the direct costs of materials, labor, inbound transportation and indirect manufacturing costs.

Property, Plant and Equipment, Net and Equipment and Other Assets on Operating Leases, Net

Property, plant and equipment and equipment and other assets on operating leases are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are generally provided using the straight-line method over the estimated useful lives of the assets. Gains and losses upon disposal of leased vehicles and adjustments to reflect impairment of the vehicles' residual values are also included in depreciation expense. Under the terms of certain of our GDP agreements, leased vehicles are repurchased by us prior to being sold at auction. Upon our repurchase, the leased vehicle is reclassified from equipment and other assets on operating leases, net to inventory at the lower of cost or estimated fair value. Routine maintenance costs are expensed as incurred.

Residual Values

We have significant investments in the residual values of our vehicle lease portfolios, which are included in Equipment and Other Assets on Operating Leases, Net in the accompanying Consolidated Balance Sheets. These residual values represent estimates of the fair value of the leased assets at the end of the contract terms and are initially recorded based on industry estimates. Realization of the residual values is dependent on our future ability to market the vehicles for sale under the prevailing market conditions. Throughout the lease term, residual values are reviewed at least quarterly to determine whether the estimates of the fair value of the assets at the end of the lease terms are appropriate. To the extent the expected value of the vehicle at lease termination changes, we record adjustments to the expected residual value. Changes in the expected residual values are adjusted through additional or reduced depreciation or recognition of an impairment loss. These costs are included in Cost of Sales in the accompanying Consolidated Statements of Operations. These assumptions and related additional or reduced depreciation may change based on market conditions.

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 2. Basis of Presentation and Significant Accounting Policies −Continued

Significant Accounting Policies −Continued

Impairment of Long-Lived Assets

Long-lived assets held and used (such as property, plant and equipment, and equipment and other assets on operating leases) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. Recoverability of an asset or asset group to be held and used is measured by a comparison of the carrying amount of an asset or asset group to the estimated undiscounted future cash flows expected to be generated by the asset or group of assets. If the carrying amount of an asset or asset group exceeds its estimated undiscounted future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset or group of assets exceeds the fair value of the asset or group of assets. No impairment indicators were identified during the years ended December 31, 2012, 2011 and 2010. As such, no impairment charges were recognized during the respective periods. When long-lived assets are considered held for sale, they are recorded at the lower of carrying amount or fair value less costs to sell, and depreciation ceases.

Goodwill and Other Intangible Assets

We account for goodwill in accordance with the accounting guidance related to intangibles and goodwill, which requires us to test goodwill for impairment at the reporting unit level at least annually and when significant events occur or there are changes in circumstances that indicate the fair value is less than the carrying value. Such events could include, among others, a significant adverse change in the business climate, an unanticipated change in the competitive environment and a decision to change the operations of the Company. We have one operating segment, which is also our only reporting unit.

Goodwill is evaluated for impairment annually as of October 1. In September 2011, the FASB issued updated guidance on annual goodwill impairment testing. The amendment allows an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If we elect the qualitative assessment and we conclude it is more likely than not that the fair value of a reporting unit is less than its carrying amount, quantitative impairment testing is required. However, if we conclude otherwise, quantitative impairment testing is not required.

When quantitative impairment testing is required, goodwill is reviewed for impairment utilizing a two-step process. The first step of the impairment test is to compare the fair value of our reporting unit to its carrying value. The fair value is determined by estimating the present value of expected future cash flows for the reporting unit. If the fair value of the reporting unit is greater than its carrying amount, no impairment exists and the second step of the test is not performed. If the carrying amount of the reporting unit is greater than the fair value, there is an indication that an impairment may exist and the second step of the test must be completed to measure the amount of the impairment. The second step of the test calculates the implied fair value of goodwill by assigning the fair value of the reporting unit to all of the assets and liabilities of that unit as if the reporting unit had been acquired in a business combination. The implied fair value of goodwill is then compared to the carrying value. If the implied fair value of goodwill is less than the carrying value, an impairment loss is recognized equal to the difference. No impairment losses have been recognized for the years ended December 31, 2012, 2011 and 2010.

Intangible assets that have a finite useful life are amortized over their respective estimated useful lives, which are reviewed by management each reporting period and whenever changes in circumstances indicate that the

Note 2. Basis of Presentation and Significant Accounting Policies −Continued

Significant Accounting Policies −Continued

Goodwill and Other Intangible Assets −Continued

carrying value of the assets may not be recoverable. Other intangible assets determined to have an indefinite useful life are not amortized, but are instead tested for impairment annually. In July 2012, the FASB issued updated guidance on the annual testing of indefinite-lived intangible assets for impairment. The amendments allow an entity to first assess qualitative factors to determine whether it is more likely than not that the indefinite-lived intangible asset is impaired. If we elect the qualitative assessment and we conclude it is more likely than not that the fair value of the indefinite-lived intangible assets is less than its carrying amount, quantitative impairment testing is required. However, if we conclude otherwise, quantitative impairment testing is not required. An impairment loss is recognized to the extent that the carrying amount exceeds the asset' s fair value. Management estimates fair value through various techniques including discounted cash flow models, which incorporate market based inputs, and third party independent appraisals, as considered appropriate. Management also considers current and estimated economic trends and outlook. No impairment losses have been recognized for the years ended December 31, 2012, 2011 and 2010.

Foreign Currency

The functional currency of certain of our subsidiaries, notably Mexico and Venezuela, is the U.S. Dollar ("USD"). The functional currency of our other international operations, notably our Canadian subsidiaries and international distribution centers, is the respective subsidiary' s local currency. The assets and liabilities of our foreign operations, where the functional currency is the respective subsidiary' s local currency, are translated into USD using the exchange rate in effect as of the balance sheet date. Income statement amounts are translated at the average exchange rate prevailing during the period. The resulting translation adjustments are recorded as a component of AOCI. Foreign currency exchange gains and losses arising from fluctuations in currency exchange rates on transactions and balances denominated in currencies other than the functional currency are recorded in earnings as incurred and are included in Revenues, Net in the accompanying Consolidated Statements of Operations. Refer to Note 21, *Venezuelan Currency Regulations and Devaluation* and Note 24, *Subsequent Events*, for additional information related to currency devaluations in Venezuela.

The following summarizes changes in AOCI resulting from translation adjustments (in millions of dollars):

	Years Ended December 31,		
	2012	2011	2010
Balance at beginning of period	$(31)	$(49)	$58
Foreign currency translation adjustments *(1)*	(63)	18	(107)
Balance at end of period	$(94)	$(31)	$(49)

(1) Net of $0 of taxes

The following table summarizes net foreign currency transaction gains (losses) as follows (in millions of dollars):

	Years Ended December 31,		
	2012	2011	2010
Net foreign currency transaction gains (losses)	$ (144)	$ 91	$ (30)

Note 2. Basis of Presentation and Significant Accounting Policies −Continued

Significant Accounting Policies −Continued

Fair Value Measurements

The measurement of fair value is based on a three-tier hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follows:

Level1 −Quoted prices are available in active markets for identical assets or liabilities as of the balance sheet date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 primarily consists of financial instruments such as cash and cash equivalents, restricted cash and marketable securities.

Level2 −Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the balance sheet date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument and can be derived from observable data. Instruments in this category include commercial paper and non-exchange-traded derivatives such as over-the-counter currency and commodity forwards and swap contracts.

Level3 −Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management' s best estimate of fair value. At each balance sheet date, we perform an analysis of all instruments subject to fair value measurement and include in Level 3 all of those whose fair value is based on significant unobservable inputs. Instruments in this category include non-exchange traded derivatives such as over-the-counter commodity option and swap contracts.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy. Transfers into and out of fair value hierarchy levels are recognized as of the balance sheet date.

Refer to Note 14, *Fair Value Measurements*, for a detailed discussion of the use of observable and unobservable inputs.

As part of the process of measuring the fair value of liabilities, we considered the non-performance risk related to that liability, which includes our credit risk. The effect of our credit risk on the fair value of the liability may differ depending on whether the liability is an obligation to deliver cash versus goods or services, as well as the terms of the credit enhancements related to the liability.

Note 3. Variable Interest Entities

Consolidated VIEs

Gold Key Lease

We previously used special purpose entities to securitize future lease payments and vehicle residual values for the portfolio of vehicles under our Gold Key Lease financing program. As of December 31, 2011, we were the sole beneficiary of the consolidated assets from these VIEs and accordingly, we were considered to be the primary beneficiary. In June 2012, we repaid the remaining outstanding balance of the asset-backed note payable. We are currently winding down the Gold Key Lease financing program and no vehicles were added to the vehicle lease portfolio during the years ended December 31, 2012 and 2011.

The following amounts were included in the respective financial statement captions in the accompanying Consolidated Balance Sheets related to the Gold Key Lease vehicle lease portfolio as of December 31 (in millions of dollars):

	2012	2011
Restricted cash	$ −	$3
Equipment and other assets on operating leases, net	1	59
Financial liabilities	−	41

Refer to Note 4, *Interest Expense,* and Note 11, *Financial Liabilities,* for additional information related to our Gold Key Lease program and financing arrangements.

Chrysler Receivables SPV LLC

In connection with the 363 Transaction, we purchased the equity of Chrysler Receivables SPV LLC (“Receivables SPV”) and assumed the terms of the Auto Supplier Support Program, which was established by the U.S. Treasury in 2009 to ensure the payment of qualified automotive receivables to certain automotive suppliers of Old Carco. Receivables SPV was formed on April 7, 2009 to facilitate the Auto Supplier Support Program and was a wholly-owned subsidiary of Old Carco. In addition, we assumed a $1.5 billion loan facility that was previously provided by the U.S. Treasury to Receivables SPV to finance this program, which was subsequently reduced to $1.0 billion.

Receivables SPV was determined to be a VIE as its total equity investment at risk was not sufficient to permit the entity to finance its activities without additional subordinated financial support, in the form of additional equity contributions from us. We were also the primary beneficiary, as we absorbed the majority of the losses and received the majority of the benefits of Receivables SPV.

During March 2010, we repaid the $123 million outstanding on the facility and all accrued and unpaid interest. In April 2010, the Auto Supplier Support Program expired and, in accordance with the terms of the agreement, we paid the U.S. Treasury a $40 million exit fee associated with the program, as well as $5 million, which represented 50 percent of the residual equity of Receivables SPV. Receivables SPV was dissolved in December 2010.

Note 3. Variable Interest Entities −Continued

Nonconsolidated VIEs

ZF Marysville, LLC

We have a commercial agreement with ZF Marysville, LLC ("ZFM") in which ZFM produces lightweight axles at one of our facilities. ZFM was determined to be a VIE as it does not have sufficient equity at risk to finance its activities. We hold no equity interests in ZFM and we do not have the power to direct the activities of ZFM which most significantly affect its economic performance. Therefore, we have determined we are not the primary beneficiary of ZFM.

ZFM began production in July 2010. Upon the start of operations, we recorded capital lease assets and capital lease obligations resulting from an embedded capital lease related to the equipment used to produce the lightweight axles. In July 2011, a second embedded capital lease was recorded related to equipment used to produce axle components. As of December 31, 2012 and 2011, we had $108 million and $123 million, respectively, of capital lease assets and $115 million and $127 million, respectively, of capital lease obligations, which are included in Property, Plant and Equipment, Net and Financial Liabilities, respectively, in the accompanying Consolidated Balance Sheets. Our maximum exposure to loss is approximately $12 million through our contractual commitments to ZFM through 2020.

U.S. Dealer Automotive Receivables Transition LLC

Prior to May 2011, we were a party to the Ally Master Transaction Agreement ("Ally MTA") between the U.S. Treasury, Ally Financial Inc. ("Ally") and U.S. Dealer Automotive Receivables Transition LLC ("USDART"). The Ally MTA provided for a risk sharing arrangement, in which USDART would reimburse Ally for qualifying losses on loans with third party Chrysler Group dealerships issued prior to November 21, 2009. In May 2011, all parties mutually agreed to terminate the Ally MTA.

Prior to May 2011, USDART was determined to be a VIE as it did not have sufficient equity at risk to finance its activities. At December 31, 2010, we had a variable interest in USDART in the form of a $100 million advance to USDART. However, we did not have the power to direct the activities of USDART that most significantly affected its economic performance, therefore, we determined we were not the primary beneficiary of USDART.

In May 2011, and under the terms of the U.S. Treasury first lien credit agreement, amounts outstanding under that agreement were reduced by $4 million, the amount of qualifying losses incurred by Ally through April 2011. In addition, under the terms of the Ally MTA, $96 million, which represented the remaining balance of the advance to USDART, was transferred to us. Refer to Note 13, *Commitments, Contingencies and Concentrations*, for additional information related to USDART.

Note 4. Interest Expense

Interest expense included the following (in millions of dollars):

	Years Ended December 31,		
	2012	2011	2010
Financial interest expense:			
Related parties (see Note 18)	$440	$635	$934
Other	651	506	220
Interest accretion, primarily related to debt discounts, debt issuance costs and fair value adjustments	119	170	229
Payable-in-kind interest −related party (see Note 18)	−	27	68
Capitalized interest related to capital expenditures	(116)	(100)	(175)
Total	$1,094	$1,238	$1,276

In addition to the interest amounts included in Interest Expense in the accompanying Consolidated Statements of Operations, we recorded financial interest expense related to Gold Key Lease financing activities of $1 million, $13 million and $67 million in Cost of Sales for the years ended December 31, 2012, 2011 and 2010, respectively. Gold Key Lease financial interest expense included the effects of interest rate swaps for the years ended December 31, 2011 and 2010. We also recorded $8 million and $23 million of net interest accretion related to Gold Key Lease financing activities in Cost of Sales in the accompanying Consolidated Statements of Operations for the years ended December 31, 2011 and 2010, respectively. No such interest accretion was recorded for the year ended December 31, 2012. Refer to Note 11, *Financial Liabilities*, for additional information related to Gold Key Lease.

Related party amounts above include activities with the U.S. Treasury through July 21, 2011. Refer to Note 18, *Other Transactions with Related Parties*, for additional information.

Note 5. Inventories

The components of inventories as of December 31 were as follows (in millions of dollars):

	2012	2011
Finished products, including service parts	$3,255	$2,655
Work in process	1,560	1,544
Raw materials and manufacturing supplies	183	167
Total	$4,998	$4,366

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 6. Property, Plant and Equipment, Net

The components of property, plant and equipment as of December 31 were as follows (in millions of dollars):

	Range of Useful Lives (years)	2012	2011
Land	-	$257	$251
Leasehold improvements and buildings	12 - 40	2,929	2,694
Technical equipment and machinery	3 - 30	8,103	6,987
Factory, office and other equipment	3 - 19	1,640	1,435
Special tooling	3 - 12	7,526	6,634
Construction in progress, including advance payments related to plant and equipment	-	3,125	2,073
		23,580	20,074
Accumulated depreciation and amortization		(8,089)	(6,109)
	Total	$15,491	$13,965

Depreciation and amortization of property, plant and equipment was $2,352 million, $2,575 million and $2,558 million for the years ended December 31, 2012, 2011 and 2010, respectively.

Note 7. Equipment and Other Assets on Operating Leases, Net

The components of equipment and other assets on operating leases as of December 31 were as follows (in millions of dollars):

	Range of Service Lives (years)	2012	2011
Leased vehicles −Guaranteed Depreciation Program	5 - 15	$601	$1,116
Leased vehicles −Gold Key Lease	5 - 15	6	94
Other leased assets	12 - 40	453	348
		1,060	1,558
Accumulated depreciation		(84)	(137)
	Total	$976	$1,421

Included in *Leased vehicles −Guaranteed Depreciation Program* above are vehicles sold to daily rental car companies which are subject to guaranteed minimum resale values.

Included in *Leased vehicles −Gold Key Lease* above is a portfolio of vehicles that was originated in connection with a vehicle lease financing program in Canada. We previously had securitizations of future lease payments on certain of these operating leases and the related vehicles' residual values. The securitizations were accounted for as secured borrowings. We used special purpose entities which were considered VIEs for most of the securitizations. As of December 31, 2011, we were the sole beneficiary of the consolidated assets from these VIEs. Refer to Note 3, *Variable Interest Entities*, for additional information.

As of December 31, 2011, the debt associated with the on-balance sheet lease securitizations was $41 million, and is included in Financial Liabilites in the accompanying Consolidated Balance Sheets. In June 2012, we

Note 7. Equipment and Other Assets on Operating Leases, Net −Continued

repaid the remaining outstanding balance of the asset-backed note payable. These obligations were primarily repaid out of collections from the operating lease and proceeds from the sales of the related vehicles. We are currently winding down the Gold Key Lease program, therefore, no additional funding will be required. No vehicles were added to the portfolio during the years ended December 31, 2012 and 2011.

Included in *Other Leased Assets* above are buildings, warehouses, sales offices as well as dealership and vehicle storage properties that we lease to our dealers and others.

Depreciation of equipment and other assets on operating leases was $170 million, $117 million and $359 million for the years ended December 31, 2012, 2011 and 2010, respectively, and is included in Cost of Sales in the accompanying Consolidated Statements of Operations.

Future minimum lease payments due from customers for equipment and other assets on operating leases as of December 31, 2012 were as follows (in millions of dollars):

2013	$ 17
2014	15
2015	14
2016	9
2017	5
2018 and thereafter	16

Note 8. Goodwill and Other Intangible Assets

As of December 31, 2012 and 2011, we had goodwill of $1,361 million. No adjustments to the carrying amount of goodwill were recorded during the years ended December 31, 2012 and 2011. We have one operating segment, which is also our only reporting unit.

The components of other intangible assets as of December 31 were as follows (in millions of dollars):

		2012		
	Range of Useful Lives (years)	Gross Carrying Amount	Accumulated Amortization	Net Intangible Assets
Brand names	Indefinite	$ 2,210	$ −	$ 2,210
Dealer networks	20	392	70	322
Fiat contributed intellectual property rights	10	320	114	206
Other intellectual property rights	3 - 12	263	37	226
Patented and unpatented technology	4 - 10	208	120	88
Favorable operating lease contracts	1 - 16	19	13	6
Software and other	2 - 5	489	187	302
	Total	$ 3,901	$ 541	$ 3,360

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 8. Goodwill and Other Intangible Assets −Continued

		2011		
	Range of Useful Lives (years)	Gross Carrying Amount	Accumulated Amortization	Net Intangible Assets
Brand names	Indefinite	$ 2,210	$ −	$ 2,210
Dealer networks	20	390	50	340
Fiat contributed intellectual property rights	10	320	82	238
Other intellectual property rights	3 - 12	263	19	244
Patented and unpatented technology	4 - 10	208	87	121
Favorable operating lease contracts	1 - 16	29	19	10
Software and other	2 - 5	352	144	208
	Total	$ 3,772	$ 401	$ 3,371

During the years ended December 31, 2012 and 2011, additions of $172 million and $95 million, respectively, were recorded with a weighted-average amortization period of 4 years and 6 years, respectively.

The following summarizes the amount of intangible asset amortization expense included in the respective financial statement captions of the accompanying Consolidated Statements of Operations (in millions of dollars):

		Years Ended December 31,		
	Financial Statement Caption	2012	2011	2010
Favorable operating lease contracts	Revenues, Net	$1	$18	$71
Patented and unpatented technology, intellectual property, software and other	Cost of Sales	159	164	115
Dealer networks and other	Selling, Administrative and Other Expenses	23	43	24
	Total	$183	$225	$210

Based on the gross carrying amount of other intangible assets as of December 31, 2012, the estimated future amortization expense for the next five years was as follows (in millions of dollars):

2013	$ 172
2014	178
2015	141
2016	133
2017	99

Note 9. Prepaid Expenses and Other Assets

The components of prepaid expenses and other assets as of December 31 were as follows (in millions of dollars):

	2012			2011		
	Current	Non-Current	Total	Current	Non-Current	Total
Amounts due from related parties (see Note 18)	$503	$ –	$503	$975	$ –	$975
Prepaid pension expense (see Note 17)	–	114	114	–	118	118
Other	605	289	894	628	303	931
Total	$1,108	$ 403	$1,511	$1,603	$ 421	$2,024

Note 10. Accrued Expenses and Other Liabilities

The components of accrued expenses and other liabilities as of December 31 were as follows (in millions of dollars):

	2012			2011		
	Current	Non-Current	Total	Current	Non-Current	Total
Pension and postretirement benefits (see Note 17)	$188	$11,864	$12,052	$185	$9,198	$9,383
Product warranty costs	1,142	2,372	3,514	1,196	2,122	3,318
Sales incentives	3,031	–	3,031	2,431	–	2,431
Personnel costs	711	413	1,124	585	391	976
Amounts due to related parties (see Note 18) *(1)*	562	–	562	381	–	381
Income and other taxes	256	106	362	287	118	405
Accrued interest *(2)*	342	–	342	330	–	330
Workers' compensation	46	275	321	43	284	327
Vehicle residual value guarantees, excluding Gold Key Lease vehicle portfolio	238	–	238	438	–	438
Restructuring actions (see Note 20)	69	–	69	150	–	150
Other	1,933	507	2,440	1,681	645	2,326
Total	$8,518	$15,537	$24,055	$7,707	$12,758	$20,465

(1) Excludes amounts due to related parties for interest separately discussed in (2) below.
(2) Includes $222 million and $220 million of accrued interest due to related parties as of December 31, 2012 and 2011, respectively. Refer to Note 18, Other Transactions with Related Parties, for additional information.

We issue various types of product warranties under which we generally guarantee the performance of products delivered for a certain period or term. The reserve for product warranties includes the expected costs of warranty obligations imposed by law or contract, as well as the expected costs for mandatory or voluntary actions to recall and repair vehicles and for buyback commitments. Estimates are principally based on assumptions regarding the lifetime warranty costs of each vehicle line and each model year of that vehicle line, as well as historical claims experience for our vehicles.

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 10. Accrued Expenses and Other Liabilities −Continued

The changes in accrued product warranty costs (excluding deferred revenue from extended warranty and service contracts described below, as well as supplier recoveries) were as follows (in millions of dollars):

	Years Ended December 31,		
	2012	2011	2010
Balance at beginning of period	$3,318	$3,171	$3,176
Provision for current period warranties	1,735	1,686	1,342
Net adjustments to pre-existing warranties	(158)	(106)	123
Net warranty settlements	(1,414)	(1,452)	(1,497)
Interest accretion, translation and other adjustments	33	19	27
Balance at end of period	$3,514	$3,318	$3,171

During the years ended December 31, 2012, 2011 and 2010, we recognized recoveries from suppliers related to warranty claims of $105 million, $115 million and $120 million, respectively, which are excluded from the change in warranty costs above.

We also offer customers the opportunity to purchase separately-priced extended warranty and service contracts. In addition, from time to time we sell certain vehicles with a service contract included in the sales price of the vehicle. The service contract and vehicle qualified as separate units of accounting in accordance with the accounting guidance for multiple-element arrangements. Refer to Note 2, *Basis of Presentation and Significant Accounting Policies,* for additional information. The revenue from these contracts, as well as our separately-priced extended warranty and service contracts, is recorded as a component of Deferred Revenue in the accompanying Consolidated Balance Sheets at the inception of the contract and is recognized as revenue over the contract period in proportion to the costs expected to be incurred based on historical information.

The following summarizes the changes in deferred revenue from these contracts (in millions of dollars):

	Years Ended December 31,		
	2012	2011	2010
Balance at beginning of period	$926	$829	$779
Deferred revenues for current period service contracts	600	545	433
Earned revenues in current period	(446)	(446)	(444)
Refunds of cancelled contracts	(54)	(53)	(47)
Interest accretion, translation and other adjustments	49	51	108
Balance at end of period	$1,075	$926	$829

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 11. Financial Liabilities

The components of financial liabilities as of December 31 were as follows (in millions of dollars):

	2012		
	Interest Rate	Face Value	Carrying Value
Financial Liabilities Payable Within One Year:			
	Effective		
VEBA Trust Note	11.71%	$159	$ 159
Tranche B Term Loan	6.46% (1)	30	30
Canadian Health Care Trust Notes:			
Tranche A	7.98% (2)	79	79
Tranche B	9.21% (2)	23	23
Total Canadian Health Care Trust Notes		102	102
Mexican development banks credit facility due 2025	9.62% (3)	30	30
	Weighted Average		
Other:			
Capital lease obligations	11.50%	36	27
Other financial obligations	11.09%	115	108
Total other financial liabilities		151	135
Total financial liabilities payable within one year		$472	$ 456

	Maturity	Interest Rate	Face Value	Carrying Value
Financial Liabilities Payable After One Year:				
		Effective		
VEBA Trust Note	7/15/2023	11.71%	$4,715	$4,129
Tranche B Term Loan	5/24/2017	6.46% (1)	2,925	2,874
Secured Senior Notes due 2019	6/15/2019	8.21% (4)	1,500	1,484
Secured Senior Notes due 2021	6/15/2021	8.44% (5)	1,700	1,681
Canadian Health Care Trust Notes:				
Tranche A	6/30/2017	7.98% (2)	402	426
Tranche B	6/30/2024	9.21% (2)	456	467
Tranche C	6/30/2024	9.68% (6)	109	92
Total Canadian Health Care Trust Notes			967	985
Mexican development banks credit facilities:				
Credit facility due 2021	12/23/2021	8.54% (7)	231	231
Credit facility due 2025	7/19/2025	9.62% (3)	350	350
Total Mexican development banks credit facilities			581	581
		Weighted Average		
Other:				
Capital lease obligations	2014-2020	12.43%	251	214
Other financial obligations	2014-2024	13.43%	218	199
Total other financial liabilities			469	413
Total financial liabilities payable after one year			12,857	12,147
Total			$13,329	$12,603

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 11. Financial Liabilities −Continued

	2011		
	Interest Rate	Face Value	Carrying Value
Financial Liabilities Payable Within One Year:			
	Effective		
Tranche B Term Loan	6.46% (1)	$30	$ 30
Canadian Health Care Trust Note −Tranche D	5.50% (8)	24	23
Mexican development banks credit facility due 2025	9.60% (3)	14	14
	Weighted Average		
Other:			
Asset-backed note payable −Gold Key Lease	4.46%	41	41
Capital lease obligations	11.01%	38	28
Other financial obligations	10.37%	104	94
Total other financial liabilities		183	163
Total financial liabilities payable within one year		$251	$ 230

	Maturity	Interest Rate	Face Value	Carrying Value
Financial Liabilities Payable After One Year:				
		Effective		
VEBA Trust Note	7/15/2023	11.71%	$4,836	$4,193
Tranche B Term Loan	5/24/2017	6.46% (1)	2,955	2,893
Secured Senior Notes due 2019	6/15/2019	8.21% (4)	1,500	1,482
Secured Senior Notes due 2021	6/15/2021	8.44% (5)	1,700	1,680
Canadian Health Care Trust Notes:				
Tranche A	6/30/2017	7.98% (2)	434	465
Tranche B	6/30/2024	9.21% (2)	433	445
Tranche C	6/30/2024	9.68% (6)	98	81
Total Canadian Health Care Trust Notes			965	991
Mexican development banks credit facilities:				
Credit facility due 2021	12/23/2021	8.49% (7)	214	214
Credit facility due 2025	7/19/2025	9.60% (3)	353	353
Total Mexican development banks credit facilities			567	567
		Weighted Average		
Other:				
Capital lease obligations	2013-2020	12.42%	282	237
Other financial obligations	2013-2024	12.81%	326	301
Total other financial liabilities			608	538
Total financial liabilities payable after one year			13,131	12,344
Total			$13,382	$12,574

Note 11. Financial Liabilities −Continued

(1) Loan bears interest at LIBOR (subject to a 1.25 percent floor) + 4.75 percent. Commencing in July 2011, interest has been reset every three months. Stated interest rate as of both December 31, 2012 and 2011 was 6.00 percent.
(2) Note bears interest at a stated rate of 9.00 percent.
(3) Represents the stated interest rate. Loan bears interest at the 28 day Interbank Equilibrium Interest Rate ("TIIE") + 4.80 percent subject to a quarterly reset of TIIE.
(4) Notes bear interest at a stated rate of 8.00 percent.
(5) Notes bear interest at a stated rate of 8.25 percent.
(6) Note bears interest at a stated rate of 7.50 percent.
(7) Represents the stated interest rate. Loan bears interest at the 28 day TIIE + 3.70 percent subject to a monthly reset of TIIE.
(8) Note was non-interest bearing.

As of December 31, 2012, the carrying amounts of our financial obligations were net of fair value adjustments, discounts, premiums and loan origination fees totaling $726 million related to the following obligations (in millions of dollars):

VEBA Trust Note		$586
Tranche B Term Loan		51
Secured Senior Notes due 2019		16
Secured Senior Notes due 2021		19
Canadian Health Care Trust Notes		(18)
Liabilities from capital leases and other financial obligations		72
	Total	$726

As of December 31, 2012, the aggregate annual contractual maturities of our financial liabilities at face value were as follows (in millions of dollars):

2013		$472
2014		469
2015		501
2016		532
2017		3,414
2018 and thereafter		7,941
	Total	$13,329

Repayment of U.S. Treasury and Export Development Canada Credit Facilities

On May 24, 2011, we repaid all amounts outstanding under the U.S. Treasury and Export Development Canada ("EDC") credit facilities. Refer to *U.S. Treasury Credit Facilities* and *Export Development Canada Credit Facilities* below for additional information related to these agreements.

Note 11. Financial Liabilities −Continued

Repayment of U.S. Treasury and Export Development Canada Credit Facilities −Continued

Payments were made as follows (in millions of dollars):

	Principal	Accrued Interest	Total Payment
U.S. Treasury first lien credit facilities:			
Tranche B	$2,080 *(1)*	$ 22	$ 2,102
Tranche C	3,675 *(2)*	65	3,740
Zero Coupon Note	100	−	100
Total U.S Treasury first lien credit facilities	5,855	87	5,942
EDC credit facilities:			
Tranche X	1,319	14	1,333
Tranche X-2	404	4	408
Total EDC credit facilities	1,723	18	1,741
Total U.S Treasury and EDC credit facilities	$7,578	$ 105	$ 7,683

(1) Includes $80 million of payable-in-kind ("PIK") interest previously capitalized. The payment of PIK interest is included as a component of Net Cash Provided by Operating Activities in the accompanying Consolidated Statements of Cash Flows.

(2) Includes $315 million of PIK interest previously capitalized. The payment of PIK interest is included as a component of Net Cash Provided by Operating Activities in the accompanying Consolidated Statements of Cash Flows. In addition, as a result of the termination of the Ally MTA and in accordance with the U.S. Treasury first lien credit agreement, amounts outstanding under that agreement were reduced by $4 million, the amount of qualifying losses incurred by Ally through April 2011. Refer to Note 13, Commitments, Contingencies and Concentrations, for additional information related to the Ally MTA.

In connection with the repayment of our outstanding obligations under the U.S. Treasury and EDC credit facilities, we recognized a $551 million loss on extinguishment of debt, which consisted of the write off of $136 million of unamortized discounts and $34 million of unamortized debt issuance costs associated with the U.S. Treasury credit facilities and $367 million of unamortized discounts and $14 million of unamortized debt issuance costs associated with the EDC credit facilities. These charges are included in Loss on Extinguishment of Debt in the accompanying Consolidated Statements of Operations.

Senior Credit Facilities and Secured Senior Notes

On May 24, 2011, we and certain of our U.S. subsidiaries as guarantors entered into the following arrangements:

Senior Credit Facilities − a $3.0 billion Tranche B Term Loan maturing on May 24, 2017, which was fully drawn on May 24, 2011 and a $1.3 billion revolving credit facility that matures on May 24, 2016 ("Revolving Facility") and remains undrawn;

Secured Senior Notes due 2019 − issuance of $1.5 billion of 8 percent secured senior notes due June 15, 2019 ("Original 2019 Notes"); and

Secured Senior Notes due 2021 − issuance of $1.7 billion of 8 ¼ percent secured senior notes due June 15, 2021 ("Original 2021 Notes").

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 11. Financial Liabilities −Continued

Senior Credit Facilities and Secured Senior Notes −Continued

Senior Credit Facilities

Our Senior Credit Facilities with a syndicate of private sector lenders provide for borrowings of up to $4.3 billion and include, the Revolving Facility which may be borrowed and repaid from time to time until the maturity date. Up to $200 million of the Revolving Facility may be used for the issuance of letters of credit. Prior to the final maturity date of each of the facilities, we have the option to extend the maturity date of all or a portion of these facilities with the consent of the lenders whose loans or commitments are being extended. We also have the option to increase the amount of these facilities in an aggregate principal amount not to exceed $1.2 billion, either through an additional term loan, an increase in the Revolving Facility or a combination of both, subject to certain conditions.

The outstanding principal amount of the Tranche B Term Loan is payable in equal quarterly installments of $7.5 million, with the remaining balance due at maturity. No scheduled principal payments are required on amounts drawn on the Revolving Facility until the maturity date of the facility.

All amounts outstanding under the Tranche B Term Loan and Revolving Facility bear interest at our option of either a base rate plus 3.75 percent per annum or at LIBOR plus 4.75 percent per annum. For the Tranche B Term Loan, a base rate floor of 2.25 percent per annum or a LIBOR floor of 1.25 percent per annum applies. We currently accrue interest based on LIBOR. Commencing in July 2011, interest has been reset every three months and is payable quarterly in January, April, July and October of each year.

We are required to pay commitment fees equal to 0.75 percent per annum, which may be reduced to 0.50 percent per annum if we achieve a specified consolidated leverage ratio, multiplied by the daily average undrawn portion of the Revolving Facility. Commitment fees are payable quarterly in arrears.

If we voluntarily prepay all or any portion of the Tranche B Term Loan on or before May 24, 2014, we will be obligated to pay a call premium. Prior to May 24, 2013, the call premium will be 2.00 percent of the principal amount of such loans prepaid or repriced, and after May 24, 2013 but on or prior to May 24, 2014, the call premium will be 1.00 percent of the principal amount of such loans prepaid or repriced. After May 24, 2014, we may make voluntary prepayments under the Tranche B Term Loan without premium or penalty, except for normal breakage costs.

Mandatory prepayments are required, subject to certain exceptions, from the net cash proceeds of asset sales, incurrence of additional indebtedness, insurance or condemnation proceeds and excess cash flow. In the case of excess cash flow, the mandatory prepayments are subject to a leverage-based step-down and only to the extent our liquidity exceeds a certain threshold. Certain mandatory prepayments are subject to call premiums consistent with the voluntary prepayments.

The Senior Credit Facilities are secured by a senior priority security interest in substantially all of Chrysler Group LLC' s assets and the assets of its U.S. subsidiary guarantors, subject to certain exceptions. The collateral includes 100 percent of the equity interests in our domestic subsidiaries and 65 percent of the equity interests in foreign subsidiaries held directly by Chrysler Group LLC and its U.S. subsidiary guarantors.

The senior secured credit agreement includes a number of affirmative covenants, many of which are customary, including, but not limited to, the reporting of financial results and other developments, compliance with laws,

Note 11. Financial Liabilities −Continued

Senior Credit Facilities and Secured Senior Notes −Continued

Senior Credit Facilities −Continued

payment of taxes, maintenance of insurance and similar requirements. The senior secured credit agreement also contains several negative covenants, including but not limited to, (i) limitations on incurrence, repayment and prepayment of indebtedness; (ii) limitations on incurrence of liens; (iii) limitations on making restricted payments, including a limit on declaring dividends or making distributions to our members; (iv) limitations on transactions with affiliates, swap agreements and sale and leaseback transactions; (v) limitations on fundamental changes, including certain asset sales and (vi) restrictions on certain subsidiary distributions. In addition, the senior secured credit agreement requires us to maintain a minimum ratio of borrowing base to covered debt, as well as a minimum liquidity of $3.0 billion, which includes any undrawn amounts on the Revolving Facility.

The senior secured credit agreement contains a number of events of default related to, (i) failure to make payments when due; (ii) failure to comply with covenants; (iii) breaches of representations and warranties; (iv) certain changes of control; (v) cross-default with certain other debt and hedging agreements and (vi) the failure to pay certain material judgments. As of December 31, 2012, we were in compliance with all covenants under the senior secured credit agreement.

Secured Senior Notes

We entered into an indenture with CG Co-Issuer Inc. ("CG Co-Issuer"), our wholly-owned special purpose finance subsidiary, certain of our wholly-owned U.S. subsidiaries ("Guarantors") and Wilmington Trust FSB, as trustee and Citibank, N.A. as collateral agent, paying agent, registrar and authenticating agent, pursuant to which we issued the Original 2019 Notes and the Original 2021 Notes, collectively referred to as the "Original Notes." The Original Notes were issued at par and were sold in a private placement to (i) qualified institutional buyers in reliance on Rule 144A under the Securities Act of 1933, as amended (the "Securities Act") and (ii) outside the United States to persons who are not U.S. persons (as defined in Rule 902 of Regulation S under the Securities Act) in compliance with Regulation S under the Securities Act.

In connection with the offering of the Original Notes, we entered into a registration rights agreement with the initial purchasers of the Original Notes. Under the terms of the registration rights agreement, we agreed to register notes having substantially identical terms as the Original Notes with the SEC as part of an offer to exchange freely tradable exchange notes for the Original Notes. On December 29, 2011, and subject to the terms and conditions set forth in our prospectus, we commenced an offer to exchange our new 8 percent secured senior notes due 2019 ("2019 Notes") for the outstanding Original 2019 Notes and our new 8 ¼ percent secured senior notes due 2021 ("2021 Notes") for the outstanding Original 2021 Notes. The 2019 Notes and 2021 Notes are collectively referred to as the "Notes."

On February 1, 2012, our offers to exchange the Original 2019 Notes and Original 2021 Notes expired. Substantially all of the Original Notes were tendered for the Notes. The holders of the Notes received an equal principal amount of 2019 Notes for the Original 2019 Notes and an equal principal amount of 2021 Notes for the Original 2021 Notes. The form and terms of the Notes are identical in all material respects to the Original Notes, except that the Notes do not contain restrictions on transfer.

Beginning December 15, 2011, interest on each series of the Original Notes is payable semi-annually in June and December of each year, to the holders of record of such Original Notes at the close of business on June 1 or December 1, respectively, preceding such interest payment date.

Note 11. Financial Liabilities −Continued

Senior Credit Facilities and Secured Senior Notes −Continued

Secured Senior Notes −Continued

We may redeem, at any time, all or any portion of the 2019 Notes on not less than 30 and not more than 60 days' prior notice mailed to the holders of the 2019 Notes to be redeemed. Prior to June 15, 2015, the 2019 Notes will be redeemable at a price equal to the principal amount of the 2019 Notes being redeemed, plus accrued and unpaid interest to the date of redemption and a "make-whole" premium calculated under the indenture. At any time prior to June 15, 2014, we may also redeem up to 35 percent of the aggregate principal amount of the 2019 Notes, at a redemption price equal to 108 percent of the principal amount of the 2019 Notes being redeemed, plus accrued and unpaid interest to the date of redemption with the net cash proceeds from certain equity offerings. On and after June 15, 2015, the 2019 Notes are redeemable at redemption prices specified in the indenture, plus accrued and unpaid interest to the date of redemption. The redemption price is initially 104 percent of the principal amount of the 2019 Notes being redeemed for the twelve months beginning June 15, 2015, decreasing to 102 percent for the year beginning June 15, 2016 and to par on and after June 15, 2017.

We may redeem, at any time, all or any portion of the 2021 Notes on not less than 30 and not more than 60 days' prior notice mailed to the holders of the 2021 Notes to be redeemed. Prior to June 15, 2016, the 2021 Notes will be redeemable at a price equal to the principal amount of the 2021 Notes being redeemed, plus accrued and unpaid interest to the date of redemption and a "make-whole" premium calculated under the indenture. At any time prior to June 15, 2014, we may also redeem up to 35 percent of the aggregate principal amount of the 2021 Notes, at a redemption price equal to 108.25 percent of the principal amount of the 2021 Notes being redeemed, plus accrued and unpaid interest to the date of redemption with the net cash proceeds from certain equity offerings. On and after June 15, 2016, the 2021 Notes are redeemable at redemption prices specified in the indenture, plus accrued and unpaid interest to the date of redemption. The redemption price is initially 104.125 percent of the principal amount of the 2021 Notes being redeemed for the twelve months beginning June 15, 2016, decreasing to 102.75 percent for the year beginning June 15, 2017, to 101.375 percent for the year beginning June 15, 2018 and to par on and after June 15, 2019.

The indenture includes affirmative covenants, including the reporting of financial results and other developments. The indenture also contains negative covenants related to our ability and, in certain instances, the ability of certain of our subsidiaries to, (i) pay dividends or make distributions on the Company' s capital stock or repurchase the Company' s capital stock; (ii) make restricted payments; (iii) create certain liens to secure indebtedness; (iv) enter into sale and leaseback transactions; (v) engage in transactions with affiliates; (vi) merge or consolidate with certain companies and (vii) transfer and sell assets.

The indenture provides for customary events of default, including but not limited to, (i) nonpayment; (ii) breach of covenants in the indenture; (iii) payment defaults or acceleration of other indebtedness; (iv) a failure to pay certain judgments and (v) certain events of bankruptcy, insolvency and reorganization. If certain events of default occur and are continuing, the trustee or the holders of at least 25 percent in aggregate of the principal amount of the Notes outstanding under one of the series may declare all of the Notes of that series to be due and payable immediately, together with accrued interest, if any. As of December 31, 2012, we were in compliance with all covenants under the indenture.

Note 11. Financial Liabilities −Continued

VEBA Trust Note

On June 10, 2009, and in accordance with the terms of a settlement agreement between us and the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America ("UAW") (the "VEBA Settlement Agreement"), we issued a senior unsecured note with a face value of $4,587 million to the VEBA Trust ("VEBA Trust Note"). Refer to Note 17, *Employee Retirement and Other Benefits*, for additional information related to the VEBA Settlement Agreement.

The VEBA Trust Note has an implied interest rate of 9.0 percent per annum and requires annual payments of principal and interest on July 15. Scheduled VEBA Trust Note payments through 2012 did not fully satisfy the interest accrued at the implied rate. In accordance with the agreement, the difference between a scheduled payment and the accrued interest through June 30 of the payment year was capitalized as additional debt on an annual basis. In July 2012, 2011 and 2010, we made scheduled payments of $400 million, $300 million and $315 million, respectively, on the VEBA Trust Note and accrued interest of $38 million, $126 million and $123 million, respectively, was capitalized as additional debt.

Canadian Health Care Trust Notes

On December 31, 2010, Chrysler Canada issued four unsecured promissory notes to an independent Canadian Health Care Trust in an initial aggregate face value of $976 million ($974 million CAD) ("Canadian Health Care Trust Notes") as part of the settlement of its obligations with respect to retiree health care benefits for National Automobile, Aerospace, Transportation and General Workers Union of Canada ("CAW") represented employees, retirees and dependents ("Covered Group"). In addition, the Canadian Health Care Trust Notes had accrued interest from January 1, 2010 through December 31, 2010 of $80 million ($80 million CAD) and a $31 million ($31 million CAD) net premium. Refer to Note 17, *Employee Retirement and Other Benefits*, for additional information related to the Canadian Health Care Trust Settlement Agreement ("Canadian HCT Settlement Agreement").

Payments on the Canadian Health Care Trust Notes are due on June 30 of each year unless that day is not a business day in Canada, in which case payments are due on the next business day. The scheduled Tranche A and Tranche B note payments through 2012 did not fully satisfy the interest accrued at the stated rate of 9.0 percent per annum. Accordingly, on the payment date, the difference between the scheduled payment and the interest accrued through the payment date was capitalized as additional debt. We are not required to make a payment on the Tranche C note until 2020. However, interest accrued at the stated rate of 7.5 percent per annum on the Tranche C note will be capitalized as additional debt on the payment date of the Tranche B note through 2019. In July 2012 and June 2011, $74 million ($76 million CAD) and $27 million ($26 million CAD), respectively, of interest accrued in excess of the scheduled payments was capitalized as additional debt.

The terms of each of the notes are substantially similar and provide that each note will rank *pari passu* with all existing and future unsecured and unsubordinated indebtedness for borrowed money of Chrysler Canada, and that Chrysler Canada will not incur indebtedness for borrowed money that is senior in any respect in right of payment to the notes.

Note 11. Financial Liabilities −Continued

Mexico Development Banks Credit Facilities

In July 2010, Chrysler de Mexico, S.A. de C.V. ("Chrysler de Mexico"), our principal operating subsidiary in Mexico, entered into a financing arrangement with certain Mexican development banks which provides for a 15 year amortizing term loan facility equal to the Mexican peso equivalent of $400 million. The facility was fully drawn during July 2010 and was funded in Mexican pesos. Any amounts repaid on the facility cannot be re-borrowed.

In December 2011, Chrysler de Mexico entered into a financing arrangement with certain Mexican development banks which provides for a ten year amortizing term loan facility of 3.0 billion Mexican pesos. The facility was fully drawn during December 2011 and was funded in Mexican pesos. Principal payments on the loan are not required until 2016, and any amounts repaid cannot be re-borrowed.

The terms of these loans are similar. Chrysler de Mexico placed certain of its assets in special purpose trusts to secure repayment of the loans, including certain receivables and property, plant and equipment. As of December 31, 2012 and 2011, Chrysler de Mexico had $66 million and $56 million of cash on deposit with the trusts, which is included in Prepaid Expenses and Other Assets in the accompanying Consolidated Balance Sheets. The loans require compliance with certain covenants, including, but not limited to, limitations on liens, incurrence of debt and asset sales. As of December 31, 2012, we were in compliance with all covenants under the facilities.

Gold Key Lease

Chrysler Canada maintains our Gold Key Lease vehicle lease portfolio. The related vehicles are leased to Canadian consumers and were financed by asset-backed securitization facilities, as well as a $5.0 billion ($5.0 billion CAD) secured revolving credit facility. In June 2012, we repaid the remaining outstanding balance of the asset-backed note payable. These obligations were primarily repaid out of collections from the operating leases and proceeds from the sales of the related vehicles. We are currently winding down the Gold Key Lease program, therefore, no additional funding will be required. No vehicles were added to the portfolio during the years ended December 31, 2012 and 2011.

U.S. Treasury Credit Facilities

On June 10, 2009, and in connection with the 363 Transaction, we entered into a first lien credit agreement with the U.S. Treasury, which included a $2.0 billion term loan ("Tranche B Loan") used to acquire substantially all of the net operating assets of Old Carco. The credit agreement also made various term loans available to us for future working capital needs in an amount not to exceed $4.6 billion ("Tranche C Commitment"). In addition, we provided the U.S. Treasury a $288 million note and assumed $500 million of U.S. Treasury loans originally provided to Chrysler Holding for the benefit of Old Carco. We collectively refer to these loans, as well as the amounts drawn on the Tranche C Commitment as "Tranche C Loans". We also provided the U.S. Treasury a $100 million zero coupon note.

The Tranche C Commitment was scheduled to accrue quarterly payable-in-kind ("PIK") interest of a maximum of $17 million through June 10, 2017, and the PIK interest was to be capitalized on a quarterly basis. Accordingly, $17 million and $68 million of PIK interest was capitalized as additional debt during the three months ended March 31, 2011 and the year ended December 31, 2010, respectively.

Note 11. Financial Liabilities −Continued

U.S. Treasury Credit Facilities −Continued

On May 24, 2011, we repaid all amounts owed under the U.S. Treasury first lien credit agreement and terminated all lending commitments thereunder. See *Repayment of U.S. Treasury and Export Development Canada Credit Facilities* above for additional information.

Export Development Canada Credit Facilities

Chrysler Canada entered into a loan and security agreement with the EDC on March 30, 2009, which was subsequently amended on April 29, 2009, pursuant to which the EDC provided a $1,238 million ($1,209 million Canadian dollar ("CAD")) secured term loan facility known as "Tranche X". On June 10, 2009, the EDC loan agreement was amended and restated to increase the secured term loan facility by a CAD equivalent of $909 million USD, up to a maximum of $1,116 million CAD. The increase in the loan facility was known as "Tranche X-2". In addition to the Tranche X and Tranche X-2 loans, Chrysler Canada provided the EDC additional notes of $81 million ($80 million CAD). The additional notes are included in the Tranche X facility.

On May 24, 2011, we repaid all amounts owed under the EDC loan and security agreement and terminated all lending commitments thereunder. See *Repayment of U.S. Treasury and Export Development Canada Credit Facilities* above for additional information.

Amounts Available for Borrowing under Credit Facilities

As of December 31, 2012, our $1.3 billion Revolving Facility remains undrawn and the Tranche B Term Loan and Mexican development banks credit facilities remain fully drawn. Our $5.0 billion ($5.0 billion CAD) Gold Key Lease secured revolving credit facility remains undrawn as of December 31, 2012, however, no additional funding will be provided due to winding down the Gold Key Lease program.

Note 12. Income Taxes

Income (loss) before income taxes by jurisdiction was as follows (in millions of dollars):

	Years Ended December 31,		
	2012	2011	2010
United States	$971	$(15)	$(731)
Foreign	971	396	218
Total	$1,942	$381	$(513)

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 12. Income Taxes −Continued

Income tax expense (benefit) consisted of the following (in millions of dollars):

	Years Ended December 31,		
	2012	2011	2010
Current:			
Foreign	$267	$210	$77
State and local	7	5	7
	274	215	84
Deferred:			
Foreign	8	(20)	60
State and local	(8)	3	(5)
	−	(17)	55
Total	$274	$198	$139

The significant components of deferred tax expense (benefit) were as follows (in millions of dollars):

	Years Ended December 31,		
	2012	2011	2010
Deferred tax expense (benefit) (exclusive of the items below)	$15	$(13)	$81
Benefits of operating loss carryforwards	(12)	(7)	(21)
Adjustment due to changes in enacted tax rates or laws	(3)	3	(5)
Total	$−	$(17)	$55

Provisions are made for estimated foreign income taxes, less available tax credits and deductions, which may be incurred on the future repatriation of our share of our subsidiaries' undistributed cumulative earnings which are not deemed to be permanently reinvested. There were no provisions recorded on temporary differences of approximately $1.5 billion for U.S. income taxes and approximately $1.8 billion for foreign withholding taxes because these differences are permanent in duration. This amount may become taxable upon a repatriation of assets from the subsidiaries or a sale or liquidation of the subsidiaries. There are no plans to repatriate the retained earnings from these subsidiaries, as the earnings are permanently reinvested. Quantification of the deferred tax liability, if any, associated with permanently reinvested earnings is not practicable.

Note 12. Income Taxes −Continued

A reconciliation of income tax expense provided using the U.S. federal statutory tax rate of 35 percent to actual income taxes was as follows (in millions of dollars):

	Years Ended December 31,		
	2012	2011	2010
Tax expense (benefit) at U.S. federal statutory tax rate	$680	$135	$(180)
Limited liability company (income)/losses not subject to federal or state taxes	(296)	79	278
Adjustment to taxes receivable	2	(20)	(165)
Valuation allowances	(77)	6	100
Income tax reserves	4	(6)	61
Foreign statutory rate difference	(83)	(31)	(12)
Non-deductible expenses	9	(6)	48
Tax rate change	(3)	1	11
Withholding taxes	27	10	3
Foreign currency translation	10	(26)	(12)
Prior year tax return adjustments	4	61	−
Other	(3)	(5)	7
	$274	$198	$139
Effective income tax rate	14%	52%	(27)%

For the year ended December 31, 2012, the relationship between income tax expense and the expected U.S. federal statutory tax rate differs primarily due to income generated by us and certain of our wholly-owned U.S. subsidiaries as we are a limited liability company ("LLC") taxed as a partnership and substantially all of our wholly-owned U.S. subsidiaries are LLCs that are disregarded entities for U.S. federal tax purposes. The difference is also due to differences between foreign statutory tax rates and the U.S. federal statutory tax rate.

For the year ended December 31, 2011, the relationship between income tax expense and the expected U.S. federal statutory tax rate differs primarily due to losses generated by us and our LLC' s. The difference is also due to adjustments made to prior year returns and differences between foreign statutory tax rates and the U.S. federal statutory tax rate.

For the year ended December 31, 2010, the relationship between income tax expense and the expected U.S. federal statutory tax rate differs primarily due to losses generated by us and our LLCs, the establishment of additional Canadian income tax receivables for prior year tax refunds and increases in valuation allowances in the U.S., Canada and other foreign jurisdictions.

As of December 31, 2012, we had approximately $101 million of total unrecognized tax benefits on uncertain tax positions. These are tax contingencies recorded, that if reversed due to a successful outcome, would favorably affect the income tax rate in future periods. Our practice is to recognize interest and penalties on uncertain tax positions in income tax expense. During the years ended December 31, 2012, 2011 and 2010, net interest expense of $3 million, $2 million and $3 million, respectively, was recognized in income tax expense. Accrued interest on uncertain tax positions was $15 million and $19 million as of December 31, 2012 and 2011, respectively.

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 12. Income Taxes −Continued

A reconciliation of unrecognized tax benefits was as follows (in millions of dollars):

	Years Ended December 31,		
	2012	2011	2010
Unrecognized tax benefits at beginning of period	$140	$949	$838
Settlements with tax authorities	(34)	(783)	−
Gross increases for tax positions of prior years	32	30	84
Gross decreases for tax positions of prior years	(37)	(52)	(16)
Exchange rate differences	−	(4)	43
Unrecognized tax benefits at end of period	$101	$140	$949

For the year ended December 31, 2011, the settlements with tax authorities of $783 million related to tax payments made during 2011 by a subsidiary of Daimler AG ("Daimler") or by us in connection with the Chrysler Canada transfer pricing audit, which is described below.

In connection with the 363 Transaction, we acquired a majority of the equity investments of Old Carco' s direct and indirect subsidiaries and assumed liabilities for uncertain tax positions related to those subsidiaries. We file income tax returns in multiple jurisdictions and are subject to examination by taxing authorities throughout the world. Examinations by tax authorities have been completed through 2006 in Mexico and 2007 in Canada.

Chrysler Canada was reassessed additional taxes for the years 1996 through August 3, 2007 by the Canada Revenue Agency ("CRA") and the Provincial Tax Authorities, collectively referred to as the "Canadian Tax Authorities," related to transfer pricing adjustments (the "Canadian Transfer Pricing Reassessment"). In accordance with the terms of the June 3, 2009 tax settlement agreement between CG Investment Group LLC, Chrysler Holding, Old Carco and Daimler, which was subsequently assigned to and assumed by us in connection with the 363 Transaction, Daimler agreed to reimburse us for any tax and related interest and penalties in respect of certain specific tax liabilities arising prior to August 3, 2007, including the Canadian Transfer Pricing Reassessment.

The final reassessment on the Canadian transfer pricing matter ("Final Reassessment") resulted in $1.5 billion of additional taxes and interest associated with this matter being owed to the Canadian Tax Authorities. The Canadian Tax Authorities applied $751 million of payments previously made by us against the amount owing under the Final Reassessment and as of December 31, 2011, Daimler had fully reimbursed us for these amounts. In addition, during 2011 Daimler made payments of $660 million to the Canadian Tax Authorities related to this matter and we fully settled the remainder of the obligation in 2012. We did not receive any additional reimbursements from Daimler related to this matter during 2012. As of December 31, 2012 and 2011, our tax receivable from Daimler associated with this matter was $63 million and $61 million, respectively, and is included in Prepaid Expenses and Other Assets in the accompanying Consolidated Balance Sheets. As of December 31, 2011, the $49 million associated obligation to the Canadian Tax Authorities, which was net of $12 million of payments previously approved against the Final Reassessment in 2011, was included in Accrued Expenses and Other Liabilities in the accompanying Consolidated Balance Sheets.

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 12. Income Taxes −Continued

Deferred tax assets and liabilities result from differences between assets and liabilities measured for financial reporting purposes and those measured for income tax return purposes. The significant components of deferred tax assets and liabilities as of December 31 were as follows (in millions of dollars):

	2012		2011	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Accrued expenses	$ 542	$ −	$ 367	$ −
Postretirement health care and life insurance benefits	452	−	410	−
Property, plant and equipment	5	333	6	318
Pension liabilities and assets	222	−	270	1
Foreign NOL carryforwards	101	−	140	−
State and local taxes, including state NOL	103	20	60	28
Tax credit carryforwards	92	−	73	−
Lease transactions	−	3	−	6
Other	73	161	206	132
	1,590	517	1,532	485
Valuation allowance	(1,164)	−	(1,124)	−
Total	$ 426	$ 517	$ 408	$ 485

Note 12. Income Taxes −Continued

Deferred tax assets included the following tax credit and net operating loss ("NOL") carryforwards as of December 31 (in millions of dollars):

		2012		2011	
	Expiration	Deferred Tax Asset	Valuation Allowance	Deferred Tax Asset	Valuation Allowance
Tax credit carryforwards:					
Canada	2014 - 2029	$ 26	$ (26)	$ 6	$ (6)
Mexico	2012 - 2018	56	(52)	44	(33)
Other Foreign	2012 - 2018	10	(10)	23	(23)
	Total	$ 92	$ (88)	$ 73	$ (62)
NOL carryforwards:					
U.S. NOLs, net	2030 - 2031	$ 18	$ (18)	$ 25	$ (25)
Foreign NOLs, net					
Canada	2012 - 2031	–	–	32	(32)
Mexico	2017 - 2023	31	(31)	24	(24)
Other	2012 - 2027	9	(9)	8	(8)
	Indefinite	61	(61)	76	(76)
	Total	$ 119	$ (119)	$ 165	$ (165)

A valuation allowance on deferred tax assets is required if, based on the available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon our ability to generate sufficient taxable income during the carryback or carryforward periods applicable in each stated tax jurisdiction. In assessing the realizability of deferred tax assets, we consider both positive and negative evidence. The weight given to the positive and negative evidence is commensurate with the extent to which the evidence may be objectively verified. Concluding that a valuation allowance is not required is difficult when there is absence of objective and verifiable positive evidence and there is significant negative evidence which is objective and verifiable, such as cumulative losses in recent years.

Our deferred tax assets consist primarily of those of our subsidiaries in foreign jurisdictions. We have concluded that negative evidence, including the lack of sustained profitability, outweighs our positive evidence and that we are required to maintain our valuation allowances in respect of our net deferred tax assets as of December 31, 2012. As we have previously disclosed, our subsidiaries in foreign jurisdictions are highly dependent on our North American operations, which consists primarily of our U.S. operations. Despite our recent financial results, we have not yet reached a level of sustained profitability for our U.S. operations, as we have undergone significant changes in our capital structure, management and business strategies since the 363 Transaction, as well as implemented several new product development programs. Accordingly, at December 31, 2012, we continued to maintain valuation allowances on our net deferred tax assets of $1,164 million, an increase of $40 million from December 31, 2011.

Note 13. Commitments, Contingencies and Concentrations

Litigation

Various legal proceedings, claims and governmental investigations are pending against us on a wide range of topics, including vehicle safety; emissions and fuel economy; dealer, supplier and other contractual relationships; intellectual property rights; product warranties and environmental matters. Some of these proceedings allege defects in specific component parts or systems (including airbags, seats, seat belts, brakes, ball joints, transmissions, engines and fuel systems) in various vehicle models or allege general design defects relating to vehicle handling and stability, sudden unintended movement or crashworthiness. These proceedings seek recovery for damage to property, personal injuries or wrongful death and in some cases include a claim for exemplary or punitive damages. Adverse decisions in one or more of these proceedings could require us to pay substantial damages, or undertake service actions, recall campaigns or other costly actions.

Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. We establish an accrual in connection with pending or threatened litigation if a loss is probable and can be reasonably estimated. Since these accruals represent estimates, it is reasonably possible that the resolution of some of these matters could require us to make payments in excess of the amounts accrued. It is also reasonably possible that the resolution of some of the matters for which accruals could not be made may require us to make payments in an amount or range of amounts that could not be reasonably estimated at December 31, 2012.

The term "reasonably possible" is used herein to mean that the chance of a future transaction or event occurring is more than remote but less than likely. Although the final resolution of any such matters could have a material effect on our operating results for the particular reporting period in which an adjustment of the estimated reserve is recorded, we believe that any resulting adjustment would not materially affect our consolidated financial position or cash flows.

Environmental Matters

We are subject to potential liability under government regulations and various claims and legal actions that are pending or may be asserted against us concerning environmental matters. Estimates of future costs of such environmental matters are inevitably imprecise due to numerous uncertainties, including the enactment of new laws and regulations, the development and application of new technologies, the identification of new sites for which we may have remediation responsibility and the apportionment and collectability of remediation costs among responsible parties. We establish reserves for these environmental matters when a loss is probable and reasonably estimable. It is reasonably possible that the final resolution of some of these matters may require us to make expenditures, in excess of established reserves, over an extended period of time and in a range of amounts that cannot be reasonably estimated. Although the final resolution of any such matters could have a material effect on our operating results for the particular reporting period in which an adjustment to the estimated reserve is recorded, we believe that any resulting adjustment would not materially affect our consolidated financial position or cash flows.

Voluntary Service Actions and Recall Actions

We periodically initiate voluntary service and recall actions to address various customer satisfaction, safety and emissions issues related to vehicles we sell. We establish reserves for product warranty obligations, including the estimated cost of these service and recall actions, when the related sale is recognized. Refer to Note 10, *Accrued Expenses and Other Liabilities,* for additional information. The estimated future costs of these actions are based

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 13. Commitments, Contingencies and Concentrations −Continued

Voluntary Service Actions and Recall Actions −Continued

primarily on historical claims experience for our vehicles. Estimates of the future costs of these actions are inevitably imprecise due to numerous uncertainties, including the enactment of new laws and regulations, the number of vehicles affected by a service or recall action and the nature of the corrective action that may result in adjustments to the established reserves. It is reasonably possible that the ultimate cost of these service and recall actions may require us to make expenditures in excess of established reserves, over an extended period of time and in a range of amounts that cannot be reasonably estimated. Although the ultimate cost of these service and recall actions could have a material effect on our operating results for the particular reporting period in which an adjustment to the estimated reserve is recorded, we believe that any such adjustment would not materially affect our consolidated financial position or cash flows.

Commercial Commitments

Several major tier one and other automotive suppliers have short-term liquidity constraints due to the lack of available credit. In certain circumstances, we have provided financial support to such suppliers to avoid prolonged interruptions in the supply of components to us. Financial support includes, but is not limited to, parts re-pricing, debtor-in-possession loans, bridge loans, inventory financing and capital expenditure advances. In addition to parts re-pricing actions, we have recorded net charges of approximately $19 million, $41 million and $65 million for financing support to suppliers for the years ended December 31, 2012, 2011 and 2010, respectively, which are included in Cost of Sales in the accompanying Consolidated Statements of Operations.

Restricted Cash

Restricted cash, which includes cash equivalents, was $371 million at December 31, 2012. Restricted cash included $259 million held on deposit or otherwise pledged to secure our obligations under various commercial agreements guaranteed by a subsidiary of Daimler, $24 million of collateral for foreign currency exchange and commodity hedge contracts, and $88 million of collateral for other contractual agreements.

Concentrations

Suppliers

Although we have not experienced any significant deterioration in our annual production volumes as a result of materials or parts shortages, we have from time to time experienced short term interruptions and variability in quarterly production schedules as a result of temporary supply constraints or disruptions in the availability of raw materials, parts and components as a result of natural disasters and other unexpected events. Additionally, we regularly source systems, components, parts, equipment and tooling from a sole provider or limited number of providers. Therefore, we are at risk for production delays and losses should any supplier fail to deliver goods and services on time. We continuously work with our suppliers to monitor potential supply constraints and to mitigate the effects of any emerging shortages on our production volumes and revenues. We also maintain insurance coverage for losses we might incur due to shortages or other supplier disruptions. During the year ended December 31, 2012, we recognized insurance recoveries totaling $76 million related to losses sustained in 2011 due to supply disruptions. These recoveries were recognized as a reduction to Cost of Sales in the accompanying Consolidated Statements of Operations. The proceeds from these recoveries were fully collected as of December 31, 2012. There were no similar insurance recoveries during the years ended December 31, 2011 and 2010.

Note 13. Commitments, Contingencies and Concentrations −Continued

Concentrations −Continued

Employees

In the U.S. and Canada combined, substantially all of our hourly employees and approximately one-quarter of our salaried employees were represented by unions under collective bargaining agreements, which represented approximately 64 percent of our worldwide workforce as of December 31, 2012. The UAW and CAW represent substantially all of these represented employees in the U.S. and Canada, respectively.

In September 2012, the CAW ratified a new four-year collective bargaining agreement. The provisions of this new agreement provide for a lump sum payment to eligible CAW employees in each of the four years. In addition, the agreement maintains the current wage rates through September 2016 for employees hired prior to September 24, 2012 (“traditional employees”) and starts employees hired on or after September 24, 2012 at a lower wage rate that can increase to the current maximum wage rate of traditional employees at the end of ten years. The new agreement expires in September 2016.

Other Matters

Ally MTA

Prior to May 2011, we were a party to the Ally MTA between the U.S. Treasury, Ally and USDART. The Ally MTA provided for a risk sharing arrangement, in which USDART would reimburse Ally for qualifying losses on loans with third party Chrysler Group dealerships issued prior to November 21, 2009. In May 2011, all parties mutually agreed to terminate the Ally MTA. Under the terms of the agreement, $96 million, which represented the remaining balance of a previous advance to USDART, was transferred to us. In addition, under the terms of the U.S. Treasury first lien credit agreement, amounts outstanding under that agreement were reduced by $4 million, the amount of qualifying losses incurred by Ally through April 2011.

Ally Auto Finance Operating Agreement and Repurchase Obligations

In accordance with the terms of the Ally Auto Finance Operating Agreement (“Ally Agreement”), Ally provides wholesale and retail financing to our dealers and retail customers in the U.S. and Canada in accordance with its usual and customary lending standards. Our agreement with Ally is not exclusive. Ally provides consumer and dealer financing to other manufacturers. Our dealers and retail customers also obtain financing from other financing sources.

From time to time, we work with Ally and certain other lenders to subsidize interest rates or cash payments at the inception of a financing arrangement to incentivize customers to purchase our vehicles, a practice known as “subvention”. Under the Ally Agreement, we must first offer all subvention programs to Ally, and we are required to ensure that Ally finances a specified minimum percentage of the vehicles we sell in North America under rate subvention programs in which it elects to participate. We may, from time to time, offer lease products to retail customers through Ally, but Ally is not obligated to offer lease products.

Under the Ally Agreement, we are required to repurchase Ally-financed dealer inventory, upon certain triggering events and with certain exceptions, in the event of an actual or constructive termination of a dealer’ s franchise agreement, including in certain circumstances when Ally forecloses on all assets of a dealer securing financing

Note 13. Commitments, Contingencies and Concentrations −Continued

Other Matters −Continued

Ally Auto Finance Operating Agreement and Repurchase Obligations −Continued

provided by Ally. These obligations exclude vehicles that have been damaged or altered, that are missing equipment or that have excessive mileage or an original invoice date that is more than one year prior to the repurchase date.

As of December 31, 2012, the maximum potential amount of future payments required to be made to Ally under this guarantee was approximately $8.1 billion and was based on the aggregate repurchase value of eligible vehicles financed by Ally in our U.S. and Canadian dealer stock. If vehicles are required to be repurchased under this arrangement, the total exposure would be reduced to the extent the vehicles can be resold to another dealer. The fair value of the guarantee was less than $0.1 million at December 31, 2012, which considers both the likelihood that the triggering events will occur and the estimated payment that would be made net of the estimated value of inventory that would be reacquired upon the occurrence of such events. The estimates are based on historical experience.

The Ally Agreement is effective through April 30, 2013, with automatic one-year renewals unless either party elects not to renew. We have notified Ally of our election not to renew the Ally Agreement for an additional term.

Refer to Note 24, *Subsequent Events,* for information regarding our new financing agreement.

Other Repurchase Obligations

In accordance with the terms of other wholesale financing arrangements in Mexico, we are required to repurchase dealer inventory financed under these arrangements, upon certain triggering events and with certain exceptions, including in the event of an actual or constructive termination of a dealer' s franchise agreement. These obligations exclude certain vehicles including, but not limited to, vehicles that have been damaged or altered, that are missing equipment or that have excessive mileage.

As of December 31, 2012, the maximum potential amount of future payments required to be made in accordance with these other wholesale financing arrangements was approximately $325 million and was based on the aggregate repurchase value of eligible vehicles financed through such arrangements in the respective dealer' s stock. If vehicles are required to be repurchased through such arrangements, the total exposure would be reduced to the extent the vehicles can be resold to another dealer. The fair value of the guarantee was less than $0.1 million at December 31, 2012, which considers both the likelihood that the triggering events will occur and the estimated payment that would be made net of the estimated value of inventory that would be reacquired upon the occurrence of such events. The estimates are based on historical experience.

Arrangements with Key Suppliers

From time to time, in the ordinary course of our business, we enter into various arrangements with key suppliers in order to establish strategic and technological advantages. A limited number of these arrangements contain unconditional purchase obligations to purchase a fixed or minimum quantity of goods and/or services with fixed and determinable price provisions. Purchases under these arrangements from third parties were $437 million, $674 million and $295 million for the years ended December 31, 2012, 2011 and 2010, respectively. Future

Note 13. Commitments, Contingencies and Concentrations −Continued

Other Matters −Continued

Arrangements with Key Suppliers −Continued

minimum purchase obligations under these arrangements as of December 31, 2012 were as follows (in millions of dollars):

2013	$ 290
2014	273
2015	121
2016	90
2017	68
2018 and thereafter	−

In addition, certain of the arrangements we have entered into with Fiat contain unconditional purchase obligations to purchase a fixed or minimum quantity of goods and/or services with fixed and determinable price provisions. Purchases under these arrangements were $383 million and $305 million for the year ended December 31, 2012 and 2011, respectively. We did not have any purchases under these arrangements for the year ended December 31, 2010. Future minimum purchase obligations under these arrangements as of December 31, 2012 were as follows (in millions of dollars):

2013	$ 4
2014	7
2015	2
2016	2
2017	2
2018 and thereafter	−

We also enter into similar arrangements containing unconditional purchase obligations to purchase a minimum quantity of goods for which pricing is variable, and therefore do not have fixed and determinable future payment streams. Under these arrangements we are obligated to make payments or receive reimbursements if our purchase volumes are outside a specified range of values. Purchases from third parties under these arrangements were $441 million, $346 million and $116 million for the years ended December 31, 2012, 2011 and 2010, respectively. We did not have any purchases from unconsolidated related companies under these arrangements.

Lease Commitments

The majority of our lease payments are for operating leases. As of December 31, 2012, the future minimum rental commitments under operating leases with non-cancelable lease terms in excess of one year were as follows (in millions of dollars):

2013	$ 135
2014	109
2015	84
2016	69
2017	57
2018 and thereafter	195

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 13. Commitments, Contingencies and Concentrations −Continued

Other Matters −Continued

Lease Commitments −Continued

Future minimum lease commitments have not been reduced by minimum sublease rental income of $55 million due in the future under non-cancelable subleases. Rental expense under operating leases was $174 million, $175 million and $168 million for the years ended December 31, 2012, 2011 and 2010, respectively. We received sublease rentals of $20 million, $24 million and $28 million during the years ended December 31, 2012, 2011 and 2010, respectively.

Note 14. Fair Value Measurements

The following summarizes our financial assets and liabilities measured at fair value on a recurring basis as of December 31 (in millions of dollars):

	2012			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	$10,685	$ 929	$ −	$11,614
Restricted cash	371	−	−	371
Derivatives:				
Currency forwards and swaps	−	6	−	6
Commodity swaps	−	18	12	30
Total	$11,056	$ 953	$ 12	$12,021
Liabilities:				
Derivatives:				
Currency forwards and swaps	$−	$ 44	$ −	$44
Commodity swaps	−	8	3	11
Total	$−	$ 52	$ 3	$55

Note 14. Fair Value Measurements −Continued

	2011			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	$8,976	$ 625	$ −	$9,601
Restricted cash	461	−	−	461
Derivatives:				
Currency forwards and swaps	−	67	−	67
Commodity swaps	−	−	1	1
Total	$9,437	$ 692	$ 1	$10,130
Liabilities:				
Derivatives:				
Currency forwards and swaps	$−	$ 6	$ −	$6
Commodity swaps	−	88	36	124
Total	$−	$ 94	$ 36	$130

During the years ended December 31, 2012 and 2011, there were no transfers between Level 1 and Level 2 or into or out of Level 3.

We enter into over-the-counter currency forward and swap contracts to manage our exposure to risk relating to changes in foreign currency exchange rates. We estimate the fair value of currency forward and swap contracts by discounting future net cash flows derived from market-based expectations for exchange rates to a single present value.

We enter into over-the-counter commodity swaps to manage our exposure to risk relating to changes in market prices of various commodities. Swap contracts are fair valued by discounting future net cash flows derived from market-based expectations for commodity prices to a single present value. For certain commodities within our portfolio, market-based expectations of these prices are less observable, and alternative sources are used to develop these inputs. We have classified these commodity swaps as Level 3 within the fair value hierarchy.

We take into consideration credit valuation adjustments on both assets and liabilities taking into account credit risk of our counterparties and non-performance risk as described in Note 15, *Derivative Financial Instruments and Risk Management.*

Note 14. Fair Value Measurements −Continued

The following summarizes the changes in Level 3 items measured at fair value on a recurring basis (in millions of dollars):

	Years Ended December 31,		
	2012	2011	2010
Derivatives Assets (Liabilities):			
Balance at beginning of the period	$(35)	$41	$(28)
Total realized and unrealized gains (losses):			
Included in Net Income (Loss) *(1)*	(30)	39	33
Included in Other Comprehensive Income (Loss) *(2)*	45	(83)	46
Settlements *(3)*	29	(32)	(10)
Transfers into Level 3	–	–	–
Transfers out of Level 3	–	–	–
Fair value at end of the period	$9	$(35)	$41
Changes in unrealized losses relating to instruments held at end of period *(1)*	$–	$–	$27

(1) The related realized and unrealized gains (losses) are recognized in Cost of Sales in the accompanying Consolidated Statements of Operations.
(2) The related realized and unrealized gains (losses) are recognized in Loss on Derivatives Recorded in Accumulated Other Comprehensive Loss, Net in the accompanying Consolidated Statements of Comprehensive Loss.
(3) There were no purchases, issuances or sales during the years ended December 31, 2012, 2011 and 2010.

The following summarizes the unobservable inputs related to Level 3 items measured at fair value on a recurring basis as of December 31, 2012:

	Net Asset (in millions of dollars)	Valuation Technique	Unobservable Input	Range	Unit of Measure
Commodity swaps	$ 9	Discounted cash flow	Platinum forward points	$ 0.12 − $ 5.43	Per troy ounce
			Palladium forward points	$ 0.09 − $ 5.80	Per troy ounce
			Natural gas forward points	$(0.04) − $ 0.44	Per giga-joule

The forward points that were used in the valuation of platinum, palladium and certain natural gas contracts were deemed unobservable. Significant increases or decreases in any of the unobservable inputs in isolation would not significantly impact our fair value measurements.

Note 14. Fair Value Measurements −Continued

The carrying amounts and estimated fair values of our financial instruments as of December 31 were as follows (in millions of dollars):

	2012		2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$11,614	$ 11,614	$9,601	$ 9,601
Restricted cash	371	371	461	461
Financial liabilities *(1)*	12,603	13,643	12,574	12,183
Derivatives:				
Included in Prepaid Expenses and Other Assets and Advances to Related Parties and Other Financial Assets	36	36	68	68
Included in Accrued Expenses and Other Liabilities	55	55	130	130

(1) The fair value of financial liabilities includes $6.5 billion measured utilizing Level 2 inputs and $7.1 billion measured utilizing Level 3 inputs at December 31, 2012.

The estimated fair values have been determined by using available market information and valuation methodologies as described below. Considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that we could realize in a current market exchange. The use of different market assumptions or valuation methodologies may have a material effect on the estimated fair values.

The methods and assumptions used to estimate the fair value of financial instruments are consistent with the definition presented in the accounting guidance for fair value measurements and are as follows:

Cash and cash equivalents, including restricted cash

The carrying value of cash and cash equivalents approximates fair value due to the short maturity of these instruments and consists primarily of money market funds, certificates of deposit, commercial paper, time deposits and bankers' acceptances.

Financial liabilities

We estimate the fair values of our financial liabilities using quoted market prices where available. Where market prices are not available, we estimate fair value by discounting future cash flows using market interest rates, adjusted for non-performance risk over the remaining term of the financial liability.

Derivative instruments

The fair values of derivative instruments are based on pricing models or formulas using current estimated cash flow and discount rate assumptions.

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 15. Derivative Financial Instruments and Risk Management

All derivative instruments are recognized in the accompanying Consolidated Balance Sheets at fair value. The fair values of our derivative financial instruments are based on pricing models or formulas using current estimated cash flow and discount rate assumptions. We include an adjustment for non-performance risk in the recognized measure of fair value of derivative instruments. The adjustment is estimated based on the net exposure by counterparty. We use an estimate of the counterparty' s non-performance risk when we are in a net asset position and an estimate of our own non-performance risk when we are in a net liability position. As of December 31, 2012 and 2011, the adjustment for non-performance risk did not materially impact the fair value of derivative instruments.

The use of derivatives exposes us to the risk that a counterparty may default on a derivative contract. We establish exposure limits for each counterparty to minimize this risk and provide counterparty diversification. Substantially all of our derivative exposures are with counterparties that have long-term credit ratings of single‑A or better. The aggregate fair value of derivative instruments in asset positions as of December 31, 2012 and 2011 was approximately $36 million and $68 million, respectively, representing the maximum loss that we would recognize at that date if all counterparties failed to perform as contracted. We enter into master agreements with counterparties that generally allow for netting of certain exposures; therefore, the actual loss that we would recognize if all counterparties failed to perform as contracted could be significantly lower.

The terms of the agreements with our counterparties for foreign currency exchange and commodity hedge contracts require us to post collateral when derivative instruments are in a liability position, subject to posting thresholds. In addition, these agreements contain cross-default provisions that, if triggered, would permit the counterparty to declare a default and require settlement of the outstanding net asset or liability positions. These cross-default provisions could be triggered if there was a non-performance event under certain debt obligations. The fair value of the related gross liability positions as of December 31, 2012 and 2011, which represent our maximum potential exposure, were $55 million and $130 million, respectively. As of December 31, 2012 and 2011, we posted $24 million and $96 million, respectively, as collateral for foreign exchange and commodity hedge contracts that were outstanding at the respective year ends. The cash collateral is included in Restricted Cash in the accompanying Consolidated Balance Sheets. After giving consideration to offsetting asset positions for each counterparty, if cross-default provisions were triggered, there would have been an additional settlement liability of $7 million and $1 million due to the counterparties as of December 31, 2012 and 2011, respectively.

The notional amounts of the derivative financial instruments do not necessarily represent amounts exchanged by the parties and, therefore, are not a direct measure of our exposure to the financial risks described above. The amounts exchanged are calculated by reference to the notional amounts and by other terms of the derivative instruments, such as foreign currency exchange rates or commodity volumes and prices.

Cash Flow Hedges

We use financial instruments designated as cash flow hedges to hedge exposure to foreign currency exchange risk associated with transactions in currencies other than the functional currency in which we operate. We also use financial instruments designated as cash flow hedges to hedge our exposure to commodity price risk associated with buying certain commodities used in the ordinary course of our operations.

Changes in the fair value of designated derivatives that are highly effective as cash flow hedges are recorded in AOCI, net of estimated income taxes. These changes in the fair value are then released into earnings contemporaneously with the earnings effects of the hedged items. Cash flows associated with cash flow hedges are reported in Net Cash Provided by Operating Activities in the accompanying Consolidated Statements of Cash

Note 15. Derivative Financial Instruments and Risk Management −Continued

Cash Flow Hedges −Continued

Flows. The ineffective portions of the fair value changes are recognized in the results of operations immediately. The amount of ineffectiveness recorded for the years ended December 31, 2012 and 2011 was immaterial. Our cash flow hedges mature within 18 months.

We discontinue hedge accounting prospectively and hold amounts in AOCI with future changes in fair value recorded directly in earnings when (i) it is determined that a derivative is no longer highly effective in offsetting changes in cash flows of a hedged item; (ii) the derivative is discontinued as a hedge instrument because it is not probable that a forecasted transaction will occur or (iii) the derivative expires or is sold, terminated or exercised. Those amounts held in AOCI are subsequently reclassified into income over the same period or periods during which the forecasted transaction affects income. When hedge accounting is discontinued because it is determined that the forecasted transactions will not occur, the derivative continues to be carried on the balance sheet at fair value, and gains and losses that were recorded in AOCI are recognized immediately in earnings. The hedged item may be designated prospectively into a new hedging relationship with another derivative instrument.

The following summarizes the fair values of derivative instruments designated as cash flow hedges which were outstanding as of December 31 (in millions of dollars):

	2012		
	Notional Amounts	Derivative Assets *(1)*	Derivative Liabilities *(2)*
Currency forwards and swaps	$ 3,369	$ 4	$ (43)
Commodity swaps	223	13	(8)
Total	$ 3,592	$ 17	$ (51)

	2011		
	Notional Amounts	Derivative Assets *(1)*	Derivative Liabilities *(2)*
Currency forwards and swaps	$ 2,597	$ 63	$ (4)
Commodity swaps	313	1	(50)
Total	$ 2,910	$ 64	$ (54)

(1) The related derivative instruments are recognized in Prepaid Expenses and Other Assets and Advances to Related Parties and Other Financial Assets in the accompanying Consolidated Balance Sheets.

(2) The related derivative instruments are recognized in Accrued Expenses and Other Liabilities in the accompanying Consolidated Balance Sheets.

Note 15. Derivative Financial Instruments and Risk Management −Continued

Cash Flow Hedges −Continued

The following summarizes the gains (losses) recorded in other comprehensive income (loss) and reclassified from AOCI to income (in millions of dollars):

	Year Ended December 31, 2012			
	AOCI as of January 1, 2012	Gain (Loss) Recorded in OCI	Gain (Loss) reclassified from AOCI to Income	AOCI as of December 31, 2012
Currency forwards and swaps	$ 57	$ (103)	$ (6)	$ (40)
Commodity swaps	(51)	11	(44)	4
Total	$ 6	$ (92)	$ (50)	$ (36)

	Year Ended December 31, 2011			
	AOCI as of January 1, 2011	Gain (Loss) Recorded in OCI	Gain (Loss) reclassified from AOCI to Income	AOCI as of December 31, 2011
Currency forwards and swaps	$ (74)	$ 35	$ (96)	$ 57
Commodity swaps	42	(62)	31	(51)
Total	$ (32)	$ (27)	$ (65)	$ 6

	Year Ended December 31, 2010			
	AOCI as of January 1, 2010	Gain (Loss) Recorded in OCI	Gain (Loss) reclassified from AOCI to Income	AOCI as of December 31, 2010
Currency forwards and swaps	$ −	$ (74)	$ −	$ (74)
Commodity swaps	−	41	(1)	42
Total	$ −	$ (33)	$ (1)	$ (32)

We expect to reclassify existing net losses of $42 million from AOCI to income within the next 12 months**.**

Derivatives Not Designated as Hedges

Some derivatives do not qualify for hedge accounting; for others, we elect not to apply hedge accounting. We use derivatives to economically hedge our financial and operational exposures. Unrealized and realized gains and losses related to derivatives that are not designated as accounting hedges are included in Revenues, Net or Cost of Sales in the accompanying Consolidated Statements of Operations as appropriate depending on the nature of the risk being hedged. Cash flows associated with derivatives that are not designated as hedges are reported in Net Cash Provided by Operating Activities in the accompanying Consolidated Statements of Cash Flows.

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 15. Derivative Financial Instruments and Risk Management −Continued

Derivatives Not Designated as Hedges −Continued

The following summarizes the fair values of derivative instruments not designated as hedges as of December 31 (in millions of dollars):

	2012		
	Notional Amounts	Derivative Assets *(1)*	Derivative Liabilities *(2)*
Currency forwards and swaps	$ 324	$ 2	$ (1)
Commodity swaps	399	17	(3)
Total	$ 723	$ 19	$ (4)

	2011		
	Notional Amounts	Derivative Assets *(1)*	Derivative Liabilities *(2)*
Currency forwards and swaps	$ 341	$ 4	$ (2)
Commodity swaps	465	−	(74)
Total	$ 806	$ 4	$ (76)

(1) *The related derivative instruments are recognized in Prepaid Expenses and Other Assets and Advances to Related Parties and Other Financial Assets in the accompanying Consolidated Balance Sheets.*
(2) *The related derivative instruments are recognized in Accrued Expenses and Other Liabilities in the accompanying Consolidated Balance Sheets.*

The following summarizes the effect of derivative instruments not designated as hedges in the respective financial statement captions of the accompanying Consolidated Statements of Operations (in millions of dollars):

		Years Ended December 31,		
		2012	2011	2010
	Financial Statement Caption	Gain (Loss)	Gain (Loss)	Gain (Loss)
Currency forwards and swaps	Revenues, Net	$ (13)	$ 4	$ (5)
Commodity swaps	Cost of Sales	7	(105)	68
Interest rate swaps	Cost of Sales	−	1	27
	Total	$ (6)	$ (100)	$ 90

Note 16. Share-Based Compensation

We have awards outstanding under four share-based compensation plans: the Chrysler Group LLC Restricted Stock Unit Plan ("RSU Plan"), the Amended and Restated Chrysler Group LLC Directors' Restricted Stock Unit Plan, ("Directors' RSU Plan"), the Chrysler Group LLC Deferred Phantom Share Plan ("DPS Plan") and the Chrysler Group LLC 2012 Long Term Incentive Plan ("2012 LTIP Plan").

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 16. Share-Based Compensation −Continued

The fair value of each unit issued under the plans is based on the fair value of our membership interests. Each unit represents a "Chrysler Group Unit," which is equal to 1/600th of the value of a Class A Membership Interest on a fully-diluted basis after conversion of the Class B Membership Interests. Since there is no publicly observable trading price for our membership interests, fair value was determined using a discounted cash flow methodology. We use this approach, which is based on our projected cash flows, to estimate our enterprise value. We then deduct the fair value of our outstanding interest bearing debt as of the measurement date from our enterprise value to arrive at the fair value of equity. This amount is then divided by the total number of Chrysler Group Units, as determined above, to estimate the fair value of a single Chrysler Group Unit. The significant assumptions used in the calculation of fair value at each issuance date and for each period included the following:

Four years of annual projections prepared by management that reflect the estimated after-tax cash flows a market participant would expect to generate from operating the business;

A terminal value which was determined using a growth model that applied a 2.0 percent long-term growth rate to our projected after-tax cash flows beyond the four year window. The long-term growth rate was based on our internal projections, as well as industry growth prospects;

An estimated after-tax weighted average cost of capital ranging from 16.0 percent to 16.5 percent in 2012, 14.4 percent to 16.5 percent in 2011, and 15.0 percent to 15.3 percent in 2010; and

Projected worldwide factory shipments ranging from approximately 2 million vehicles in 2011 to approximately 3.2 million vehicles in 2016.

In 2011, the implied fair value of the Company resulting from the transactions through which Fiat acquired beneficial ownership of the membership interests previously held by the U.S. Treasury and Canadian Government was used to corroborate the values determined using the discounted cash flow methodology. There were no such transactions during 2012.

Based on these calculations, we estimated that the per unit fair value of a Chrysler Group Unit, calculated based on the fully-diluted Chrysler Group Units of 980 million, was $9.00, $7.63 and $4.87 at December 31, 2012, 2011 and 2010, respectively.

As of December 31, 2012, 29,400,000 units are authorized to be granted for both of our RSU Plans and our 2012 LTIP Plan. There is no limit on the number of Phantom Shares authorized under the DPS Plan. Upon adoption of the 2012 LTIP Plan, we agreed to cease making further grants under the RSU Plan and DPS Plan. The plans are described in more detail below.

Anti-Dilution Adjustment

The documents governing our share-based compensation plans contain anti-dilution provisions which provide for an adjustment to the number of Chrysler Group Units granted under the plans in order to preserve, or alternatively prevent the enlargement of, the benefits intended to be made available to the holders of the awards should an event occur that impacts our capital structure.

The method by which the Class B Membership Interests are to be converted into Class A Membership Interests requires that the Class B Membership Interests shall represent a portion of the total Class A Membership Interests equal to the aggregate Class B Membership Interests immediately prior to such conversion.

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 16. Share-Based Compensation −Continued

Anti-Dilution Adjustment −Continued

The calculated number of Chrysler Group Units was originally determined by converting the Class B Membership Interests into Class A Membership Interests assuming they represented a 20 percent aggregate ownership interest in the Company. The following details the original conversion calculation:

Membership Interests	Authorized, issued and outstanding as of June 10, 2009 (prior to conversion)	Percentage Ownership Interest as of June 10, 2009 (prior to conversion)	Calculated authorized, issued and outstanding (post conversion)
Class A	800,000	80%	1,000,000 (1)
Class B	200,000	20%	−
		Total Class A Membership Interests	1,000,000
		Total Chrysler Group Units (Class A * 600)	600,000,000

(1) 800,000 / 80% = 1,000,000

During 2011, we achieved two of the Class B Events described in our governance documents and Fiat exercised its incremental equity call option. In each case, Fiat' s ownership interest in the Company increased through the dilution of the outstanding Class A Membership Interests and consequently, the value of a Chrysler Group Unit. Refer to Note 18, *Other Transactions with Related Parties*, for additional information regarding these events. In addition, in July 2011 Fiat acquired all of the Class A Membership Interests in the Company previously held by the U.S. Treasury and the Canadian Government. This did not impact the anti-dilution adjustment calculation. Therefore, in September 2011, and in accordance with the terms of our share-based compensation plans, the number of Chrysler Group Units authorized and granted was adjusted to preserve the economic value of the awards previously granted in order to offset the dilutive effect of changes in Fiat' s ownership interests. At the time the adjustment was made, the Class B Membership Interests represented a 30 percent aggregate ownership interest in the Company. However, we determined that it would be appropriate to convert the Class B Membership Interests into Class A Membership Interests assuming they represented a 35 percent aggregate ownership interest in the Company, which took into consideration our achievement of the third and final Class B Event, which occurred in January 2012. While the third and final Class B Event had not yet been achieved at the time the adjustment was made, we determined that it was probable that it would be achieved in the near term, and that upon achievement, it would further dilute the outstanding Class A Membership Interests.

The following details the effect of these changes on the calculation of the total number of Chrysler Group Units:

Membership Interests	Authorized, issued and outstanding as of August 31, 2011 (prior to conversion)	Percentage Ownership Interest as of August 31, 2011 (prior to conversion)	Calculated authorized, issued and outstanding (post conversion)
Class A	1,061,225	65%	1,632,654 (1)
Class B	200,000	35%	−
		Total Class A Membership Interests	1,632,654
		Total Chrysler Group Units (Class A * 600)	979,592,400

(1) 1,061,225 / 65% = 1,632,654

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 16. Share-Based Compensation −Continued

Anti-Dilution Adjustment −Continued

No other changes to any of the other terms of the awards issued under our share-based compensation plans were made in 2011. Further, as the value of the awards immediately prior to and after the adjustment was unchanged, no additional compensation expense was recognized as a result of this modification during 2011.

There were no further capital structure changes in 2012 that required an anti-dilution adjustment.

2012 Long Term Incentive Plan

In February 2012, the Compensation and Leadership Development Committee (“Compensation Committee”) approved the 2012 LTIP Plan that covers our senior executives, other than our Chief Executive Officer. The 2012 LTIP Plan is designed to retain talented professionals and reward their performance through annual grants of phantom equity in the form of restricted share units (“LTIP RSUs”), and performance share units (“LTIP PSUs”). LTIP RSUs may be granted annually, while LTIP PSUs are generally granted at the beginning of a three-year performance period. In addition, under the terms of the plan, the Compensation Committee has authority to grant additional LTIP PSU awards during the three-year performance period. The LTIP RSUs will vest over three years in one-third increments on the anniversary of their grant date, while the LTIP PSUs will vest at the end of the three-year performance period only if we meet or exceed certain three-year cumulative financial performance targets, which are consistent with those used in our incentive compensation calculations for our non-represented employees. Concurrent with the adoption of the 2012 LTIP Plan, the Compensation Committee established financial performance targets for the three-year performance period, ending December 31, 2014. If we do not fully achieve these targets, the LTIP PSUs will be deemed forfeited. LTIP RSUs and LTIP PSUs represent a contractual right to receive a payment in an amount equal to the fair value of one Chrysler Group Unit, as defined above.

Once vested, LTIP RSUs and LTIP PSUs will be settled in cash or, in the event we complete an initial public offering (“IPO”) of equity securities, the Compensation Committee has the discretion to settle the awards in cash or shares of Chrysler Group’ s publicly traded stock. Settlement will be made as soon as practicable after vesting, but in any case no later than March 15th of the year following vesting. Vesting of the LTIP RSUs and LTIP PSUs may be accelerated in certain circumstances, including upon the participant’ s death, disability or in the event of a change of control.

These liability-classified awards are included in Accrued Expenses and Other Liabilities in the accompanying Consolidated Balance Sheets.

During the year ended December 31, 2012, compensation expense of approximately $31 million was recognized for the 2012 LTIP Plan. The corresponding tax benefit was insignificant. Total unrecognized compensation expense at December 31, 2012 was approximately $61 million. Expense will be recognized over the remaining service periods based upon our assessment of the performance conditions being achieved. Payments made during the year ended December 31, 2012, in respect of these awards were not material.

Note 16. Share-Based Compensation −Continued

2012 Long Term Incentive Plan −Continued

The following summarizes the activity related to the 2012 LTIP Plan awards issued to our employees:

	Year Ended December 31, 2012			
	LTIP RSU	Weighted Average Grant Date Fair Value	LTIP PSU	Weighted Average Grant Date Fair Value
Non-vested at beginning of period	−	−	−	−
Granted	1,835,833	7.63	8,450,275	7.63
Vested	(20,123)	7.63	−	−
Forfeited	(10,587)	7.63	(30,591)	7.63
Non-vested at end of period	1,805,123	7.63	8,419,684	7.63

Restricted Stock Unit Plans

RSU Plan

During the years ended December 31, 2012, 2011, and 2010, 1,266,267 RSUs, 2,749,696 RSUs and 832,069 RSUs, respectively, were granted under our RSU Plan. RSUs represent a contractual right to receive a payment in an amount equal to the fair value of one Chrysler Group Unit, as defined above.

Originally, RSUs granted to employees in 2009 and 2010 vested in two tranches. In the first tranche, representing 25 percent of the RSUs, vesting occurred if the participant was continuously employed through the third anniversary of the grant date, and the Modified Earnings Before Interest, Taxes, Depreciation and Amortization ("Modified EBITDA") threshold for 2010 was achieved. The 2010 Modified EBITDA target was achieved. In the second tranche, representing 75 percent of the RSUs, vesting occurred at the later of (i) the participant' s continuous employment through the third anniversary of the grant date and (ii) the date that we complete an IPO. Settlement of the 2009 and 2010 awards was initially contingent upon our repayment of a minimum of 25 percent of our outstanding U.S. Treasury debt obligations, which were fully repaid in May 2011.

In September 2012, our Compensation Committee approved a modification to the second tranche of RSUs. The modification removed the performance condition requiring an IPO to occur prior to the award vesting. Prior to this modification, the second tranche of the 2009 and 2010 RSUs were equity-classified awards. In connection with the modification of these awards, we determined that it was no longer probable that the awards would be settled with company stock. In September 2012, we reclassified the second tranche of the 2009 and 2010 RSUs from equity-classified awards to liability-classified awards. As a result of this modification, we recognized additional compensation expense of approximately $16 million during the year.

For RSUs granted to employees in 2011 and 2012, vesting occurs if the participant is continuously employed through the third anniversary of the grant date.

As of December 31, 2012, all RSUs are included in Accrued Expenses and Other Liabilities in the accompanying Consolidated Balance Sheets. The settlement of these awards will be in cash. However, if the Company were to

Note 16. Share-Based Compensation −Continued

Restricted Stock Unit Plans −Continued

RSU Plan −Continued

complete an IPO, we have the option to settle the awards in company stock. Should we elect to settle the awards in company stock, the awards would then be accounted for as a modification from a liability-classified award to an equity-classified award.

Directors' RSU Plan

In April 2012, the Compensation Committee amended and restated the Chrysler Group LLC 2009 Directors' Restricted Stock Unit Plan to allow grants having a one year vesting term to be granted on an annual basis. Director RSUs are granted to our non-employee members of our Board of Directors. Prior to the change, Director RSUs were granted at the beginning of a three-year performance period and vested in three equal tranches on the first, second, and third anniversary of the date of grant, subject to the participant remaining a member of our Board of Directors on each vesting date.

During the years ended December 31, 2012 and 2011, we granted 200,256 RSUs and 50,140 RSUs under our Directors' RSU Plan, respectively. There were no grants issued under this plan during 2010. Awards issued and outstanding under this plan as of December 31, 2012 will vest in June 2013. These liability-classified awards are included in Accrued Expenses and Other Liabilities in the accompanying Consolidated Balance Sheets. Settlement of the awards will be made within 60 days of the director's cessation of service on our Board and will be paid in cash. However, upon completion of an IPO, we have the option to settle the awards in cash or company stock. Should we elect to settle the awards in company stock, the awards would then be accounted for as a modification from a liability-classified award to an equity-classified award.

During the years ended December 31, 2012, 2011 and 2010, compensation expense of approximately $36 million, $18 million and $16 million, respectively was recognized in total for both of the RSU plans. Compensation expense for the year ended December 31, 2012, includes the additional expense recognized in connection with the modification that occurred in September 2012. The corresponding tax benefit in all periods was insignificant. Total unrecognized compensation expense at December 31, 2012 for both of the RSU plans was approximately $16 million and will be recognized over the remaining service periods. Payments under these plans were approximately $4 million and $6 million during the years ended December 31, 2012 and 2011, respectively. No payments were made during the year ended 2010.

Note 16. Share-Based Compensation −Continued

RSU Plans −Continued

Directors' RSU Plan −Continued

The following summarizes the activity related to RSUs issued to our employees and non-employee directors:

	Years Ended December 31,					
	2012		2011		2010	
	Restricted Stock Units	Weighted Average Grant Date Fair Value	Restricted Stock Units	Weighted Average Grant Date Fair Value	Restricted Stock Units	Weighted Average Grant Date Fair Value
Non-vested at beginning of period	5,952,331	$ 3.25	5,220,692	$ 1.20	5,720,566	$ 1.20
Granted	1,466,523	7.68	2,799,836	5.76	832,069	1.20
Vested	(2,586,060)	1.22	(1,331,943)	1.20	(1,331,943)	1.20
Forfeited	(97,352)	6.14	(736,254)	1.99	−	−
Non-vested at end of period	4,735,442	5.73	5,952,331	3.25	5,220,692	1.20

Deferred Phantom Shares Plan

Under the DPS Plan, phantom shares of the Company ("Phantom Shares") were granted to certain key employees and to our Chief Executive Officer for his service as a member of our Board of Directors and vested immediately on the grant date and will be settled in cash. The Phantom Shares are redeemable in three equal annual installments. Phantom Shares represent a contractual right to receive a payment in an amount equal to the fair value of one Chrysler Group Unit, as defined above. During the years ended December 31, 2012, 2011 and 2010, compensation expense of approximately $3 million, $18 million and $19 million, respectively, was recognized for the DPS Plan. The corresponding tax benefit was insignificant in all periods. During the year ended December 31, 2012, payments of approximately $27 million were made under this plan. No payments were made during the years ended December 31, 2011 and 2010.

These liability-classified awards are included in Accrued Expenses and Other Liabilities in the accompanying Consolidated Balance Sheets.

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 16. Share-Based Compensation −Continued

Deferred Phantom Shares Plan −Continued

The following summarizes the activity related to the Phantom Shares issued:

	Years Ended December 31,					
	2012		2011		2010	
	Deferred Phantom Shares	Weighted Average Grant Date Fair Value	Deferred Phantom Shares	Weighted Average Grant Date Fair Value	Deferred Phantom Shares	Weighted Average Grant Date Fair Value
Outstanding at beginning of period	4,944,476	$ 2.37	3,988,292	$ 1.44	874,830	$ 1.20
Granted and vested	−	−	956,184	6.23	3,113,462	1.51
Settled	(3,435,691)	1.85	−	−	−	−
Outstanding at end of period	1,508,785	3.54	4,944,476	2.37	3,988,292	1.44

Note 17. Employee Retirement and Other Benefits

We sponsor both noncontributory and contributory defined benefit pension plans. The majority of the plans are funded plans. The noncontributory pension plans cover certain of our hourly and salaried employees. Benefits are based on a fixed rate for each year of service. Additionally, contributory benefits are provided to certain of our salaried employees under the salaried employees' retirement plans. These plans provide benefits based on the employee' s cumulative contributions, years of service during which the employee contributions were made and the employee' s average salary during the five consecutive years in which the employee' s salary was highest in the fifteen years preceding retirement.

We provide health care, legal and life insurance benefits to certain of our hourly and salaried employees. Upon retirement from the Company, employees may become eligible for continuation of certain benefits. Benefits and eligibility rules may be modified periodically.

We also sponsor defined contribution plans for certain of our U.S. hourly and salaried employees. During the years ended December 31, 2012, 2011 and 2010, contribution expense related to these plans was $32 million, $13 million and $5 million, respectively.

Termination of Legal Services Plan

In accordance with the UAW collective bargaining agreement ratified in October 2011, we will terminate a plan on December 31, 2013, which provides legal services as a postretirement benefit to our UAW represented retirees, all of which are fully vested. Accordingly, we recognized a $91 million negative plan amendment resulting in negative prior service cost during the year ended December 31, 2011, which was recorded in AOCI and will be amortized into Selling, Administrative and Other Expenses over the remaining life of the plan. A similar benefit which is provided to our active UAW represented employees will also be terminated on December 31, 2013. Costs associated with this plan will continue to be expensed as incurred.

Note 17. Employee Retirement and Other Benefits −Continued

Canadian Health Care Trust Settlement Agreement

In August 2010, Chrysler Canada entered into the Canadian HCT Settlement Agreement with the CAW to permanently transfer the responsibility for providing postretirement health care benefits to the Covered Group to a new retiree plan. The new retiree plan will be funded by the Health Care Trust ("HCT").

On December 31, 2010, and in accordance with the Canadian HCT Settlement Agreement, Chrysler Canada issued the Canadian Health Care Trust Notes with a fair value of $1,087 million ($1,085 million CAD) to the HCT and made a cash contribution of $104 million to the HCT in exchange for settling its retiree health care obligations for the Covered Group. In accordance with the Canadian HCT Settlement Agreement, the cash contribution was determined based on an initial payment of $175 million which was adjusted for the following: (i) reduced by $53 million for benefit payments made by us for claims incurred by the Covered Group from January 1, 2010 through December 31, 2010; (ii) reduced by $22 million for required taxes associated with the transaction and administrative costs; and (iii) increased by $4 million for interest charges and retiree contributions received by us during the same period. In addition, on December 31, 2010, we paid $3 million to the HCT for taxes incurred related to this transaction. During 2011, the remaining obligation of $19 million for taxes and administrative costs was paid.

During the year ended December 31, 2010, we recognized a $46 million loss as a result of the Canadian HCT Settlement Agreement, which was calculated as follows (in millions):

OPEB obligation settled	$1,213
Recognition of actuarial losses included in AOCI	(46)
Fair value of Canadian Health Care Trust Notes issued to HCT	(1,087)
Cash contribution to HCT	(104)
Tax obligations associated with the Canadian HCT Settlement Agreement	(22)
Net loss on Canadian HCT Settlement Agreement	$(46)

Transfer of VEBA Trust Assets and Obligations to the UAW Retiree Medical Benefits Trust

In connection with the 363 Transaction, we entered into the VEBA Settlement Agreement with the UAW, which provided for certain postretirement health care benefits to vested retirees. Under the VEBA Settlement Agreement, we created the UAW Postretirement Health Care Plan, which was responsible for paying all health care claims incurred by our UAW vested retirees ("Covered Retirees") from June 10, 2009 through January 1, 2010. On January 1, 2010, the VEBA Trust assumed responsibility for all claims incurred by our UAW retirees subsequent to January 1, 2010, with the exception of claims incurred by retirees who participated in an early retirement program offered by Old Carco during the period from April 28, 2009 through May 25, 2009 ("Window Period"). For these individuals, we had an obligation to pay all claims incurred for 24 months from the date the individual retired.

On June 10, 2009, and in accordance with the terms of the VEBA Settlement Agreement, we issued the VEBA Trust Note with a face value of $4,587 million and a 67.7 percent ownership interest in the Company. Refer to Note 11, *Financial Liabilities*, and Note 18, *Other Transactions with Related Parties*, for additional information related to the VEBA Trust Note and subsequent changes to the VEBA Trust' s ownership interest in the company.

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 17. Employee Retirement and Other Benefits −Continued

Transfer of VEBA Trust Assets and Obligations to the UAW Retiree Medical Benefits Trust −Continued

On January 1, 2010, and in accordance with the terms of the VEBA Settlement Agreement, we transferred plan assets to the VEBA Trust and thereby were discharged of benefit obligations related to postretirement health care benefits for certain UAW retirees. As a result of this settlement, we derecognized the associated other postretirement benefits ("OPEB") obligation and we recognized a financial liability for the VEBA Trust Note at fair value. In addition, the contribution receivable for the VEBA Trust membership interests of $990 million was satisfied.

During the years ended December 31, 2011 and 2010, we recognized gains of $21 million and $35 million, respectively, as a result of actual claims incurred by the Covered Retirees and retirees who participated in an early retirement program during the Window Period being less than anticipated. As of May 2011, the VEBA Trust assumed responsibility for all claims incurred by the retirees who participated in an early retirement program during the Window Period. There are no remaining obligations related to this program. As such, no gains were recognized during the year ended December 31, 2012.

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 17. Employee Retirement and Other Benefits −Continued

Benefit Obligations and Related Plan Assets

The following summarizes the changes in the benefit obligations and related plan assets, as well as the status of the plans (in millions of dollars):

	Years Ended December 31,			
	2012		2011	
	Pension Benefits	OPEB	Pension Benefits	OPEB
Change in benefit obligations:				
Benefit obligations at beginning of period	$31,980	$2,729	$29,874	$2,636
Service cost	324	24	263	21
Interest cost	1,514	135	1,525	141
Employee contributions	10	−	10	−
Amendments and benefit changes	25	(7)	−	(91)
Actuarial (gain)/loss	(98)	68	1,031	71
Discount rate change	3,174	299	1,656	194
Benefits paid	(2,262)	(189)	(2,335)	(217)
Special early retirement programs	1	−	77	4
Gain on VEBA claims adjustment	−	−	−	(21)
Other, primarily currency translation	169	14	(121)	(9)
Benefit obligations at end of period	$34,837	$3,073	$31,980	$2,729
Change in plan assets:				
Fair value of plan assets at beginning of period	$25,444	$−	$25,865	$37
Actual return on plan assets	2,378	−	1,644	−
Employee contributions	10	−	10	−
Company contributions −to pension trust	237	−	351	−
Company contributions −directly to pay benefits	17	189	11	217
Amendments and benefit changes	17	−	−	−
Benefits paid	(2,262)	(189)	(2,335)	(217)
Withdrawal of VEBA assets	−	−	−	(37)
Other, primarily currency translation	131	−	(102)	−
Fair value of plan assets at end of period	$25,972	$−	$25,444	$−
Funded status of plans	$(8,865)	$(3,073)	$(6,536)	$(2,729)
Amounts recognized on the balance sheet:				
Prepaid expense and other assets	$114	$−	$118	$−
Current liabilities	(1)	(187)	(1)	(184)
Long-term liabilities	(8,978)	(2,886)	(6,653)	(2,545)
Total	$(8,865)	$(3,073)	$(6,536)	$(2,729)
Amounts recognized in accumulated other comprehensive loss:				
Unrealized actuarial net loss and other	$(6,378)	$(854)	$(3,976)	$(523)
Unrealized prior service (cost)/credit	(10)	52	−	86
Total	$(6,388)	$(802)	$(3,976)	$(437)
Accumulated benefit obligation ("ABO") at December 31	$34,432		$31,421	
Pension plans in which ABO exceeds plan assets at December 31:				
ABO	$33,938		$30,971	
Fair value of plan assets	25,363		24,876	
Pension plans in which projected benefit obligation ("PBO") exceeds plan assets at December 31:				
PBO	$34,343		$31,530	
Fair value of plan assets	25,363		24,876	

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 17. Employee Retirement and Other Benefits −Continued

Benefit Expense and Other Changes in Plan Assets and Benefit Obligations Recognized in AOCI

The components of benefit expense and other changes in plan assets and benefit obligations recognized in AOCI were as follows (in millions of dollars):

	Years Ended December 31,					
	2012		2011		2010	
	Pension Benefits	OPEB	Pension Benefits	OPEB	Pension Benefits	OPEB
Net periodic benefit cost:						
Service cost	$324	$24	$263	$21	$242	$34
Interest cost	1,514	135	1,525	141	1,526	194
Expected return on plan assets	(1,811)	−	(1,828)	−	(1,741)	−
Loss on Canadian HCT Settlement	−	−	−	−	−	46
Recognition of net actuarial losses	101	26	−	13	−	6
Amortization of prior service credit	−	(40)	−	(11)	−	−
Gain on VEBA claims adjustment	−	−	−	(21)	−	(35)
Net periodic benefit costs (credit)	128	145	(40)	143	27	245
Special early retirement cost	1	−	77	4	27	−
Total benefit costs	$129	$145	$37	$147	$54	$245
Other comprehensive loss:						
Net loss	$2,509	$358	$2,870	$266	$458	$22
Recognition of net actuarial losses	(101)	(26)	−	(13)	−	(6)
Prior service cost (credit)	11	(7)	−	(91)	−	(5)
Amortization of prior service credit	−	40	−	11	−	−
Recognition of loss on Canadian HCT Settlement	−	−	−	−	−	(46)
Recognition of gain on VEBA claims adjustment	−	−	−	−	−	35
Other	(7)	−	−	−	−	−
Total recognized in other comprehensive loss	2,412	365	2,870	173	458	−
Total recognized in total benefit costs and other comprehensive loss	$2,541	$510	$2,907	$320	$512	$245

In 2013, $342 million of unrecognized net actuarial losses are expected to be recognized into expense. Additionally, $43 million of prior service credits are expected to be amortized as a reduction to expense during 2013.

Note 17. Employee Retirement and Other Benefits −Continued

Assumptions

Assumptions used to determine the benefit obligation and expense were as follows:

	Years Ended December 31,					
	2012		2011		2010	
	Pension Benefits	OPEB	Pension Benefits	OPEB	Pension Benefits	OPEB
Weighted-Average Assumptions Used to Determine Benefit Obligations at December 31:						
Discount rate −ongoing benefits	3.98%	4.07%	4.84%	4.93%	5.33%	5.57%
Rate of compensation increase	3.09%	2.70%	3.77%	2.70%	4.08%	4.50%
Weighted-Average Assumptions Used to Determine Periodic Costs:						
Discount rate −ongoing benefits	4.84%	4.93%	5.33%	5.57%	5.54%	5.38%
Expected return on plan assets	7.41%	−	7.41%	−	7.41%	−
Rate of compensation increase	3.77%	2.70%	3.77%	2.70%	4.08%	4.50%

We currently sponsor OPEB plans primarily in the U.S. and Canada. The annual rate of increase in the per capita cost of covered U.S. health care benefits assumed for 2012 was 8.0 percent. The annual rate was assumed to decrease gradually to 5.0 percent after 2017 and remain at that level thereafter. The annual rate of increase in the per capita cost of covered Canadian health care benefits assumed for 2012 was 3.7 percent. The annual rate was assumed to remain at 3.7 percent thereafter.

The assumed health care cost trend rate has a significant effect on the amounts reported for postretirement health care and life insurance benefits. A one percentage point change in the assumed health care cost trend rate for U.S. and Canada combined would have the following effects as of December 31, 2012 (in millions of dollars):

	One Percentage Point	
	Increase	Decrease
Effect on total of service and interest cost components	$ 5	$ (4)
Effect on postretirement benefit obligation	84	(71)

The expected long-term rate of return on plan assets assumption is developed using a consistent approach across all plans. This approach primarily considers various inputs from a range of advisors for long-term capital market returns, inflation, bond yields and other variables, adjusted for specific aspects of our investment strategy.

The discount rates for the plans were determined as of December 31 of each year. The rates are based on yields of high-quality (AA-rated or better) fixed income investments for which the timing and amounts of payments match the timing and amounts of the projected pension and postretirement health care, legal and life insurance benefit payments.

In 2011, plan specific mortality tables, which also assume generational improvements, were actuarially developed using mortality experience from U.S. plans in 2005 through 2009. Generational improvements represent decreases in mortality rates over time based upon historical improvements in mortality and expected

Note 17. Employee Retirement and Other Benefits −Continued

Assumptions −Continued

health care improvements. In August 2011, we received approval from the Internal Revenue Service for use of the plan specific mortality tables for funding for our U.S. plans effective January 1, 2012. We adopted the plan specific mortality tables with generational improvements for accounting purposes as of December 31, 2011. Mortality assumptions used in our Canadian benefit plans were also updated to reflect current and future mortality improvements. The change increased our U.S. and Canadian pension obligations, as well as our total U.S. and Canadian OPEB obligations, by approximately $879 million, $131 million, and $10 million, respectively, at December 31, 2011.

Plan Assets

Our investment strategies and objectives for pension assets reflect a balance of liability-hedging and return-seeking considerations. Our investment objectives are to minimize the volatility of the value of the pension assets relative to the pension liabilities and to ensure pension assets are sufficient to pay plan obligations. Our objective of minimizing the volatility of assets relative to liabilities is addressed primarily through asset diversification, partial asset-liability matching and hedging. Assets are broadly diversified across many asset classes to achieve risk-adjusted returns that, in total, lower asset volatility relative to the liabilities. In order to minimize pension asset volatility relative to the pension liabilities, a portion of the pension plan assets are allocated to fixed income investments.

The weighted-average target asset allocations for all of our plan assets are currently 51 percent fixed income, 23 percent equity, 23 percent alternative investments and 3 percent other investments. Our policy, which rebalances investments regularly, ensures actual allocations are in line with target allocations as appropriate.

Assets are actively managed, primarily by external investment managers. Investment managers are not permitted to invest outside of the asset class or strategy for which they have been appointed. We use investment guidelines to ensure that investment managers invest solely within the mandated investment strategy. Certain investment managers use derivative financial instruments to mitigate the risk of changes in interest rates and foreign currencies impacting the fair values of certain investments. Derivative financial instruments may also be used in place of physical securities when it is more cost effective and/or efficient to do so.

Sources of potential risks in the pension plan assets relate to market risk, interest rate risk and operating risk. Market risk is mitigated by diversification strategies and, as a result, there are no significant concentrations of risk in terms of sector, industry, geography, market capitalization, manager or counterparty. Interest rate risk is mitigated by partial asset-liability matching. Our fixed income target asset allocation partially matches the bond-like and long-dated nature of the pension liabilities. Interest rate increases generally will result in a decline in the value of investments in fixed income securities and the present value of the obligations. Conversely, interest rate decreases generally will increase the value of investments in fixed income securities and the present value of the obligations. Operating risks are mitigated through ongoing oversight of external investment managers' style adherence, team strength, firm health and internal controls.

Note 17. Employee Retirement and Other Benefits −Continued

Plan Assets −Continued

The fair values of our pension plan assets as of December 31 by asset class were as follows (in millions of dollars):

	2012			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Pension plan assets:				
Cash and cash equivalents	$ 532	$ 150	$ −	$682
Equity securities:				
U.S. companies	2,352	21	−	2,373
Non-U.S. companies	2,031	−	−	2,031
Commingled funds	91	1,195	−	1,286
Fixed income securities:				
Government securities	2,250	2,462	−	4,712
Corporate bonds	−	6,162	−	6,162
Convertible and high yield bonds	−	768	−	768
Other fixed income	−	948	−	948
Other investments:				
Private equity funds	−	−	2,393	2,393
Real estate funds	−	1,124	487	1,611
Hedge funds	−	1,468	965	2,433
Insurance contracts	−	503	−	503
Other	(2)	(3)	16	11
	$ 7,254	$ 14,798	$ 3,861	$25,913
Other Assets (Liabilities):				
Cash and cash equivalents				6
Accounts receivable				207
Accounts payable				(154)
Total fair value of pension assets				$25,972

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 17. Employee Retirement and Other Benefits −Continued

Plan Assets −Continued

	2011			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Pension plan assets:				
Cash and cash equivalents	$ 549	$ 186	$ −	$735
Equity securities:				
U.S. companies	2,633	6	1	2,640
Non-U.S. companies	2,170	−	−	2,170
Commingled funds	110	1,223	−	1,333
Fixed income securities:				
Government securities	2,030	2,593	−	4,623
Corporate bonds	−	4,906	−	4,906
Convertible and high yield bonds	−	674	−	674
Other fixed income	−	909	−	909
Other investments:				
Private equity funds	−	−	2,760	2,760
Real estate funds	−	1,108	512	1,620
Hedge funds	−	1,551	976	2,527
Insurance contracts	−	483	−	483
Other	(8)	7	17	16
	$ 7,484	$ 13,646	$ 4,266	$25,396
Other Assets (Liabilities):				
Cash and cash equivalents				2
Accounts receivable				135
Accounts payable				(89)
Total fair value of pension assets				$25,444

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 17. Employee Retirement and Other Benefits −Continued

Plan Assets −Continued

A reconciliation of Level 3 pension plan assets held by us was as follows (in millions of dollars):

	Year Ended December 31, 2012					
	January 1, 2012	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Net Purchases, Issuances and Settlements	Transfers Into (Out of) Level 3	December 31, 2012
Equity securities:						
U.S. companies	$ 1	$ 2	$ (3)	$ −	$ −	$ −
Fixed income securities:						
Corporate Bonds	−	31	(31)	−	−	−
Other investments:						
Private equity funds	2,760	(177)	(25)	(165)	−	2,393
Real estate funds	512	2	(19)	(8)	−	487
Hedge funds	976	84	(8)	(87)	−	965
Other	17	(1)	−	−	−	16
Total	$ 4,266	$ (59)	$ (86)	$ (260)	$ −	$ 3,861

	Year Ended December 31, 2011					
	January 1, 2011	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Net Purchases, Issuances and Settlements	Transfers Into (Out of) Level 3	December 31, 2011
Equity securities:						
U.S. companies	$ −	$ 1	$ −	$ −	$ −	$ 1
Other investments:						
Private equity funds	2,826	53	(30)	(89)	−	2,760
Real estate funds	509	(14)	27	(10)	−	512
Hedge funds	1,141	(45)	5	(125)	−	976
Other	16	(2)	(2)	2	3	17
Total	$ 4,492	$ (7)	$ −	$ (222)	$ 3	$ 4,266

Plan assets are recognized and measured at fair value in accordance with the accounting guidance related to fair value measurements, which specifies a fair value hierarchy based upon the observability of inputs used in valuation techniques (Level 1, 2 and 3). A variety of inputs are used, including independent pricing vendors, third party appraisals, and fund net asset value ("NAV") provided by the investment manager or a third party administrator. Plan assets valued using NAV are classified as Level 3 if redemption at the measurement date is not available. Refer to Note 2, *Basis of Presentation and Significant Accounting Policies*, for a discussion of the fair value hierarchy.

Note 17. Employee Retirement and Other Benefits −Continued

Plan Assets −Continued

Cash and cash equivalents

Cash and cash equivalents are primarily invested in short-term, high quality government securities and are valued at their outstanding balances, which approximate fair value.

Equity investments

Equity investments are comprised broadly of U.S., developed international and emerging market equity securities and are generally valued using quoted market prices. Commingled funds, which include common collective trust funds, mutual funds and other investment entities, are valued at their NAV, which is based on the percentage ownership interest in the fair value of the underlying assets.

Fixed income investments

Fixed income investments are comprised primarily of long-duration U.S. Treasury and global government bonds, as well as U.S., developed international and emerging market companies' debt securities diversified by sector and geography. Fixed income securities are valued using quoted market prices. If quoted market prices are not available, prices for similar assets and matrix pricing models are used.

Other investments

Other investments include private equity, real estate and hedge funds which are generally valued based on the NAV. Private equity investments include those in limited partnerships that invest primarily in operating companies that are not publicly traded on a stock exchange. Our private equity investment strategies include leveraged buyouts, venture capital, mezzanine and distressed investments. Real estate investments include those in limited partnerships that invest in various commercial and residential real estate projects both domestically and internationally. Hedge fund investments include those seeking to maximize absolute returns using a broad range of strategies to enhance returns and provide additional diversification. Investments in limited partnerships are valued at the NAV, which is based on audited financial statements of the funds when available, with adjustments to account for partnership activity and other applicable valuation adjustments.

Contributions and Payments

Employer contributions to our funded pension plans are expected to be approximately $998 million in 2013, of which discretionary contributions of $526 million and $115 million will be made to the U.S. and Canadian plans, respectively; and $6 million and $351 million will be made to our U.S. and Canadian plans, respectively, to satisfy minimum funding requirements. Employer contributions to our unfunded pension and OPEB plans in 2013 are expected to be $40 million and $190 million, respectively, which represents the expected benefit payments to participants.

Note 17. Employee Retirement and Other Benefits −Continued

Contributions and Payments −Continued

During the life of the plans, we intend to primarily utilize plan assets to fund benefit payments and minimize our cash contributions. OPEB payments are currently funded from our cash flows from operations.

In connection with the 363 Transaction, we acquired a $600 million receivable from a subsidiary of Daimler to fund contributions to our U.S. pension plans. This receivable was payable to us in three equal annual installments beginning in 2009. The third and final $200 million installment was received by us in 2011. Amounts received were utilized to fund a portion of our contributions to our funded pension plans in each year upon receipt of the installments.

Estimated future pension and OPEB benefits payments, and the Medicare Prescription Drug Improvement and Modernization Act of 2003 subsidy ("Medicare Part D Subsidy") expected to be received for the next ten years were as follows (in millions of dollars):

	Pension Benefits	OPEB	Medicare Part D Subsidy Receipts
2013	$2,331	$ 190	$ 3
2014	2,272	185	3
2015	2,227	181	3
2016	2,186	180	3
2017	2,150	179	3
2018 - 2022	10,324	882	16

In March 2010, the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively the "Acts") were enacted. The primary focus of the Acts is to significantly reform health care in the U.S., however several provisions of the Acts do not take effect for several years. Based on our ongoing assessments, we do not believe that the Acts will have a significant impact on our future period financial results.

Note 18. Other Transactions with Related Parties

We engage in transactions with unconsolidated subsidiaries, associated companies and other related parties on commercial terms that are normal in the respective markets, considering the characteristics of the goods or services involved.

VEBA Trust

As of December 31, 2012, the VEBA Trust had a 41.5 percent ownership interest in the Company, which takes into account the dilutive effect that resulted from our achievement of the third and final Class B Event in January 2012, as discussed below. Interest expense on the VEBA Trust Note totaled $440 million, $432 million and $420 million for the years ended December 31, 2012, 2011 and 2010, respectively.

Fiat

Ownership Interest

As of December 31, 2012, Fiat had a 58.5 percent ownership interest in the Company. Through a series of transactions in 2011 and early 2012, which included our achievement of the three Class B Events described in our governance documents and Fiat' s exercise of its incremental equity call option in May 2011, Fiat increased its ownership interest in the Company from 20.0 percent to 58.5 percent.

In May 2011, and concurrent with the repayment of our U.S. Treasury and EDC credit facilities, Fiat exercised its incremental equity call option and acquired an additional 16 percent fully-diluted ownership interest in the Company. We received the entire exercise price of $1,268 million in cash, increasing our contributed capital by the proceeds received, and we issued 261,225 new Class A Membership Interests to Fiat. Refer to Note 11, *Financial Liabilities*, for information related to our refinancing transaction and the repayment of our U.S. Treasury and EDC credit facilities.

In January 2012, we notified the U.S. Treasury that we irrevocably committed to begin assembly of a vehicle based on a Fiat platform or vehicle technology that has a verified unadjusted combined fuel economy of at least 40 miles per gallon in commercial quantities in a production facility in the U.S. As a result, we achieved our third and final Class B Event and Fiat' s ownership interest in the Company increased from 53.5 percent on a fully-diluted basis to 58.5 percent. We achieved the first and second Class B Events during 2011.

In addition, in July 2012, Fiat exercised its option to acquire a portion of the VEBA Trust' s membership interests in the Company. Refer to Note 24, *Subsequent Events*, for additional information regarding Fiat' s exercise of its option to acquire additional portions of the VEBA Trusts membership interests in Chrysler Group.

Industrial Alliance and Other Transactions

Pursuant to our master industrial agreement with Fiat, we established an industrial alliance through which we collaborate with Fiat on a number of fronts, including product and platform sharing and development, global distribution, procurement, information technology infrastructure and process improvement. The alliance is comprised of various commercial arrangements entered into pursuant to the master industrial agreement. As part of the alliance, we manufacture vehicles for Fiat to distribute and sell in countries outside North America. We have also taken on the distribution of Fiat vehicles outside North America in those regions where our dealer networks are better established. In addition, as part of the alliance, we also have access to certain of Fiat' s platforms, vehicles, products and technology. We are obligated to make royalty payments to Fiat related to

Note 18. Other Transactions with Related Parties −Continued

Fiat −Continued

Industrial Alliance and Other Transactions −Continued

certain of the intellectual property that was contributed to us by Fiat. These royalty payments are calculated based on a percentage of the material cost of the vehicle, or portion of the vehicle or component, in which we utilize the Fiat intellectual property. In May 2012, and pursuant to a 2011 definitive technology license agreement with Fiat, we recorded a $37 million license fee, which is included in Deferred Revenue in the accompanying Consolidated Balance Sheets. Royalty income on the license fee will be amortized over a seven year period when production utilizing the technology begins. In addition, we have agreed to share costs with Fiat related to joint engineering and development activities and will reimburse each other based upon costs agreed to under the respective cost sharing arrangements. We have also entered into other transactions with Fiat for the purchase and supply of goods and services, including transactions in the ordinary course of business.

In October 2012, we sold three wholly-owned international dealerships to Fiat for approximately $24 million, receiving approximately $20 million in cash. We also recorded a receivable of approximately $4 million which will be payable to us in the fourth quarter of 2013 upon final settlement of the transaction. Additionally, Fiat received approximately $9 million of cash held by these entities. There was no gain or loss on this transaction.

In June 2011, Fiat became the general distributor of our vehicles and service parts in Europe, selling our products through a network of newly appointed dealers, and we are the exclusive distributor of Fiat brand vehicles and service parts throughout North America.

The following summarizes our transactions with Fiat (in millions of dollars):

	Years Ended December 31,		
	2012	2011	2010
Sales of vehicles, parts and services provided to Fiat	$2,689	$2,162	$449
Purchases of vehicles, parts and services from Fiat	1,504	800	293
Amounts capitalized in property, plant and equipment, net and other intangible assets, net	236	116	110
Reimbursements to Fiat recognized *(1)*	45	25	17
Reimbursements from Fiat recognized *(1)*	51	78	36
Royalty fees incurred for intellectual property contributed by Fiat *(2)*	3	2	−
Interest income on financial resources provided to Fiat	2	−	−

(1) Includes reimbursements recognized for costs related to shared engineering and development activities performed under the product and platform sharing arrangements that are part of our industrial alliance.
(2) Production utilizing the intellectual property began in December 2010.

Note 18. Other Transactions with Related Parties −Continued

U.S. Treasury

Effective July 21, 2011, the U.S. Treasury is no longer deemed to be a related party as a result of Fiat acquiring beneficial ownership of all of the membership interests in the Company held by the U.S. Treasury.

Related party transactions with the U.S. Treasury disclosed below are related to transactions through July 21, 2011, and are limited to activities related to individual contractual agreements and not statutory requirements, such as taxes.

In March 2010, we repaid, in full, the $123 million outstanding on a loan facility provided by the U.S. Treasury to Receivables SPV related to the Auto Supplier Support Program. In April 2010, the Auto Supplier Support Program expired and, in accordance with the terms of the agreement, we paid the U.S. Treasury a $40 million exit fee associated with the program, as well as $5 million, which represented 50 percent of the residual equity of Receivables SPV. Refer to Note 3, *Variable Interest Entities*, for additional information related to Receivables SPV.

Interest expense on financial resources provided by the U.S. Treasury totaled $229 million and $582 million for the years ended December 31, 2011 and 2010, respectively. Interest expense included PIK interest of $27 million and $68 million for the years ended December 31, 2011 and 2010, respectively, of which $17 million and $68 million, respectively, was capitalized as additional debt in accordance with the loan agreements. Refer to Note 11, *Financial Liabilities*, for additional information.

Note 18. Other Transactions with Related Parties −Continued

Related Party Summary

Amounts due from and to related parties as of December 31 were as follows (in millions of dollars):

	2012			
	VEBA Trust	Fiat	Other	Total
Amounts due from related parties (included in Prepaid Expenses and Other Assets and Advances to Related Parties and Other Financial Assets)	$−	$500	$ 15	$515
Amounts due to related parties (included in Accrued Expenses and Other Liabilities)	$222	$558	$ 4	$784
Financial liabilities to related parties (included in Financial Liabilities)	4,288*(1)*	−	5	4,293
Total due to related parties	$4,510	$558	$ 9	$5,077

	2011			
	VEBA Trust	Fiat	Other	Total
Amounts due from related parties (included in Prepaid Expenses and Other Assets and Advances to Related Parties and Other Financial Assets)	$−	$978	$ 12	$990
Amounts due to related parties (included in Accrued Expenses and Other Liabilities)	$220	$374	$ 7	$601
Financial liabilities to related parties (included in Financial Liabilities)	4,193*(1)*	−	5	4,198
Total due to related parties	$4,413	$374	$ 12	$4,799

(1) Amounts are net of discounts of $586 million and $643 million as of December 31, 2012 and 2011, respectively. Refer to Note 11, Financial Liabilities, for additional information.

Amounts included in “Other” above relate to balances with related unconsolidated companies as a result of transactions in the ordinary course of business.

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 19. Geographic Information

Revenues, net are allocated to geographic areas based on the customer location. Long-lived assets consist of property, plant and equipment (refer to Note 6) and equipment and other assets on operating leases (refer to Note 7), net of accumulated depreciation and amortization. Revenues, net and long-lived assets by geographic area were as follows (in millions of dollars):

Revenues, net:

	Years Ended December 31,		
	2012	2011	2010
North America:			
United States	$46,708	$37,972	$28,369
Canada	7,272	7,196	6,539
Mexico	1,892	1,881	1,634
Total North America	55,872	47,049	36,542
Rest of World	9,912	7,932	5,404
Total	$65,784	$54,981	$41,946

Long-lived assets:

	December 31, 2012	December 31, 2011
North America:		
United States	$ 11,932	$ 10,980
Canada	1,706	1,873
Mexico	2,632	2,421
Total North America	16,270	15,274
Rest of World	197	112
Total	$ 16,467	$ 15,386

Note 20. Restructuring Actions

In connection with the 363 Transaction, we assumed certain liabilities related to specific restructuring actions commenced by Old Carco. These liabilities represented costs for workforce reduction actions related to our represented and non-represented hourly and salaried workforce, as well as specific contractual liabilities assumed for other costs, including supplier cancellation claims.

Key initiatives for Old Carco’ s restructuring actions included workforce reductions, elimination of excess production capacity, refinements to its product portfolio and restructuring of international distribution operations. To eliminate excess production capacity, Old Carco eliminated manufacturing work shifts, reduced line speeds at certain manufacturing facilities, adjusted volumes at stamping and powertrain facilities and idled certain manufacturing plants. Old Carco’ s restructuring actions also included the cancellation of five existing products from its portfolio, discontinued development on certain previously planned product offerings and the closure of certain parts distribution centers in the U.S. and Canada. We will continue to execute the remaining actions under Old Carco’ s restructuring initiatives over the next year. The remaining actions principally include the completion of the activities associated with the idling of two manufacturing facilities and the restructuring of our

Note 20. Restructuring Actions −Continued

international distribution operations, the plans for which have been refined, including the integration of the operations of our European distribution and dealer network into Fiat' s distribution organization. Costs associated with these remaining actions include, but are not limited to: employee severance, relocations, legal claims, and other international dealer network related costs. The remaining workforce reductions will affect represented and non-represented hourly and salaried employees and will be achieved through a combination of retirements, special programs, attrition and involuntary separations.

We recorded charges, net of discounting, of $1 million, $51 million and $273 million for the years ended December 31, 2012, 2011 and 2010, respectively. During the year ended December 31, 2012, the charges primarily related to costs associated with employee relocations for previously announced restructuring initiatives. During the year ended December 31, 2011, the charges primarily included costs associated with employee relocations and plant deactivations for previously announced restructuring initiatives, as well as other transition costs of $20 million resulting from the integration of the operations of our European distribution and dealer network into Fiat' s distribution organization. During the year ended December 31, 2010, the charges primarily related to costs resulting from the integration of the operations of our European distribution and dealer network into Fiat' s distribution organization, which included, but were not limited to, workforce reductions, contract cancellations and legal claim costs, as well as other transition costs of $35 million. The charges also related to costs associated with workforce reductions and plant deactivations for previously announced restructuring initiatives.

We made refinements to existing reserve estimates resulting in net reductions of $62 million, $48 million and $227 million for the years ended December 31, 2012, 2011 and 2010, respectively. During the year ended December 31, 2012, the adjustments related to decreases in the expected workforce reduction costs and legal claim reserves, as well as other transition costs of $5 million related to the integration of the operations of our European distribution and dealer network into Fiat' s distribution organization. These refinements, which were based on management' s adequacy reviews, took into consideration the status of the restructuring actions and the estimated costs to complete the actions. During the year ended December 31, 2011, the adjustments related to decreases in the expected workforce reduction costs, as well as legal and supplier cancellation claim reserves as a result of management' s adequacy reviews. During the year ended December 31, 2010, the reserve adjustments were primarily the result of the cancellation of a previously announced plant closure. During 2010, we announced that our Sterling Heights, Michigan assembly plant, which was scheduled to close after 2012, would remain open in connection with the granting of certain tax incentives by local and state governments. The adjustments also related to decreases in supplier cancellation claim reserves as a result of the settlement of certain claims and a net decrease in the expected workforce reduction costs as a result of management' s adequacy reviews.

The restructuring charges, reserve adjustments and interest accretion are included in Restructuring Expenses, Net in the accompanying Consolidated Statements of Operations and would have otherwise been reflected in Cost of Sales.

Additional charges of approximately $2 million related to employee relocations are expected to be recognized during 2013. We anticipate that the total costs we will incur related to these restructuring activities, including the initial assumption of the $554 million obligation from Old Carco, as well as additional charges and refinements made to the estimates will be $539 million, including $362 million related to employee termination benefits and $177 million of other costs. We expect to make payments of approximately $71 million during 2013.

Note 20. Restructuring Actions −Continued

Restructuring reserves are included in Accrued Expenses and Other Liabilities in the accompanying Consolidated Balance Sheets. The following summarizes the restructuring reserves activity (in millions of dollars):

	Years Ended December 31,								
	2012			2011			2010		
	Workforce Reductions	Other	Total	Workforce Reductions	Other	Total	Workforce Reductions	Other	Total
Balance at beginning of period	$ 29	$121	$150	$ 79	$160	$239	$ 343	$38	$381
Charges	1	−	1	15	16	31	76	162	238
Adjustments to reserve estimates	(4)	(53)	(57)	(9)	(39)	(48)	(213)	(14)	(227)
Payments	(6)	(20)	(26)	(38)	(10)	(48)	(120)	(25)	(145)
Amounts recognized and transferred to employee benefit plans	−	−	−	(10)	−	(10)	(19)	−	(19)
Interest accretion	−	−	−	−	−	−	2	−	2
Other, including currency translation	−	1	1	(8)	(6)	(14)	10	(1)	9
Balance at end of period	$ 20	$49	$69	$ 29	$121	$150	$ 79	$160	$239

Note 21. Venezuelan Currency Regulations and Devaluation

The functional currency of Chrysler de Venezuela (“CdV”), our wholly-owned subsidiary in Venezuela, is the USD. Pursuant to certain Venezuelan foreign currency exchange control regulations, the Central Bank of Venezuela centralizes all foreign currency transactions in the country. Under these regulations, the purchase and sale of foreign currency must be made through the Commission for the Administration of Foreign Exchange (“CADIVI”).

Prior to January 1, 2010, the official exchange rate was 2.15 bolivar *fuerte* (“BsF”) per USD. In January 2010, the Venezuelan government devalued the BsF relative to the USD from the official rate of 2.15 BsF per USD to a dual-rated system regulated by the CADIVI. The dual-rate included (i) an essential rate of 2.60 BsF per USD for food, technology and other items, such as our car kits, and (ii) a nonessential rate of 4.30 BsF per USD for all other transactions. As a result of this devaluation, we recorded a foreign currency translation loss of $20 million in the first quarter of 2010. On December 30, 2010, a further devaluation of the BsF was announced, eliminating the essential rate of 2.60 BsF per USD and requiring all CADIVI-approved transactions, including transactions that were pending CADIVI approval prior to the announcement, to occur at the previous nonessential rate of 4.30 BsF per USD. The new rate was declared effective as of January 1, 2011. The nonessential rate remained unchanged. However, as a result of the announced devaluation of the essential rate on December 30, 2010, we remeasured monetary assets and liabilities denominated in BsF as of December 31, 2010 using the new rate of 4.30 BsF per USD. The remeasurement resulted in a loss of $80 million. No additional events occurred during 2011 and 2012 that would further impact the BsF to USD exchange rate. Refer to Note 24, *Subsequent Events,* for additional information regarding a further BsF to USD devaluation.

As of December 31, 2012 and 2011, the net monetary assets of CdV denominated in BsF were 1,138 million ($265 million USD) and 1,167 million ($271 million USD), respectively, which included cash and cash equivalents denominated in BsF of 1,476 million ($343 million USD) and 1,253 million ($291 million USD), respectively.

Note 22. Supplemental Parent and Guarantor Condensed Consolidating Financial Statements

Chrysler Group LLC ("Parent"), CG Co-Issuer and the Guarantors fully and unconditionally guarantee our Notes on a joint and several basis. CG Co-Issuer does not have any operations, assets, liabilities (other than the Notes) or revenues. CG Co-Issuer and each of the guarantors also guarantee the Senior Credit Facilities.

The following condensed consolidating financial statements present financial data for (i) the Parent; (ii) the combined Guarantors; (iii) the combined Non-Guarantors (all subsidiaries that are Non-Guarantors); (iv) consolidating adjustments to arrive at the information for the Parent, Guarantors and Non-Guarantors on a consolidated basis and (v) the consolidated financial results for Chrysler Group.

Investments in subsidiaries are accounted for by the Parent and Guarantors using the equity method for this presentation. Results of operations of subsidiaries are therefore classified in the Parent's and Guarantors' investments in subsidiaries accounts. The consolidating adjustments set forth in the following condensed consolidating financial statements eliminate investments in subsidiaries, as well as intercompany balances, transactions, income and expense between the Parent, Guarantors and Non-Guarantors.

Table of Contents

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 22. Supplemental Parent and Guarantor Condensed Consolidating Financial Statements −Continued

Condensed Consolidating Statements of Operations (in millions of dollars):

	Year Ended December 31, 2012				
	Parent	Guarantors	Non-Guarantors	Consolidating Adjustments	Chrysler Group LLC Consolidated
Revenues, net	$68,634	$ 8,584	$ 37,776	$ (49,210)	$ 65,784
Cost of sales	60,191	8,444	35,855	(49,140)	55,350
GROSS MARGIN	8,443	140	1,921	(70)	10,434
Selling, administrative and other expenses	4,139	229	665	146	5,179
Research and development expenses, net	2,288	1	35	−	2,324
Restructuring (income) expenses, net	(1)	(59)	(1)	−	(61)
Interest expense	982	12	144	(44)	1,094
Interest income	(17)	(1)	(26)	−	(44)
INCOME (LOSS) BEFORE INCOME TAXES	1,052	(42)	1,104	(172)	1,942
Income tax expense	15	−	259	−	274
Equity in net (income) loss of subsidiaries	(631)	(30)	−	661	−
NET INCOME (LOSS)	1,668	(12)	845	(833)	1,668
Other comprehensive income (loss)	(2,882)	−	(131)	131	(2,882)
TOTAL COMPREHENSIVE INCOME (LOSS)	$(1,214)	$ (12)	$ 714	$ (702)	$ (1,214)

	Year Ended December 31, 2011				
	Parent	Guarantors	Non-Guarantors	Consolidating Adjustments	Chrysler Group LLC Consolidated
Revenues, net	$55,616	$ 6,282	$ 31,829	$ (38,746)	$ 54,981
Cost of sales	48,839	6,322	30,010	(38,749)	46,422
GROSS MARGIN	6,777	(40)	1,819	3	8,559
Selling, administrative and other expenses	3,745	158	582	266	4,751
Research and development expenses, net	1,648	−	26	−	1,674
Restructuring (income) expenses, net	12	(8)	(1)	−	3
Interest expense	1,067	3	225	(57)	1,238
Interest income	(14)	(1)	(24)	−	(39)
Loss on extinguishment of debt	170	−	381	−	551
INCOME (LOSS) BEFORE INCOME TAXES	149	(192)	630	(206)	381
Income tax expense	15	−	181	2	198
Equity in net (income) loss of subsidiaries	(49)	(26)	−	75	−
NET INCOME (LOSS)	183	(166)	449	(283)	183
Other comprehensive income (loss)	(2,987)	(1)	(936)	937	(2,987)
TOTAL COMPREHENSIVE INCOME (LOSS)	$(2,804)	$ (167)	$ (487)	$ 654	$ (2,804)

	Year Ended December 31, 2010				
	Parent	Guarantors	Non-Guarantors	Consolidating Adjustments	Chrysler Group LLC Consolidated
Revenues, net	$41,537	$ 3,658	$ 26,533	$ (29,782)	$ 41,946
Cost of sales	36,770	3,522	25,380	(29,786)	35,886
GROSS MARGIN	4,767	136	1,153	4	6,060
Selling, administrative and other expenses	2,891	127	614	165	3,797
Research and development expenses, net	1,480	−	20	−	1,500
Restructuring (income) expenses, net	(157)	206	(1)	−	48
Interest expense	1,073	5	241	(43)	1,276
Interest income	(19)	(1)	(28)	−	(48)
INCOME (LOSS) BEFOREINCOME TAXES	(501)	(201)	307	(118)	(513)
Income tax expense	5	−	134	−	139
Equity in net (income) loss of subsidiaries	146	(26)	−	(120)	−
NET INCOME (LOSS)	(652)	(175)	173	2	(652)
Other comprehensive income (loss)	(597)	1	(324)	323	(597)
TOTAL COMPREHENSIVE INCOME (LOSS)	$(1,249)	$ (174)	$ (151)	$ 325	$ (1,249)

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 22. Supplemental Parent and Guarantor Condensed Consolidating Financial Statements −Continued

Condensed Consolidating Balance Sheets (in millions of dollars):

	December 31, 2012				
	Parent	Guarantors	Non-Guarantors	Consolidating Adjustments	Chrysler Group LLC Consolidated
CURRENT ASSETS:					
Cash and cash equivalents	$9,110	$ 125	$ 2,379	$ −	$ 11,614
Restricted cash	28	−	−	−	28
Trade receivables, net	473	354	352	−	1,179
Inventories	2,621	139	2,457	(219)	4,998
Prepaid expenses and other assets					
Due from subsidiaries	−	−	462	(462)	−
Other	323	398	387	−	1,108
Deferred taxes	−	−	21	2	23
TOTAL CURRENT ASSETS	12,555	1,016	6,058	(679)	18,950
PROPERTY AND EQUIPMENT:					
Property, plant and equipment, net	10,596	580	4,451	(136)	15,491
Equipment and other assets on operating leases, net	468	264	277	(33)	976
TOTAL PROPERTY AND EQUIPMENT	11,064	844	4,728	(169)	16,467
OTHER ASSETS:					
Advances to related parties and other financial assets					
Due from subsidiaries	1,085	−	71	(1,156)	−
Other	47	−	−	−	47
Investment in subsidiaries	2,328	127	−	(2,455)	−
Restricted cash	329	−	14	−	343
Goodwill	1,361	−	−	−	1,361
Other intangible assets, net	3,254	25	1,065	(984)	3,360
Prepaid expenses and other assets	278	9	116	−	403
Deferred taxes	−	−	40	−	40
TOTAL OTHER ASSETS	8,682	161	1,306	(4,595)	5,554
TOTAL ASSETS	$32,301	$ 2,021	$ 12,092	$ (5,443)	$ 40,971
CURRENT LIABILITIES:					
Trade liabilities	$7,171	$ 182	$ 2,381	$ −	$ 9,734
Accrued expenses and other liabilities					
Due to subsidiaries	1,428	147	−	(1,575)	−
Other	5,847	38	2,633	−	8,518
Current maturities of financial liabilities					
Due to subsidiaries	26	−	65	(91)	−
Other	266	−	190	−	456
Deferred revenue	730	52	80	−	862
Deferred taxes	−	−	71	−	71
TOTAL CURRENT LIABILITIES	15,468	419	5,420	(1,666)	19,641
LONG-TERM LIABILITIES:					
Accrued expenses and other liabilities	12,951	217	2,369	−	15,537
Financial liabilities					
Due to subsidiaries	−	258	−	(258)	−
Other	10,564	−	1,583	−	12,147
Deferred revenue	534	97	191	−	822
Deferred taxes	43	−	36	4	83
TOTAL LONG-TERM LIABILITIES	24,092	572	4,179	(254)	28,589
MEMBERS' INTEREST (DEFICIT):					
Membership interests	−	−	409	(409)	−
Contributed capital	2,647	1,643	1,827	(3,470)	2,647
Accumulated income (losses)	(2,586)	(613)	1,327	(714)	(2,586)
Accumulated other comprehensive loss	(7,320)	−	(1,070)	1,070	(7,320)
TOTAL MEMBERS' INTEREST (DEFICIT)	(7,259)	1,030	2,493	(3,523)	(7,259)
TOTAL LIABILITIES AND MEMBERS' INTEREST (DEFICIT)	$32,301	$ 2,021	$ 12,092	$ (5,443)	$ 40,971

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 22. Supplemental Parent and Guarantor Condensed Consolidating Financial Statements −Continued

Condensed Consolidating Balance Sheets −Continued

	December 31, 2011				
	Parent	Guarantors	Non-Guarantors	Consolidating Adjustments	Chrysler Group LLC Consolidated
CURRENT ASSETS:					
Cash and cash equivalents	$7,405	$ 322	$ 1,874	$ −	$ 9,601
Restricted cash	102	−	4	−	106
Trade receivables, net	321	253	271	−	845
Inventories	2,812	60	1,685	(191)	4,366
Prepaid expenses and other assets					
Due from subsidiaries	−	−	826	(826)	−
Other	318	893	392	−	1,603
Deferred taxes	−	−	23	2	25
TOTAL CURRENT ASSETS	10,958	1,528	5,075	(1,015)	16,546
PROPERTY AND EQUIPMENT:					
Property, plant and equipment, net	9,177	619	4,313	(144)	13,965
Equipment and other assets on operating leases, net	893	274	254	−	1,421
TOTAL PROPERTY AND EQUIPMENT	10,070	893	4,567	(144)	15,386
OTHER ASSETS:					
Advances to related parties and other financial assets					
Due from subsidiaries	852	−	33	(885)	−
Other	47	−	9	−	56
Investment in subsidiaries	1,956	97	−	(2,053)	−
Restricted cash	343	−	12	−	355
Goodwill	1,361	−	−	−	1,361
Other intangible assets, net	3,258	27	1,042	(956)	3,371
Prepaid expenses and other assets	297	6	118	−	421
Deferred taxes	−	−	47	−	47
TOTAL OTHER ASSETS	8,114	130	1,261	(3,894)	5,611
TOTAL ASSETS	$29,142	$ 2,551	$ 10,903	$ (5,053)	$ 37,543
CURRENT LIABILITIES:					
Trade liabilities	$6,177	$ 167	$ 2,222	$ −	$ 8,566
Accrued expenses and other liabilities					
Due to subsidiaries	1,167	623	−	(1,790)	−
Other	5,280	155	2,272	−	7,707
Current maturities of financial liabilities					
Due to subsidiaries	26	−	−	(26)	−
Other	91	−	139	−	230
Deferred revenue	998	76	97	−	1,171
Deferred taxes	−	−	73	−	73
TOTAL CURRENT LIABILITIES	13,739	1,021	4,803	(1,816)	17,747
LONG-TERM LIABILITIES:					
Accrued expenses and other liabilities	10,260	185	2,313	−	12,758
Financial liabilities					
Due to subsidiaries	−	230	−	(230)	−
Other	10,711	−	1,633	−	12,344
Deferred revenue	439	58	156	−	653
Deferred taxes	28	−	44	4	76
TOTAL LONG-TERM LIABILITIES	21,438	473	4,146	(226)	25,831
MEMBERS' INTEREST (DEFICIT):					
Membership interests	−	−	409	(409)	−
Contributed capital	2,657	1,643	1,927	(3,570)	2,657
Accumulated income (losses)	(4,254)	(586)	557	29	(4,254)
Accumulated other comprehensive (loss)	(4,438)	−	(939)	939	(4,438)
TOTAL MEMBERS' INTEREST (DEFICIT)	(6,035)	1,057	1,954	(3,011)	(6,035)
TOTAL LIABILITIES AND MEMBERS' INTEREST (DEFICIT)	$29,142	$ 2,551	$ 10,903	$ (5,053)	$ 37,543

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 22. Supplemental Parent and Guarantor Condensed Consolidating Financial Statements −Continued

Condensed Consolidating Statements of Cash Flows (in millions of dollars):

	Year Ended December 31, 2012				
	Parent	Guarantors	Non-Guarantors	Consolidating Adjustments	Chrysler Group LLC Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES:					
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$4,708	$ (171)	$ 1,552	$ (268)	$ 5,821
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases of property, plant and equipment and intangible assets	(2,860)	(47)	(726)	−	(3,633)
Proceeds from disposals of property, plant and equipment	8	−	1	−	9
Purchases of equipment and other assets on operating leases	−	(10)	(113)	−	(123)
Proceeds from disposals of equipment and other assets on operating leases	−	18	69	−	87
Change in restricted cash	88	−	2	−	90
Proceeds from the sale of certain international dealerships to Fiat, net	−	−	11	−	11
Change in loans and notes receivable	2	−	−	−	2
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(2,762)	(39)	(756)	−	(3,557)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Repayments of Tranche B Term Loan	(30)	−	−	−	(30)
Repayments of Mexican development banks credit facility	−	−	(15)	−	(15)
Repayments of Gold Key Lease financing	−	−	(41)	−	(41)
Repayment of Canadian Health Care Trust Note	−	−	(25)	−	(25)
Repayments of Auburn Hills Headquarters loan	−	−	(50)	−	(50)
Net repayment of other financial liabilities	(72)	−	(12)	−	(84)
Distribution for state tax withholding obligations on behalf of members	(6)	−	−	−	(6)
Dividends issued to subsidiaries	−	(15)	(75)	90	−
Net increase (decrease) in loans to subsidiaries	(133)	28	(73)	178	−
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(241)	13	(291)	268	(251)
Effect of exchange rate changes on cash and cash equivalents	−	−	−	−	−
Net change in cash and cash equivalents	1,705	(197)	505	−	2,013
Cash and cash equivalents at beginning of period	7,405	322	1,874	−	9,601
Cash and cash equivalents at end of period	$9,110	$ 125	$ 2,379	$ −	$ 11,614

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 22. Supplemental Parent and Guarantor Condensed Consolidating Financial Statements −Continued

Condensed Consolidating Statements of Cash Flows −Continued

	Year Ended December 31, 2011				
	Parent	Guarantors	Non-Guarantors	Consolidating Adjustments	Chrysler Group LLC Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES:					
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$3,931	$ 231	$ 1,860	$ (1,419)	$ 4,603
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases of property, plant and equipment and intangible assets	(2,000)	(127)	(882)	−	(3,009)
Proceeds from disposals of property, plant and equipment	7	13	15	−	35
Purchases of equipment and other assets on operating leases	−	(35)	−	−	(35)
Proceeds from disposals of equipment and other assets on operating leases	−	16	688	−	704
Change in restricted cash	41	−	174	−	215
Change in loans and notes receivable	4	−	2	−	6
Proceeds from U.S. Dealer Automotive Receivables Transition LLC	96	−	−	−	96
Changes in investments in subsidiaries	2	−	−	(2)	−
Other	18	−	−	−	18
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(1,832)	(133)	(3)	(2)	(1,970)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Repayment of U.S. Treasury first lien credit facilities	(5,460)	−	−	−	(5,460)
Repayment of Export Development Canada credit facilities	−	−	(1,723)	−	(1,723)
Proceeds from Secured Senior Notes	3,160	−	−	−	3,160
Proceeds from Tranche B Term Loan	2,933	−	−	−	2,933
Repayments of Tranche B Term Loan	(15)	−	−	−	(15)
Proceeds from Mexican development banks credit facilities	−	−	217	−	217
Repayments of Gold Key Lease financing	−	−	(584)	−	(584)
Repayment of Canadian Health Care Trust Note	−	−	(26)	−	(26)
Repayments of Auburn Hills Headquarters loan	−	−	(13)	−	(13)
Net repayment of other financial liabilities	(74)	−	(7)	−	(81)
Debt issuance costs	(67)	−	(5)	−	(72)
Proceeds from Fiat' s incremental equity call option exercise	1,268	−	−	−	1,268
Distribution for state tax withholding obligations on behalf of members	(9)	−	−	−	(9)
Dividends issued to subsidiaries	−	(10)	(218)	228	−
Return of capital from subsidiaries	−	−	(2)	2	−
Net increase (decrease) in loans to subsidiaries	(1,301)	153	(43)	1,191	−
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	435	143	(2,404)	1,421	(405)
Effect of exchange rate changes on cash and cash equivalents	−	−	26	−	26
Net change in cash and cash equivalents	2,534	241	(521)	−	2,254
Cash and cash equivalents at beginning of period	4,871	81	2,395	−	7,347
Cash and cash equivalents at end of period	$7,405	$ 322	$ 1,874	$ −	$ 9,601

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 22. Supplemental Parent and Guarantor Condensed Consolidating Financial Statements −Continued

	Year Ended December 31, 2010				
	Parent	Guarantors	Non-Guarantors	Consolidating Adjustments	Chrysler Group LLC Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES:					
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$3,568	$ 98	$ 985	$ (456)	$ 4,195
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases of property, plant and equipment and intangible assets	(1,545)	(158)	(682)	−	(2,385)
Proceeds from disposals of property, plant and equipment	11	−	2	−	13
Purchases of equipment and other assets on operating leases	−	(35)	−	−	(35)
Proceeds from disposals of equipment and other assets on operating leases	−	16	1,128	−	1,144
Change in restricted cash	(132)	−	192	−	60
Change in loans and notes receivable	2	−	34	−	36
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(1,664)	(177)	674	−	(1,167)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from Mexican development banks credit facility	−	−	400	−	400
Proceeds from Gold Key Lease financing	−	−	266	−	266
Repayments of Gold Key Lease financing	−	−	(1,903)	−	(1,903)
Repayment of Canadian Health Care Trust Notes	−	−	(45)	−	(45)
Repayments of Auburn Hills Headquarters loan	−	−	(12)	−	(12)
Repayment of Chrysler Receivables SPV loan	−	−	(123)	−	(123)
Net repayment of other financial liabilities	(73)	−	(36)	−	(109)
Dividends issued to subsidiaries	−	(21)	(111)	132	−
Net increase (decrease) in loans to subsidiaries	(108)	50	(266)	324	−
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(181)	29	(1,830)	456	(1,526)
Effect of exchange rate changes on cash and cash equivalents	−	−	(17)	−	(17)
Net change in cash and cash equivalents	1,723	(50)	(188)	−	1,485
Cash and cash equivalents at beginning of period	3,148	131	2,583	−	5,862
Cash and cash equivalents at end of period	$4,871	$ 81	$ 2,395	$ −	$ 7,347

Condensed Consolidating Statements of Cash Flows −Continued

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 23. Selected Quarterly Financial Data (unaudited)

Selected quarterly financial data consisted of the following (in millions of dollars):

	2012			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues, net	$ 16,359	$ 16,795	$ 15,478	$ 17,152
Gross margin	2,568	2,543	2,562	2,761
Interest expense	277	278	273	266
Income before income taxes	506	541	437	458
Net income	473	436	381	378

	2011			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues, net	$ 13,124	$ 13,661	$ 13,067	$ 15,129
Gross margin	2,047	2,204	2,054	2,254
Interest expense	348	328	282	280
Loss on extinguishment of debt *(1)*	–	551	–	–
Income (loss) before income taxes	160	(313)	259	275
Net income (loss)	116	(370)	212	225

(1) In connection with the repayment of our outstanding obligations under the U.S. Treasury and EDC credit facilities in May 2011, we recognized a $551 million loss on extinguishment of debt. Refer to Note 11, Financial Liabilities, for additional information.

Note 24. Subsequent Events

Members' Ownership Interests

As of January 1, 2013, and in accordance with Chrysler Group' s governance documents, the 200,000 Class B Membership Interests held by Fiat automatically converted to 571,429 Class A Membership Interests. There were no dilutive effects of the conversion.

On January 3, 2013, Fiat exercised its option to acquire an additional portion of the VEBA Trust' s membership interests in Chrysler Group. In the event that this transaction and the July 2012 transaction discussed in Note 18*, Other Transactions with Related Parties*, are completed as contemplated, Fiat will own 65.17 percent of the ownership interests in Chrysler Group and the VEBA Trust will own the remaining 34.83 percent.

Registration Demand from VEBA Trust

On January 9, 2013, Chrysler Group announced that it received a registration demand from the VEBA Trust pursuant to the terms of the Shareholders Agreement, dated as of June 10, 2009. The demand requests the registration pursuant to the Securities Act of 270,769.6 Class A Membership Interests in Chrysler Group currently owned by the VEBA Trust, representing approximately 16.6% of Chrysler Group' s outstanding equity interests.

We will comply with our obligations under the Shareholders Agreement and operating agreement, with respect to the VEBA' s registration demand. There can be no assurance that a registration statement will be filed with the SEC, or that if filed, that any such offering will be made or as to the timing of any offering that is made.

Note 24. Subsequent Events −Continued

Master Private Label Financing Agreement

On February 6, 2013, we entered into a Master Private Label Financing Agreement (the "SCUSA Agreement") with Santander Consumer USA Inc. ("SCUSA"), an affiliate of Banco Santander. Under the SCUSA Agreement, SCUSA will provide, under the Chrysler Capital brand name, a full range of wholesale and retail financing services to our dealers and consumers. The financing services will include credit lines to finance our dealers' acquisition of vehicles and ancillary products that we sell or distribute, retail loans and leases to finance consumer acquisitions of new and used vehicles at our dealerships, financing for commercial and fleet customers and ancillary services. In addition, Chrysler Capital will offer dealers construction loans, real estate mortgage loans, working capital loans and revolving lines of credit.

The new financing service is scheduled to launch on May 1, 2013 and SCUSA has agreed to specific transition milestones for the initial year following launch. If the transition milestones are met, the SCUSA Agreement will have a ten-year term, subject to early termination in certain circumstances, including the failure by either party to comply with certain of its ongoing obligations under the SCUSA Agreement.

Under the SCUSA Agreement, we have provided SCUSA with limited exclusivity rights to participate in specified minimum percentages of certain of our retail financing rate subvention programs. SCUSA has committed to provide us with consideration in the form of a nonrefundable upfront payment and to certain revenue sharing arrangements. SCUSA will bear the risk of loss on loans contemplated by the SCUSA Agreement and the parties will share in any residual gains and losses in respect of consumer leases, subject to specific provisions including limitations on our participation in gains and losses contained in the SCUSA Agreement. SCUSA has also committed to consider future revenue sharing opportunities.

Venezuelan Currency Devaluation

On February 8, 2013 the Venezuelan government announced a further devaluation of the BsF relative to the USD from 4.30 BsF per USD to 6.30 BsF per USD, effective February 13, 2013. As a result of the announced devaluation, we expect the remeasurement of monetary assets and liabilities denominated in BsF using the new rate of 6.30 BsF per USD to result in a charge of up to $75 million.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, an evaluation was carried out by our management, under the supervision and with the participation of our Chairman and Chief Executive Officer, President and Chief Operating Officer, or CEO, and our Senior Vice President and Chief Financial Officer, or CFO, of the effectiveness of the design and operation of our disclosure controls and procedures.

Based upon that evaluation, our management, including our CEO and CFO, have concluded that as of the end of the period covered by this report these disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed in our periodic reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC rules and forms, and that such information is communicated to our management, including our CEO and CFO, to allow timely decisions regarding required disclosures.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining effective internal control over financial reporting. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with U.S. GAAP. Because of the inherent limitations of internal control over financial reporting, misstatements due to error or fraud may not be prevented or detected on a timely basis.

Our management performed an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2012, utilizing the criteria established in the "Internal Control−Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on management's assessment, we have concluded that our internal control over financial reporting was effective as of December 31, 2012.

This annual report does not include an attestation report of our registered public accounting firm regarding internal controls over financial reporting. Pursuant to Section 989G of the Dodd-Frank Wall Street Reform and Consumer Protection Act, non-accelerated filers are exempt from the auditor attestation requirement.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the three months ended December 31, 2012 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

We continuously monitor and evaluate changes in our internal control over financial reporting. In connection with our alliance with Fiat, and in support of our drive toward common global systems, we are replacing our current finance, procurement, and capital project and investment management systems with an SAP system that was developed leveraging the SAP system Fiat currently utilizes. Our new system is being implemented in two phases. The first phase was implemented as of January 1, 2013 and we began utilizing this system to record and report our 2013 financial results. The second phase of the implementation is expected to occur on January 1, 2014. We believe the new system simplifies and automates many of our previous processes. For additional information refer to *−Item 1A. Risk Factors −We depend on our information technology and data processing systems to operate our business, and a significant malfunction or disruption in the operation of our systems, or a security breach that compromises the confidential and sensitive information stored in those systems, could disrupt our business and adversely impact our ability to compete.*

Item 9B. Other Information.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Directors of Chrysler Group

The names and ages, as of March 1, 2013, and certain background information relating to our directors are set forth below:

Sergio Marchionne

Age	60
Director since	June 2009
Term Expires	June 10, 2013
Principal Occupation	Chief Executive Officer, Chief Operating Officer and President of Chrysler Group LLC and Chief Executive Officer of Fiat S.p.A. Mr. Marchionne leads Fiat S.p.A.' s Group Executive Council, and is Chief Operating Officer of its NAFTA region since September 2011.
Recent Business Experience	Mr. Marchionne serves as Chief Executive Officer of Fiat Group Automobiles S.p.A. and has held that role since February 2005. Prior to joining Fiat, Mr. Marchionne served as Chief Executive Officer of SGS SA, Chief Executive Officer of the Lonza Group Ltd., and Chief Executive Officer of Alusuisse Lonza (Algroup). He also served as Vice President of Legal and Corporate Development and Chief Financial Officer of the Lawson Group after serving as Vice President of Finance and Chief Financial Officer of Acklands Ltd. and Executive Vice President of Glenex Industries. Mr. Marchionne holds a Bachelor of Laws from Osgoode Hall Law School at York University in Toronto, Canada and a Master of Business Administration from the University of Windsor, Canada. Mr. Marchionne also holds a Bachelor of Arts with a major in Philosophy and minor in Economics from the University of Toronto. Mr. Marchionne' s extensive experience at Fiat provides the Board with expertise in the automotive industry, especially with respect to the cost discipline and collaboration strategies with Fiat needed to achieve our Company' s business plan. In September 2011, Mr. Marchionne was elected Chairman of our Board.
Outside Directorships	Mr. Marchionne serves on the Board of Directors of Philip Morris International Inc. and as Chairman of SGS SA headquartered in Geneva. Additionally, Mr. Marchionne serves as Chairman of Fiat Industrial S.p.A. and as a director of Exor S.p.A., a shareholder of Fiat and Fiat Industrial. Mr. Marchionne also serves as a director of certain Fiat and Fiat Industrial affiliates. He is the President of ACEA (European Automobile Manufacturers Association). Mr. Marchionne previously served as appointed non-executive Vice Chairman and Senior Independent Director of UBS AG.
Arrangements	Mr. Marchionne was appointed as a director by Fiat in accordance with the terms of the LLC Operating Agreement.

[Table of Contents](#)

Alfredo Altavilla

Age	49
Director since	June 2009
Term Expires	June 10, 2013
Principal Occupation	Chief Operating Officer of EMEA region and Head of Business Development for Fiat S.p.A. Since September 2011, Mr. Altavilla has served as the Business Development lead for Fiat S.p.A.' s Group Executive Council.
Recent Business Experience	Mr. Altavilla has served as Executive Vice President of Corporate Development for Fiat since 2009, after serving as Senior Vice President of Business Development for Fiat Group Automobiles S.p.A during the prior five years. In addition, Mr. Altavilla served as Chief Executive Officer of Iveco S.p.A. for two years beginning in 2010 and Chief Executive Officer of Fiat Powertrain Technologies S.p.A. for five years beginning in 2006. Mr. Altavilla has also served as Chief Executive Officer of Turk Otomobil Fabrikasi A.S., a Fiat joint venture with Koç Group in Turkey. Mr. Altavilla holds a bachelor degree in Economics from La Cattolica University in Milan, Italy.
	Mr. Altavilla' s broad experience in negotiating and managing international industrial alliances and joint ventures and his management experience in the automotive industry provide the Board with an unique executive and technical perspective on implementation of the Company' s business plans in leveraging the Fiat alliance.
Outside Directorships	Mr. Altavilla has served and continues to serve as a director of various Fiat and Fiat Industrial affiliates.
Arrangements	Mr. Altavilla was appointed as a director by Fiat in accordance with the terms of the LLC Operating Agreement.

Table of Contents

Léo W. Houle

Age	65
Director since	September 2011
Term Expires	June 10, 2013
Principal Occupation	Retired
Recent Business Experience	Mr. Houle served as Chief Talent Officer of BCE Inc. and Bell Canada, Canada' s largest communications company, from June 2001 to July 2008. Prior to joining BCE and Bell Canada, Mr. Houle was Senior Vice-President, Corporate Human Resources of Algroup Ltd., a Swiss-based diversified industrial company. From 1966 to 1987, Mr. Houle held various managerial positions with the Bank of Montreal, the last of which was Senior Manager, Human Resources Administration Centers. In 1987, he joined the Lawson Mardon Group Limited and served as Group Vice-President, Human Resources until 1994 when Algroup Ltd. acquired Lawson Mardon Group, at which time he was appointed Head of Human Resources for the packaging division of Algroup and in 1997 Head of Corporate Human Resources of Algroup, Ltd. Mr. Houle completed his studies at the College St-Jean in Edmonton, attended the Executive Development Program in Human Resources at the University of Western Ontario in 1987 and holds the designation of Certified Human Resources Professional (CHRP) from the Province of Ontario. Mr. Houle' s broad experience in talent acquisition and employee development, as well as his management experience in a variety of industries, including manufacturing, provide the Board with valuable input on leveraging the Fiat alliance.
Outside Directorships	In 2006, Mr. Houle was elected a director of CNH Global N.V., a world leader in the agricultural and construction equipment businesses that is a majority-owned subsidiary of Fiat Industrial S.p.A.
Arrangements	Mr. Houle was appointed as a director by Fiat in accordance with the terms of the LLC Operating Agreement.

John B. Lanaway

Age	62
Director since	September 2011
Term Expires	June 10, 2013
Principal Occupation	Self-employed Consultant and Director
Recent Business experience	Mr. Lanaway served as Executive Vice President and Chief Financial Officer, North America, of McCann Erickson North America, one of the largest marketing communications networks in the world, from November 2007 until June 2011. From January 2001 to November 2007, he held similar positions at Ogilvy North America. Previously, he has held the positions of Chief Financial Officer and Senior Vice President at Geac Computer Corporation Limited from 1999 to 2001; Chief Financial Officer of Algorithmics Incorporated from 1997 to 1999; and Senior Vice President and Chief Financial Officer at Spar Aerospace from 1995 to 1996. From 1985 to 1995, Mr. Lanaway held various positions with Lawson Mardon Group Limited, including Sector Vice President, Labels North America from 1993 to 1995; Group Vice President and Chief Financial Officer from 1989 to 1992; General Manager, Lawson Mardon Graphics from 1988 to 1989; and Vice President, Financial Reporting and Control from 1985 to 1987. At Deloitte & Touche, he served as Client Service Partner from 1980 to 1985 and as Student-Staff Accountant-Supervisor-Manager from 1971 to 1980. Mr. Lanaway graduated from the Institute of Chartered Accountants of Ontario, C.A. and has a Bachelor of Arts degree from the University of Toronto. Mr. Lanaway' s broad experience in finance and management in a variety of industries, including manufacturing, provide the Board with a very relevant strategic and financial perspective on implementation of the Company' s business plans.
Outside Directorships	In 2006, Mr. Lanaway was elected a director of CNH Global N.V., a world leader in the agricultural and construction equipment businesses that is a majority-owned subsidiary of Fiat Industrial S.p.A.
Arrangements	Mr. Lanaway was appointed as a director by Fiat in accordance with the terms of the LLC Operating Agreement.

Table of Contents
Erickson N. Perkins

Age	57
Director since	June 2012
Term Expires	June 10, 2013
Principal Occupation	Advisor to UAW Office of the President
Recent Business experience	Mr. Perkins is on the staff of the UAW Office of the President under Bob King, a role he has held since July 2010. In that capacity, he serves as Director of the UAW Strategic Research Department. From 2008 to 2009, he served as a consultant on various projects for the Service Employees' International Union and also for the UAW. From 2006 to 2007 he served as Special Consultant to the UAW's Ford Motor Company Department. From 1999 to 2007, Mr. Perkins served as an independent economic consultant advising trade unions, including the AFL-CIO and the UAW. From 1987 to 1996, he held various positions of increasing responsibility with Alliance Capital Management L.P. (now AllianceBernstein L.P.), including Portfolio Manager and Senior Vice President, Director of European Research. Mr. Perkins graduated Phi Beta Kappa with Bachelor of Arts degrees in mathematics and economics from the University of Wisconsin-Madison (1983). He also earned a Master of Business Administration (MBA) degree from the business school at the University of Wisconsin-Madison (1986). Mr. Perkins has extensive experience in labor relations for the U.S. automotive industry, and provides the Board with expertise as to labor and policy issues relevant to the industry.
Outside Directorships	Mr. Perkins serves as the UAW appointee to the Board of Directors of the National Institute for Health Care Reform.
Arrangements	Mr. Perkins was appointed as a director by the VEBA Trust with the consent of the UAW in accordance with the terms of the LLC Operating Agreement.

Ruth J. Simmons

Age	67
Director since	June 2012
Term Expires	June 10, 2013
Principal Occupation	Professor, Department of Comparative Literature and the Department of Africana Studies, Brown University
Recent Business Experience	Ms. Simmons served as the President of Brown University from 2001-2012 and continues to hold the title of President Emerita. Before joining Brown University, Ms. Simmons served as President of Smith College from 1995 to 1999. She held the position of Vice Provost of Princeton University from 1992 to 1995 following her service as Provost of Spelman College from 1990 to 1992. From 1983 to 1990, Ms. Simmons held various positions of increasing responsibility until becoming Associate Dean of the Faculty, Princeton University. Previously, she has served as Assistant Dean and then Associate Dean, University of Southern California from 1979 to 1983, Acting Director of International Programs, California State University – Northridge from 1977 to 1979. Prior to that, Ms. Simmons served as Assistant Dean–College of Liberal Arts; Assistant Professor of French, University of New Orleans from 1975 to 1977 and as Admissions Officer at Radcliffe College from 1970 to 1975. From 1968 to 1970, Ms. Simmons served as an Instructor in French at George Washington University following her service as an Interpreter – Language Services Division at the U.S. Department of State. Ms. Simmons is a graduate of Dillard University in New Orleans (1967), and received her Ph.D. in Romance languages and literatures from Harvard University (1973). Ms. Simmons is a Fellow of the American Academy of Arts and Sciences and a member of the Council on Foreign Relations. Ms. Simmons has significant leadership experience gleaned from her career as a university administrator, during which time she developed professionals in a wide variety of technical fields, including engineering. She also brings to the Board her familiarity with a broad range of operational issues, including technology and manufacturing, as a result of her many experiences as a board member for other large, global companies across several industries.
Outside Directorships	Ms. Simmons currently serves on the board of Mondelez International and Texas Instruments. She has also served on the boards of the Goldman Sachs Group, Pfizer Inc., Metropolitan Life Insurance Company, the Bill & Melinda Gates Millennium Scholars Program, and the Fulbright Prize Selection Committee.
Arrangements	Ms. Simmons was appointed as a director by a committee of the independent directors of the Board in accordance with the terms of the LLC Operating Agreement.

Table of Contents

Douglas M. Steenland

Age	61
Director since	July 2009
Term Expires	June 10, 2013
Principal Occupation	Retired
Recent Business Experience	Mr. Steenland served as the Chief Executive Officer and President of Northwest Airlines Corporation from 2004 to 2008 when Northwest merged with Delta Air Lines. While CEO, he oversaw the voluntary reorganization under Chapter 11 of the U.S. Bankruptcy Code of Northwest in 2005 and its emergence from bankruptcy protection in 2007. Before becoming CEO in 2004, Mr. Steenland held a variety of positions at Northwest including President, Executive Vice President and Chief Corporate Officer, and General Counsel. Prior to joining Northwest, Mr. Steenland worked as a Senior Partner in the Washington D.C. law firm of Verner, Liipfert, Bernhard, McPherson and Hand (now part of DLA Piper). Mr. Steenland also currently serves as a Senior Advisor to the Blackstone Group. Mr. Steenland holds a Bachelor' s Degree in history from Calvin College (Michigan) and a Juris Doctor from George Washington University Law School. Mr. Steenland' s experience in the transportation industry, as well as his particular experience in leading a major airline through and following bankruptcy restructuring, provide the Board with valuable experience in global management and corporate restructuring.
Outside Directorships	Mr. Steenland serves on the boards of several public companies, including American International Group Inc. and its subsidiary International Lease Finance Corporation, Digital River, Inc. and Travelport Limited. Mr. Steenland also serves on the boards of Hilton Worldwide and Performance Food Group. Mr. Steenland previously served on the boards of Delta Air Lines Inc. and Northwest Airlines Corporation.
Arrangements	Mr. Steenland was appointed as a director by a committee of the independent directors of the Board in accordance with the terms of the LLC Operating Agreement.

Ronald L. Thompson

Age	63
Director since	July 2009
Term Expires	June 10, 2013
Principal Occupation	Retired
Recent Business Experience	Until 2005, Mr. Thompson owned and operated the Midwest Stamping Company of Maumee, Ohio, a manufacturer of medium and heavy gauge metal components for the automotive market. Mr. Thompson was a faculty member at Old Dominion University, Virginia State University and the University of Michigan. Mr. Thompson holds a Bachelor of Business Administration from the University of Michigan, and a Master of Science and a Ph.D. in Agricultural Economics from Michigan State University. Mr. Thompson' s breadth of experience in leading industrial and financial companies, as well as his background serving on various board of directors, provide the Board with valuable corporate governance, oversight and industry experience, including restructuring. Mr. Thompson serves as our Lead Director.
Outside Directorships	Mr. Thompson serves as Chairman of the Board of Trustees for Teachers Insurance and Annuity Association, as a Member of the Board of Trustees of Washington University in St. Louis and as a member of the Advisory Board of Plymouth Venture Partners II Fund. Mr. Thompson has additionally served on the boards of Ralston Purina Company, McDonnell Douglas Corporation, Commerce Bank of St. Louis, GR Group (U.S.), Illinova Corporation, Interstate Bakeries Corporation, Midwest Stamping Company and Ryerson Tull, Inc. He was also a member of the Board of Directors of the National Association of Manufacturers.
Arrangements	Mr. Thompson was appointed as a director by a committee of the independent directors of the Board in accordance with the terms of the LLC Operating Agreement.

Stephen M. Wolf

Age	71
Director since	July 2009
Term Expires	June 10, 2013
Principal Occupation	Managing Partner of Alpilles LLC
Recent Business Experience	Mr. Wolf has served as Managing Partner of Alpilles LLC, a private investment company, since 2003. He has previously served as Chairman and Chief Executive Officer of US Airways Group, Inc. and US Airways, Inc. and oversaw the voluntary reorganization under Chapter 11 of the U.S. Bankruptcy Code of U.S. Airways Group, Inc. in 2002 and its emergence from bankruptcy protection under a plan of reorganization in 2003. Before joining US Airways, Mr. Wolf was Senior Advisor to the investment banking firm Lazard Frères & Co. LLC. Other prior roles include Chairman and Chief Executive Officer of UAL Corporation and United Airlines Inc., Chairman and Chief Executive Officer of Tiger International, Inc. and The Flying Tiger Line, Inc., President and Chief Executive Officer of Republic Airlines and President and Chief Operating Officer of Continental Airlines. Mr. Wolf holds a bachelor' s degree in sociology from San Francisco State University. Mr. Wolf' s experience in the transportation and finance industries, as well as his particular experience in leading a major airline through and following bankruptcy restructuring, provide the Board with valuable experience in global management and corporate restructuring.
Outside Directorships	Mr. Wolf serves as a member of the Board of Directors of Philip Morris International and Chairman of the Board of R. R. Donnelley & Sons Company. Mr. Wolf also serves as Chairman of the Advisory Board of Trilantic Capital Partners, previously Lehman Brothers Merchant Banking. Mr. Wolf had served as Chairman of Lehman Brothers Private Equity Advisory Board.
Arrangements	Mr. Wolf was appointed as a director by Fiat in accordance with the terms of the LLC Operating Agreement.

Executive Officers of Chrysler Group

The names and ages, as of March 1, 2013, of our executive officers and their positions and offices are as follows:

Name	Position(s)	Age	First Elected to Officer Position
Sergio Marchionne	Chief Executive Officer, Chief Operating Officer and President	60	2009
Douglas D. Betts	Senior Vice President −Quality	49	2009
Reid A. Bigland	Senior Vice President − Head of U.S. Sales and Head of Dodge Brand; President and Chief Executive Officer of Chrysler Canada, Inc.	46	2011
Mark M. Chernoby	Senior Vice President − Engineering; Vice President − Product Committee Coordinator	51	2009
Fred M. Diaz, Jr.	President and Chief Executive Officer of Chrysler de Mexico, S.A. de C.V.; Head of Ram Truck Brand	47	2009
Olivier J. Francois	Chief Marketing Officer	51	2011
Scott R. Garberding	Senior Vice President − Manufacturing/World Class Manufacturing	49	2009
Ralph V. Gilles	Senior Vice President − Product Design; Head of SRT Brand and Motorsports	43	2009
Pietro Gorlier	Senior Vice President − Mopar Brand Service, Parts and Customer Care	50	2009
Michael J. Keegan	Senior Vice President − Supply Chain Management; Corporate Sustainability Officer	47	2009
Scott G. Kunselman	Senior Vice President − Purchasing and Supplier Quality	49	2012
Marjorie H. Loeb	Senior Vice President, General Counsel and Secretary	48	2013
Michael Manley	Senior Vice President −International and Head of Jeep Brand	48	2009
Richard K. Palmer	Senior Vice President and Chief Financial Officer	46	2009
Nancy A. Rae	Senior Vice President −Human Resources	56	2009

Each of the Executive Officers named above, excluding Messrs. Marchionne, Francois, Gorlier, and Palmer and Ms. Loeb, has been employed by the Company, Old Carco, and/or the Company' s subsidiaries for more than five years.

Mr. Marchionne joined the Company in 2009. He has held various leadership positions with Fiat or its subsidiaries since 2004.

Mr. Francois joined the Company in 2009. He has held various vehicle and brand marketing leadership positions with Fiat or its subsidiaries since 2005.

Mr. Gorlier joined the Company in 2009. He has held various dealer network and customer care leadership positions with Fiat or its subsidiaries since 2003.

Mr. Palmer joined the Company in 2009. He has held various financial leadership positions with Fiat or its subsidiaries since 2003.

Ms. Loeb joined the Company in the Office of the General Counsel in 2010. Prior to joining the Company, Ms. Loeb was Assistant General Counsel - Corporate and Securities and Assistant Secretary of Delphi Corporation.

Each officer is elected to hold office until a successor is chosen or as otherwise provided in our LLC Operating Agreement.

Family Relationships

No family relationships exist among any of our directors or executive officers.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act required directors, executive officers, and greater than ten percent holders of our Class B Membership Interests to file reports with respect to their ownership of Chrysler Group equity securities as a result of our Class B Membership Interests being registered pursuant to Section 12 of the Exchange Act. Based solely on the review of the Forms 3, 4 and 5 and amendments thereto furnished to us and certain representations made to us, we believe that there were no filing deficiencies under Section 16(a) by our directors, executive officers, and greater than ten percent holders during 2012. In February 2012, we terminated the registration of our Class B Membership Interests pursuant to Rule 12(g) of the Exchange Act, and ninety days following that termination of registration, we were no longer required to file reports pursuant to Section 16(a).

Corporate Governance

Limited Liability Company Operating Agreement

Our LLC Operating Agreement, to which each of our members is a party, governs the rights and privileges associated with the Class A Membership Interests we have issued to our members (which we refer to in this report as membership interests), distributions to holders of our membership interests, management and oversight of our business and operations, restrictions on transferability of membership interests and the reporting of financial and other information to our members. We previously had two classes of membership interests, but our Class B Membership Interests held solely by Fiat, which had the rights and privileges detailed below, automatically converted to a proportionate number of Class A Membership Interests on January 1, 2013 in accordance with the terms of our LLC Operating Agreement.

Management of the Company

Under the terms of our LLC Operating Agreement, we are governed by a Board of Directors which has exclusive and complete authority and discretion to oversee our operations and affairs and to approve all major decisions regarding our business. Any action authorized by the Board will constitute an act of ours and serve to bind us. Authorized actions by the Board require an affirmative vote of a majority of the directors present at a meeting at which at least a quorum is present.

Board of Directors and Nominees. Our Board consists of nine members, seven of whom meet the requirements for independence under the listing rules of the New York Stock Exchange. Our Board is required to include at least three independent directors. If Fiat were to hold less than a majority interest in us, the Board would be required to have a majority of independent directors.

> *Fiat*. Fiat has the right to appoint five directors while it holds a majority interest. If Fiat' s ownership interest in us were to diminish such that it owned less than a majority ownership interest in us, its rights to designate directors would be modified accordingly. As long as Fiat' s ownership interest equals or exceeds 35 percent, but is less than a majority, it may continue to designate four directors, and Fiat may continue to designate three directors if it owns less than 35 but at least 20 percent of Chrysler Group.
>
> *VEBA Trust*. For so long as the VEBA Trust or its wholly-owned subsidiaries retain an ownership interest of 15 percent or more, it may designate one director, whose appointment is also subject to the prior written consent of the UAW.

The balance of the Board of Directors are independent directors and are elected by a majority of all of our independent directors, including all of the independent directors that are appointed by Fiat or the VEBA Trust. Each of Fiat and the VEBA Trust shall cause its appointed directors to resign or be removed in accordance with these designation rights should there be a change in either member' s ownership status below these respective thresholds.

If we have a vacancy in our Board because of the death, resignation or removal of a director designated as described above, or because a director' s term of office has expired, that vacancy will be filled by the member who originally designated such director. If such member is no longer entitled to designate the director, or if the director was originally elected by the independent directors, the vacancy shall be filled by a majority vote of the independent directors.

In 2012, the Board voted to increase its size from eight to nine directors, and the Board' s independent directors elected Ruth J. Simmons to fill the new seat. Also in June 2012, the VEBA Trust appointed Erickson N. Perkins to replace its prior appointee, Governor James Blanchard, whose term had expired.

The terms of all the directors expire in June 2013. Subsequently, all of our directors may be reappointed or reelected for terms not to exceed one year. Directors may serve an unlimited number of consecutive terms, and shall hold office until a successor is duly elected, or if earlier, until death, resignation or removal from office. We are required to hold meetings of our Board at least four times during each 12 month period and once during each three-month period. Special Board meetings may be called at the request of our Chairman, Lead Director or any two directors. The presence of a majority of the voting authority of the Board, including one director appointed by each of Fiat and the VEBA Trust (so long as each such member is entitled to appoint a director), is necessary to constitute a quorum. The Board may also act by unanimous written consent in lieu of a meeting. There have been no changes in the procedures to appoint or elect members during the past fiscal year.

Directors' Duties. Our directors and officers, in the performance of their duties, owe to us and our members duties of loyalty and due care of the type owed under law by directors and officers of a business corporation incorporated under the Delaware General Corporation Law, except that the doctrine of corporate opportunity or any analogous doctrine does not apply to the directors and that, other than in connection with matters as to which a director or the persons that elected such director may have a conflict of interest, no director and no person that elected such director shall have any duty to disclose to us confidential information in such director' s or person' s possession even if it is material and relevant information to us and/or the Board and neither such director nor such person shall be liable to us or our members for breach of any duty (including the duty of loyalty and any other fiduciary duties) as a director or person that has the right to designate such director by reason of such lack of disclosure of such confidential information. See *Item 13. Certain Relationships and Related Transactions, and Director Independence* for additional information.

None of our directors and officers will have liability to us, or to any of our members, for any act or omission, including the breach of any duty, if that director or officer acted in good faith and in a manner that the director reasonably believed to be in, or at least not opposed to, our best interests, except in circumstances involving fraud, willful misconduct or bad faith. We have agreed to indemnify and hold harmless our directors, officers and employees from liability incurred in connection with any proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to our best interests to the fullest extent permitted by Delaware law. Our indemnification obligation to officers and directors survives termination of the LLC Operating Agreement.

Committees of the Board of Directors. Throughout 2012, we had two Board committees, an Audit Committee and a Compensation and Leadership Development Committee. Our Audit Committee must have at least three members, all of whom must be independent from the Company and each of our members, in accordance with the listing standards of the New York Stock Exchange. At least one of the independent members must be appointed by Fiat. Mr. Steenland is the Chair of our Audit Committee, and Mr. Thompson and Mr. Lanaway serve as Committee members. Each of the current members of our Audit Committee is independent under the listing standards of the New York Stock Exchange, and also satisfies the independence requirements of Section 10(m)(3) of the Exchange Act. Additionally, our Board of Directors has determined that each of the current members of our Audit Committee is an audit committee financial expert as defined in Section 3(a)(58) of the Exchange Act and the related rules of the SEC.

We also have a Compensation and Leadership Development Committee. Although we are not required to have only independent directors on our Compensation and Leadership Development Committee, the Board determined that Mr. Wolf, the Committee' s Chair, as well as Mr. Houle and Ms. Simmons, the Committee' s other members, are independent as such term is defined by the listing standards of the New York Stock Exchange. Governor Blanchard had also served on the Committee until his term expired in June 2012, and the Board had determined he was independent as well. For a full description of the Compensation and Leadership Development Committee, see *Item 11. Executive Compensation –Process for Compensation Decisions –Role of the Compensation and Leadership Development Committee*.

Rights and Duties of Members. Members have no right to take part in our management or operations other than through the directors they have appointed to the Board, nor may a member take action on behalf of us without the prior written approval of our Board. Except as required by law, members are not entitled to any rights of dissent or appraisal rights with respect to any transaction which we may undertake.

Meetings of our members may be called at any time by two directors, our Chairman of the Board or our Chief Executive Officer. Written notice must be given not less than 10 nor more than 30 business days before the meeting. The presence of holders of a majority of outstanding voting membership interests, present in person or represented by proxy, shall constitute a quorum; provided that the presence of both Fiat and the VEBA Trust is required for a quorum. Any action that may be taken at any meeting of members may be taken without a meeting by the written consent of the members holding outstanding voting membership interests sufficient to approve such action. In general, the affirmative vote of the holders of a majority of our membership interests is required for us to:

Redeem, purchase or otherwise acquire any of our membership interests, except for the repurchase of membership interests from employees, officers, directors, consultants or other persons performing services that were issued membership interests pursuant to an employment or other agreement, or an equity or similar plan under which we have the option or obligation to repurchase such interests;

Authorize any new class of membership interests, increase the size of any class of membership interests or issue any new membership interests, other than those authorized to be issued under the LLC Operating Agreement;

Adopt an equity or similar plan or issue membership interests to directors, officers, employees or consultants primarily for compensatory purposes except pursuant to a plan approved by a majority of the membership interests then outstanding; and

Change our independent auditors or materially change our accounting policies.

Fiat Rights. Fiat has certain special rights under the LLC Operating Agreement which reflect Fiat' s special role as our industrial partner.

Management. In addition to its Board appointment rights, Fiat has the right to appoint an independent director to our Audit Committee and to our Compensation Committee. In addition, for as long as Fiat' s ownership interest in us is at least 20 percent, the appointment of our Chief Executive Officer requires Fiat' s prior consent.

Major Decisions. A number of significant matters require approval by the affirmative vote of a majority of our Board, which for so long as Fiat holds at least a 20 percent ownership interest in us, must include the affirmative vote of at least one director selected by Fiat. As long as Fiat holds a majority interest in us, certain of these matters also require the consent of the VEBA Trust to the extent that such a decision would adversely affect the VEBA Trust in a manner disproportionate to Fiat. These "major decisions" are:

- an initial public offering;
- any amendment to the LLC Operating Agreement or our other organizational documents;
- any merger, business combination, consolidation, corporate reorganization or any transaction constituting a change of control of us;
- any sale, transfer or other disposition of a substantial portion of our assets (together with our subsidiaries, as a whole);
- a material change in our business purpose;
- an opening or re-opening of a major production facility;
- any incurrence of indebtedness, capital expenditure, investment or commitment (or series of related expenditures, investments or commitments) by us in excess of $250 million;
- any liquidation proceeding involving us; and
- any proposal or action by us that is not in accordance with our business plan and/or annual operating budget.

Distributions

We may make distributions to members on a pro rata basis as declared by our Board of Directors and in a manner that complies with our LLC Operating Agreement and our financing agreements. Certain of these distributions may be in amounts related to potential tax liabilities, or Tax Amounts, of our members which are calculated as set forth in our LLC Operating Agreement. Our LLC Operating Agreement does not specify the periods for which a Tax Amount is required to be determined nor does it specifically provide the times at which distributions must be made, all of which would be determined by our Board of Directors pursuant to the LLC Operating Agreement. In no event are we permitted to make any distribution to members that would violate applicable law, including the Delaware Limited Liability Company Act pursuant to which we were organized.

Ownership

Subject to certain specific exceptions, the rights and privileges of the Class A Membership Interests and the Class B Membership Interests previously held by Fiat, were identical. The Class B Membership Interests originally represented a 20 percent ownership interest that we and our members had agreed would be subject to increase in certain circumstances, which circumstances we refer to as the Class B Events. As a result of the occurrence of all three Class B events, the ownership interest represented by Fiat' s Class B Membership Interests increased to 25 percent in January 2011, 30 percent in April 2011 and 35 percent in January 2012. Combined with a series of transactions in 2011, through which Fiat acquired existing and newly issued Class A Membership Interests, Fiat' s total ownership interest in us grew to 58.5 percent by January 2012.

On January 1, 2013, the Class B Membership Interests, held solely by Fiat, automatically converted to a proportionate number of Class A Membership Interests in accordance with the terms of our LLC Operating Agreement, such that Fiat' s total ownership interest in us remained at 58.5 percent.

Transfer of Membership Interests

We and certain of our members have entered into a number of other arrangements that may affect the ownership of our membership interests. These include a call option agreement and an equity recapture agreement between Fiat and the VEBA Trust, a shareholders agreement and preemptive rights under the LLC Operating Agreement.

VEBA Trust Call Option. The VEBA Trust has granted Fiat a call option on a portion of the Class A Membership Interests held by the VEBA Trust. The price of the membership interests acquired in connection with the exercise of the call option will depend on whether or not we have completed a Chrysler Group IPO at the time the option is exercised. If a Chrysler Group IPO has not occurred, the exercise price for this option is determined using a defined market-based multiple, not to exceed Fiat' s multiple, applied to our reported net income (loss) before interest expense, income tax expense, depreciation and amortization of property, plant and equipment and intangible assets, or EBITDA, for the most recent four quarters less our net industrial debt. If exercised contemporaneously with a Chrysler Group IPO, the exercise price for this option will be equal to the initial public offering price. Subsequent to a Chrysler Group IPO, the exercise price is determined by reference to a volume-weighted average price per share of our common stock. The call option is exercisable from July 1, 2012 to June 30, 2016, covers 40 percent of the membership interests currently held by the VEBA Trust, less any membership interests previously transferred under the equity recapture agreement described below, and may be exercised for no more than 8 percent of such membership interests in any six month period.

On each of July 2, 2012 and January 3, 2013, Fiat exercised its call option rights to acquire a tranche of Class A Membership Interests, each representing approximately 3.3 percent of the Company' s outstanding equity. The transactions are not yet complete because the VEBA Trust disagrees with Fiat' s pricing of the membership interests. The matter is currently the subject of a proceeding in the Delaware Chancery Court.

Equity Recapture Agreement. On July 21, 2011, Fiat acquired the U.S. Treasury' s rights under the equity recapture agreement between the U.S. Treasury and the VEBA Trust for $75 million, of which $15 million was paid to the Canadian Government pursuant to a separate arrangement between the U.S. Treasury and the Canadian Government. The equity recapture agreement provides rights to the economic benefit associated with the membership interests held by the VEBA Trust in excess of a threshold amount of $4.25 billion plus 9 percent per annum from January 1, 2010, less any proceeds, including certain distributions, previously received by the VEBA Trust, or Threshold Amount. Once the VEBA Trust receives the Threshold Amount, any additional proceeds payable to the VEBA Trust for its membership interests in the Company and any membership interests retained by the VEBA Trust are to be transferred to Fiat for no further consideration. Fiat may also terminate the equity recapture agreement and acquire the membership interests held by the VEBA Trust by paying an amount equal to the then-current specified Threshold Amount.

Transferability. In addition to the right of Fiat to acquire the membership interests of the VEBA Trust pursuant to the call option agreement or the equity recapture agreement, permitted transfers by our members include the following:

- Either member may transfer its membership interests upon the consummation of an initial public offering of Chrysler Group equity, or a Chrysler Group IPO, or in connection with preemptive rights or the exercise of registration rights; and

- Either member may transfer its membership interests to any of its own Controlled Affiliates, as defined in the LLC Operating Agreement.

If the VEBA Trust seeks to transfer its membership interests to a party other than Fiat, it must provide notice to Fiat and Fiat will have an irrevocable non-transferable first option to purchase all or a portion of the offered securities at the same price and on the same terms and conditions as the proposed transfer.

Fiat has granted co-sale rights to the VEBA Trust, pursuant to which the VEBA Trust shall have the right to include a number of membership interests in any proposed transfer by Fiat. If the proposed transferee fails to purchase the VEBA Trust' s offered interests, then Fiat shall not be permitted to make the proposed transfer. Any amounts received by the VEBA Trust for transfer of the membership interests it holds, whether from Fiat or a third party, count toward the Threshold Amount for the purposes of the equity recapture agreement.

Beginning on January 1, 2013, pursuant to its Shareholders Agreement with Fiat, the VEBA Trust had the right to demand that Chrysler Group register all or a minimum portion of the equity held by the VEBA Trust in accordance with the Securities Act. On January 7, 2013, VEBA Trust made its demand that Chrysler Group register 270,769.6 Class A Membership Interests currently owned by the VEBA Trust, which represents approximately 16.6 percent of the Company' s outstanding interests. The Company is currently complying with its obligations under the Shareholders Agreement and the LLC Operating Agreement with respect to the VEBA Trust' s registration demand.

There are no contractual or other limitations on Fiat' s ownership interest in us. Fiat may acquire additional membership interests, at any time and from time to time, through any means, including but not limited to its rights under the option or the equity recapture agreement. Fiat may also dispose of its membership interests at any time and from time to time. Since Fiat can appoint a majority of our Board, it may be able to direct the timing of certain events, including the timing of any potential public offering of our securities.

Fiat may surrender its governance rights associated with its membership interests in Chrysler Group if we are the terminating party of the master industrial agreement or if Fiat exercises its right to terminate the master industrial agreement. See *Item 13. Certain Relationships and Related Transactions, and Director Independence* for additional information. The VEBA Trust may resign prior to the dissolution of Chrysler Group only upon the assignment of the entirety of its membership interests.

Code of Ethics

The Company' s Integrity Code governs the ethical conduct of our employees, including our Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer. A copy of the Integrity Code, as well as a policy statement directed specifically to these senior finance officers is available on our corporate website, www.chryslergroupllc.com. Any waivers of the Integrity Code granted to our senior finance officers will be posted on the website as well.

Item 11. Executive Compensation.

Compensation Discussion and Analysis

Overview

The compensation provided to our named executive officers for 2012, our most recently completed fiscal year, is set forth in detail in the 2012 Summary Compensation Table and other tables and our accompanying audited consolidated financial statements and narrative material that follow this section. This section explains the approved compensation for each of our named executive officers in 2012, our compensation structure components and the process for making our 2012 compensation decisions. Our named executive officers for 2012, which consist of those individuals who appear in the 2012 Summary Compensation Table, were: Sergio Marchionne, our Chairman of the Board, Chief Executive Officer, President and Chief Operating Officer; Richard Palmer, our Senior Vice President and Chief Financial Officer; Holly Leese, our former Senior Vice President, General Counsel and Secretary; Nancy Rae, our Senior Vice President, Human Resources; and Michael Manley, our Senior Vice President −International and Head of Jeep Brand.

Prior to June 10, 2009, each of our named executive officers (other than Messrs. Marchionne and Palmer) was employed and compensated by Old Carco. Pursuant to the terms of the master transaction agreement, employees of Old Carco became employees of ours and we assumed certain employee benefit plans, programs, policies and arrangements (and related assets and liabilities) from Old Carco, subject to the condition that such assumed plans, programs, policies and arrangements comply in all respects with the Emergency Economic Stabilization Act of 2008, or EESA, as amended by the American Recovery and Reinvestment Act of 2009, or ARRA, as it may be amended, and any guidance issued by a regulatory authority thereunder and any other applicable law in effect at the time. With limited exceptions related to contractual retirement benefits, at the time of the 363 Transaction in June 2009, we did not assume any individual agreements (including employment, severance, change in control or retention agreements) with the top 25 most highly compensated employees, including Ms. Leese, Ms. Rae and Mr. Manley.

In addition, in connection with the 363 Transaction and our credit agreements with the U.S. Treasury and the EDC, we agreed to comply with the restrictions on executive privileges and compensation established under section 111 of EESA. On April 20, 2011 we agreed with the U.S. Treasury that we would only be subject to EESA as long as the U.S. Treasury continued to hold our equity. On July 21, 2011, the U.S. Treasury sold its Class A Membership Interests to Fiat and therefore, as of that date, we were no longer bound by the restrictions of EESA. Accordingly, while the Troubled Asset Relief Program, or TARP, compensation restrictions (including oversight by the office of the Special Master for TARP Executive Compensation, or the Special Master) continued to apply to compensation awarded to certain of our employees (including our named executive officers) before July 21, 2011, compensation awarded after that date was not subject to TARP restrictions. Nevertheless, we decided that our compensation decisions would continue to be guided by EESA and the terms of our prior credit agreements with the U.S. Treasury and EDC throughout 2011.

In light of the lapse of the TARP compensation restrictions, in February 2012, the Compensation Committee decided it was an appropriate opportunity to reevaluate our existing annual and long-term incentive programs applicable to all employees, including the named executive officers. Following such review, the Compensation Committee agreed to cease any further grants under our Deferred Phantom Share Plan for our named executive officers and other senior executives. In place of that plan, the Compensation Committee deemed these individuals eligible to receive an annual cash bonus under our existing Performance and Leadership Management Award Plan, or PLM Plan. The Compensation Committee also adopted the 2012 Long-Term Incentive Plan, or 2012 LTIP, and agreed to cease making further grants under our existing Restricted Stock Unit Plan. A final grant of restricted stock units related to the 2011 performance year was made on January 30, 2012.

Our compensation philosophy continues to center on our commitment to maintain responsible compensation practices that pay for performance, allow us to attract and retain capable and experienced professionals, and motivate our executives to help us achieve our targets for long-term growth and appreciation in value. We are focused on optimizing a culture where outstanding leadership and performance are rewarded and recognized.

2012 Compensation Principles

During 2012, our compensation philosophy, as described above, was consistent with the following eight principles, which the Compensation Committee considered when designing our compensation structure and awarding compensation to our employees. These compensation principles are core to our compensation philosophy and serve as a guide when designing our compensation structure and awarding compensation to our employees.

Principle	Guiding Factor(s)
Culture	Compensation programs should drive the desired leadership behaviors and business results.
Risk	The compensation structure must avoid incentives that would encourage employees to take unnecessary or excessive risks that could threaten our value.
Sustainability	Compensation programs aligned to our business strategy will enable us to remain a competitive enterprise.
Attraction and Retention	Compensation and benefit programs should enable the recruitment and retention of top talent at all levels.
Appropriate Balance	Our compensation structure should appropriately allocate total compensation to fixed and variable pay elements, resulting in an appropriate mix of salary and long- and short-term compensation elements based on the specific role of the employee and other relevant circumstances.
Performance-based Compensation	An appropriate portion of compensation needs to be performance-based over a relevant performance period.
Comparable Structures and Payments	The compensation structure and amounts payable should be consistent with the compensation structure and amounts payable for employees in similar positions or roles at similar entities that are similarly situated.
Employee Contributions to Value	The compensation programs should reflect the current or prospective contributions of the individual employee to our value.

These principles represent sound compensation practices while supporting our business and financial objectives.

Compensation Components

We are committed to offering competitive pay to attract, retain and engage extraordinary talent. Our compensation programs are market competitive, aligned to our long-term business plan, and designed to reinforce a high performance work culture where outstanding leadership and performance are both recognized and rewarded. Our success depends on innovative, bright, and high performing employees. We are committed to offering competitive rewards that drive increased performance and accountability and allow us to differentiate based on leadership and individual performance.

Our compensation programs are competitive with our peer group companies, based on extensive compensation survey data. Competitiveness is measured by looking at total program value relative to our comparator group. Consistent with the eight compensation principles guiding our compensation program, our 2012 compensation arrangements for our senior leadership including our named executive officers (other than Mr. Marchionne), included the following components:

Compensation Component	Why it is Important
Cash base salary	Cash base salary is a critical component to providing income security to our workforce and enables us to recruit and retain highly talented and engaged employees.
Cash bonus under the PLM Plan	Aligns all salaried employees to work for a common goal and is linked to both our performance as a company and an individual' s performance.
LTIP Performance Share Units, or LTIP PSUs, under the 2012 LTIP	This award is linked to the achievement of our objectives and rewards long-term performance, commitment to our business plan and contributes to our sustainability.
LTIP Restricted Share Units, or LTIP RSUs, under the 2012 LTIP	This award recognizes individual contribution and leadership which are essential to our future growth and success.
Retirement benefits	These benefits demonstrate our commitment to the financial well-being of employees now and in the future.
Other benefits and perquisites	These programs support our ability to recruit and retain the top talent needed to achieve business success.

We believe that the mix of cash/non-cash and short-term/long-term incentives provides an appropriate balance between our longer-term business objectives and shorter-term retention and competitive needs.

Cash Base Salary

Base pay is a critical component to providing income security to our workforce and enables us to recruit and retain highly talented and engaged employees. We provide our named executive officers (other than Mr. Marchionne) and other employees with a cash base salary to compensate them for services rendered on a day-to-day basis during the year. Base salaries provide stable compensation to our top employees, allow us to recruit and retain highly talented and dedicated employees and, through periodic salary adjustments, provide a basis upon which our top employees may be rewarded for individual performance and increased scope and significance of responsibilities. The base pay of all salaried employees is reviewed against market data annually providing an opportunity to make market adjustments. When considering adjustments, we consider individual performance and the level of pay compared to similar positions in the market.

Our Compensation Committee reviews base salary levels of our named executive officers annually to determine whether an adjustment is warranted or necessary. The Compensation Committee takes into account numerous factors in making its determination, none of which are dispositive or individually weighted, including our financial performance, the state of our industry, the named executive officer' s relative importance and responsibilities, the named executive officer' s location, the named executive officer' s track record in meeting his or her performance objectives and comparable salaries paid to other executives with similar experience in our compensation peer group, as described below. Messrs. Palmer and Manley received base pay increases in 2012 which reflect the increased scope of their responsibilities.

We are committed to offering competitive pay, including base salaries. In support of this objective, we participate in a number of major compensation surveys and periodically review our compensation structure to ensure competitive alignment. In 2012, we utilized survey results from Aon Hewitt and Towers Watson as our primary source in the analysis and determination of executive base pay. Our executive compensation consultant, Mercer (US) Inc., or Mercer, provided additional analysis and counsel in benchmarking compensation components against the peer group and making recommendations. Overall, we target the 50th percentile for annual base salary and adjust accordingly taking into consideration the factors described above. Targeting the 50th percentile demonstrates our desire to not only ensure the competitive base pay of our executives but also our continued focus on fiscal responsibility.

Base salaries of the named executive officers are reported in the *2012 Summary Compensation Table*, below.

Cash Bonus under the PLM Plan

The PLM Plan is an annual cash bonus program that covers all salaried employees (other than Mr. Marchionne). It establishes a target bonus calculated as a percentage of a participant' s base salary, and payouts under the PLM Plan are based upon both company and individual performance. In February 2012, the Compensation Committee approved a target award for all employees for 2012, including the named executive officers (other than Mr. Marchionne). The Compensation Committee also established company performance targets of Modified Operating Profit and Free Cash Flow for the fiscal year ending December 31, 2012. These performance targets are Non-GAAP financial measures that we use to monitor our operations. See *Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations –Non-GAAP Financial Measures,* for additional information. If we fail to achieve 80 percent of at least one of these targets, no payments will be made under the PLM Plan, regardless of the level of individual performance. If we achieve at least 80 percent of one or both of these targets, a payout will be made, but it will be modified by both individual performance as well as by the weighted level of achievement of each company performance target.

Long-Term Incentives in the form of LTIP RSUs and LTIP PSUs

We believe that long-term incentives are a critical component of our executive compensation program and our LTIP PSUs and LTIP RSUs are the primary vehicle for offering long-term incentives to our top employees. While we do not believe that formal stock ownership guidelines for the named executive officers are appropriate at this time, we believe that equity-based grants provide our top employees, including our named executive officers, with a strong link to our long-term performance, create an ownership culture and help to align the interests of our top employees and our members.

As part of the compensation review for the 2012 calendar year, the Compensation Committee reviewed a report prepared by Mercer in their capacity as the independent executive compensation consultant to the Compensation Committee. The report included research on long-term incentive trends in support of the new 2012 LTIP that was rolled out to the top 250 employees in 2012, including the percentage of long-term incentives to total compensation.

The 2012 LTIP covers our senior executives, including the named executive officers (other than Mr. Marchionne). It is designed to retain talented professionals and reward their performance through grants of phantom equity in the form of restricted share units, or LTIP RSUs, and performance share units, or LTIP PSUs. LTIP RSUs may be granted annually, while LTIP PSUs are generally granted at the beginning of a three-year performance period. Under the terms of the 2012 LTIP, the Compensation Committee also has authority to grant additional LTIP PSU awards to individuals who are promoted or hired during the three-year performance period. The LTIP RSUs will vest over three years in one-third increments on the anniversary of their grant date, while the LTIP PSUs will vest at the end of the three-year performance period only if we meet or exceed certain three-year cumulative company performance targets. Concurrent with the adoption of the 2012 LTIP, the Compensation Committee established company performance targets comprised of specified levels of cumulative

Table of Contents

Modified Operating Profit and cumulative Free Cash Flow for the three-year performance period, ending December 31, 2014. If we do not fully achieve these targets, the LTIP PSUs will be deemed forfeited.

The value of each LTIP RSU and LTIP PSU will be equal to 1/600th of a Class A Membership Interest, on a fully-diluted basis. Once vested, LTIP RSUs and LTIP PSUs will be settled in cash or, in the event we conduct an IPO, in cash or shares of our publicly traded stock, at the Compensation Committee' s discretion. Settlement will be made as soon as practicable after vesting, but in any case no later than March 15th of the year following vesting provided that the participant has not been terminated for cause prior to the established payment date. Vesting of the LTIP RSUs and LTIP PSUs may be accelerated in certain circumstances, including upon the participant' s death, disability or in the event of a change of control. Concurrent with the adoption of the 2012 LTIP, the Compensation Committee awarded LTIP RSUs and LTIP PSUs to covered employees, including the named executive officers (other than Mr. Marchionne).

In February 2013, the Compensation Committee approved threshold, target and maximum awards under the PLM Plan and LTIP RSU grants under the 2012 LTIP for employees. The following supplemental table sets forth the potential awards for 2013 under the PLM Plan and the grants under the 2012 LTIP made in February 2013 for our named executive officers.

Name and Principal Position	Estimated Payouts under 2013 PLM Awards *(1)* ($) Threshold	Target	Maximum	LTIP Restricted Share Units *(2)* (#)	LTIP Performance Share Units *(2)(3)* (#)
Sergio Marchionne *Chairman, Chief Executive Officer, Chief Operating Officer and President*	–	–	–	–	–
Richard K. Palmer *Senior Vice President and Chief Financial Officer*	187,500	375,000	562,500	23,959	–
Holly E. Leese *(4)* *Former Senior Vice President, General Counsel and Secretary*	–	–	–	–	–
Nancy A. Rae *Senior Vice President, Human Resources*	147,875	295,750	443,625	21,803	–
Michael Manley *Senior Vice President–International and Head of Jeep Brand*	153,750	307,500	461,250	19,646	–

(1) The threshold amount represents the minimum amount that would be paid, assuming that we achieve but do not exceed 80 percent of both of the 2013 targets, for Modified Operating Profit and Free Cash Flow, or the 2013 Targets, under the PLM Plan. The target award represents the amount that would be paid, assuming that we achieve but do not exceed 100 percent of the weighted average of the 2013 Targets. The maximum award represents the amount that would be paid, assuming that we achieve or exceed 150 percent of the weighted average of the 2013 Targets. All of the estimated payouts presented in the table assume that the named executive officer' s individual performance does not merit any further upward or downward adjustment to the target bonus.

(2) Each LTIP RSU or LTIP PSU represents a right to receive a Chrysler Group Unit, which has a value of 1/600th of a Class A Membership Interest in Chrysler Group on a fully-diluted basis. Because there is no publicly observable trading price for our membership interests, we periodically conduct valuations of our Class A Membership Interests. As of the date of the grant, the value of each Chrysler Group Unit was $9.00, based upon the December 31, 2012 valuation of our Class A Membership Interests. The actual value of the

LTIP RSUs and LTIP PSUs granted will depend on the fair value of our Class A Membership Interests on a date in the future when these awards vest or are paid.

(3) No grants of LTIP PSUs were made in February 2013. The grant of LTIP PSUs made in February 2012 related to the three-year performance period beginning January 1, 2012 and ending December 31, 2014.

(4) No grants were made to Ms. Leese as she expressed her intention to retire effective March 31, 2013, prior to the February 2013 Compensation Committee meeting.

Full details of our compensation plans are set forth in the PLM Plan and the 2012 LTIP documents, which are filed as Exhibits to this report.

Retirement Benefits

The named executive officers (other than Mr. Marchionne) participate in our retirement plans (both defined benefit and defined contribution plans) that provide employees with tax-advantaged savings opportunities and income after retirement from the Company on the same terms and conditions as those made available to other eligible U.S. employees, subject to satisfying any eligibility requirements and applicable law.

Under the Chrysler Group Salaried Employees' Savings Plan, or the Savings Plan, our tax-qualified defined contribution 401(k) elective savings plan, employees are able to elect to defer a portion of their eligible compensation (up to the limits set by the Internal Revenue Service, or IRS). For 2012, we did not make a matching contribution to the Savings Plan based on the amount of the employees' deferrals. We do not currently provide employees, including our named executive officers, with the opportunity to defer any compensation in excess of the amounts that are legally permitted to be deferred under the Savings Plan.

Subject to the satisfaction of age and service requirements, Ms. Leese, Ms. Rae and Mr. Manley are eligible for pension benefits under the Chrysler Group LLC Executive Salaried Employees' Retirement Plan, or the Executive Salaried Employees' Retirement Plan, a contributory tax-qualified defined benefit pension plan, and the Chrysler Group LLC Supplemental Executive Retirement Plan, or the Supplemental Executive Retirement Plan, a contributory nonqualified defined benefit pension plan, on the same terms and conditions as offered to other U.S. non-bargaining unit employees hired by Old Carco prior to January 1, 2004. The Executive Salaried Employees' Retirement Plan and Supplemental Executive Retirement Plan provide a retirement benefit based on years of service and final average salary. Ms. Leese and Ms. Rae have satisfied the age and service requirements necessary to receive unreduced pension benefits. For more information regarding the defined benefit pension benefits provided to our named executive officers, see *−Compensation of the Named Executive Officers −2012 Pension Benefits*, below.

Messrs. Marchionne and Palmer are not eligible to participate in the Executive Salaried Employees' Retirement Plan or the Supplemental Executive Retirement Plan. On October 1, 2010, Mr. Palmer became eligible to participate in the Chrysler Group LLC Employee Managed Retirement Plan, or the Employee Managed Retirement Plan, a non-elective tax-qualified defined contribution plan for employees hired by us or by Old Carco after December 31, 2003 and who are not eligible to participate in the Executive Salaried Employees' Retirement Plan and Supplemental Executive Retirement Plan. Mr. Palmer also accrues a benefit under the Chrysler Executive Employees Supplemental Managed Retirement Plan, or the Supplemental Managed Retirement Plan, a noncontributory, nonqualified defined contribution retirement plan, on the same terms and conditions as offered to other U.S. non-bargaining unit employees hired by us or by Old Carco after December 31, 2003. We make an annual contribution to the Employee Managed Retirement Plan and the Supplemental Managed Retirement Plan equal to a fixed percentage of the employee' s compensation. For more information regarding the contribution on behalf of Mr. Palmer to the Employee Managed Retirement Plan and the Supplemental Managed Retirement Plan, see *−Compensation of the Named Executive Officers −2012 Summary Compensation Table*, below. Mr. Marchionne does not participate in any of our retirement plans.

Subject to the satisfaction of retirement and service requirements, our named executive officers are eligible to be furnished vehicles under our retired executive officer vehicle policy. Under the policy, a retiring executive officer with ten or more years of service as an executive officer is eligible to be furnished with two company vehicles (to be rotated annually) for a period of ten years. The Company will cover the cost of maintenance and repair, insurance, licensing and registration fees for the vehicles provided. For more information regarding the retired executive officer vehicle policy, see *−Compensation of the Named Executive Officers−Estimated Potential Payments and Benefits*.

Other Benefits and Perquisites

The named executive officers are eligible to participate in the Company-sponsored U.S. health and welfare benefit programs for active employees on the same terms and conditions as those made available to U.S. salaried employees or expatriates generally, subject to satisfying any eligibility requirements and applicable law. Basic health benefits, life insurance, disability benefits and similar programs are provided to ensure that employees have access to healthcare and income protection for themselves and their family members.

We provide perquisites for our employees in locales where there is a recognized market practice among our competitors to provide such perquisites. For more information regarding the perquisites provided to our named executive officers, see *−Compensation of the Named Executive Officers −2012 Summary Compensation Table*, below.

Restricted Stock Units Granted in 2012 for 2011 Performance Year

As discussed above in *−Compensation Discussion and Analysis Overview*, the named executive officers (other than Mr. Marchionne) received a final grant of restricted stock units related to the 2011 performance year on January 30, 2012. While we were subject to TARP Compensation Standards, after the conclusion of the fiscal year and following a review of the Company' s annual performance, the Special Master determined whether to approve the final grants prior to any award being made. Accordingly, awards based on performance of a fiscal year were not awarded until the following fiscal year. Refer to *−Compensation of the Named Executive Officers−2012 Summary Compensation Table*, below.

The restricted stock units granted in 2012 will vest if the holder is continuously employed by us through the third anniversary of the grant date. If the holder retires on or after the second anniversary of the grant date, the holder will continue to be considered employed for vesting purposes. All unvested restricted stock units will become fully vested upon the holder' s death or permanent disability. Unvested restricted stock units as of the date of termination are forfeited. Payment of the 2012 restricted stock unit awards will be made no later than March 15, 2016.

Chairman of the Board Compensation

Mr. Marchionne is the Chief Executive Officer of Fiat and Chairman or Chief Executive Officer of several significant business units within Fiat and Fiat Industrial, including Fiat Group Automobiles, CNH and Iveco trucks, and elected to receive no direct compensation from Chrysler Group for his services as Chief Executive Officer, President and Chief Operating Officer of Chrysler Group in 2012. His compensation from Fiat is publicly disclosed in Fiat' s annual report.

While Mr. Marchionne has historically received no compensation from Chrysler Group for his service as Chief Executive Officer, President and Chief Operating Officer, in early 2010, Mr. Marchionne received a one-time grant of deferred phantom shares representing 499,478.5 Chrysler Group Units for his service as a director from June 2009 through June 2012. This grant was economically identical to the restricted stock unit grants that had been made in late 2009 to all the other members of the Chrysler Group Board, or the Director Grants, except that only Mr. Marchionne' s grant had to comply with the structural requirements applicable under the TARP. The relevant difference between Mr. Marchionne' s grant and the other Director Grants was that Mr. Marchionne' s grant became payable at a fixed time (June 2012) rather than at the time he ceased to serve on the Board, as is the case with the other Director Grants.

In early 2012, Mr. Marchionne advised us that he did not believe it appropriate that he receive the proceeds of his grant of deferred phantom shares in 2012. It was Mr. Marchionne' s firm preference to be paid pari passu to the greatest degree possible with the other members of the Board of Directors. However, U.S. tax law restrictions require that Mr. Marchionne' s deferred phantom shares be paid in 2012.

To accommodate Mr. Marchionne' s wishes and to provide payment in accordance with U.S. tax restrictions, Mr. Marchionne and Chrysler agreed to deposit the entire gross proceeds of Mr. Marchionne' s deferred phantom shares directly into a third-party escrow account with JPMorgan Chase Bank, NA upon payment. Mr. Marchionne satisfied all taxes arising from the payment using separate personal funds and will not have access to the deferred phantom share proceeds until he ceases Board service (or, if earlier, the tenth anniversary of the date of the agreement).

In July 2012, Mr. Marchionne (as well as all of our non-employee directors other than Mr. Perkins) received a grant of 25,032 restricted stock units for his board service through June 2013 under the Amended and Restated Chrysler Group LLC Directors' Restricted Stock Unit Plan. The restricted stock units will vest on June 10, 2013. Vesting is accelerated upon death or permanent disability, and all unvested awards are forfeited upon cessation of service from the Board of Directors. An amount equal to the fair value of the Chrysler Group Units underlying any vested restricted stock units held by a director will be paid within 60 days following the date on which the director ceases to serve as a director. Payment of vested restricted stock units will be made in cash prior to a Chrysler Group IPO and, on and after a Chrysler Group IPO, in cash or shares of our publicly traded stock in our sole discretion. The number of Chrysler Group Units related to outstanding restricted stock units is subject to adjustment by the Compensation Committee in accordance with the terms of the Amended and Restated Chrysler Group LLC Directors' Restricted Stock Unit Plan.

In December 2012, in order to place Mr. Marchionne in a similar economic position to that of our other directors, concurrent with the escrow deposit, the Board granted Mr. Marchionne a Chrysler Group unit appreciation right award, or the UAR Award, in respect of the 499,478.5 deferred phantom shares originally subject to his grant, with a reference price per unit of $7.99 equal to the fair market value per unit at which the deferred phantom shares were settled. Similar to the equity-based compensation granted to other Board members, the UAR Award will be exercisable by Mr. Marchionne only upon termination of his Board service (or if earlier, the tenth anniversary of the UAR award), and at exercise will provide Mr. Marchionne with a payment equal to the increase, if any, in the value of a Chrysler Group Unit since the UAR Award grant date.

Process for Compensation Decisions

Role of the Compensation and Leadership Development Committee. The Senior Vice President, Human Resources works with our executive compensation team to develop compensation structures and amounts for the named executive officers. These structures and amounts are further refined after being reviewed with the Chief Executive Officer and are then presented to the Compensation Committee for its consideration. In all cases, in accordance with the Compensation Committee' s charter, grants of equity compensation are approved by the Compensation Committee on or before the date of grant. The Compensation Committee is composed of independent directors with extensive senior executive leadership experience. The Compensation Committee also oversees our leadership development and succession planning programs. Compensation Committee meetings are held at least four times each year and generally are attended by internal legal and human resources employees and other top employees as necessary depending upon agenda items, although an executive is not present when the Compensation Committee is discussing such executive' s compensation, as such matters would be addressed in an executive session of the Compensation Committee. The Compensation Committee holds an executive session, members only, at the end of all Compensation Committee meetings.

The Compensation Committee met and determined our 2012 compensation structure in February 2012. The Compensation Committee also met with our senior risk officer, Mr. Palmer on two separate occasions in 2012, in order to discuss the risk assessment of our compensation arrangements. As a matter of maintaining strong governance and managing risk, the Compensation Committee believes it is important to meet with Mr. Palmer to ensure that our compensation arrangements do not:

- Encourage our employees to take unnecessary and excessive risks that threaten the value of the Company;

- Pose unnecessary risks to the Company; or

- Encourage the manipulation of earnings to enhance compensation.

Based on discussions with Mr. Palmer and review of the compensation arrangements, the Compensation Committee believes that risks inherent in the compensation arrangements are mitigated by the following factors:

- PLM Plan performance metrics are paired (Modified Operating Profit and Free Cash Flow) thereby diversifying the risk associated with any single measure; and fixed maximum award levels limit overall potential payments; and

- The 2012 LTIP ties potential reward to the long-term growth and appreciation in value of the Company.

The Compensation Committee is charged with determining the compensation of our Chief Executive Officer. As described above, Mr. Marchionne, however, has elected to receive no compensation from us for his services as Chief Executive Officer, President and Chief Operating Officer since becoming our Chief Executive Officer in June 2009. As such, no determinations were necessary in 2012.

Compensation Consultants. We engaged Mercer as consultants for certain limited aspects of executive compensation analysis and planning for 2012. In particular, Mercer worked with us to determine the appropriate peer group of companies for benchmark studies of competitive executive compensation and provided data analyses, market assessments, and preparation of related reports. In addition, Mercer reviewed competitive market data for compensation analyses we had used to assist in establishing compensation for salaried employees at all levels of the Company. In 2012, Mercer did not attend Compensation Committee meetings in its capacity as advisor to us.

During 2012, we paid Mercer $112,750 in consulting fees directly related to executive compensation services performed for us. An additional $24,849 was paid to Mercer for consulting services performed on behalf of the Compensation Committee. We also paid Mercer $538,494 in consulting fees in 2012 for services unrelated to executive compensation, such as consulting related to healthcare, global mobility, employee relations, and retirement and savings plans.

Consideration of Competitive Compensation Levels. The Compensation Committee believes that use of a compensation peer group is the most effective method for providing a competitive market context as the Compensation Committee evaluates and sets the compensation needed to attract, motivate and retain the executive talent needed to manage our businesses and operations successfully. For 2012, the Compensation Committee considered compensation information compiled by Mercer, the independent compensation consultant retained by us, based on a wide range of large companies. A compensation peer group of 28 companies was selected based on their annual revenues (annual revenues ranged from $21.6 billion to $216.9 billion, with average revenue of $63.3 billion), complexity of business operations, and global span of business enterprises. Mercer assisted us in selecting the compensation peer group by gathering relevant financial and business data for companies being considered for inclusion in the peer group and then by providing the Compensation Committee with recommendations for peer group members. In consultation with Mercer, the following criteria were established and used in the selection of the recommended peer group:

Identify a group of companies that:

- Represent our labor market for executive talent
- Yield valid compensation comparisons (based on size and business characteristics)
- Have positions similar to ours

Criteria used to identify appropriate peers included:

- Revenue scope
- Durable manufacturing as at least a portion of their business
- Engineering focus
- Consumer/brand focus
- Less than 50% in foreign sales
- Participation in well-established compensation surveys

The 2012 compensation peer group is comprised of 28 companies with 7 new companies being added and 10 companies being removed compared to 2011. For 2012, the compensation peer group consisted of the following companies:

3M Company	General Dynamics Corporation	Northrop Grumman Corporation
The Boeing Company	General Electric Company	PepsiCo, Inc.
Alcoa Inc.	General Motors Company	Pfizer Inc.
Caterpillar Inc.	Goodyear Tire & Rubber Company	The Procter & Gamble Company
Chevron Corporation	Hewlett-Packard Company	Raytheon Company
Deere & Company	Honeywell International Inc.	United Technologies Corporation
Dell Inc.	International Business Machines Corporation	Whirlpool Corporation
The Dow Chemical Company	Johnson & Johnson	Xerox Corporation
E. I du Pont de Nemours & Company	Johnson Controls, Inc.	
Ford Motor Company	Lockheed Martin Corporation	

Deductibility of Executive Compensation and Other Tax Considerations. While we were under TARP restrictions, we were subject to Section 162(m)(5) of the Internal Revenue Code, which imposed a cap of $500,000 on the income tax deductibility of any compensation paid to named executive officers, including any “performance-based” compensation. We took this limitation into account in structuring compensation paid to our named executive officers. Compensation related to services performed during 2012 is not subject to Section 162(m) of the Internal Revenue Code as we were not a publicly held corporation as defined in the statute. However, we do take into account certain other tax considerations, including Section 409A of the Internal Revenue Code, which governs the form and time of payment of nonqualified deferred compensation, and could result in significant additional taxes and penalties on a recipient of nonqualified deferred compensation that does not comply with Section 409A.

Accounting Considerations. In making decisions about executive compensation, we also consider how various elements of compensation will affect our financial reporting. For example, we consider the impact of the accounting guidance related to stock compensation, which requires us to recognize the cost of employee services received in exchange for awards of equity instruments based upon the grant date fair value of those awards.

Other Polices and Considerations

Recovery of Incentive Awards. In February 2012, we adopted a clawback policy. Under the policy, all incentive compensation payable to the named executive officers is subject to clawback if it is later determined that the company' s financial statements need to be restated, regardless of whether such restatement resulted from an executive' s fraud or misconduct. In such circumstances, the company may cancel any equity award and claw back any bonus or other incentive compensation if such award, bonus or compensation was tied to the achievement of company financial objectives. The policy will be applied at the discretion of the Compensation Committee.

Expense Policy. In June 2009, in order to assist us in our efforts to ensure that all expenses incurred by our employees in the course of their duties are reasonable and appropriate, we adopted an expense policy, which is available on our website, www.chryslergroupllc.com. The policy governs certain corporate expenditures, including entertainment and events, office and facility renovations, aviation and other transportation services and other similar items, activities and events. The policy establishes internal reporting and oversight mechanisms including expense account reviews in order to ensure that the policy is followed.

Severance Policy. We maintain a Termination Allowance Plan that provides severance benefits to a broad group of our employees. Our named executive officers may be eligible for severance benefits under our Termination Allowance Plan. See *–Compensation of the Named Executive Officers –Potential Payments upon Termination or Change of Control*, below, for additional discussion of the Termination Allowance Plan.

Stock Ownership Guidelines and No-Hedging Policy. We do not have formal stock ownership guidelines in place for our named executive officers at this time since we do not believe they are appropriate while we are a private company. We do, however, believe that a culture of ownership within our executive group is paramount to our long-term success, and, as such, provide a portion of our named executive officers' total compensation in the form of equity-based awards the value of which is determined based on the value of our Class A Membership Interests. As our membership interests are not currently publicly traded, there is not an active market for Company derivative securities, and, as such, a no-hedging policy is not necessary. The Compensation Committee will reconsider the necessity for stock ownership guidelines and a no-hedging policy if our equity interests are traded on an exchange in the future.

Conclusion

Our success depends on the appropriate alignment of interests between our members and employees. As such, management and the Compensation Committee continue to work to design and implement compensation programs that will recognize the contributions of our employees and will attract new employees to the Company.

Compensation Committee Report

The Compensation Committee of the Board of Directors has reviewed and discussed with management the Compensation Discussion and Analysis, or CD&A. Based on such review and discussions, the Compensation Committee has recommended to the Board of Directors that the CD&A be included in this Annual Report on Form 10-K.

Stephen M. Wolf, Chair
Léo W. Houle
Dr. Ruth J. Simmons

Compensation of the Named Executive Officers

The following tables contain compensation information for our Chief Executive Officer, Chief Financial Officer and our three most highly paid executive officers, other than our Chief Executive Officer and Chief Financial Officer, who were serving as our executive officers on December 31, 2012. These officers are referred to as the “named executive officers.” All dollar amounts are in USD. See −*Compensation Discussion and Analysis* for additional details regarding our compensation practices.

2012 Summary Compensation Table

Name and Principal Position	Year	Salary *(1)* ($)	Bonus *(2)* ($)	Stock Awards *(3)* ($)	Stock Option Awards *(4)* ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings *(5)* ($)	All Other Compensation *(6)* ($)	Total ($)
Sergio Marchionne *(7)*	2012	−	−	200,006	929,030	−	−	102,366	1,231,402
Chairman, Chief Executive Officer, President and Chief Operating Officer	2011	−	−	−	−	−	−	−	−
	2010	−	−	600,000 *(8)*	−	−	−	−	600,000
Richard K. Palmer	2012	650,004	474,380	2,315,636	−	−		272,582	3,712,602
Senior Vice President and Chief Financial Officer	2011	537,504	−	627,500	−	−	−	298,637	1,463,641
	2010	500,000	−	253,500	−	−	−	289,394	1,042,894
Holly E. Leese	2012	485,004	312,100	2,227,983	−	−	1,023,780	7,825	4,056,692
Former Senior Vice President, General Counsel and Secretary (9)	2011	485,004	−	594,125	−	−	440,479	8,890	1,528,498
	2010	485,000	−	192,770	−	−	365,450	7,925	1,051,145
Nancy A. Rae	2012	455,004	374,130	2,064,007	−	−	430,593	15,838	3,339,572
Senior Vice President, Human Resources	2011	455,004	−	511,875	−	−	328,746	15,550	1,311,175
	2010	455,000	−	191,863	−	−	345,405	15,170	1,007,438
Michael Manley	2012	610,004	389,000	1,883,450	−	−	148,042	14,400	3,044,896
Senior Vice President−International and Head of Jeep Brand	2011	460,004	−	508,402	−	−	104,008	15,550	1,087,964
	2010	410,000	−	161,072	−	−	35,450	18,131	624,653

(1) Messrs. Palmer and Manley received base pay increases in 2012 which reflect the increased scope of their responsibilities.

(2) A cash bonus under the PLM Plan was paid in February 2013 with respect to the 2012 performance year with the amount based on the extent to which the Company achieved or exceeded its performance targets related to Modified Operating Profit and Free Cash Flow and the individual’s contribution and leadership during the 2012 performance year.

(3) The amounts reported in this column represent the grant date fair value of the deferred phantom shares, restricted stock units, long-term incentive plan restricted share units, and long-term incentive plan performance shares which represent the right to receive Chrysler Group Units, granted to each of the named executive officers, calculated in accordance with the accounting guidance related to stock-based compensation. That value is calculated by multiplying the fair value per Chrysler Group Unit, as described in −Compensation Discussion and Analysis − Long-Term Incentives in the form of LTIP RSUs and LTIP PSUs, above, as of the grant date of the award (determined in accordance with the accounting guidance related to stock-based compensation) by the number of Chrysler Group Units related to the deferred phantom share, restricted stock units, long-term incentive plan restricted share units, and long-term incentive plan performance shares awarded. Regardless of the value on the grant/vesting date, the actual value will depend on the fair value of our Class A Membership Interests on a date in the future when an award vests or is paid. For a discussion of the long-term incentive plan restricted share units, and long-term incentive plan performance shares granted to each of the named executive officers as compensation in 2012, see −Compensation Discussion and Analysis −Long-Term Incentives in the form of LTIP RSUs and LTIP PSUs, above, and −Compensation of the Named Executive Officers −2012 Grants of Plan-Based Awards, below.

In accordance with SEC regulations, this column reflects restricted stock unit awards related to the 2011 performance year that were granted in January 2012 after 2011 fiscal year-end and, therefore, were not reflected in the 2011 Summary Compensation Table.

With respect to Mr. Marchionne, the amount reported in "Stock Awards" column for 2012 represents the grant date fair value of the restricted stock units he received for his service as a director from June 2012 through June 2013. For a discussion of the restricted stock units awarded to Mr. Marchionne in 2012 and the deferred phantom shares awarded to Mr. Marchionne in 2010, see –Compensation Discussion and Analysis – Chairman of the Board Compensation, above.

The following provides additional detail regarding the amounts reported in the "Stock Awards" column of the 2012 Summary Compensation Table for the year ended December 31, 2012:

Name	Directors' Restricted Stock Units ($)	Restricted Stock Units for 2011 Service Year Granted in 2012 ($)	LTIP Restricted Share Units ($)	LTIP Performance Share Units ($)	Total Stock Awards ($)
Sergio Marchionne	200,006	–	–	–	200,006
Richard K. Palmer	–	393,754	234,378	1,687,504	2,315,636
Holly E. Leese *(a)*	–	381,943	209,161	1,636,879	2,227,983
Nancy A. Rae	–	332,157	196,221	1,535,629	2,064,007
Michael Manley	–	322,879	176,817	1,383,754	1,883,450

(a) With the exception of one-third of her LTIP RSUs which will vest on February 23, 2013, Ms. Leese will not vest in the stock awards reported in the "Stock Awards" column for 2012 due to her retirement effective March 31, 2013.

(4) The amount reported in this column represents the grant date fair value of the UAR Award awarded to Mr. Marchionne for his service as a director. The estimate of the grant date fair value was calculated using a Black-Scholes option pricing model. Upon exercise, the UAR Award will provide Mr. Marchionne with a payment equal to the increase, if any, in the value of a Chrysler Group Unit above the reference price per unit of $7.99. The fair value of a Chrysler Group Unit is based on the fair value of our membership interests as determined using a discounted cash flow methodology. Refer to Note 16, Share-Based Compensation, of our accompanying audited consolidated financial statements for additional information. For a discussion of the UAR Award awarded to Mr. Marchionne in 2012, see –Compensation Discussion and Analysis – Chairman of the Board Compensation.

(5) The amounts reported in this column represent the increase in the present value of the accrued defined benefit pension benefits for each named executive officer, including those accrued under the Executive Salaried Employees' Retirement Plan and Supplemental Executive Retirement Plan. No amount is included with respect to nonqualified deferred compensation earnings, because there were no above-market earnings on nonqualified deferred compensation. Messrs. Marchionne and Palmer are not eligible to participate in the defined benefit pension plans. The amounts reported for 2012 are determined by subtracting (i) the present value of each named executive officer's accrued benefits as of December 31, 2011 from (ii) the present value of such named executive officer's accrued benefits as of December 31, 2012, which are reported in the Pension Benefits table below, and are computed in the manner explained in the narrative disclosure to the Pension Benefits table. This increase in present value is not a current cash payment, since pension benefits are paid only after retirement, but represents the change in the value of the named executive officers' pension benefits over the previous year-end because: (i) an additional year of contributory service was included in the computation of pension benefits under the Executive Salaried Employees' Retirement Plan and the Supplemental Executive Retirement Plan; (ii) the "final average earnings" used in the computation of the pension benefits increased over the "final average earnings" used in the computation of the pension benefits as of the previous fiscal year-end; and (iii) the normal retirement age, the assumed commencement age of benefits, was one year closer. The present value of the accrued defined benefit pension benefits can also increase or decrease in value due to changes in actuarial assumptions.

Between December 31, 2011 and December 31, 2012, the mortality table changed from the 2007 Chrysler Plan Specific Mortality Table for NBU, projected generationally with Scale AA valued in 2012 to the same table projected to 2013, which had the impact of increasing the present values. The discount rate used to determine benefit obligations also changed during this same period from 5.00% to 4.00%, which had the effect of increasing the present value. No other actuarial assumptions changed between December 31, 2011 and December 31, 2012.

(6) The amounts reported in this column include the incremental cost to us of providing the perquisites and other benefits received by our named executive officers, as well as contributions on behalf of Mr. Palmer to the Employee Managed Retirement Plan and the Supplemental Managed Retirement Plan, in each case without taking into account the value of any income tax deduction for which Chrysler Group is eligible. Incremental costs to Chrysler Group for these items were determined as the actual amounts credited to or paid to or on behalf of the named executive officers. The following table provides additional detail regarding the amounts reported in the "All Other Compensation" column of the 2012 Summary Compensation Table for the year ended December 31, 2012:

Name	Company Vehicle Programs (a) ($)	Financial Counseling (b) ($)	Tax Preparation Services (b) ($)	Medical Evaluations (c) ($)	Housing Expenses/ Security/ Expatriate Allowances (d) ($)	EMRP Contributions (e) ($)	Total All Other Compensation ($)
Sergio Marchionne	–	–	4,425	–	97,941	–	102,366
Richard K. Palmer	6,900	8,287	–	1,250	205,042	51,103	272,582
Holly E. Leese	6,900	–	925	–	–	–	7,825
Nancy A. Rae	6,900	7,500	–	1,438	–	–	15,838
Michael Manley	6,900	7,500	–	–	–	–	14,400

(a) *The amounts reported in this column represent the incremental cost to us for one product evaluation vehicle and one company furnished vehicle. We calculate the incremental cost of providing our vehicles by comparing the cost of production against the value received upon the disposal of the vehicle plus the cost of maintenance and repair, insurance, licensing and registration fees. The cost of the product evaluation vehicle also includes fuel. Participants in the product evaluation vehicle program are required to evaluate the vehicle, thus providing feedback about our products. The named executive officers were taxed on the imputed income attributed to personal use of the company furnished vehicle and did not receive tax assistance from us.*

(b) *The amounts reported in these columns represent the incremental costs to us associated with either (i) financial counseling and estate planning services or (ii) tax preparation services. The named executive officers are permitted to elect either financial counseling and estate planning services or tax preparation services provided by one of several vendors approved by us. The named executive officers are taxed on the imputed income attributed to such services and do not receive tax assistance from us.*

(c) *The amounts reported in this column represent the incremental costs to us for medical services incurred by us in connection with providing executive health evaluations with one of several providers approved by us.*

(d) *Mr. Marchionne' s principal place of business is not our Auburn Hills, Michigan headquarters. However, Mr. Marchionne purchased a residence near our corporate headquarters in Auburn Hills, Michigan to use when he is there on business. We provide security for such residence at an incremental cost to the Company of $21,951. In addition, we reimburse Mr. Marchionne for a portion of the expenses he incurs related to the costs of maintaining his Michigan residence, including cleaning, utility services, insurance, and other expenses. In connection with his relocating to our corporate headquarters, Mr. Palmer receives standard expatriate benefits under the terms of our international expatriate assignment policy, including housing, home leave, tax protection and educational assistance, which are reported in this column.*

(e) *We make contributions to Mr. Palmer' s accounts under the Employee Managed Retirement Plan and the Supplemental Managed Retirement Plan equal to the sum of 5 percent of his monthly salary and, once his salary exceeds 75 percent of the Social Security wage base ($110,100 in 2012), 4 percent of the excess of his monthly salary over 75 percent of the Social Security wage base. Only salary up to the IRS' s covered compensation limit ($250,000 in 2012) is taken into account for this purpose with respect to the Employee Managed Retirement Plan. Contributions related to compensation in excess of the IRS' s covered compensation limit are made to the Supplemental Managed Retirement Plan.*

(7) *Mr. Marchionne is the Chief Executive Officer of Fiat and Chairman or Chief Executive Officer of several significant business units within Fiat and Fiat Industrial, including Fiat Group Automobiles, CNH and Iveco trucks and did not receive direct compensation from us for his services on behalf of Chrysler Group in 2012. Mr. Marchionne' s compensation from Fiat is publicly disclosed in Fiat' s annual report.*

(8) *Represents deferred phantom shares granted to Mr. Marchionne in connection with his service as a director. On December 23, 2009, the Special Master approved the grant of deferred phantom shares for Mr. Marchionne, which was made by us in January 2010. These deferred phantom shares were settled in 2012. For additional information regarding deferred phantom shares settled in 2012 for Mr. Marchionne, see –Compensation of the Named Executive Officers – Nonqualified Defined Contribution and Other Nonqualified Deferred Compensation Plans, below.*

(9) *Effective January 28, 2013, Ms. Leese, having announced her intention to retire, no longer serves as Senior Vice President, General Counsel and Secretary.*

2012 Grants of Plan-Based Awards

The following sets forth information about the non-equity incentive awards and equity-based awards granted by us to each of our named executive officers in 2012.

				Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards						
Name	Award Type *(1)*	Grant Date	Approval Date *(2)*	Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities (#)	Exercise or Base Price of Option Awards ($/ Share) ($)	Grant Date Fair Value of Stock and Option Awards *(3)* ($)
Sergio Marchionne	D-RSU	7/30/ 2012	7/30/ 2012	–	–	–	–	25,032.0	–	–	–	–	200,006
	UAR	12/3/ 2012	12/3/ 2012	–	–	–	–	–	–	–	499,478.5	7.99	929,030
								Total: 25,032.0			**Total: 499,478.5**		**Total: 1,129,036**
Richard K. Palmer	RSU	1/30/ 2012	1/30/ 2012	–	–	–	–	51,606.0	–	–	–	–	393,754
	LTIP PSU	2/23/ 2012	2/23/ 2012	–	–	–	–	221,167.0	–	–	–	–	1,687,504
	LTIP RSU	2/23/ 2012	2/23/ 2012	–	–	–	–	30,718.0	–	–	–	–	234,378
								Total: 303,491					**Total: 2,315,636**
Holly E. Leese *(4)*	RSU	1/30/ 2012	1/30/ 2012	–	–	–	–	50,058.0	–	–	–	–	381,943
	LTIP PSU	2/23/ 2012	2/23/ 2012	–	–	–	–	214,532.0	–	–	–	–	1,636,879
	LTIP RSU	2/23/ 2012	2/23/ 2012	–	–	–	–	27,413.0	–	–	–	–	209,161
								Total: 292,003					**Total: 2,227,983**
Nancy A. Rae	RSU	7/30/ 2012	7/30/ 2012	–	–	–	–	43,533.0	–	–	–	–	332,157
	LTIP PSU							201,262.0					1,535,629
	LTIP RSU	2/23/ 2012	2/23/ 2012	–	–	–	–	25,717.0	–	–	–	–	196,221
								Total: 270,512					**Total: 2,064,007**
Michael Manley	RSU	1/30/ 2012	1/30/ 2012	–	–	–	–	42,317.0	–	–	–	–	322,879
	LTIP PSU	2/23/ 2012	2/23/ 2012	–	–	–	–	181,357.0	–	–	–	–	1,383,754
	LTIP RSU	2/23/ 2012	2/23/ 2012	–	–	–	–	23,174.0	–	–	–	–	176,817
								Total: 246,848					**Total: 1,883,450**

(1) Types of Awards: D-RSU: restricted stock units granted under the Amended and Restated Chrysler Group LLC Directors' Restricted Stock Unit Plan; UAR: unit appreciation rights granted by the Board to Mr. Marchionne in connection with his Board service; RSU: restricted stock units granted under the Restricted Stock Unit Plan; LTIP PSU: long-term incentive plan performance share units granted under the 2012 Long Term Incentive Plan; and LTIP RSU: long-term incentive plan restricted share units granted under the 2012 Long Term Incentive Plan. For a description of the plans, including the determination of value of the directors' restricted stock units, restricted stock units, long-term incentive plan performance share units, and long-term incentive plan restricted share units, see −Compensation Discussion and Analysis −Long-Term Incentives in the form of LTIP RSUs and LTIP PSUs, −Compensation Discussion and Analysis − Restricted Stock Units Granted in 2012 for 2011 Performance Year and − Compensation Discussion and Analysis −Chairman of the Board Compensation , above. Prior to a Chrysler Group IPO, payments under the plans are made in cash based on the fair value of a Chrysler Group Unit as of the most recently completed valuation at the time payment is made. On and after a Chrysler Group IPO, payments under the plans may be in cash or publicly traded stock as determined by us in our sole discretion.

(2) On January 30, 2012, the Compensation Committee approved grants under the Restricted Stock Unit Plan, related to the 2011 performance year to our named executive officers (other than Mr. Marchionne). On February 23, 2012, the Compensation Committee approved grants of performance share units and restricted share units under the 2012 Long Term Incentive Plan to our named executive officers (other than Mr. Marchionne). On July 30, 2012, the Compensation Committee approved grants of restricted stock units to the members of our Board of Directors, including Mr. Marchionne. On December 3, 2012, the Board approved a grant of the UAR Award to Mr. Marchionne in connection with his Board service.

(3) *The amounts reported in this column represent the grant date fair value of the directors' restricted stock units, restricted stock units, long-term incentive plan performance share units, and long-term incentive plan restricted share units granted to each of the named executive officers in 2012 (calculated in accordance with the accounting guidance related to stock-based compensation) multiplied by the number of Chrysler Group Units related to the directors' restricted stock units, restricted stock units, long-term incentive plan performance share units, and long-term incentive plan restricted share units awarded. Regardless of the value on the grant/vesting date, the actual value will depend on the fair value of our Class A Membership Interests on a date in the future when an award vests or is paid. For a discussion of the directors' restricted stock units, restricted stock units, long-term incentive plan performance share units, and long-term incentive plan restricted share units granted to each of the named executive officers as compensation in 2012, see −Compensation Discussion and Analysis −Long-Term Incentives in the form of LTIP RSUs and LTIP PSUs, −Compensation Discussion and Analysis − Restricted Stock Units Granted in 2012 for 2011 Performance Year and − Compensation Discussion and Analysis −Chairman of the Board Compensation, above.*

(4) *With the exception of one-third of her LTIP restricted share units which will vest on February 23, 2013, Ms. Leese will not vest in the plan-based awards reported in this table due to her retirement effective March 31, 2013.*

Outstanding Equity Awards at December 31, 2012

The following sets forth information about the outstanding equity-based awards held by each of our named executive officers as of December 31, 2012.

		Option Awards (1)					Stock Awards (2)			
Name	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable (#)	Number of Securities Underlying Unexercised Options (#) Unexercisable (#)	Equity Incentive Plan Award: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date (#)	Number of Shares or Units of Stock That Have Not Vested (3)(4) (#)	Market Value of Shares or Units of Stock That Have Not Vested (5) ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units, or Other Rights That Have Not Vested (4)(6) (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units, or Other Rights That Have Not Vested (5) ($)
Sergio Marchionne	7/30/2012	–	–	–	–	–	25,032.0	225,288	–	–
	12/3/2012	–	499,478.5	–	7.99	12/3/ 2022	–		–	–
Richard K. Palmer	2/23/2012	–	–	–	–	–	–	–	221,167.0	1,990,503
	2/23/2012	–	–	–	–	–	30,718.0	276,462	–	–
	1/30/2012	–	–	–	–	–	51,606.0	464,454	–	–
	1/20/2011	–	–	–	–	–	59,100.7	531,906	–	–
	3/12/2010	–	–	–	–	–	61,185.9	550,673	–	–
Holly E. Leese (7)	2/23/2012	–	–	–	–	–	–	–	214,532.0	1,930,788
	2/23/2012	–	–	–	–	–	27,413.0	246,717	–	–
	1/30/2012	–	–	–	–	–	50,058.0	450,522	–	–
	1/20/2011	–	–	–	–	–	54,798.8	493,189	–	–
	3/12/2010	–	–	–	–	–	39,350.7	354,156	–	–
Nancy A. Rae	2/23/2012	–	–	–	–	–	–	–	201,262.0	1,811,358
	2/23/2012	–	–	–	–	–	25,717.0	231,453	–	–
	1/30/2012	–	–	–	–	–	43,533.0	391,797	–	–
	1/20/2011	–	–	–	–	–	52,594.7	473,352	–	–
	3/12/2010	–	–	–	–	–	34,720.0	312,480	–	–
Michael Manley	2/23/2012	–	–	–	–	–	–	–	181,357.0	1,632,213
	2/23/2012	–	–	–	–	–	23,174.0	208,566	–	–
	1/30/2012	–	–	–	–	–	42,317.0	380,853	–	–
	1/20/2011	–	–	–	–	–	47,393.3	426,540	–	–
	3/12/2010	–	–	–	–	–	21,452.5	193,073	–	–

(1) *The amounts reported in these columns reflect the UAR Award granted by the Board to Mr. Marchionne in connection with his Board service. The UAR Award was granted in respect of the 499,478.5 Chrysler Group Units originally subject to his deferred phantom share grant, with a reference price per unit of $7.99 equal to the fair market value per unit at which the deferred phantom shares were settled. Similar to the equity-based compensation granted to other Board members, the UAR Award will be exercisable by Mr. Marchionne only upon termination of his Board service (or if earlier, the tenth anniversary of the UAR Award), and at exercise will provide Mr. Marchionne with a payment equal to the increase, if any, in the value of a Chrysler Group Unit since the UAR Award grant date.*

(2) *The amounts reported in these columns reflect restricted stock units granted, in the case of Mr. Marchionne, under the Amended and Restated Chrysler Group LLC Directors' Restricted Stock Unit Plan, and in the case of all other named executive officers, restricted stock units granted under the Restricted Stock Unit Plan, long-term incentive plan performance share units granted and long-term incentive plan restricted share units granted under the 2012 Long Term Incentive Plan. On September 22, 2011, in accordance with the terms of the Restricted Stock Unit Plan, the number of restricted stock units was adjusted to preserve the economic value of the awards and offset the dilutive effect of changes in Fiat's ownership interest. Refer to Note 16, Share-Based Compensation, of our accompanying audited consolidated financial statements for additional information.*

(3) The restricted stock units reported in this column, include (i) Service RSUs, which will vest if the holder is continuously employed by us through the third anniversary of the grant date and the Modified EBITDA target threshold for 2010 of $2.5 billion is achieved (which was achieved), (ii) 2011 RSUs and 2012 RSUs, which will vest if the holder is continuously employed by us through the third anniversary of the grant date and (iii) the IPO RSUs, which will vest if the holder is continuously employed by us through the later of: (a) the third anniversary of the grant date; and (b) the date on which a Chrysler Group IPO occurs (the IPO vesting condition was removed by action of the Compensation Committee in September 2012). This column also reports LTIP restricted share units which will vest over three years in one-third increments on the anniversary of their grant date.

(4) If the holder retires on or after the second anniversary of grant, then such holder will continue to be considered employed for vesting purposes for Service RSUs, 2011 RSUs, 2012 RSUs and the IPO RSUs. For purposes of all restricted stock units, the holder will be treated as having retired upon a termination of employment after reaching age 55 and completing 10 years of service with us or a predecessor company (or after satisfying other applicable retirement criteria). All unvested restricted stock units will become fully vested upon the holder's death or permanent disability. Unvested restricted stock units as of the date of termination are forfeited. Payment of 2011 RSUs granted in January 2011 and 2012 RSUs granted in January 2012 was to be no later than March 15 of the year following the year in which they vest. Payment of the Service RSUs granted in March 2010 was to be on the later of: (i) the calendar year in which vesting occurs; and (ii) when at least 25 percent of our TARP obligations are repaid. Payment of the IPO RSUs granted in March 2010 was to be on the later of: (i) March 15 of the year following the year in which the IPO RSUs vest and (ii) when 100 percent of our TARP obligations are repaid. Because we are no longer subject to TARP after July 2011, as discussed above, payment will, in each case, occur following vesting pursuant to clause (i) of each of the above vesting descriptions. Payment for vested restricted stock units is made in cash prior to a Chrysler Group IPO, and on and after a Chrysler Group IPO, in cash or shares of our publicly traded stock in our sole discretion. Payment for vested restricted stock units will be made regardless of employment status at the time of the scheduled payment. The number of Chrysler Group Units related to outstanding restricted stock units is subject to adjustment by the Compensation Committee in accordance with the terms of the Restricted Stock Unit Plan.

For LTIP restricted share units and LTIP performance share units, once vested, they will be settled in cash or, in the event we conduct an initial public offering of equity securities, in cash or shares of our publicly traded stock, at the Compensation Committee's discretion. Settlement will be made as soon as practicable after vesting, but in any case no later than March 15th of the year following vesting. Vesting of the LTIP restricted share units and LTIP performance share units may be accelerated in certain circumstances, including upon the participant's death, disability or in the event of a change of control.

(5) The fair value of unvested restricted stock units, directors' restricted stock units, LTIP restricted share units and LTIP performance share units was $9.00 per Chrysler Group Unit as of December 31, 2012, which is based on the fair value of our membership interests as determined using a discounted cash flow methodology. Refer to Note 16, Share-Based Compensation, of our accompanying audited consolidated financial statements for additional information.

(6) The LTIP performance share units reported in this column will vest at the end of the three-year performance period only if we meet or exceed certain three-year cumulative company performance targets. Concurrent with the adoption of the 2012 LTIP, the Compensation Committee established company performance targets comprised of specified levels of cumulative Modified Operating Profit and cumulative Free Cash Flow for the three-year performance period ending December 31, 2014. If we do not fully achieve these targets, the LTIP performance share units will be deemed forfeited.

(7) With the exception of one-third of her LTIP restricted share units which will vest on February 23, 2013, Ms. Leese will not vest in the stock awards with grant dates of January 30, 2012 or February 23, 2012 reported on this table due to her retirement effective March 31, 2013.

Options Exercised and Stock Vested in 2012

The following sets forth information about the value realized by each of our named executive officers as a result of the exercise of stock options or upon the vesting of equity awards in 2012.

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting *(1)* (#)	Value Realized on Vesting *(2)* ($)
Sergio Marchionne	–	–	–	–
Richard K. Palmer	–	–	84,913.0	678,455
Holly E. Leese	–	–	89,075.2	711,711
Nancy A. Rae	–	–	84,913.0	678,455
Michael Manley	–	–	68,264.0	545,429

(1) The number of shares reported in this column represents both Service RSUs and the IPO RSUs granted to the named executive officer in November 2009 under the Restricted Stock Unit Plan and includes the impact of the anti-dilution adjustment made on September 22, 2011, in accordance with the terms of the plan, to adjust the number of restricted stock units so as to preserve the economic value of the awards and offset the dilutive effect of changes in Fiat's ownership interest. The Service RSUs, which would vest if the holder was continuously employed by us through the third anniversary of the grant date and the Modified EBITDA

target threshold for 2010 of $2.5 billion was achieved (which was achieved). The IPO RSUs, which would vest if the holder was continuously employed by us through the later of: (a) the third anniversary of the grant date; and (b) the date on which a Chrysler Group IPO occurs (the IPO vesting condition was removed by action of the Compensation Committee in September 2012). Accordingly, both the Service RSUs and the IPO RSUs granted to the named executive officers in November 2009 vested in November 2012. Payment for vested restricted stock units is made in cash prior to a Chrysler Group IPO, and on and after a Chrysler Group IPO, in cash or shares of our publicly traded stock in our sole discretion. Payment for vested restricted stock units will be made regardless of employment status at the time of the scheduled payment. For additional information regarding restricted stock units held by the named executive officers as of December 31, 2012 under the Restricted Stock Unit Plan, see −Compensation of the Named Executive Officers − Outstanding Equity Awards at December 31, 2012, above.

The following provides the breakdown between Service RSUs and IPO RSUs reported in the "Number of Shares Acquired on Vesting" and "Value Realized on Vesting" columns of the "Options Exercised and Stock Vested in 2012" table:

	Stock Awards	
Name	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)
Sergio Marchionne	–	–
Richard K. Palmer		
Service RSUs	21,228.6	169,617
IPO RSUs	63,684.4	508,838
Holly E. Leese		
Service RSUs	22,269.1	177,930
IPO RSUs	66,806.1	533,781
Nancy A. Rae		
Service RSUs	21,228.6	169,617
IPO RSUs	63,684.4	508,838
Michael Manley		
Service RSUs	17,066.3	136,360
IPO RSUs	51,197.7	409,069

(2) *The amount reported as value realized upon vesting of restricted stock units is calculated by multiplying the fair value per Chrysler Group Unit (as described under the caption −Compensation Discussion and Analysis − Long-Term Incentives in the form of LTIP RSUs and LTIP PSUs, above) as of the grant date of the award (determined in accordance with the accounting guidance related to stock compensation) by the number of Chrysler Group Units related to the restricted stock units awarded. Regardless of the value on the grant/vesting date, the actual value will depend on the fair value of our Class A Membership Interests on a date in the future when the restricted stock units are paid.*

2012 Pension Benefits

Subject to the satisfaction of age and service requirements, Ms. Leese, Ms. Rae and Mr. Manley are eligible for pension benefits under the Executive Salaried Employees' Retirement Plan, a contributory tax-qualified defined benefit pension plan and the Supplemental Executive Retirement Plan, a contributory nonqualified defined benefit pension plan, each described below, on the same terms and conditions as offered to other U.S. non-bargaining unit employees hired prior to January 1, 2004.

The benefit under the Executive Salaried Employees' Retirement Plan is computed as a monthly annuity benefit on a 10-year certain and life basis beginning as early as age 62 equal to:

> "final average earnings" times 2.25 percent of the executive' s years of contributory service (starting at age 35), up to a maximum of 20 years;
>
> plus
>
> "final average earnings" times 2 percent of the executive' s years of contributory service (starting at age 35) in excess of 20 years for the next 8.5 years;
>
> minus
>
> 50 percent of the age 62 Social Security benefits.

For these purposes, "final average earnings" is defined as the highest average base pay up to the IRS' s covered compensation limit ($245,000 in 2010 and 2011 and $250,000 in 2012) during any consecutive five years out of the last 15 years of employment.

The pension benefit under the Executive Salaried Employees' Retirement Plan for an executive whose employment terminates after reaching age 55 but before reaching age 62 is reduced by approximately 6 percent for each year by which the executive' s age at termination is less than age 62. Prior to the 363 Transaction, Mlles. Leese and Rae were party to agreements with Old Carco that provided, in part, that they would each be eligible for unreduced pension benefits under the Executive Salaried Employees' Retirement Plan and the Supplemental Executive Retirement Plan if their employment terminates after reaching age 55. As part of the 363 Transaction, the portion of those agreements related to the unreduced pension benefits was assumed by us. In order to receive a pension benefit under the Executive Salaried Employees' Retirement Plan, a participant must complete one year of service and attain age 65, or complete 10 years of service and attain age 55, except that death benefits are paid if the participant dies after starting to contribute and disability benefits are paid if the participant becomes disabled after completing five years of contributory service after attaining age 35.

The Supplemental Executive Retirement Plan is a restorative supplemental retirement plan that provides a pension benefit computed using the same formula (including the definition of final average earnings) as the formula under the Executive Salaried Employees' Retirement Plan except that: (i) base pay is not limited by the IRS' s covered compensation limit ($245,000 in 2010 and 2011 and $250,000 in 2012); and (ii) the benefit is offset by amounts paid from the Executive Salaried Employees' Retirement Plan. Each U.S. non-bargaining unit employee is eligible for a benefit under the Supplemental Executive Retirement Plan if his or her covered compensation exceeds the IRS' s covered compensation limit. As a result of the Special Master' s determinations, no additional amounts were permitted to accrue under the Supplemental Executive Retirement Plan for the top 25 most highly compensated employees, including our named executive officers, attributable to salary and years of service during the period under which we were subject to the TARP restrictions.

The amounts reported in the column "Present Value of Accumulated Benefit" represent the benefits that the named executive officers have earned, based on their service and compensation through December 31, 2012, but assuming that he or she retires at age 55 (age 62 for Mr. Manley), the earliest date on which he or she may retire without a reduction in pension benefit. Other than Ms. Leese and Ms. Rae, none of the named executive officers eligible for pension benefits has attained the age necessary to receive an unreduced pension benefit. While a present value is reported in the table, tax-qualified pension benefits are not available as a lump sum and must be taken in the form of an annuity. However, any nonqualified pension benefits due to base pay being limited by the IRS' s covered compensation limit ($245,000 in 2010 and 2011 and $250,000 in 2012) or due to the limits imposed by Section 415 of the Internal Revenue Code are paid out in a lump sum. We used the same assumptions in computing the amounts reported as we use for financial reporting purposes, including a discount rate of 4.0 percent and mortality according to the 2007 Chrysler Plan Specific Mortality Table for NBU, projected generationally with Scale AA valued in 2013. For a discussion of the actuarial assumptions used to calculate the present values, see Note 17, *Employee Retirement and Other Benefits*, *to our accompanying audited financial statements* included in this report.

The following provides information as of December 31, 2012 with respect to our defined benefit pension plans in which our named executive officers participated.

Name	Plan Name	Number of Credited Service Years (#)	Present Value of Accumulated Benefit ($)	Payments During Last Fiscal Year *(1)* ($)
Sergio Marchionne *(2)*	–	–	–	–
Richard K. Palmer *(2)*	–	–	–	–
Holly E. Leese	Chrysler Group LLC Executive Salaried Employees' Retirement Plan	23.92	2,392,727	–
	Chrysler Group LLC Supplemental Executive Retirement Plan	23.92	1,944,061	301,006
Nancy A. Rae	Chrysler Group LLC Executive Salaried Employees' Retirement Plan	34.50	1,820,655	–
	Chrysler Group LLC Supplemental Executive Retirement Plan	34.50	2,088,105	132,606
Michael Manley	Chrysler Group LLC Executive Salaried Employees' Retirement Plan	5.58	244,443	–
	Chrysler Group LLC Supplemental Executive Retirement Plan	5.58	55,049	33,282

(1) The amounts reported in this column reflect the ERISA Excess amounts accrued from July 21, 2011 through December 31, 2011, which were paid out in early 2012. All future ERISA Excess accruals will be paid out at retirement.

(2) Messrs. Marchionne and Palmer are not eligible to participate in our defined benefit pension plans. Mr. Palmer is eligible to participate in the Employee Managed Retirement Plan and the Supplemental Managed Retirement Plan. The amount contributed in 2012 by us to the Employee Managed Retirement Plan and the Supplemental Managed Retirement Plan on behalf of Mr. Palmer is reported in the "All Other Compensation" column of the 2012 Summary Compensation Table.

Nonqualified Defined Contribution and Other Nonqualified Deferred Compensation Plans

Commencing in 2009 through 2011, our named executive officers (other than Mr. Marchionne) received a portion of their total annual compensation in the form of deferred phantom shares granted under the Deferred Phantom Share Plan tied to the value of our Class A Membership Interests, in the discretion of the Chief Executive Officer of Chrysler Group, subject to approval by the Compensation Committee and the Special Master. Each deferred phantom share represents a Chrysler Group Unit, as described under the caption *−Compensation Discussion and Analysis −Compensation Components − Long-Term Incentives in the form of LTIP RSUs and LTIP PSUs,* above. On each monthly payroll date, a specified amount equal to a portion of a named executive officer' s gross cash base salary for the payroll period was converted into a number of deferred phantom shares, which represent the right to receive a future cash payment based on the value of the Chrysler Group Unit, by dividing the specified amount by the then fair value of a Chrysler Group Unit. Payments under the Deferred Phantom Share Plan are made in cash based on the fair value of a Chrysler Group Unit as of the most recently completed valuation at the time payment is made. The final grant of deferred phantom shares was made in December 2011. Mr. Palmer participates in the Supplemental Managed Retirement Plan. The Supplemental Managed Retirement Plan is a restorative supplemental retirement plan that provides a contribution to a retirement benefit account computed using the same formula as the formula under the Employee Managed Retirement Plan except that contributions are not limited by the IRS’ s covered compensation limit ($245,000 in 2010 and 2011 and $250,000 in 2012) or annual additions limit ($49,000 in 2010 and 2011 and $50,000 in 2012). Each U.S. non-bargaining unit employee hired after December 31, 2003 is eligible for a benefit under the Supplemental Managed Retirement Plan if his or her covered compensation exceeds the IRS’ s covered compensation limit.

The following provides information as of December 31, 2012 with respect to our deferred compensation plans in which our named executive officers participated.

Name	Executive Contributions in Last Fiscal Year ($)	Company Contributions in Last Fiscal Year *(1)* ($)	Aggregate Earnings in Last Fiscal Year *(2)* ($)	Aggregate Withdrawals/ Distributions *(3)* ($)	Aggregate Balance at Last Fiscal Year-End ($)
Sergio Marchionne *(4)*	−	−	179,812	3,990,833	−
Richard K. Palmer	−	205,656	136,247	946,022	870,266
Holly E. Leese	−	177,928	129,160	1,283,052	751,537
Nancy A. Rae	−	169,614	116,087	1,133,446	684,310
Michael Manley	−	136,357	106,833	730,820	643,414

(1) The amount reported in this column represents Service RSUs granted in November 2009 which have vested but were not paid as of December 31, 2012 since the payment under the plan terms is deferred to the calendar year after the year in which vesting occurs. These vested Service RSUs are also reported as stock vested in 2012, see −Compensation of the Named Executive Officers − Options Exercised and Stock Vested in 2012, above. With respect to Mr. Palmer, the amount reported in this column also includes company contributions to the Supplemental Managed Retirement Plan of $36,042. During 2012, no grants of deferred phantom shares were awarded. Outstanding grants of restricted stock units under the Restricted Stock Unit Plan are not reported in this table because they are not yet vested.

(2) The amount reported in this column represents the product of: (i) the number of Chrysler Group Units related to the deferred phantom shares granted from 2009 through 2011 prior to settlement and Service RSUs granted in November 2009; and (ii) the difference between (x) the fair value of a Chrysler Group Unit on December 31, 2011 or the grant date, whichever is later, and (y) the fair value of a Chrysler Group Unit on December 31, 2012. The fair value of a Chrysler Group Unit is based on the fair value of our Class A Membership Interests. Since there is currently no observable publicly traded price for our membership interests, the calculation of the fair value of our membership interests is determined using a discounted cash flow methodology. Amounts in this column are not included in the “Change in Pension Value and Nonqualified Deferred Compensation Earnings” column of the 2012 Summary Compensation Table because no such earnings would be considered above market or preferential.

(3) Deferred phantom shares are fully vested upon grant and, except for the deferred phantom shares granted to Mr. Marchionne, are paid in three equal installments at the end of the quarter in which the second, third and fourth anniversaries, respectively, of the monthly grant occur. As a result of the early repayment of our TARP obligations, each installment is subject to being paid one year earlier than scheduled. These payments commenced in February 2012 and are reflected in this column. Payments under the Deferred Phantom Share Plan are made in cash and are based on the fair value of Chrysler Group’ s Class A Membership Interests as of the most recently completed valuation at the time of payment, and are made regardless of employment status at the time of payment. Under the plan terms, the deferred phantom shares granted to Mr. Marchionne were to be paid on the later of: (i) June 10, 2012, which is the third anniversary of the commencement of Mr. Marchionne’ s service as a director; and (ii) the date on which we have no

remaining obligations under TARP. Because we are no longer subject to TARP after July 2011, Mr. Marchionne's deferred phantom shares were settled in 2012. See Compensation Discussion and Analysis –Chairman of the Board Compensation, above.

(4) On December 23, 2009, the Special Master approved a grant of deferred phantom shares for Mr. Marchionne with an initial value of $600,000 as compensation for his services as a director of the Company from June 2009 through June 2012. These deferred phantom shares were settled in 2012. See Compensation Discussion and Analysis –Chairman of the Board Compensation, above.

Potential Payments upon Termination or Change of Control

The following summaries describe and quantify the potential payments and benefits that we would provide to our named executive officers in connection with termination of employment. In determining amounts payable, we have assumed in all cases that the termination of employment occurred on December 31, 2012. Most of our plans and programs, including the Deferred Phantom Share Plan, the Restricted Stock Unit Plan, the 2012 LTIP and the Supplemental Executive Retirement Plan, contain specific provisions detailing how payments are treated upon termination. We are not obligated to provide our named executive officers with any payments or benefits in connection with a change of control, except as described below with respect to the 2012 LTIP.

Severance Policy

Our named executive officers may be eligible for severance benefits under the Termination Allowance Plan. The Termination Allowance Plan applies to all full-time U.S. based executive employees who have a minimum of three years of continuous service as of the termination date. The plan may pay severance benefits in the event that an employee is indefinitely laid off, forced to retire without retirement benefits or permanently and totally disabled and not eligible for long-term disability benefits. The amount of severance varies based on the employee's continuous years of service with us and is conditioned on the employee's execution of a general release of claims. The actual severance benefit for our named executive officers under the Termination Allowance Plan is based on their monthly base salary and determined in accordance with the following schedule:

Continuous Service Before Effective Date of Separation	Number of Months of Continued Base Salary
Less than 3 years of service	0 months
3 but less than 4 years of service	1 month
4 but less than 5 years of service	2 months
5 but less than 10 years of service	3 months
10 but less than 15 years of service	6 months
15 but less than 20 years of service	9 months
20 or more years of service	12 months

The maximum amount of severance for the named executive officers under the Termination Allowance Plan is 12 months of base salary. The severance benefit is paid in cash in monthly installments equal to the base monthly salary.

Vesting of Restricted Stock Units

Our named executive officers (other than Mr. Marchionne) received long-term incentives in the form of restricted stock units. For restricted stock units granted in November 2009 and March 2010, a restricted stock unit holder will vest in 25 percent of the Chrysler Group Units related to the award, referred to as the Service RSUs, if the holder is continuously employed by us through the third anniversary of the grant date and the Modified EBITDA target threshold for 2010 of $2.5 billion is achieved (which was achieved) and 75 percent of the Chrysler Group Units related to the award, referred to as the IPO RSUs, will vest if the holder is continuously employed by us through the later of: (i) the third anniversary of the grant date; and (ii) the date on which a Chrysler Group IPO occurs (the IPO vesting condition was removed by action of the Compensation Committee in September 2012). For restricted stock units granted in January 2011 and January 2012, referred to as the 2011 RSUs and 2012

RSUs, respectively, a restricted stock unit holder will vest in the Chrysler Group Units related to the award if the holder is continuously employed by us through the third anniversary of the grant date. If the holder retires on or after the second anniversary of grant, then such holder will continue to be considered employed for vesting purposes for all restricted stock units. For purposes of all restricted stock units, the holder will be treated as having retired upon a termination of employment after reaching age 55 and completing 10 years of service with Chrysler Group or a predecessor company (or after satisfying other applicable retirement criteria). All unvested restricted stock units will become fully vested upon the holder' s death or permanent disability. Unvested restricted stock units as of the date of termination are forfeited.

Under the plan terms, payment of the Service RSUs granted in November 2009 was to be on the later of: (i) the calendar year after the year in which vesting occurs and (ii) when at least 25 percent of our TARP obligations are repaid. Payment of the Service RSUs granted in March 2010 was to be on the later of: (i) the calendar year in which vesting occurs; and (ii) when at least 25 percent of our TARP obligations are repaid. Payment of the IPO RSUs granted in either November 2009 or March 2010 was to be on the later of: (i) March 15 of the year following the year in which the IPO RSUs vest; and (ii) when 100 percent of our TARP obligations are repaid. Payment of the 2011 and the 2012 RSUs is to be no later than March 15 of the calendar year following the year in which they vest. Because we are no longer subject to TARP after July 2011, as discussed above, payment will, in each case, occur following vesting pursuant to clause (i) of each of the above vesting descriptions.

Payment for vested restricted stock units is made in cash prior to a Chrysler Group IPO, and on and after a Chrysler Group IPO, in cash or shares of our publicly traded stock in our sole discretion. Payment for vested restricted stock units will be made regardless of employment status at the time of the scheduled payment.

Mr. Marchionne was granted restricted stock units pursuant to the Amended and Restated Chrysler Group LLC Directors' Restricted Stock Unit Plan, or the Amended Directors' Plan, for his Board service from June 10, 2012 through June 10, 2013. These restricted stock units will vest on June 10, 2013. For additional information about the restricted stock units granted to the members of our Board of Directors, *see –Director Compensation, below.*

Vesting of Long-Term Incentives in the form of LTIP RSUs and LTIP PSUs

The LTIP RSUs will vest over three years in one-third increments on the anniversary of their grant date, while the LTIP PSUs will vest at the end of the three-year performance period only if we meet or exceed certain three-year cumulative company performance targets. Concurrent with the adoption of the 2012 LTIP, the Compensation Committee established company performance targets comprised of specified levels of cumulative Modified Operating Profit and cumulative Free Cash Flow for the three-year performance period, ending December 31, 2014. If we do not fully achieve these targets, the LTIP PSUs will be deemed forfeited.

Once vested, LTIP RSUs and LTIP PSUs will be settled in cash or, in the event we conduct an initial public offering of equity securities, in cash or shares of our publicly traded stock, at the Compensation Committee' s discretion. Vesting of the LTIP RSUs and LTIP PSUs may be accelerated in certain circumstances, including upon the participant' s death, disability or in the event of a change of control. Settlement will be made as soon as practicable after vesting, but in any case no later than March 15th of the year following vesting, provided that the participant has not been terminated for cause prior to the established payment date.

LTIP RSUs will vest upon a participant' s death or disability, whereas LTIP PSUs will not. Unvested LTIP PSUs are not forfeited upon a participant' s death or disability, but rather remain outstanding and vest at the end of the three-year performance period dependent on the Company' s attainment of its performance targets. With respect to both LTIP RSUs and LTIP PSUs, if a participant' s employment with us is terminated by (i) termination by us other than for cause, (ii) the participant' s death, or (iii) the participant' s disability, in each case within twenty four months of a change of control, all terms and conditions shall be deemed met and such LTIP RSUs and LTIP PSUs shall be paid within thirty days of the participant' s termination of employment. In such case, LTIP PSUs would be paid out at target levels.

For purposes of terminations under the 2012 LTIP, "cause" means the participant' s:

Willful failure to perform substantially his or her responsibilities;

Engagement in illegal conduct or in gross misconduct, in either case, that causes financial or reputational harm to the Company or any of its subsidiaries or affiliates;

Commission or conviction of, or plea of guilty or nolo contendere to, a felony; or

Material breach of the terms of the 2012 LTIP or any other agreement entered into between the participant and the Company or any of its subsidiaries or affiliates.

Under the 2012 LTIP, a "change of control" is generally defined to include any transaction or series of transactions, including an acquisition of stock, the consummation of a reorganization, merger or consolidation of the company, or the sale, lease or exchange or other transfer of at least 50 percent in value of the company' s assets, in which a person or group of persons who was not an owner of more than 50 percent of the then outstanding voting capital units of the company, becomes such or the members of an existing group holding more than 50 percent of the then outstanding voting capital units of the company do not continue to hold such interests in substantially the same proportions relative to each other as before such transaction or series of transactions. However, specifically excluded from the definition are transactions involving direct acquisitions of voting capital units from the company, Fiat or any employee benefit plan or trust of either of them. Additionally, an initial public offering would not in itself be considered a change of control.

Estimated Potential Termination Payments and Benefits

The following table provides the estimated value of the payments and benefits that we would provide to our named executive officers in connection with termination of employment. In determining amounts payable, we have assumed in all cases that the termination of employment occurred on December 31, 2012 and that fair value of the Chrysler Group Units was $9.00. The actual value that would be recognized by a named executive officer with respect to his or her restricted stock units, LTIP PSUs, and LTIP RSUs can only be determined at the time of payment and could be affected by changes to the fair value of our Class A Membership Interests following termination of employment. Due to the number of factors that affect the nature and amounts of any benefits provided upon the events described below, any actual amounts paid or distributed may be higher or lower than reported below. In addition, in connection with any actual termination of employment, we may determine to enter into one or more agreements or to establish arrangements providing additional benefits or amounts, or altering the terms of benefits described above.

Name	Severance and Other Benefits *(1)* ($)	Unvested Restricted Stock Units *(2)* ($)	Unvested LTIP PSUs and LTIP RSUs *(3)* ($)	Total ($)
Sergio Marchionne	–	–	–	–
Termination	–	–	–	–
Retirement	–	–	–	–
Death	–	225,288	–	225,288
Disability	–	225,288	–	225,288
Change of Control	–		–	–
Richard K. Palmer				
Termination	–	–	–	–
Retirement	–	–	–	–
Death	–	1,547,033	276,462	1,823,495
Disability	–	1,547,033	276,462	1,823,495
Change of Control	–		2,266,965	2,266,965

Name	Severance and Other Benefits (1) ($)	Unvested Restricted Stock Units (2) ($)	Unvested LTIP PSUs and LTIP RSUs (3) ($)	Total ($)
Holly E. Leese				
Termination	485,004	–	–	485,004
Retirement	–	354,156	–	354,156
Death	–	1,297,868	246,717	1,544,585
Disability	–	1,297,868	246,717	1,544,585
Change of Control	–		2,177,505	2,177,505
Nancy A. Rae				
Termination	455,004	–	–	455,004
Retirement	23,000	312,480	–	335,480
Death	–	1,177,629	231,453	1,409,082
Disability	–	1,177,629	231,453	1,409,082
Change of Control	–		2,042,811	2,042,811
Michael Manley				
Termination	205,002	–	–	205,002
Retirement	–	–	–	–
Death	–	1,000,465	208,566	1,209,031
Disability	–	1,000,465	208,566	1,209,031
Change of Control	–	–	1,840,779	1,840,779

(1) *The named executive officers are eligible to receive severance payments under the Termination Allowance Plan based upon the length of service at the time of termination. This column represents the maximum potential payout for each of the named executive officers upon termination. In addition, this column represents the incremental cost to us of providing two Company-furnished vehicles for a ten year period upon retirement under our retired executive officer vehicle policy. We estimated the ten-year incremental cost of providing the Company vehicles by comparing the cost of production against the value received upon the disposal of the vehicle plus the cost of maintenance and repair, insurance, licensing and registration fees (all costs and values to remain constant over the ten-year term for purposes of this estimate). For a further discussion of the retired executive officer vehicle policy, see Compensation Discussion and Analysis –Retirement Benefits, above.*

(2) *The amounts reported in this column represent the total fair value on December 31, 2012 of the Chrysler Group Units related to the restricted stock units granted under the Restricted Stock Unit Plan that would vest upon a named executive officer's retirement, death or disability based on a fair value of the Chrysler Group Units of $9.00. With respect to Mr. Marchionne, the amounts reported in this column represent the total fair value on December 31, 2012 of the Chrysler Group Units related to the restricted stock units granted under Amended Directors' Plan for his Board service from June 2012 through June 2013 that would vest upon his death or disability based on a fair value of the Chrysler Group Units of $9.00. Because deferred phantom shares are fully vested upon grant and paid at the time of the scheduled payment, no additional value would be recognized by the named executive officer solely as a result of their termination of employment.*

(3) *The amounts reported in this column represent the total fair value on December 31, 2012 of the Chrysler Group Units related to (i) LTIP RSUs that would vest upon a named executive officer's death or disability and (ii) LTIP PSUs and LTIP RSUs that would vest if a named executive officer is terminated within twenty four months of a change of control due to (a) a termination by us for other than for cause, (b) the participant's death, or (c) the participant's disability, based on a fair value of the Chrysler Group Units of $9.00.*

Risk Considerations in our Compensation Program

Our Compensation Committee is responsible for ensuring that our compensation programs are consistent with our safety and soundness, including reviewing the relationship between our risk management policies and practices and the executive compensation arrangements. Our senior risk officer, Mr. Palmer, reviewed with the Compensation Committee all compensation programs, including the compensation arrangements for our named executive officers, to ensure that the programs and arrangements did not create incentives that encourage employees to take unnecessary or excessive risks that could threaten our value. We believe that the mix and design of the elements of our employee compensation policies and practices do not motivate imprudent risk taking. Consequently, we are satisfied that any potential risks arising from our employee compensation policies and practices are not reasonably likely to have a material adverse effect on us.

Compensation Committee Interlocks and Insider Participation

During the fiscal year ended December 31, 2012, Stephen M. Wolf served as the Chairman, and James J. Blanchard, Léo W. Houle and Dr. Ruth J. Simmons served as members, of our Compensation Committee. Mr. Blanchard' s service on the Compensation Committee ended when his three-year term on the Board of Directors expired in June 2012. Dr. Simmons began serving on the Compensation Committee when she joined the Board of Directors in June 2012. No member of the Compensation Committee is or has been an officer or employee of Chrysler Group at any time or had any relationship with Chrysler Group requiring disclosure as a related-party transaction. During the fiscal year ended December 31, 2012, none of our executive officers served as a member of the board of directors or compensation committee (or other board committee serving an equivalent function) of any unrelated entity that had one or more of its executive officers serving on our Board or Compensation Committee (or other board committee serving an equivalent function).

Director Compensation

Since our formation, our directors have received all of their Board fees in the form of equity-based awards. We believe that a substantial portion of our directors' compensation should be in the form of equity-based awards so as to align the interests of our directors with our objectives to achieve long-term growth and appreciation in value for the benefit of our stakeholders.

When we established the directors' compensation structure in 2009, all of the director compensation was in the form of equity-based awards in order to preserve cash for the Company' s operations. At that time, the only exceptions to equity-based compensation were the annual retainers paid to our then chairman and committee chairs. Pursuant to the Chrysler Group LLC 2009 Directors' Restricted Stock Unit Plan, or the Directors' Plan, restricted stock units were awarded to the original members of our Board of Directors in September 2009, and, at the Compensation Committee' s direction, on a pro-rata basis to Messrs. Houle and Lanaway in September 2011. Once granted, the restricted stock units vested in one-third increments on June 10th of each year, except that vesting for Messrs. Houle and Lanaway vested entirely on June 10, 2012. Vesting is accelerated upon death or permanent disability, and all unvested awards are forfeited upon cessation of service from the Board of Directors. An amount equal to the fair value of the Chrysler Group Units underlying any vested restricted stock units held by a director will be paid within 60 days following the date on which the director ceases to serve as a director. Payment of vested restricted stock units will be made in cash prior to a Chrysler Group IPO and, on and after a Chrysler Group IPO, in cash or shares of our publicly traded stock in our sole discretion. The number of Chrysler Group Units related to outstanding restricted stock units is subject to adjustment by the Compensation Committee in accordance with the terms of the 2009 Directors' Plan.

In April 2012, the Board approved a directors' compensation package for Board service from June 2012 through June 2013 that included $200,000 of directors' compensation. Directors' compensation would be in the form of 50% equity and 50% cash with the directors given the alternative to select compensation in the form of 100%

equity. All of the directors (other than Mr. Perkins who is precluded from receiving compensation for his Board service as described below) elected to receive their compensation in the form of 100% equity. Mr. Marchionne does not receive an annual retainer for his role as chairman.

Pursuant to the Amended and Restated Chrysler Group LLC Directors' Restricted Stock Unit Plan, or the Amended Directors' Plan, restricted stock units were awarded to the members of our Board of Directors (other than Mr. Perkins) in July 2012 and vest on June 10, 2013. Vesting is accelerated upon death or permanent disability, and all unvested awards are forfeited upon cessation of service from the Board of Directors. An amount equal to the fair value of the Chrysler Group Units underlying any vested restricted stock units held by a director will be paid within 60 days following the date on which the director ceases to serve as a director. Payment of vested restricted stock units will be made in cash prior to a Chrysler Group IPO and, on and after a Chrysler Group IPO, in cash or shares of our publicly traded stock in our sole discretion. The number of Chrysler Group Units related to outstanding restricted stock units is subject to adjustment by the Compensation Committee in accordance with the terms of the Amended Directors' Plan.

Mr. Perkins was appointed to serve on the Board of Directors by the VEBA Trust. Mr. Perkins' employer, the UAW, has a policy in place which precludes any of their employees from receiving compensation for board service. In July 2012, in recognition of the UAW's policy, we amended our Operating Agreement to provide that the Director appointed by the VEBA Trust would not be eligible to receive compensation from us for his Board service if his employer has a policy in place that prohibits such compensation. Solely on account of these facts, we agreed to remit $200,000 to the VEBA Trust, payable in quarterly cash installments, as long as Mr. Perkins continues to serve on the Board during the June 2012 through June 2013 term.

Director Summary Compensation Table

The following summarizes the total compensation paid by us to our non-employee directors for services rendered during the year ended December 31, 2012.

Name	Fees Earned or Paid in Cash *(1)* ($)	Stock Awards *(2)* ($)	All Other Compensation *(3)* ($)	Total ($)
Alfredo Altavilla	–	200,006	–	200,006
Governor James J. Blanchard *(4)*	–	–	863	863
Léo W. Houle	–	200,006	–	200,006
John B. Lanaway	–	200,006	1,300	201,306
Erickson N. Perkins *(5)*	–	–	–	–
Ruth J. Simmons *(5)*	–	200,006	403	200,409
Douglas M. Steenland	20,000	200,006	1,150	221,156
Ronald L. Thompson	25,000	200,006	1,150	226,156
Stephen M. Wolf	15,000	200,006	1,150	216,156

(1) Our non-employee directors did not earn or receive an annual retainer fee in 2012 for their service as directors, other than our Lead Director, Mr. Thompson. Each non-employee committee chair was entitled to an annual retainer, the amount of which differed depending upon the committee, as follows: Audit Committee, $20,000 (Mr. Steenland) and Compensation Committee, $15,000 (Mr. Wolf).

(2) *The table below shows the aggregate number of restricted stock units outstanding for each non-employee director as of December 31, 2012:*

Name	Aggregate Number of Restricted Stock Units at Last Fiscal Year-End *(a)* (#)
Alfredo Altavilla	524,510.5
Léo W. Houle	50,102
John B. Lanaway	50,102
Erickson N. Perkins *(5)*	–
Ruth J. Simmons *(5)*	25,032
Douglas M. Steenland	524,510.5
Ronald L. Thompson	524,510.5
Stephen M. Wolf	524,510.5

(a) *In late 2009, Messrs. Altavilla, Steenland, Thompson and Wolf received a grant of restricted stock units under the 2009 Directors' Plan with an initial value of $600,000 for their service as directors of the Company from June 2009 through June 2012. On September 22, 2011, in accordance with the terms of the plan, the number of restricted stock units they had received was adjusted to preserve the economic value of the awards and offset the dilutive effect of changes in Fiat's ownership interest. In September 2011, Messrs. Houle and Lanaway received a grant of restricted stock units under the 2009 Directors' Restricted Stock Unit Plan with an initial value of $154,432 for their service as directors of the Company from September 2011 through June 2012. In July 2012, all of the members of our Board of Directors (other than Mr. Perkins) received a grant of restricted stock units under the Amended Directors' Plan with an initial value of $200,006 for their service as directors from June 2012 through June 2013.*

(3) *The amounts reported in this column represent the incremental cost to us for the Company furnished vehicle provided to our non-employee directors while serving as an active member of the Board. We calculate the incremental cost of providing the Company vehicles by comparing the cost of production against the value received upon the disposal of the vehicle plus the cost of maintenance and repair, insurance, licensing and registration fees. Directors are taxed on the imputed income attributed to personal use of Company vehicles and do not receive tax assistance from us. The amounts reported in this column do not include amounts paid to Mr. Blanchard for his vested restricted stock units upon the expiration of his term on the Board of Directors in accordance with the terms of the Directors' Plan.*

(4) *Term on the Board of Directors expired in June 2012.*

(5) *Joined the Board of Directors in June 2012. With respect to Mr. Perkins, he receives no compensation from us as described above.*

Table of Contents

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Equity Compensation Plan Information is provided in Item 11 of this 10-K.

The following sets forth information as of March 7, 2013, regarding the beneficial ownership of our Class A Membership Interests for: (i) each person known by us to beneficially own either class of our membership interests; (ii) each director; (iii) each of our named executive officers; and (iv) all of our directors and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC and includes having voting and/or investment power with respect to the securities. Each of the persons and entities named in the table below have sole voting and sole investment power with respect to the membership interests set forth opposite each person' s or entity' s name.

As of March 7, 2013, there were 1,632,654 Class A Membership Interests authorized, issued and outstanding. Unless otherwise indicated, the address for each of the individuals listed in the table is c/o Chrysler Group LLC, 1000 Chrysler Drive, Auburn Hills, Michigan, 48326.

	Class A Membership Interests		
Name and Address of Beneficial Owner	Number of Membership Interests	Percent of Class	Percent of Voting Power
UAW Retiree Medical Benefits Trust *(1)* P.O. Box 14309 Detroit, Michigan 48214	676,924	41.5%	41.5%
Fiat North America LLC *(2)* Via Nizza n. 250 10125 Torino, Italy	955,730	58.5%	58.5%
Directors and Named Executive Officers:			
Alfredo Altavilla	–	–	–
Léo W. Houle	–	–	–
John B. Lanaway	–	–	–
Ruth J. Simmons	–	–	–
Erickson N. Perkins	–	–	–
Douglas M. Steenland	–	–	–
Ronald L. Thompson	–	–	–
Stephen M. Wolf	–	–	–
Sergio Marchionne	–	–	–
Richard K. Palmer	–	–	–
Holly E. Leese	–	–	–
Nancy A. Rae	–	–	–
Michael Manley	–	–	–
Directors and Executive Officers as a group, including those named above (23 persons)	–	–	–

(1) Includes 54,153.92 Class A Membership Interests held by UAW VEBA Holdco CH-00, LLC, 54,153.92 Class A Membership Interests held by UAW VEBA Holdco CH-01, LLC, 54,153.92 Class A Membership Interests held by UAW VEBA Holdco CH-02, LLC, 54,153.92 Class A Membership Interests held by UAW VEBA Holdco CH-03, LLC, 54,153.92 Class A Membership Interests held by UAW VEBA Holdco CH-04, LLC, 54,153.92 Class A Membership Interests held by UAW VEBA Holdco CH-05, LLC, 54,153.92 Class A

Membership Interests held by UAW VEBA Holdco CH-06, LLC, 54,153.92 Class A Membership Interests held by UAW VEBA Holdco CH-07, LLC, 54,153.92 Class A Membership Interests held by UAW VEBA Holdco CH-08, LLC, 54,153.92 Class A Membership Interests held by UAW VEBA Holdco CH-09, LLC, 54,153.92 Class A Membership Interests held by UAW VEBA Holdco CH-10, LLC, 54,153.92 Class A Membership Interests held by UAW VEBA Holdco CH-11, LLC, and 27,076.96 Class A Membership Interests held by UAW VEBA Holdco CH-12, LLC.

(2) *On January 1, 2013, Fiat' s 200,000 Class B Membership Interests, which represented a 35 percent ownership interest in us, automatically converted to the proportionate share of Class A Membership Interests in accordance with the terms of the LLC Operating Agreement. As a result, Fiat continues to have a 58.5 percent ownership interest in us.*

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Transactions with Fiat

On April 30, 2009, we entered into a master transaction agreement with Fiat and Old Carco under which we agreed to purchase the principal operating assets of Old Carco and its principal domestic subsidiaries, to assume certain of their liabilities, and to purchase the equity of Old Carco' s principal foreign subsidiaries. On June 10, 2009, we completed the 363 Transaction contemplated by the master transaction agreement following bankruptcy court approval in connection with Old Carco' s bankruptcy proceeding. In connection with the closing of the 363 Transaction, we issued Class B Membership Interests to an affiliate of Fiat, Fiat North America LLC. On January 1, 2013, our Class B Membership Interests automatically converted to Class A Membership Interests in accordance with the terms of our LLC Operating Agreement. As a result of the conversion and other transactions, Fiat North America LLC holds a portion of our Class A Membership Interests representing a 58.5 percent ownership interest in us. See *Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations −Fiat Ownership Interest* for additional information. We also entered into the master industrial agreement and related ancillary agreements described below with Fiat and certain of its affiliates in accordance with the terms of the master transaction agreement.

Our alliance with Fiat is comprised of various commercial arrangements relating primarily to the development, manufacture and distribution of vehicles, and the development and manufacture of powertrains. The terms and conditions governing the Fiat alliance are set forth in the master industrial agreement and ancillary agreements entered into pursuant to the master industrial agreement, which provides for:

Technology and Product Sharing −We have access to certain of Fiat' s platforms, vehicles, products and technology. These include: (i) Fiat' s mini, small, and compact vehicle platforms; and (ii) specified vehicle models, engines, engine technologies, transmissions, and related technology for production within North America and for distribution within North America and other agreed markets, including the Fiat 500 vehicle model. We are currently manufacturing the Fiat 500 vehicle in our Toluca, Mexico plant. The Fiat 500 includes the Fiat 1.4L FIRE engine, manufactured in our Dundee, Michigan plant, as well as transmissions purchased from Fiat.

In addition, we are cooperating on: (i) engineering and development activities, such as those related to the CUSW platform utilized for the new Dodge Dart, as described under *Item 1. Business −Alliance with Fiat* and *Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations −Progress on our Strategic Business Plan in 2012*; (ii) manufacturing activities, such as implementation of WCM processes utilized by Fiat in our manufacturing plants; and (iii) the manufacture, assembly, or sale of built-up vehicles, engines, transmissions, components, or other products. We have both also committed to identifying further possible product portfolio sharing. For example, we licensed certain vehicle technology to Fiat for a vehicle that Fiat' s Chinese joint venture began to produce in September 2012.

Distribution –We have established: (i) Fiat' s role in the distribution of our vehicles and service parts in Europe and other specified markets outside of North America, including the appointment of Fiat as the general distributor and importer in those markets, directly or indirectly, and of wholesale and retail financing for our vehicles in certain markets outside of North America; (ii) our role as the exclusive distributor and importer of Fiat and Alfa Romeo brand vehicles and service parts within North America; and (iii) implementation of distribution strategies.

We began implementing our distribution strategy for non-North American markets in 2010. Fiat initially assumed the management of our distribution and sales operations in select European countries in 2010, and in June 2011, Fiat became our general distributor for Europe selling our products through a network of newly appointed dealers. In connection with this transition, we also sold several dealerships that we owned and certain assets of 15 of our international distribution centers in Europe to Fiat. We are now distributing Fiat vehicles in certain markets through our international distribution centers around the world. In addition, financial services affiliates of Fiat are providing financing to our dealers and their customers in China, Argentina and Brazil.

We began selling the Fiat 500 in the U.S. and Canada in March 2011 through a network of newly appointed dealers, and we are also selling some of the Fiat 500 vehicles we produce in Mexico to Fiat for distribution outside of North America. In addition, we began distributing Fiat and Fiat Professional (light-duty commercial) brand vehicles and service parts in Mexico in October 2010. We also began distributing Alfa Romeo brand vehicles and service parts in Mexico in 2011, which we also plan to reintroduce in the U.S. and Canada.

Procurement –We continue to integrate our procurement activities with Fiat' s procurement operations, including: (i) the establishment of joint purchasing programs designed to yield preferred pricing and logistics terms, particularly with respect to shared parts and components and common suppliers; and (ii) the restructuring of our procurement activities and integration with Fiat' s procurement operations.

Information and Communication Technology –We and Fiat are coordinating our respective information and communication technologies. Ongoing efforts include: (i) identification of ways to reduce the costs of such technologies and generate other benefits; (ii) prioritization of systems, applications and infrastructure initiatives based on our business plan targets; (iii) implementation of common technology solutions in various functional areas, including upgraded engineering product lifecycle management and computer-aided design tools, and adoption of the SAP system currently used by Fiat to replace our finance, procurement, and capital project and investment management systems; and (iv) deployment of emerging communication, collaboration and server network technologies. We have largely completed the planned transition of our business process systems outside North America to Fiat' s systems.

Fiat may terminate the master industrial agreement and all of the ancillary agreements on 120 days' prior written notice at any time. Upon such termination: (i) each party must continue to distribute, if requested, the other party' s vehicles and service parts for two years on the same terms and conditions as in effect immediately prior to termination, and to cooperate for up to an additional six months to facilitate transition of distribution services; (ii) Fiat must continue to make available to Chrysler Group for thirty-six months the technology rights and other items available under the agreements on the same terms in effect on the date of termination, and thereafter until the end of production on the same terms but at commercially reasonable royalty rates; and (iii) Chrysler Group must continue to make available to Fiat for thirty-six months, or if longer, until the end of production, the technology and other items available under the agreements on the same terms as in effect on the date of termination but at commercially reasonable royalty rates.

In addition, either we or Fiat may terminate the master industrial agreement and all of the ancillary agreements if the other party either commits a breach that is material, considering all ancillary agreements taken as a whole, or in the event of certain bankruptcy, liquidation or reorganization proceedings. Upon a termination for breach or bankruptcy events, the terminating party will be entitled to receive continued distribution services and technology rights and other items from the other party as noted above.

Other Transactions

We have also entered into the following transactions with Fiat or its affiliates:

In March 2010, we entered into a multi-year agreement with an affiliate of Fiat to provide it with service parts distribution services in North America, on a per-service fee basis. We received approximately $1.4 million for such services during the year ended December 31, 2012.

In October 2010, we entered into a non-binding memorandum of understanding with an affiliate of Fiat to license certain technology, and to provide certain products and engineering services. In January 2011, we entered into a subsequent definitive technology license agreement with a Fiat affiliate, that includes a one-time license fee of $37 million. We are supplying select components to this Fiat affiliate (both directly and indirectly through another affiliate) and, pending finalization and execution of certain engineering statements of work under a master engineering agreement, we have provided engineering services. For the year ended December 31, 2012, we have received approximately $28.4 million for these services. We will continue to receive payments on a per-service fee basis.

In August 2010, we entered into a multi-year agreement with a Fiat affiliate for the provision of various administrative services to support our operations in Australia. We paid approximately $264,000 for these services in 2012.

In January 2011, we entered into a multi-year agreement with Fiat to provide our service diagnostic tools to Fiat for use in its dealerships and authorized repair facilities. As part of this agreement, we will supply tools to Fiat and perform software development services, and we will also provide ongoing maintenance services. We invoice Fiat on a periodic basis for tools and services rendered. For the year ended December 31, 2012, we have received approximately $5.7 million for these services.

In March 2011, we entered into an agreement with a Fiat affiliate to purchase tax credits in Venezuela for $8.1 million.

In May 2011, we entered into a five-year agreement with a Fiat affiliate to provide us with service parts for certain competitive brand vehicles that we will sell through retail and wholesale channels. Our total purchases under this agreement were $25 million for the year ended December 31, 2012.

In December 2011, we entered into a multi-year agreement with a joint venture affiliate of Fiat in China, pursuant to which we will sell vehicles and service parts that we manufacture for distribution through Fiat' s dealer network in China. In addition, we are selling select vehicle components to this Fiat affiliate. For the year ended December 31, 2012, we have received approximately $112 million for these vehicles, service parts, and components. In January 2013, we also entered into a non-binding memorandum of understanding with this joint venture for the potential license of certain vehicle and engine technology for the local production of Jeep vehicles that will be sold only in China.

We began distribution of Fiat vehicles and service parts in Russia in 2012 and in June 2012, we entered into an agreement to sell our Fiat dealer receivables to a financial services affiliate of Fiat. Our total receivable sales under this agreement were approximately $22.5 million for the year ended December 31, 2012.

We are negotiating a multi-year agreement with a Fiat affiliate to receive transactional processing services. The agreement is expected to be finalized in 2013.

During 2012, we entered into a multi-year agreement with an affiliate of Fiat to obtain transportation services, as well as cost allocation agreements with Fiat to share costs associated with certain security and related expenses incurred regarding Mr. Marchionne while in Michigan working on our behalf, or traveling globally on behalf of us and Fiat. We paid approximately $300,000 for such services during the year ended December 31, 2012.

In 2012, we consolidated our purchase of certain property and liability insurance coverage for the 2013 calendar year together with Fiat and its affiliates to achieve reduced premiums and enhanced coverage. Certain Fiat-affiliated insurance companies participated in this transaction as brokers and as reinsurers, and will receive approximately $1.2 million in 2013 to be funded out of the premiums we pay to the applicable underwriters.

We entered into an agreement, effective June 2012, in which a Fiat affiliate will sponsor certain sporting events in which we participate, for which we will receive $300,000.

We are currently negotiating a cooperation agreement with a Fiat affiliate to assist them in meeting requirements under certain federal and state vehicle emissions regulations. The agreement is expected to be finalized in early 2013.

From time to time, we also purchase or sell goods and services from or to Fiat affiliates in the ordinary course through competitive bids or directed sourcing, when applicable.

In total, our transactions with Fiat for the year ended December 31, 2012, included $2,689 million of goods and services Fiat purchased from us, and $1,504 million of goods and services we purchased from Fiat. In addition, during the year ended December 31, 2012, we recognized reimbursements due from Fiat of $51 million and recognized reimbursements due to Fiat of $45 million for costs related to shared engineering and development activities performed under the product and platform sharing agreement that is part of our industrial alliance.

Mr. Marchionne is the Chief Executive Officer of Fiat and Chairman or Chief Executive Officer of several significant business units within Fiat and Fiat Industrial. His compensation from Fiat is publicly disclosed in Fiat’ s annual report.

Mr. Palmer served as Chief Financial Officer of Fiat Group Automobiles until becoming our Chief Financial Officer in 2009. In September 2011, Mr. Palmer was given the additional role of Chief Financial Officer of Fiat.

Mr. Alessandro Gili, formerly Head of Accounting for Fiat Group Automobiles, became our Corporate Controller and Chief Accounting Officer in June 2011. In October 2011, Mr. Gili took on additional responsibilities to lead the development of common processes and procedures for the finance organizations of Fiat and Chrysler Group.

Fiat has responsibility for any repatriation costs if certain former Fiat employees, including Mr. Gili, were to return to Italy. Fiat also has continued to make employer contributions on behalf of Mr. Palmer as well as Mr. Gili, and other former Fiat employees to the Italian social security system and with respect to certain Italian pension and health arrangements.

In September 2011, Fiat formed the GEC, to oversee and enhance the operational integration of all Fiat affiliates, including Chrysler Group. Members of the GEC include Messrs. Marchionne, Palmer and Manley, as well as other Fiat and Chrysler Group executives. Nevertheless, Chrysler Group and Fiat remain distinct legal entities with separate governance. The GEC cannot contractually bind Chrysler Group, and recommendations made by the GEC to Chrysler Group, including transactions with Fiat companies, are subject to Chrysler Group’ s governance procedures. Refer to *Item 10. Directors, Executive Officers and Corporate Governance −Corporate Governance* for additional information.

Policies and Processes for Transactions Involving Related Parties

As to agreements we have with or for the benefit of our affiliates, our LLC Operating Agreement provides that transactions involving aggregate payments in excess of $25 million must be approved by a majority of the disinterested directors of our Board. If there are no disinterested directors, our Board must obtain the favorable opinion of an independent expert as to the fairness of the transaction. We have a separate written policy that further delineates this process for transactions with Fiat and its affiliates, which requires that negotiation of every Company transaction with a Fiat affiliate, regardless of type or financial value, must involve an officer without employment or significant management ties to a Fiat affiliate, as well as representatives from our Business Development team and our Office of the General Counsel. Once negotiated, transactions over $25 million are elevated by our Business Development team to the Audit Committee to perform an in-depth review before recommending approval to the disinterested directors of the full Board. Otherwise, any ordinary course purchase order transaction with a Fiat affiliate involving a value in excess of $25 million is brought to the disinterested directors by our Global Purchasing team. Also, certain categories of transactions contemplated by the master industrial agreement may be pre-approved by the disinterested directors. Our management team also reports regularly to our Board regarding the status of our principal agreements and financial exchanges with Fiat.

We also have a written policy that governs related party transactions not involving Fiat and its affiliates, in which our Board has delegated to the Audit Committee the authority to review and approve any transaction involving us and any of our executive officers, directors, director nominees, or any beneficial owner of five percent or more of our equity. Transactions between the Company and immediate family members of any of the above parties are also subject to this process. In its review, the Audit Committee must consider each such transaction and determine whether it is in the best interests of the Company, whether comparable commercial terms could be obtained in an arms' length transaction with an unrelated party, whether such an agreement would trigger a default under the Company' s financing agreements and whether required internal approvals were obtained. To date, there have been no such transactions other than the agreement to remit $200,000 to the VEBA Trust, payable in quarterly cash installments, as long as Mr. Perkins continues to serve on the Board during the June 2012 through June 2013 term. This arrangement was approved by the full Board of Directors with Mr. Perkins abstaining. We entered into this arrangement in light of the fact that Mr. Perkins, who was appointed to serve on the Board of Directors by the VEBA Trust, had requested that he receive no compensation for his Board service in accordance with the policy of his employer, the UAW. Refer to *Item 11. Executive Compensation −Director Compensation* for additional information.

Our compliance with both these related party policies is audited, and the results of those audits are periodically communicated to our Audit Committee.

In addition to our related party transactions policies, we have a written conflict of interest policy and related procedure applicable to our officers and employees and their spouses and minor children that prohibit them from having personal interests in transactions which conflict with our interests, or which might influence the judgment or actions of our officers and employees in performing their duties. A management committee, the Business Practices Committee, interprets the policy, issues advisories, and reports periodically to the Audit Committee of our Board with respect to noncompliance or waivers.

Director Independence

Now that Fiat holds a majority interest in us, our LLC Operating Agreement requires that our Board must include at least three independent directors. Our LLC Operating Agreement further requires that to be independent, a director must be independent of the Company and, if applicable, the party appointing such director. A director' s independence is determined by reference to the list of enumerated relationships precluding independence under the listing rules of the New York Stock Exchange.

Messrs. Altavilla and Marchionne are employed by Fiat and do not qualify as independent directors under the New York Stock Exchange standards. The Board has determined that all of its other members, Ms. Simmons and

Messrs. Houle, Lanaway, Perkins, Steenland, Thompson and Wolf, qualify as independent directors under those standards.

Item 14. Principal Accounting Fees and Services

The Audit Committee retained Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu Limited, and their respective affiliates, collectively, Deloitte & Touche, to audit our consolidated financial statements for the years ended December 31, 2012 and 2011. We also retained Deloitte & Touche, as well as other accounting and consulting firms, to provide various other services in 2012 and 2011.

The aggregate fees billed to us for professional services performed by Deloitte & Touche were as follows (in millions of dollars):

	Years Ended December 31,	
	2012	2011
Audit fees *(1)*	$ 11	$ 12
Audit-related fees *(2)*	–	2
Tax fees *(3)*	1	1
All other fees *(4)*	1	–
Total	$ 13	$ 15

(1) Audit fees include fees for the audit of our annual Consolidated Financial Statements, reviews of interim financial statements included in our Quarterly Reports on Form 10-Q and audits and reviews of statutory and regulatory filings.

(2) Audit-related fees include fees for assurance and related services which include services related to employee benefit plan audits, internal control consultations, issuance of consents and consultation concerning financial accounting and reporting standards.

(3) Tax fees include fees for services performed for tax compliance, planning and advice. Tax planning and advice also include assistance with tax audits, appeals and tax advice related to specific transactions.

(4) We did not engage Deloitte & Touche for any other significant services for the years ended December 31, 2012 and 2011.

The services performed by Deloitte & Touche during the years ended December 31, 2012 and 2011, were preapproved in accordance with the pre-approval policy and procedures established by the Audit Committee. This policy requires the independent registered public accounting firm to present the proposed audit services and related fees to the Audit Committee for approval prior to the commencement of the services. Amounts exceeding the initially approved audit fees, or audit services not initially contemplated or considered during the initial approval, must be separately approved by the Audit Committee.

The Audit Committee must also preapprove all audit-related services, tax services, and all other services that are proposed to be provided by the independent registered public accounting firm. Similar to audit services, management and the independent registered public accounting firm annually present the proposed services and related fees to the Audit Committee for approval prior to the commencement of services. The Audit Committee' s approval of the services and fees form the basis for an annual limit on such fees. The Audit Committee periodically reviews the spending against these limits. Services that were not initially contemplated or considered during the initial approval must be separately approved by the Audit Committee.

The Audit Committee determined that all services provided by Deloitte & Touche during the years ended December 31, 2012 and 2011, were compatible with maintaining their independence as principal accountants.

PART IV

Item 15. Exhibits and Financial Statement Schedule.

(a) Documents filed as part of Chrysler Group LLC' s 2012 Annual Report on Form 10-K

(1) Financial Statements – Chrysler Group LLC and Consolidated Subsidiaries' consolidated financial statements.

(2) Financial Statement Schedule:

All other schedules have been omitted because the required information is not applicable or is included in the accompanying audited consolidated financial statements and notes thereto.

Table of Contents

(b) Exhibits

Exhibit Number	Description of Documents
2.1	Master Transaction Agreement, dated as of April 30, 2009, among Fiat S.p.A., Chrysler Group LLC, Old Carco LLC and the other subsidiaries of Old Carco LLC identified therein (incorporated by reference to Exhibit 2.1 of Amendment No. 1 to Chrysler Group LLC' s Registration Statement on Form 10, filed with the SEC on March 25, 2011, File No. 000-54282)
2.2	First Amendment, dated as of May 31, 2009, to the Master Transaction Agreement, dated as of April 30, 2009, among Fiat S.p.A., Chrysler Group LLC, Old Carco LLC and the other subsidiaries of Old Carco LLC identified therein (incorporated by reference to Exhibit 2.2 of Amendment No. 1 to Chrysler Group LLC' s Registration Statement on Form 10, filed with the SEC on March 25, 2011, File No. 000-54282)
2.3	Second Amendment, dated as of June 5, 2009, to the Master Transaction Agreement, dated as of April 30, 2009, among Fiat S.p.A., Chrysler Group LLC, Old Carco LLC and the other subsidiaries of Old Carco LLC identified therein (incorporated by reference to Exhibit 2.3 of Amendment No. 1 to Chrysler Group LLC' s Registration Statement on Form 10, filed with the SEC on March 25, 2011, File No. 000-54282)
2.4	Third Amendment, dated as of June 10, 2009, to the Master Transaction Agreement, dated as of April 30, 2009, among Fiat S.p.A., Chrysler Group LLC, Old Carco LLC and the other subsidiaries of Old Carco LLC identified therein (incorporated by reference to Exhibit 2.4 of Amendment No. 1 to Chrysler Group LLC' s Registration Statement on Form 10, filed with the SEC on March 25, 2011, File No. 000-54282)
2.5	Fourth Amendment, dated as of October 29, 2009, to the Master Transaction Agreement, dated as of April 30, 2009, among Fiat S.p.A., Chrysler Group LLC, Old Carco LLC and the other subsidiaries of Old Carco LLC identified therein (incorporated by reference to Exhibit 2.5 of Amendment No. 1 to Chrysler Group LLC' s Registration Statement on Form 10, filed with the SEC on March 25, 2011, File No. 000-54282)
3.1	Certificate of Formation of Chrysler Group LLC, as amended (incorporated by reference to Exhibit 3.1 of Chrysler Group LLC' s Registration Statement on Form 10, filed with the SEC on February 25, 2011, File No. 000-54282)
3.2*	Composite Third Amended and Restated Limited Liability Company Operating Agreement of Chrysler Group LLC
3.3*	First Amendment to the Third Amended and Restated Limited Liability Company Operating Agreement of Chrysler Group LLC, dated as of July 27, 2012
4.1	Indenture, dated as of June 10, 2009, between Chrysler Group LLC, as issuer, and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 of Amendment No. 1 to Chrysler Group LLC' s Registration Statement on Form 10, filed with the SEC on March 25, 2011, File No. 000-54282)
4.2	First Supplemental Indenture, dated as of March 9, 2010, to the Indenture, dated as of June 10, 2009, between Chrysler Group LLC, as issuer, and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.2 of Amendment No. 1 to Chrysler Group LLC' s Registration Statement on Form 10, filed with the SEC on March 25, 2011, File No. 000-54282)

Exhibit Number	Description of Documents
4.3	Registration Rights Agreement, dated as of June 10, 2009 by and between Chrysler Group LLC and UAW Retiree Medical Benefits Trust (incorporated by reference to Exhibit 4.3 of Amendment No. 1 to Chrysler Group LLC' s Registration Statement on Form 10, filed with the SEC on March 25, 2011, File No. 000-54282)
4.4	Indenture, relating to the Notes, dated as of May 24, 2011, among the Company, the Co-Issuer, the guarantors named on the signature pages thereto and Wilmington Trust FSB, as trustee and Citibank, N.A., as collateral agent, paying agent, registrar and authenticating agent (incorporated by reference to Exhibit 4.2 of Chrysler Group LLC' s Current Report on Form 8-K, filed with the SEC on May 24, 2011, File No. 000-54282)
4.5*	First Supplemental Indenture, dated as of February 2, 2012, to the Indenture, relating to the Notes, dated as of May 24, 2011, among the Company, the Co-Issuer, the guarantors named on the signature pages thereto and Wilmington Trust National Association, as successor by merger to Wilmington Trust FSB, as trustee and Citibank, N.A., as collateral agent, paying agent, registrar and authenticating agent
4.6	Registration Rights Agreement, dated as of May 24, 2011, among the Company, the Co-Issuer, the guarantors named on the signature pages thereto, Merrill Lynch, Pierce, Fenner & Smith Inc., Goldman, Sachs & Co., Citigroup Global Markets Inc. and Morgan Stanley & Co. Inc. (incorporated by reference to Exhibit 4.3 of Chrysler Group LLC' s Current Report on Form 8-K, filed with the SEC on May 24, 2011, File No. 000-54282)
10.1	Senior Credit Agreement, dated as of May 24, 2011, among the Company, the guarantors named on the signature pages thereto, the lenders named therein, and Citibank, N.A. as administrative agent and collateral agent (incorporated by reference to Exhibit 4.1 of Chrysler Group LLC' s Current Report on Form 8-K, filed with the SEC on May 24, 2011, File No. 000-54282)
10.2	Master Industrial Agreement, dated as of June 10, 2009, by and among Fiat Group Automobiles S.p.A., Fiat Powertrain Technologies S.p.A, Fiat North America LLC and Chrysler Group LLC (incorporated by reference to Exhibit 10.19 of Amendment No. 1 to Chrysler Group LLC' s Registration Statement on Form 10, filed with the SEC on March 25, 2011, File No. 000-54282)
10.3	Shareholders Agreement, dated as of June 10, 2009, by and among Fiat North America LLC, The U.S. Department Of The Treasury, 7169931 Canada Inc., the UAW Retiree Medical Benefits Trust (VEBA), the VEBA holding companies identified therein and Chrysler Group LLC (incorporated by reference to Exhibit 10.13 of Amendment No. 1 to Chrysler Group LLC' s Registration Statement on Form 10, filed with the SEC on March 25, 2011, File No. 000-54282)
10.4	Assignment and Assumption and Consent Agreement, dated as of June 10, 2009, by and among UAW Retiree Medical Benefits Trust and Chrysler Group LLC (incorporated by reference to Exhibit 10.12 of Amendment No. 1 to Chrysler Group LLC' s Registration Statement on Form 10, filed with the SEC on March 25, 2011, File No. 000-54282)
10.5	UAW Retiree Settlement Agreement, dated June 10, 2009, between Chrysler Group LLC and the International Union, United Automobiles, Aerospace and Agricultural Implement Workers of America (incorporated by reference to Exhibit 10.14 of Amendment No. 1 to Chrysler Group LLC' s Registration Statement on Form 10, filed with the SEC on March 25, 2011, File No. 000-54282)
10.6Þ	Auto Finance Operating Agreement, dated as of April 30, 2009, by and between Ally Financial Inc. and Chrysler Group LLC (incorporated by reference to Exhibit 10.20 of Amendment No. 5 to Chrysler Group LLC' s Registration Statement on Form 10, filed with the SEC on May 12, 2011, File No. 000-54282)

Exhibit Number	Description of Documents
10.7*Þ	Master Private Label Financing Agreement, dated as of February 6, 2013, by and between Chrysler Group LLC and Santander Consumer USA Inc.
10.8þ	Chrysler Group LLC Supplemental Executive Retirement Plan, as amended (incorporated by reference to Exhibit 10.28 of Chrysler Group LLC' s Registration Statement on Form 10, filed with the SEC on February 25, 2011, File No. 000-54282)
10.9þ	Chrysler Group LLC Executive Employees' Supplemental Managed Retirement Plan (incorporated by reference to Exhibit 10.29 of Chrysler Group LLC' s Registration Statement on Form 10, filed with the SEC on February 25, 2011, File No. 000-54282)
10.10þ	Chrysler Group LLC Restricted Stock Unit Plan, as amended (incorporated by reference to Exhibit 10.30 of Chrysler Group LLC' s Registration Statement on Form 10, filed with the SEC on February 25, 2011, File No. 000-54282)
10.11þ	Form of Award Notice under the Chrysler Group LLC Restricted Stock Unit Plan dated November 12, 2009 (incorporated by reference to Exhibit 10.31 of Chrysler Group LLC' s Registration Statement on Form 10, filed with the SEC on February 25, 2011, File No. 000-54282)
10.12þ	Form of Award Notice under the Chrysler Group LLC Restricted Stock Unit Plan dated March 12, 2010 (incorporated by reference to Exhibit 10.32 of Chrysler Group LLC' s Registration Statement on Form 10, filed with the SEC on February 25, 2011, File No. 000-54282)
10.13þ	Form of Award Notice under the Chrysler Group LLC Restricted Stock Unit Plan dated January 20, 2011 (incorporated by reference to Exhibit 10.33 of Chrysler Group LLC' s Registration Statement on Form 10, filed with the SEC on February 25, 2011, File No. 000-54282)
10.14þ	Chrysler Group LLC Deferred Phantom Share Plan, as amended (incorporated by reference to Exhibit 10.34 of Chrysler Group LLC' s Registration Statement on Form 10, filed with the SEC on February 25, 2011, File No. 000-54282)
10.15þ	Amended and Restated Chrysler Group LLC Directors' Restricted Stock Unit Plan (incorporated by reference to Exhibit 10.1 of Chrysler Group LLC' s Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, filed with the SEC on May 14, 2012, File No. 000-54282)
10.16*þ	Form of Award Notice under the Amended and Restated Chrysler Group LLC Directors' Restricted Stock Unit Plan
10.17þ	Termination Allowance Plan (incorporated by reference to Exhibit 10.37 of Chrysler Group LLC' s Registration Statement on Form 10, filed with the SEC on February 25, 2011, File No. 000-54282)
10.18	Letter Agreement, dated as of April 20, 2011, between Chrysler Group LLC and the U.S. Department of the Treasury (incorporated by reference to Exhibit 10.33 of Amendment No. 4 to Chrysler Group LLC' s Registration Statement on Form 10, filed with the SEC on May 9, 2011, File No. 000-54282)
10.19þ	Letter Agreement between Chrysler Group LLC and Holly E. Leese (incorporated by reference to Exhibit 10.21 of Amendment No. 1 to Chrysler Group LLC' s Registration Statement on Form 10, filed with the SEC on March 25, 2011, File No. 000-54282)

Exhibit Number	Description of Documents
10.20p	Letter Agreement between Chrysler Group LLC and Nancy A. Rae (incorporated by reference to Exhibit 10.22 of Amendment No. 1 to Chrysler Group LLC' s Registration Statement on Form 10, filed with the SEC on March 25, 2011, File No. 000-54282)
10.21p	Chrysler Group LLC Performance and Leadership Management Award Plan (incorporated by reference to Exhibit 10.20 of Chrysler Group LLC' s Annual Report on Form 10-K for the fiscal year ended December 31, 2011, filed with the SEC on March 6, 2012, File No. 000-54282)
10.22p	Chrysler Group LLC 2012 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.21 of Chrysler Group LLC' s Annual Report on Form 10-K for the fiscal year ended December 31, 2011, filed with the SEC on March 6, 2012, File No. 000-54282)
10.23p	Form of Restricted Share Unit Award Agreement under the Chrysler Group LLC 2012 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.22 of Chrysler Group LLC' s Annual Report on Form 10-K for the fiscal year ended December 31, 2011, filed with the SEC on March 6, 2012, File No. 000-54282)
10.24p	Form of Performance Share Unit Award Agreement under the Chrysler Group LLC 2012 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.23 of Chrysler Group LLC' s Annual Report on Form 10-K for the fiscal year ended December 31, 2011, filed with the SEC on March 6, 2012, File No. 000-54282)
10.25p	UAR Award Grant Letter, dated December 3, 2012 (incorporated by reference to Exhibit 10.1 of Chrysler Group LLC' s Current Report on Form 8-K, filed with the SEC on December 7, 2012, File No. 000-54282)
12.1*	Computation of Ratio of Earnings to Fixed Charges
21.1*	Subsidiaries of the Registrant
31.1*	Section 302 Certification of the Chief Executive Officer
31.2*	Section 302 Certification of the Chief Financial Officer
32.1†	Certification of the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2†	Certification of the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.1	Call Option Agreement Regarding Equity Securities of Chrysler Group LLC, dated as of June 10, 2009, by and among Fiat North America LLC, The U.S. Department Of The Treasury, and the UAW Retiree Medical Benefits Trust (incorporated by reference to Exhibit 99.1 of Amendment No. 1 to Chrysler Group LLC' s Registration Statement on Form 10, filed with the SEC on March 25, 2011, File No. 000-54282)
99.2	Equity Recapture Agreement, dated June 10, 2009, by and among The U.S. Department Of The Treasury, UAW Retiree Medical Benefits Trust (VEBA), and the VEBA holding companies identified therein (incorporated by reference to Exhibit 99.3 of Amendment No. 1 to Chrysler Group LLC' s Registration Statement on Form 10, filed with the SEC on March 25, 2011, File No. 000-54282)

Exhibit Number	Description of Documents
101.INS†ø	XBRL Instance Document
101.SCH†ø	XBRL Taxonomy Extension Schema Document
101.CAL†ø	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF†ø	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB†ø	XBRL Taxonomy Extension Label Linkbase Document
101.PRE†ø	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed electronically herewith
Þ Confidential treatment has been requested or previously granted to portions of this exhibit by the SEC
p Indicates management contract or compensatory plan or arrangement
† Furnished herewith
ø Submitted electronically herewith

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES

SCHEDULE II − VALUATION AND QUALIFYING ACCOUNTS
(In millions of dollars)

Description	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Additions Charged to Other Accounts	Deductions	Balance at End of Period
For the Year Ended December 31, 2012					
Allowances deducted from assets:					
Allowance for doubtful accounts on trade receivables	$ 68	$ 5	$ −	$(17) (1)	$ 56
Valuation allowance on deferred tax assets	1,124	28	117 (2)	(105)	1,164
For the Year Ended December 31, 2011					
Allowances deducted from assets:					
Allowance for doubtful accounts on trade receivables	102	24	−	(58) (1)	68
Valuation allowance on deferred tax assets	852	35	237 (3)	−	1,124
For the Year Ended December 31, 2010					
Allowances deducted from assets:					
Allowance for doubtful accounts on trade receivables	68	34	−	−	102
Valuation allowance on deferred tax assets	801	51	−	−	852

(1) *Trade receivable write-offs, subsequent collections and other adjustments.*
(2) *Amounts charged to AOCI, deferred tax assets and deferred tax liabilities.*
(3) *Amounts charged to AOCI.*

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CHRYSLER GROUP LLC

Dated: March 7, 2013

By: /S/ RICHARD K. PALMER
Name: Richard K. Palmer
Title: Senior Vice President and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signature	Title	Date
/S/ SERGIO MARCHIONNE Sergio Marchionne	Chairman of the Board, Chief Executive Officer, Chief Operating Officer and President (principal executive officer)	March 7, 2013
/S/ RICHARD K. PALMER Richard K. Palmer	Senior Vice President and Chief Financial Officer (principal financial officer)	March 7, 2013
/S/ ALESSANDRO GILI Alessandro Gili	Chief Accounting Officer and Corporate Controller (principal accounting officer)	March 7, 2013
/S/ RONALD L. THOMPSON Ronald L. Thompson	Lead Director	March 7, 2013
/S/ ALFREDO ALTAVILLA Alfredo Altavilla	Director	March 7, 2013
/S/ LÉO W. HOULE Léo W. Houle	Director	March 7, 2013
/S/ JOHN B. LANAWAY John B. Lanaway	Director	March 7, 2013
/S/ ERICKSON N. PERKINS Erickson N. Perkins	Director	March 7, 2013
/S/ RUTH J. SIMMONS Ruth J. Simmons	Director	March 7, 2013
/S/ DOUGLAS M. STEENLAND Douglas M. Steenland	Director	March 7, 2013
/S/ STEPHEN M. WOLF Stephen M. Wolf	Director	March 7, 2013

Exhibit 3.2

COMPOSITE

THIRD AMENDED AND RESTATED LIMITED LIABILITY COMPANY

OPERATING AGREEMENT

OF

CHRYSLER GROUP LLC

Dated as of February 24, 2012

as amended by the First Amendment

Dated as of July 27, 2012

THE MEMBERSHIP INTERESTS REPRESENTED BY THIS THIRD AMENDED AND RESTATED LIMITED LIABILITY COMPANY OPERATING AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED.

THE MEMBERSHIP INTERESTS REPRESENTED BY THIS THIRD AMENDED AND RESTATED LIMITED LIABILITY COMPANY OPERATING AGREEMENT ARE ALSO SUBJECT TO ADDITIONAL RESTRICTIONS ON TRANSFER SET FORTH IN THIS THIRD AMENDED AND RESTATED LIMITED LIABILITY COMPANY OPERATING AGREEMENT.

TABLE OF CONTENTS

THIRD AMENDED AND RESTATED LIMITED LIABILITY COMPANY OPERATING AGREEMENT OF CHRYSLER GROUP LLC

This Third Amended and Restated Limited Liability Company Agreement (this "Agreement") of Chrysler Group LLC (the "Company"), dated and effective as of February 24, 2012 (the "Effective Date"), is entered into by and among those persons or entities signing below or identified on the Schedule of Members (as the same may be amended from time to time) as members (the "Members") of the Company.

WHEREAS, the Company was formed as a limited liability company pursuant to the Delaware Limited Liability Company Act, 6 *Del. C.* § 18-101 et seq. (the "LLC Act") by causing the filing of a Certificate of Formation of the Company (the "Certificate of Formation") with the office of the Secretary of State of the State of Delaware on April 28, 2009, and entering into the Agreement of Limited Liability Company of the Company, dated as of April 28, 2009 (the "Original Agreement").

WHEREAS, the Company subsequently amended and restated the Original Agreement on May 14, 2009 and again on June 10, 2009 (the "2009 Agreement") in connection with the capitalization of the Company and execution of the Master Transaction Agreement (as hereinafter defined).

WHEREAS, following (i) the Government Loan Termination Date (as defined in the 2009 Agreement), being the repayment of all loans from the United States Department of the Treasury (the "US Treasury") and Export Development Canada (the "EDC") to the Company and its subsidiaries, (ii) the exercise of the Incremental Equity Call Option (as defined in the 2009 Agreement), (iii) the purchase of the Membership Interests (as hereinafter defined) originally held by the US Treasury and the EDC by Fiat (as hereinafter defined) and (iv) the occurrence of all Class B Events (as defined in the 2009 Agreement), the Company wishes to amend and restate the 2009 Agreement;

NOW, THEREFORE, the Members, by execution of this Agreement, hereby agree as follows:

ARTICLE I DEFINITIONS

Section 1.1 Specific Definitions. As used in this Agreement, and unless the context requires a different meaning, the terms defined in Part I of the Definitions Addendum have the meanings specified or referred to therein.

Section 1.2 Other Definitions. Other terms may be defined elsewhere in the text of this Agreement and, unless otherwise indicated, shall have such meaning indicated throughout this Agreement in the various Sections identified in Part II of the Definitions Addendum.

ARTICLE II
ORGANIZATIONAL MATTERS; GENERAL PROVISIONS

Section 2.1 **Name**. The name of the limited liability company shall be Chrysler Group LLC.

Section 2.2 **Formation and Continuation**.

(a) The Company was organized and hereby continues as a limited liability company under the LLC Act, upon the terms and subject to the conditions set forth in this Agreement.

(b) The rights, duties and liabilities of the Members shall be as provided in the LLC Act, except as otherwise provided herein. To the extent that the rights, powers, duties, obligations and liabilities of any Members are different by reason of any provision of this Agreement than they would be in the absence of such provision, this Agreement shall, to the extent permitted by the LLC Act, control.

(c) This Agreement completely amends, restates and supersedes the 2009 Agreement and each of its predecessor agreements.

Section 2.3 **Purposes**. The Company is formed for the object and purpose of, and the nature of the business to be conducted and promoted by the Company is, engaging in any lawful act or activity for which limited liability companies may be formed under the LLC Act, as such acts or activities may be determined by the Board of Directors (as herein defined) from time to time.

Section 2.4 **Powers**.

(a) The nature of the business or purposes to be conducted or promoted by the Company is to engage in any lawful act or activity for which limited liability companies may be organized under the LLC Act. The Company may engage in any and all activities necessary, desirable or incidental to the accomplishment of the foregoing. Notwithstanding anything herein to the contrary, nothing set forth herein shall be construed as authorizing the Company to possess any purpose or power, or to do any act or thing, forbidden by Law to a limited liability company organized under the Laws of the State of Delaware.

(b) Subject to the provisions of this Agreement and except as prohibited by Law, (i) the Company may, with the approval of the Board of Directors, enter into, deliver and perform any and all agreements, consents, deeds, contracts, proxies, covenants, bonds, checks, drafts, bills of exchange, notes, acceptances and endorsements, and all evidences of indebtedness and other documents, instruments or writings of any nature whatsoever, all without any further act, vote or approval of any Member, and (ii) the Board of Directors may authorize (including by general delegated authority) any Person (including any Member, Director or Officer) to enter into, deliver and perform on behalf of the Company any and all agreements, consents, deeds, contracts, proxies, covenants, bonds, checks, drafts, bills of exchange, notes, acceptances and endorsements, and all evidences of indebtedness and other documents, instruments or writings of any nature whatsoever.

(c) Subject to the other provisions of this Agreement, the Company shall do all things necessary to maintain its existence separate and apart from each Member and any Affiliate of any Member, including holding regular meetings of the Board of Directors and maintaining its books and records on a current basis separate from that of any Affiliate of the Company or any other Person.

Section 2.5 Principal Business Office. The principal business office of the Company shall be located at 1000 Chrysler Drive, Auburn Hills, Michigan 48326, or at such other location as the Board of Directors may designate from time to time in writing to be filed with the records of the Company.

Section 2.6 Registered Agent. The Company' s initial registered agent in the State of Delaware for service of process is identified in the Certificate of Formation filed with the Secretary of State of the State of Delaware. The Board of Directors may from time to time change the registered agent, and any such change shall be reflected in appropriate filings with the Secretary of State of the State of Delaware.

Section 2.7 Limited Liability. Except as otherwise provided by the LLC Act, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and the Members shall not be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a member of the Company.

Section 2.8 Duration. The period of the Company' s duration commenced on April 28, 2009 and shall continue in full force and effect in perpetuity; provided that the Company may be dissolved and wound up in accordance with the provisions of this Agreement and the LLC Act.

Section 2.9 No State Law Partnership. The Members intend that the Company shall not be a partnership (including a limited partnership) or joint venture, and that no Member, Director or Officer shall be a partner or joint venturer of any other Member, Director or Officer by virtue of this Agreement, for any purposes other than as expressly set forth in this Agreement and this Agreement shall not be construed to the contrary.

Section 2.10 Filings; Qualification in Other Jurisdictions. The Company shall prepare, following the execution and delivery of this Agreement, any documents required to be filed or, in the Board of Directors' view, appropriate for filing under the LLC Act, and the Company shall cause each such document to be filed in accordance with the LLC Act, and, to the extent required by Law, to be filed and recorded, and/or notice thereof to be published, in the appropriate place in each jurisdiction in which the Company may have established, or after the Effective Date may establish, a place of business. The Board of Directors may cause the Company to be qualified, formed or registered under assumed or fictitious name statutes or similar Laws in any jurisdiction in which the Company transacts business where the Company is not currently so qualified, formed or registered. Any Director or Officer, acting individually as an authorized person within the meaning of the LLC Act, shall execute, deliver and file any such documents (and any amendments and/or restatements thereof) necessary for the Company to accomplish the foregoing. The Board of Directors may appoint any other authorized persons to execute, deliver and file any such documents.

ARTICLE III
CAPITALIZATION; MEMBERSHIP INTERESTS

Section 3.1 Membership Interests; Capitalization; Capital Accounts.

(a) The Company shall have two authorized classes of Membership Interests, consisting of 1,061,225 Class A Membership Interests which may be issued in one or more series and 200,000 Class B Membership Interests; provided, however, following the automatic conversion of the Class B Membership Interests pursuant to Section 3.4, the number of authorized Class A Membership Interests shall automatically be increased by that number of additional Class A Membership Interests necessary to effect such conversion. A Membership Interest shall for all purposes be personal property. For purposes of this Agreement, Membership Interests held by the Company or any of its Subsidiaries shall be deemed not to be outstanding. The Company may issue fractional Membership Interests pursuant to the terms of this Agreement, and all Membership Interests shall be rounded to the fourth decimal place.

(b) As of the execution and delivery of this Agreement, the Members of the Company consist of the Persons named as Members on the Schedule of Members with the type and number of Membership Interests set forth on the Schedule of Members. The Company shall update the Schedule of Members to reflect any changes in the Members, the Membership Interests and the Total Interest of the Members in accordance with the terms of this Agreement. The Company shall maintain a separate capital account (a "Capital Account") for each Member in accordance with Section 1.704-1(b)(2)(iv) of the Treasury Regulations. The Capital Account of any Member that owns more than one class of Membership Interests shall contain a separate subaccount (each, a "Subaccount") in respect of each class of Membership Interests owned by such Member. Each Subaccount shall be maintained in the same manner as the Capital Accounts taking into account allocations of profits and losses, distributions, revaluations and other items related to the class of Membership Interests to which such Subaccount relates.

Section 3.2 Application of Article 8 of the Uniform Commercial Code. Each Membership Interest shall constitute a "security" within the meaning of, and governed by, (i) Article 8 of the Uniform Commercial Code (including Section 8-102(a)(15) thereof) as in effect from time to time in the State of Delaware, and (ii) the corresponding provisions of the Uniform Commercial Code of any other applicable jurisdiction that now or hereafter substantially includes the 1994 revisions to Article 8 thereof as adopted by the American Law Institute and the National Conference of Commissioners on Uniform State Laws and approved by the American Bar Association on February 14, 1995. Notwithstanding any provision of this Agreement to the contrary, to the extent that any provision of this Agreement is inconsistent with any non-waivable provision of Article 8 of the Uniform Commercial Code as in effect in the State of Delaware (the "UCC"), such provision of Article 8 of the UCC shall be controlling.

Section 3.3 Certification of Membership Interests.

(a) Membership Interests shall be issued in non-certificated form; provided that any Member may request that the Company issue certificates to such Member representing the Membership Interests held by such Member. Upon request by a Member for issuance of Membership Interests in certificated form in accordance with the provisions of this Agreement, without any further act, vote or approval of any Member, Director, Officer or any other Person, the Company shall issue one or more non-negotiable certificates in the name of such Member substantially in the form of Annex A hereto (a "Certificate"), which evidences the ownership of the Membership Interests of such Member. Each such Certificate shall be denominated in terms of the number of the Membership Interests evidenced by such Certificate and shall be signed by an Officer on behalf of the Company.

(b) Without any further act, vote or approval of any Member, Officer or any Person, the Company shall issue a new Certificate in place of any Certificate previously issued if the holder of the Membership Interests represented by such Certificate, as reflected on the books and records of the Company:

(i) makes proof by affidavit, in form and substance satisfactory to the Company, that such previously issued Certificate has been lost, stolen or destroyed;

(ii) requests the issuance of a new Certificate before the Company has notice that such previously issued Certificate has been acquired by a purchaser for value in good faith and without notice of an adverse claim;

(iii) if reasonably requested by the Company, delivers to the Company a bond, in form and substance satisfactory to the Company, with such surety or sureties as the Company may direct, to indemnify the Company against any claim that may be made on account of the alleged loss, destruction or theft of the previously issued Certificate; and

(iv) satisfies any other reasonable requirements imposed by the Company.

(c) Upon a Member' s transfer in accordance with the provisions of this Agreement of any or all Membership Interests represented by a Certificate, the transferor of such Membership Interests shall deliver such Certificate to the Company for cancellation (executed by such transferor and the transferee on the reverse side thereof), and the Company shall thereupon issue a new Certificate to such transferee for the Membership Interests being transferred and, if applicable, cause to be issued to such transferor a new Certificate for the Membership Interests that were represented by the canceled Certificate and that are not being transferred.

Section 3.4 Automatic Conversion of Class B Membership Interests. At the earlier of (i)12:01 a.m. (Delaware time) on January 1, 2013 and (ii) 12:01 a.m. (Delaware time) on the date of any Chrysler IPO, each outstanding Class B Membership Interest shall be converted into Class A Membership Interests by exchanging each Class B Membership Interest for a number of Class A Membership Interests, such that following such exchange, the aggregate Class A Membership Interests received in exchange for Class B Membership Interests shall represent a portion of the total number of Class A Membership Interests equal to the Class B Aggregate Membership Interest immediately prior to such exchange. Immediately following such exchange, the Class B Aggregate Membership Interest shall be reduced to zero for purposes of this Agreement. By way of example, the Class A Membership Interests held by the holder of the Class B Membership Interests following such automatic conversion would, if such conversion occurred on the date of execution and delivery of this Third Amended and Restated Limited Liability Company Operating Agreement, be as set forth in the Schedule of Members under the column captioned Number of Class A Units After Conversion of Class B Units.

ARTICLE IV
CONTRIBUTION; ALLOCATIONS; DISTRIBUTIONS

Section 4.1 Additional Contributions. No Member shall be required to make any additional capital contribution to the Company in respect of the Membership Interests then held by such Member or to provide any additional financing to the Company; provided that a Member may make additional capital contributions or provide additional financing to the Company if approved by the Board of Directors in accordance with the provisions of this Agreement. The provisions of this Section 4.1 are intended solely for the benefit of the Members in their capacity as Members, and, to the fullest extent permitted by Law, shall not be construed as conferring any benefit upon any creditor (including any of the Members in their capacity as a creditor) of the Company (and no such creditor shall be a third party beneficiary of this Agreement), and no Member shall have any duty or obligation to any creditor of the Company to make any additional capital contributions or to provide any additional financing or to cause the Board of Directors or any other Member to consent to the making of additional capital contributions or to the provision of additional financing.

Section 4.2 Allocation of Profits and Losses.

(a) Subject to the other provisions in this Section 4.2 and other than in the case of a liquidation (or deemed liquidation, such as in the case of a Company Conversion) of the partnership, for each Fiscal Year or other shorter period in which allocations of profits and losses are to be made among the Members (an "Allocation Period"), the Company' s Book Profits and Book Losses shall be allocated for each Allocation Period to the Members in proportion to the Total Interest of each Member.

(b) The Members agree to allocate gross income or, at the discretion of the Tax Matters Member, other items of income to Fiat in the amount of any payments described as royalties and provided for under the Master Industrial Agreement (and related agreements) ("PDARs") made to Fiat, until the aggregate amount allocated and previously allocated under this Section 4.2(b) equals the aggregate amount of such PDARs paid and previously paid to Fiat, and to treat such payments as distributions for the purposes of maintaining Members' Capital Accounts. At the discretion of the Tax Matters Member, such PDARs may be treated, in whole or in part, as guaranteed payments within the meaning of Section 707(c) of the Code and the Treasury Regulations thereunder (instead of as allocations of gross income and corresponding distributions as described in the immediately preceding sentence), and the Tax Matters Member is hereby authorized to make such allocations of the deduction for such guaranteed payment as it may deem appropriate to give effect to the purposes of this Section 4.2(b). For the avoidance of doubt, amounts treated as distributions for the purposes of maintaining Members' Capital Accounts under this Section 4.2 shall not be considered distributions for purposes of determining the amount distributable under Section 4.4.

(c) **Tax-Free Contribution Treatment.** The Company and each of the Members shall continue to be bound by Section 4.2(c) of the 2009 Agreement.

(d) **Catchup Allocations**.

(i) Upon the occurrence of any event described in clause (ii)(A), (B) or (D) of the definition of Book Value, unrealized Book Profits and unrealized Book Losses or items thereof shall be allocated among the Members in a manner such that the Capital Account of each Member, immediately after giving effect to such allocation, is, as nearly as possible, equal to (x) the amount of distributions that would be made to such Member if (i) the Company were liquidated and wound up, (ii) its affairs were wound up and each Company asset was sold for cash equal to its Book Value (taking into account clause (ii)(C) of the definition thereof), (iii) all Company liabilities were satisfied (limited with respect to each Nonrecourse Debt to the Book Value of the assets securing such liability), and (iv) the net assets of the Company were distributed in accordance with Section 4.4 to the Members (but without giving effect to the reference in Section 4.4 to Section 9.1), minus (y) such Member's share of Company Minimum Gain (as determined according to Treasury Regulations Sections 1.704-2(d) and (g)(3) and allocated as required by Section 4.2(g) below) and Member Nonrecourse Debt Minimum Gain (as determined according to Treasury Regulations Section 1.704-2(i) and allocated as required by Section 4.2(g) below). For the avoidance of doubt, after the allocations pursuant to this Section 4.2(d)(i) and Section 4.2(g), it is intended that the allocations will result in each Member being allocated an amount equal to the amount the Member would have been allocated in Section 4.2(d)(i)(x) (i.e., without regard to clause (y)).

(ii) Upon the taxable disposition of a significant portion of the Company's assets or properties, the Tax Matters Member is hereby authorized to make allocations of all or some portion of any item of realized Book Profits or realized Book Losses from such disposition in such a manner as to effectuate the purposes of Section 4.2(e), if and to the extent that the Tax Matters Member considers that such allocation is reasonably necessary to avoid frustrating the economic expectations of the Members including the expectation that Members would receive, in connection with a liquidation (including a deemed liquidation) of the Company, the amounts specified in Section 4.4 (without taking into account the reference in Section 4.4 to Section 9.1).

(e) Immediately prior to liquidation or deemed liquidation, Book Profits and Book Losses or items thereof or items of income, gain, loss and deduction, in each case for all Fiscal Years (or other periods) ending on or before the date of the liquidation or deemed liquidation for which allocations have yet to be made in a manner that is final and binding for U.S. federal income tax purposes, shall be allocated among the Members in a manner such that the Capital Account of each Member, immediately after giving effect to such allocation, is, as nearly as possible, equal to (x) the amount of distributions that would be made to such Member if (i) the Company were liquidated and wound up, (ii) its affairs were wound up and each Company asset was sold for cash equal to its Book Value (taking into account clause (ii)(C) of the definition thereof), (iii) all Company liabilities were satisfied (limited with respect to each

Nonrecourse Debt to the Book Value of the assets securing such liability), and (iv) the net assets of the Company were distributed in accordance with Section 4.4 to the Members (but without giving effect to the cross reference in Section 4.4 to Section 9.1), minus (y) such Member' s share of Company Minimum Gain (as determined according to Treasury Regulations Sections 1.704-2(d) and (g)(3) and allocated as required by Section 4.2(g) below) and Member Nonrecourse Debt Minimum Gain (as determined according to Treasury Regulations Section 1.704-2(i) and allocated as required by Section 4.2(g) below). Subject to accomplishing the result specified in the preceding sentence, and to the extent possible, the Tax Matters Member is hereby authorized to allocate items of realized Book Profits and realized Book Losses to the Members for such Allocation Periods in proportion to their Total Interests, and unrealized items in the manner specified in the preceding sentence. The Tax Matters Member may, in its sole and absolute discretion, make such other allocations (whether or not consistent with the above allocations) as it may deem necessary or appropriate in order to effectuate the purposes of this Section 4.2(e) and to comply with Section 4.2(g). For the avoidance of doubt, after the allocations pursuant to this Section 4.2(e) and Section 4.2(g), it is intended that the allocations will result in each Member being allocated an amount equal to the amount the Member would have been allocated in Section 4.2(e)(x) (i.e., without regard to clause (y)).

(f) For purposes of determining the Book Profits, Book Losses, or any other items allocable to any Allocation Period, Book Profits, Book Losses, and any such other items shall be determined on a daily, monthly, or other basis, as selected by the Tax Matters Member using any permissible method under Section 706 of the Code and the Treasury Regulations issued thereunder.

(g) **Regulatory Allocations**

(i) The allocations made under this Section 4.2 are intended to comply with Treasury Regulations issued pursuant to Section 704(b) of the Code as in effect on the date hereof and therefore shall be considered to include a "Qualified Income Offset" and "Minimum Gain Chargeback" as defined in the Treasury Regulations.

(ii) In accordance with Section 704(c) of the Code and the Treasury Regulations issued thereunder, income, gain, loss and deduction with respect to any property contributed to the capital of the Company shall, solely for income tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its fair market value at the time of contribution, and, in the event that the Book Value of any Company asset is adjusted in accordance with the last sentence of the definition of Book Value, allocations of items of income, gain, loss and deduction with respect to such asset shall thereafter take into account any variation between the adjusted tax basis of the asset to the Company and its Book Value in accordance with Section 704(c) of the Code and any Treasury Regulations issued thereunder. Any allocation made pursuant to the immediately preceding sentence shall be made solely for tax purposes and shall not affect, or in any way be taken into account in computing, any Member' s Capital Account or shares of Book Profits or Book Losses, and any elections or other decisions relating to such allocations made under the immediately preceding sentence shall be made in the discretion of the Tax Matters Member consistent with the economic arrangement of this Agreement.

(iii) Nonrecourse Deductions, other than Member Nonrecourse Deductions which shall be allocated (as required) in accordance with Section 1.704-2(i)(1) of the Treasury Regulations, shall be allocated among the Members in accordance with their Total Interests.

(iv) Nonrecourse Debts of the Company to the extent that they constitute Excess Nonrecourse Liabilities shall be allocated among the Members in accordance with their respective Total Interests.

(h) Recognizing the complexity of the allocations pursuant to this ARTICLE IV, the Tax Matters Member is authorized to modify these allocations to ensure that they achieve results that are consistent with and to achieve the objectives of the distribution provisions, and it is intended that the provisions of this Section 4.2 shall be interpreted in a manner (consistent with the requirements of "substantial economic effect" of Section 704 and the Treasury Regulations issued thereunder) such that each Member' s Capital Account, after allocations of income, gain, deduction, loss or items thereof, shall equal as much as possible, immediately before the liquidation of the Company, the amount of distribution that such Member would be entitled to receive upon liquidation if Section 9.1(d)(ii) provided that all remaining assets of the Company shall be distributed to the Members in accordance with Section 4.4 of this Agreement (but without giving effect to the cross-reference in Section 4.4 to Section 9.1). For the avoidance of doubt, if, as a result of any determination by a relevant Taxing Authority or if such allocation or other change is otherwise required by law, an amount of income, gain, deduction, loss or items thereof is imputed and required to be allocated to or otherwise taken into account by any of the Members that is different from the amount originally allocated to or otherwise taken into account by such Member, the Tax Matters Member is hereby authorized to take such imputed amount into account in allocating other items of income, gain, loss and deduction among the Members so that, to the extent possible, the net amount of such allocations of other items and the imputed items to each Member shall be equal to the net amount that would have been allocated to each such Member if the allocation of the imputed amount had not occurred.

(i) The Members are aware of the income tax consequences of the allocations made by this ARTICLE IV and hereby agree to be bound by the provisions of this ARTICLE IV in reporting their shares of Company income and loss for income tax purposes.

Section 4.3 Tax Matters.

(a) **Tax Treatment.** Each of the Company and the Members agrees to treat the Company as a partnership for U.S. tax purposes, and to report consistent with this treatment on their respective U.S. federal, state, and local tax returns and related correspondences with any Tax authority.

(b) **Taxable Year.** The taxable year of the Company shall be the Fiscal Year unless another year end is selected by the Tax Matters Member, or is required under the Code or the Regulations.

(c) **Tax Returns, Reports and Payments**. At the direction of the Tax Matters Member, the Company shall prepare and file, or cause to be prepared and filed, at the expense of the Company, all Tax Returns of the Company and each Subsidiary thereof. As soon as practicable following the end of each Fiscal Year, the Company shall prepare and deliver, or cause to be prepared and delivered, at the expense of the Company, to each Member, in respect of each class of Membership Interests, a completed report (which may be on IRS Schedule K-l or an equivalent) indicating such Member' s share of all items of income or gain, expense, loss or other deduction and tax credit of the Company for such year, as well as the status of such Member' s Capital Account, and its Capital Account balance, as of the end of such year. The Board of Directors shall cause the Company to pay all taxes, levies, assessments, rents and other impositions imposed on the Company.

(d) **Tax Elections**. All elections and decisions for purposes of Federal, state local, and foreign taxes shall be made by the Tax Matters Member in its discretion. Notwithstanding any other provisions of this Agreement, to the extent that any election or decision of the Tax Matters Member, in its capacity as Tax Matters Member, other than the Section 704(c) election referred to in Section 4.2(g)(ii), disproportionately and materially adversely affects a Member, such Member may appeal the election or decision to the Board of Directors, whose determination (taking into account the purposes of the allocations and other provisions of this ARTICLE IV) shall be final; provided, however, that the Tax Matters Member shall not take a position inconsistent with the positions of the Members agreed to under Section 4.2(c)(i) of the 2009 Agreement and Section 4.3(a) of this Agreement without the consent of the Board of Directors.

(e) **Appointment of Tax Matters Member**. The Company shall appoint a Tax Matters Member as the "tax matters partner" of the Company, as such term is defined under the Code, and each of the Company and the Members hereby agrees to appoint Fiat (or such other Affiliate of Fiat Parent that is a Member and as Fiat Parent may designate) as such Tax Matters Member so long as Fiat (or such other Affiliate) remains a Member of the Company. Each Member shall have a continuing obligation to provide the Tax Matters Member with sufficient information and the Tax Matters Member has a continuing obligation to provide such information to the Internal Revenue Service, such that each Member is eligible to be a "a notice partner" within the meaning of Section 6231(a)(8), unless a Member elects not to be a notice partner and so informs the Tax Matters Member in writing. To the extent permitted by law, each Member further agrees that such Member shall not treat any Company item inconsistently on such Member' s own income tax return with the treatment of the item on the Company' s tax return, and each Member agrees that such Member will not independently take any position inconsistent with the position taken by the Company with respect to tax audits or tax litigation affecting the Company, in each case except to the extent of (a) adjustments required by the final outcome of such tax audits or tax litigation or (b) written advice of independent counsel received by such member that a challenge by a U.S. Taxing Authority to such position is likely to be successful. The Company shall indemnify the Tax Matters Member for, and hold it harmless against, any claims made against it in its capacity as Tax Matters Member in accordance with ARTICLE VI. All reasonable out-of-pocket expenses and costs incurred by the Tax Matters Member in its capacity as Tax Matters Member shall be paid by the Company as an ordinary expense of the Company' s business.

Section 4.4 Distributions.

(a) Subject to Section 9.1, distributions shall be made to the Members, at the times and in the aggregate amounts determined by the Board of Directors, to the Members on a pro rata basis, in proportion to the Total Interest of each such Member at the time of such distribution.

(b) Distributions shall be made, pro rata to the Members in proportion to their Total Interests, such that no Member receives under this Section 4.4(b) an amount less than such Member' s Tax Amount (i.e., for the avoidance of doubt, the resulting distribution shall satisfy two conditions: (i) the distribution must be pro rata in proportion to the Members' Total Interests and (ii) each Member must receive no less than its Tax Amount). For the avoidance of doubt, any amounts distributable to a Member under this Section 4.4(b) shall be reduced by any amounts withheld under Section 4.4(d) (including any amounts required to be withheld under Section 1446 of the Code). If it is determined that the Company does not have and cannot reasonably obtain cash sufficient to distribute the aggregate amount distributable under the first sentence of this Section 4.4(b) with respect to any period, (i) the Company shall make distributions to the Members under this Section 4.4(b), to the extent practicable, pro rata in proportion to the Members' Total Interests (the excess of the aggregate amount distributable under the first sentence of this Section 4.4(b) over the amount actually distributed under this Section 4.4(b), the "Shortfall Amount"), and (ii) the Company shall, as quickly as reasonably possible, make additional distributions to the Members under this Section 4.4(b) pro rata in proportion to their Total Interests as of the time that the Shortfall Amount arose, as and when the Board of Directors in the exercise of its reasonable judgment determines that cash becomes available for distribution, to reduce the Shortfall Amount to zero.

(c) Notwithstanding any provision to the contrary contained in this Agreement, the Company shall not make a distribution to a Member on account of its interest in the Company if such distribution would violate the LLC Act or other applicable Law.

(d) The Company may withhold from amounts otherwise distributable to a Member under this ARTICLE IV the amount of any tax required to be withheld by the Company under U.S. federal, state or local law, or foreign law, provided that such amounts shall be deemed to have been actually distributed to such Member for purposes of this Agreement, including for purposes of this ARTICLE IV.

(e) The term "distribution" for purposes of this Section 4.4 does not include any payment of PDARs, even though such payments may be treated as distributions for the purposes of maintaining Members' Capital Accounts as otherwise provided this Agreement. For the avoidance of doubt, PDARs shall be deducted from amounts otherwise available for distribution under this Section 4.4.

(f) For the avoidance of doubt, in determining whether a distribution is to be made under Section 4.4(b) and the amount of any such distribution, the Board of Directors shall not be required to take into account a Member' s Tax Amount unless (i) such Member has requested a distribution under Section 4.4(b) and (ii) it does not exceed such Member' s Actual Income Tax Liability. The Board of Directors shall determine the amount distributable under

Section 4.4(b) in accordance with the provisions of Section 4.4(b) as well as this Section 4.4(f), and shall determine the timing and manner of such distribution. Nothing in this Section 4.4(f) shall affect the requirement in Section 4.4(b) that distributions thereunder shall be made pro rata in proportion to the Member' s Total Interests.

ARTICLE V
BOARD OF MANAGERS; OFFICERS

Section 5.1 Establishment of Board of Directors. There is hereby established a committee of Member representatives (the "Board of Directors") comprised of natural Persons (the "Directors") having the authority and duties set forth in this Agreement. The size of the Board of Directors shall be eight and may from time to time be increased or decreased by the Board of Directors (with the approval of Fiat so long as Fiat remains a Member and the Fiat Group has a Total Interest equal to or exceeding the Fiat Initial Ownership Interest). The Directors shall be elected or appointed pursuant to Section 5.3. The term served by each of the Directors shall commence on the date of most recent appointment or election of such Director and shall terminate on June 10, 2012. Directors shall be designated or elected thereafter in accordance with this ARTICLE V for terms not to exceed one year. Directors may serve an unlimited number of consecutive terms. Each Director elected shall hold office until a successor is duly elected and qualified or until his or her earlier death, resignation or removal as provided in this ARTICLE V. The Members shall take all such actions as are necessary to effectuate the provisions of this ARTICLE V.

Section 5.2 General Powers of the Board of Directors. The property, affairs and business of the Company shall be managed by or under the direction of the Board of Directors, except as otherwise expressly provided in this Agreement. In addition to the powers and authority expressly conferred on it by this Agreement, the Board of Directors may exercise all such powers of the Company and do all such lawful acts and things as are permitted by the LLC Act and the Certificate of Formation. Each Director shall be a "manager" (as such term is defined in the LLC Act) of the Company but, notwithstanding the foregoing, no Director shall have any rights or powers beyond the rights and powers granted to such Director in this Agreement. Except as such power is delegated pursuant to Section 5.12, no Director acting alone, or with any other Directors, shall have the power to act for or on behalf of, or to bind the Company.

Section 5.3 Election of Directors. The Members shall take all such actions as are necessary to appoint and duly elect the Directors to the Board of Directors, who shall be designated as set forth below:

(a) For so long as Fiat remains a Member and the Fiat Group retains a Total Interest equal to or exceeding the Fiat Initial Ownership Interest, Fiat shall have the right to designate up to three representatives (any Director appointed by Fiat who is not an Independent Director, a "Fiat Director") to the Board of Directors to serve as Directors. For so long as Fiat remains a Member and the Fiat Group has a Total Interest equal to or exceeding thirty-five percent (35%), excluding any Class A Membership Interests acquired through a Secondary Purchase, Fiat shall have the right to designate up to four Directors to the Board of Directors to serve as Directors. For so long as Fiat remains a Member and the Fiat Group has a Total Interest exceeding fifty percent (50%), Fiat shall have the right to designate up to five Directors to the Board of Directors to serve as Directors. At any time during which Fiat remains a Member and the Fiat Group does not have a Total Interest exceeding fifty percent (50%), at least one of the Directors designated by Fiat shall qualify as an Independent Director (an "Independent Director Appointed by Fiat"). At such time as Fiat is no longer a Member or loses the right to designate one or more Directors under this Section 5.3(a), Fiat shall remove the requisite number of Directors designated by it from the Board of Directors or cause the requisite number of Directors designated by it to resign.

(b) For so long as the VEBA or its wholly-owned subsidiaries remain Members and the sum of the Total Interests held by the VEBA (directly or indirectly through its ownership interest in the Minority Owned VEBA Holdco) and its wholly-owned subsidiaries equals or exceeds 15%, the VEBA shall have the right to designate one representative (the "VEBA Director") to the Board of Directors, subject to the prior written consent of the UAW. At such time as neither the VEBA nor any of its wholly-owned subsidiaries are Members or the VEBA loses the right to designate the VEBA Director under this Section 5.3(b), the VEBA and its wholly-owned subsidiaries shall cause the VEBA Director to resign or be removed from the Board of Directors.

(c) The Board of Directors shall at all times consist of a majority of Independent Directors unless the Fiat Group acquires a Total Interest exceeding fifty percent (50%), in which case the Board of Directors shall at all times have at least three Independent Directors.

(d) Each Independent Director, other than an Independent Director Appointed by Fiat and the VEBA Director, shall be elected by a majority of the other Independent Directors.

(e) The Board of Directors shall elect from time to time a Director to act as the chairman of the Board of Directors (the "Chairman").

(f) If the Chairman is not an Independent Director, an Independent Director may be elected from time to time by a majority of the Independent Directors to act as the lead independent director of the Board of Directors (the "Lead Director").

(g) Any Director designated pursuant to Section 5.3(a) or (b) shall be removed from the Board of Directors or any committee of the Board of Directors with or without cause at the written request of the holders of the Membership Interest or other Person that has the right to designate such Director under Section 5.3(a) or (b) (in the case of a removal of a director designated pursuant to Section 5.3(b), such removal shall be subject to the written consent of the UAW), but only upon such written request and under no other circumstances.

(h) Any Independent Director, other than any Independent Director Appointed by Fiat and the VEBA Director, may be removed from the Board of Directors or any committee of the Board of Directors with or without cause only by a committee of the Board of Directors comprised solely of Independent Directors.

(i) Any Director may resign at any time by giving written notice to the members of the Board of Directors, the Chief Executive Officer or the Secretary. The resignation of any Director shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

(j) If any Director designated pursuant to Section 5.3(a) or (b) for any reason ceases to serve as a member of the Board of Directors either during such Director' s term of office or because such Director' s term of office has expired, the resulting vacancy on the Board of Directors shall be filled, subject to the conditions of this Section 5.3, (i) by the Member who originally designated such Director pursuant to Section 5.3(a) or (b) or (ii) if that Member is no longer entitled to designate that Director, by a committee of the Board of Directors comprised solely of Independent Directors.

(k) During such time as any Member retains the right to designate Directors to the Board of Directors under Section 5.3(a) or (b), such Member shall use commercially reasonable efforts to fill a vacancy of its representative within ninety (90) calendar days after any such Director appointed by it ceases to serve as a member of the Board of Directors.

Section 5.4 Business Transactions of the Members with the Company.

(a) The Company shall not enter into any contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate (each of the foregoing, an "Affiliate Transaction"), that involves aggregate payments in excess of $25 million, unless such Affiliate Transaction has (i) been approved by a majority of the disinterested members of the Board of Directors or (ii) if there are no disinterested members of the Board of Directors, the Company has obtained the favorable opinion of an independent expert as to the fairness of such Affiliate Transaction to the Company from a financial point of view.

(b) Subject to applicable Law and the terms of the Shareholder Agreement, a Member or any of its Affiliates may perform services for or otherwise enter into business transactions, with the exception of the transactions described under Section 5.4(a), with the Company and, subject to applicable Law and the terms of the Shareholder Agreement, shall have the same rights and obligations with respect to any such matter as a person who is not a Member or an Affiliate thereof.

Section 5.5 Meetings.

(a) Meetings of the Board of Directors may be held in Auburn Hills, Michigan or at such other place, within or without the State of Delaware, as shall from time to time be determined by the Board of Directors, but in no event less than (i) four times during any 12-month period and (ii) once during any three-month period. Special meetings of the Board of Directors may be called by or at the request of (i) the Chairman, (ii) the Lead Director or (iii) any two Directors. Special meeting notices shall state the purposes of the proposed meeting.

(b) Any Director or any member of a committee of the Board of Directors who is present at a meeting shall be conclusively presumed to have waived notice of such meeting except when such Director attends for the express purpose of objecting or abstaining at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Such Director shall be conclusively presumed to have assented to any action taken unless his or her dissent or abstention shall be entered in the minutes of the meeting or unless his or her written dissent or abstention to such action shall be filed with the person acting as the secretary of the meeting before the adjournment thereof or shall be forwarded by registered mail to the Secretary immediately after the adjournment of the meeting. Such right to dissent or abstain shall not apply to any Director who voted in favor of such action.

Section 5.6 Notice of Meetings. Written notice stating the place, day and time of every meeting of the Board of Directors shall be given in accordance with Section 15.2 not less than seven nor more than 30 calendar days before the date of the meeting, in each case to each Director at his or her notice address maintained in the records of the Company by the Secretary. Such further notice shall be given as may be required by Law, but meetings may be held without notice if all the Directors entitled to vote at the meeting are present in person or by telephone or represented by proxy or if notice is waived in writing by those not present, either before or after the meeting.

Section 5.7 Quorum. Unless otherwise provided by Law or this Agreement, the presence of Directors constituting a majority of the voting authority of the whole Board of Directors, including the Required Directors, shall be necessary to constitute a quorum for the transaction of business; provided, however, that any Required Director may waive, in writing, his or her presence to constitute a quorum. If such quorum is not present within 60 minutes after the time appointed for such meeting, such meeting shall be adjourned and the acting chairman shall reschedule the meeting to be held not fewer than two nor more than 10 Business Days thereafter. If such meeting is rescheduled, then those Directors who are present or represented by proxy at the rescheduled meeting shall constitute a valid quorum for all purposes hereunder; provided that written notice of any rescheduled meeting shall have been delivered to all Directors at least two Business Days prior to the date of such rescheduled meeting; and provided further, the Independent Directors determine, in good faith, that any such absent Required Director' s absence was caused by an intention to delay or impede the meeting. Each Director may designate by proxy any other Director to attend and act on behalf of the Director (including voting on all matters brought before the Board of Directors) at a meeting of the Board of Directors, a copy of which proxy shall be delivered to each other Director at or prior to the meeting. Notwithstanding any provision to the contrary contained herein, interested Directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee that authorizes any interested party contract or transaction.

Section 5.8 Voting.

(a) Each Director shall be entitled to cast one vote with respect to each matter brought before the Board of Directors (or any committee of the Board of Directors of which such Director is a member) for approval.

(b) The following matters (together with the matters in Section 5.8(c), "Major Decisions") shall require an affirmative vote of the majority of the Board of Directors, including (for so long as Fiat retains the right to designate Directors under Section 5.3(a)) at least one Fiat Director:

(i) the consummation of a Chrysler IPO;

(ii) any amendment to this Agreement or to any other organizational documents of the Company;

(iii) the consummation of any merger, business combination, consolidation, corporate reorganization or any transaction constituting a change of control, by the Company with or into any Entity;

(iv) any sale, transfer or other disposition (including by way of issuance of Equity Securities of a Subsidiary) of a substantial portion of the assets of the Company and its Subsidiaries, taken as a whole;

(v) a material change in the business purpose of the Company;

(vi) the opening or reopening of a major production facility;

(vii) any capital expenditure, investment or commitment of the Company or any of its Subsidiaries (or series of related expenditures, investments or commitments) in excess of $250,000,000;

(viii) any Liquidation Proceeding; and

(ix) any proposal or action by the Company that is not in accordance with the Business Plan and/or Annual Operating Budget;

(c) The terms and conditions of any indebtedness incurred by the Company in excess of $250,000,000 must be approved by an affirmative vote of the majority of the Board of Directors.

(d) Except for Major Decisions as provided in Sections 5.8(b) and (c) or as otherwise provided by this Agreement, the Shareholder Agreement, the LLC Act, other Law or the Certificate of Formation, all policies and other matters to be determined by the Directors shall be determined by a majority vote of the members of the Board of Directors present at a meeting at which a quorum is present. No Director shall be disqualified from voting on matters as to which such Director or the Persons that elected such Director may have a conflict of interest, whether such matter is a direct conflict of interest in connection with which the Person that elected such Director or any affiliate of such Person will engage in a transaction with the Company or one or more of its Subsidiaries or of another nature; provided that (i) prior to voting on any such matter, such Director shall disclose the fact of any such conflict to the other Directors (other than conflicts arising from such Director' s relationship with the Persons who elected such Director) and the material terms of such transaction and the material facts as to the relationship or interest of the Person that elected such Director or such Person' s affiliate, (ii) any Director may determine to recuse himself or herself from voting on any matter as to which such Director or the Person that elected such Director may have a conflict of interest, and (iii) no Director shall have any duty to disclose to the Company or the Board of Directors confidential information in such Director' s possession even if it is material and relevant information to the Company and/or the Board of Directors and, in any such case, such Director shall not be liable to the Company or the other Members for breach of any duty (including the duty of loyalty and any other fiduciary duties) as a Director by reason of such lack of disclosure of such confidential information.

Section 5.9 Action Without a Meeting; Telephonic Meetings.

(a) On any matter requiring an approval or consent of Directors under this Agreement or the LLC Act, the Directors may take such action without a meeting, without prior notice, and without a vote if a consent or consents in writing, setting forth the action so taken, shall be signed by all of the Directors.

(b) Any Director may at such Director' s discretion, participate in meetings of the Board of Directors by means of conference telephone or similar communications equipment by means of which all Persons participating in the meeting can hear one another. Participation in a telephonic meeting pursuant to this Section 5.9(b) shall constitute presence at such meeting and shall constitute a waiver of any deficiency of notice.

Section 5.10 Compensation of Directors; Expense Reimbursement. Directors may receive a stated compensation for their service as Directors, in each case as determined from time to time by the Board of Directors. All Directors shall receive the same compensation for service as a Director with the exception of the Chairman of the Board, any Lead Director and Committee chairs who may receive additional compensation as determined by the Board of Directors; provided, however, that in the case that the VEBA Director is prohibited from receiving compensation from the Company for service on the Board of Directors as a result of a policy of his or her employer, the VEBA Director shall not receive compensation from the Company for such service. Directors that are also Officers of the Company or employees of any Member or its Affiliates may receive a fee for services in their capacity as Directors and nothing herein contained shall be construed to preclude any Director from serving the Company or any Subsidiary in any other capacity and receiving compensation therefor.

Section 5.11 Committees of the Board of Directors.

(a) The Board of Directors may by resolution designate one or more committees, each of which shall be comprised of two or more Directors and may designate one or more of the Directors as alternate members of any committee as long as such Directors would have been qualified to serve as members of such committee, who may, subject to any limitations imposed by the Board of Directors, replace absent or disqualified Directors at any meeting of that committee. Any decisions to be made by a committee of the Board of Directors shall require the approval of a majority of the votes of such committee of the Board of Directors.

(b) Any committee of the Board of Directors, to the extent provided in any resolution of the Board of Directors, shall have and may exercise all of the authority of the Board of Directors, subject to the limitations set forth in the establishment of such committee. Any committee members may be removed, or any authority granted thereto may be revoked, at any time for any reason by a majority of the Board of Directors subject to the limits on designation of replacement provided above and provided that any Fiat Director, or an Independent Director Appointed by Fiat, that serves on a committee shall only be removed with the approval of a majority of the Fiat Directors. Each committee of Directors may fix its own rules of procedure and shall hold its meetings as provided by such rules, except as may otherwise be provided in this Agreement, the charter for such committee, or by a resolution of the Board of Directors designating such committee. The charter for any such committee may be amended with the consent of a majority of the Board of Directors.

(c) There is hereby established the audit committee of the Board of Directors (the "Audit Committee"). The composition of the Audit Committee shall be set forth in the Audit Committee Charter, but in any event shall consist of three or more Directors, all of whom are

Independent Directors, including at least one Independent Director Appointed by Fiat for so long as Fiat retains the right to designate Directors under Section 5.3(a). The Board of Directors shall appoint as Chairman of the Audit Committee an Independent Director. The Audit Committee shall have and may exercise such powers, authority and responsibilities as may be granted to it pursuant to the Audit Committee Charter of the Company as in effect from time to time. The Audit Committee shall report its actions, findings and reports to the Board of Directors on a regular basis.

(d) There is hereby established the compensation committee of the Board of Directors which shall be called the Compensation and Leadership Development Committee (the "Compensation Committee"). The composition of the Compensation Committee shall be set forth in the Compensation Committee Charter and shall include at least one Independent Director Appointed by Fiat (or a Fiat Director, at any time during which the Fiat Group owns a Total Interest exceeding fifty percent (50%)). The Board of Directors shall appoint as chair of the Compensation Committee an Independent Director Appointed by Fiat (or a Fiat Director, at any time during which the Fiat Group owns a Total Interest exceeding fifty percent (50%)). The Compensation Committee shall be responsible for matters related to executive compensation and all other equity-based incentive compensation plans of the Company and shall have and may exercise such powers, authority and responsibilities as may be granted to it pursuant to the Compensation Committee Charter of the Company as in effect from time to time.

Section 5.12 Delegation of Authority. The Board of Directors may, from time to time (acting in any applicable case with any required consent under this Agreement), delegate to any Person (including any Member, Officer or Director) such authority and powers to act on behalf of the Company as it shall deem advisable in its discretion. Any delegation pursuant to this Section 5.12 may be revoked at any time and for any reason or no reason by the Board of Directors.

Section 5.13 Officers.

(a) The officers of the Company (the "Officers") shall consist of a Chief Executive Officer, a Chief Financial Officer, a Chief Operating Officer, a Chief Technical Officer, a Secretary and such other Officers as the Board of Directors may deem appropriate. One Person may hold, and perform the duties of, any two or more of such offices.

(b) Officers shall be approved and appointed by the Board of Directors; provided, that for so long as Fiat retains the right to designate Directors under Section 5.3(a) appointment of the Chief Executive Officer will require the prior written approval of Fiat. Any Officer may be removed, with or without cause, at any time by the Board of Directors, except for the Chief Executive Officer, who, for so long as Fiat retains the right to designate Directors under Section 5.3(a), may be removed only with the prior written approval of Fiat. For the avoidance of doubt, any of the Officers, including the Chief Executive Officer, may be employees of Fiat who will be seconded to the Company. Any such seconded officer may receive supplemental employment compensation from Fiat related to such secondment.

(c) No Officer shall have any rights or powers beyond the rights and powers granted to such Officers in this Agreement or by action of the Board of Directors. The Chief Executive Officer, the Presidents, Chief Financial Officer, Chief Operating Officer, Chief Technical Officer and Secretary, if any, shall have the following duties and responsibilities:

(i) Chief Executive Officer. The Chief Executive Officer of the Company (the "Chief Executive Officer") shall perform such duties as may be assigned to him or her from time to time by the Board of Directors. Subject to the direction of the Board of Directors, he or she shall have, and exercise, direct charge of, and general supervision over, the business and affairs of the Company. He or she shall from time to time report to the Board of Directors all matters within his or her knowledge that the interest of the Company may require to be brought to its notice, and shall also have such other powers and perform such other duties as may be specifically assigned to him or her from time to time by the Board of Directors. The Chief Executive Officer shall see that all resolutions and orders of the Board of Directors are carried into effect, and in connection with the foregoing, shall be authorized to delegate to any President and the other Officers such of his or her powers and such of his or her duties as he or she or the Board of Directors may deem to be advisable. The initial Chief Executive Officer shall be Sergio Marchionne.

(ii) Presidents. The Presidents of the Company (each a "President") shall perform such duties as may be assigned to them from time to time by the Board of Directors or as may be designated by the Chief Executive Officer.

(iii) Chief Financial Officer. The Chief Financial Officer of the Company (the "Chief Financial Officer") shall have the custody of the Company' s funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Company and shall deposit all monies and other valuable effects in the name and to the credit of the Company, in such depositories as may be designated by the Board of Directors or by any Officer authorized by the Board of Directors to make such designation. The Chief Financial Officer shall exercise such powers and perform such duties as generally pertain or are necessarily incident to his or her office and shall perform such other duties as may be specifically assigned to him or her from time to time by the Board of Directors or the Chief Executive Officer.

(iv) Chief Operating Officer. The Chief Operating Officer (the "Chief Operating Officer") shall perform such duties as may be assigned to him or her from time to time by the Board of Directors or the Chief Executive Officer. Subject to the direction of the Board of Directors or the Chief Executive Officer, he or she shall have, and exercise, direct charge of, and general supervision over, the day-to-day business activities and operations management of the Company. He or she shall from time to time report to the Board of Directors all operational matters within his or her knowledge that the interest of the Company may require to be brought to its notice, and shall also have such other powers and perform such other duties as may be specifically assigned to him or her from time to time by the Board of Directors or the Chief Executive Officer.

(v) Chief Technical Officer. The Chief Technical Officer (the "Chief Technical Officer") shall perform such duties as may be assigned to them from time to time by the Board of Directors or the Chief Executive Officer. Subject to the direction of the Board of Directors or the Chief Executive Officer, he or she shall have, and exercise, direct charge of, and general supervision over, the technology platform and the strategic technological development and direction of the Company. He or she shall from time to time report to the Board of Directors all technological matters within his or her knowledge that the interest of the Company may require to be brought to its notice, and shall also have such other powers and perform such other duties as may be specifically assigned to him or her from time to time by the Board of Directors or the Chief Executive Officer.

(vi) Secretary. The Secretary of the Company (the "Secretary") or any Assistant Secretary of the Company (the "Assistant Secretary") designated by the Secretary shall attend all meetings of the Members and the Board of Directors, except to the extent the Secretary or such Assistant Secretary is excused, by the Members or the Board of Directors, as the case may be, and record all votes and the minutes of all proceedings in a book to be kept for that purpose and shall perform like duties for any committee when required. He or she shall give, or cause to be given, notice of all meetings of the Members and, when necessary, of the Board of Directors. The Secretary or such designated Assistant Secretary, as the case may be, shall exercise such powers and perform such duties as generally pertain or are necessarily incident to his or her office, and he or she shall perform such other duties as may be assigned to him or her from time to time by the Board of Directors or the Chief Executive Officer. To the greatest extent possible, the Secretary or such designated Assistant Secretary, as the case may be, shall vote, or cause to be voted, all of the Equity Securities of any Subsidiary of the Company as directed by the Board of Directors.

(vii) Employment of Other Employees. The Chief Executive Officer, with the consultation of the Chief Financial Officer and Chief Operating Officer, will be authorized to recruit, hire and dismiss employees other than the Officers in accordance with applicable laws and delegate such authority as appropriate to other officers and employees of the Company, all of which will be subject to the supervision and oversight of the Board of Directors.

Section 5.14 Standard of Care; Fiduciary Duties; Liability of Directors and Officers.

(a) Unless otherwise determined by the Board of Directors, including a Fiat Director, the business, affairs and operations of the Company shall be conducted in a prudent manner in accordance with international automotive practices. The Board of Directors, including a Fiat Director, shall adopt corporate ethics, anti-bribery, anti-corruption, safety, environmental and other policies at least equivalent to those applicable to Fiat Parent.

(b) Any Member, Director or Officer, in the performance of such Member's, Director's or Officer's duties, shall be entitled to rely in good faith on the provisions of this Agreement and on opinions, reports or statements (including financial statements, books of account any other financial information, opinions, reports or statements as to the value or amount of the assets, liabilities, profits or losses of the Company and its Subsidiaries) of the following other Persons or groups: (i) one or more Officers or employees of such Member or the Company or any of its Subsidiaries, (ii) any legal counsel, certified public accountants or other Person employed or engaged by such Member, the Board of Directors or the Company or any of its Subsidiaries, or (iii) any other Person who has been selected with reasonable care by or on behalf of such Member, Director, Officer or the Company or any of its Subsidiaries, in each case as to matters which such relying Person reasonably believes to be within such other Person' s professional or expert competence. The preceding sentence shall in no way limit any Person' s right to rely on information to the extent provided in Section 18-406 of the LLC Act.

(c) On any matter involving a conflict of interest not provided for in this Agreement, each Director and Officer shall be guided by its reasonable judgment as to the best interests of the Company and its Subsidiaries and shall take such actions as are determined by such Person to be necessary or appropriate to ameliorate such conflict of interest.

(d) Subject to, and as limited by the provisions of this Agreement (including Section 5.8(d), the Directors and the Officers, in the performance of their duties as such, shall owe to the Company and its Members duties of loyalty and due care of the type owed under Law by directors and officers of a business corporation incorporated under the Delaware General Corporation Law; provided that the doctrine of corporate opportunity or any analogous doctrine shall not apply to the Directors and provided, further, that, no Director and no Person that elected such Director shall have any duty to disclose to the Company or the Board of Directors confidential information in such Director' s or Person' s possession even if it is material and relevant information to the Company and/or the Board of Directors and neither such Director nor such Person shall be liable to the Company or the Members for breach of any duty (including the duty of loyalty and any other fiduciary duties) as a Director or Person that has the right to designate such Director by reason of such lack of disclosure of such confidential information. The provisions of this Agreement, to the extent that they restrict or eliminate the duties (including the duty of loyalty and other fiduciary duties) and liabilities of a Director or Officer otherwise existing at Law or in equity or by operation of the preceding sentence, are agreed by the Members to replace such duties and liabilities of such Director or Officer. Notwithstanding the foregoing provisions and Section 5.14(f), except as otherwise expressly provided in this Agreement or any other written agreement entered into by the Company or any of its Subsidiaries and any Director, if a Director acquires knowledge of a potential transaction or matter that may be a business opportunity for both the Person that has the right to designate such Director hereunder and the Company or the Members, such Director shall have no duty to communicate or offer such business opportunity to the Company or the Members and shall not be liable to the Company or the Members for breach of any duty (including the duty of loyalty and any other fiduciary duties) as a Director by reason of the fact that such Director directs such opportunity to the Person that has the right to designate such Director or any other Person, or does not communicate information regarding such opportunity to the Company or the Members, and any such direction of an opportunity by such Director, and any action with respect to such an opportunity by such Person, shall not be wrongful or improper or constitute a breach of any duty hereunder, at law, in equity or otherwise.

(e) Except as required by the LLC Act, no individual who is a Director or an Officer, or any combination of the foregoing, shall be personally liable under any judgment of a court, or in any other manner, for any debt, obligation or liability of the Company, whether that liability or obligation arises in contract, tort or otherwise solely by reason of being a Director or an Officer or any combination of the foregoing.

(f) No Director or Officer shall be liable to the Company or the Members for any act or omission (including any breach of duty (fiduciary or otherwise)), including any mistake of fact or error in judgment taken, suffered or made by such Person if such Person acted in good faith and in a manner such Person reasonably believed to be in or not opposed to the best interests of the Company and which act or omission was within the scope of authority granted to such Person; provided that such act or omission did not constitute fraud, willful misconduct or bad faith in the conduct of such Person' s office.

(g) No Director shall be liable to the Company or any Members for monetary damages for breach of fiduciary duty as a Director; provided that the foregoing shall not eliminate or limit the liability of a Director: (i) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of Law; or (ii) for any transaction from which such Director derived an improper personal benefit.

ARTICLE VI
INDEMNIFICATION

Section 6.1 General Indemnity.

(a) To the fullest extent permitted by the LLC Act, the Company, to the extent of its assets legally available for that purpose, shall indemnify and hold harmless each Person who was or is made a party or is threatened to be made a party to or is involved in or participates as a witness with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative (each a "Proceeding"), by reason of the fact that he or she, or a Person of whom he or she is the legal representative, is or was a Director, an officer, or employee, or is or was serving at the request of the Company as a manager, director, officer, employee, fiduciary or agent of another Entity (collectively, the "Indemnified Persons") from and against any and all loss, cost, damage, fine, expense (including reasonable fees and expenses of attorneys and other advisors and any court costs incurred by any Indemnified Person) or liability actually and reasonably incurred by such Person in connection with such Proceeding if such Person acted in good faith and in a manner such Person reasonably believed to be in or not opposed to the best interests of the Company and except that no indemnification shall be made in respect of any claim, issue or matter as to which such Person shall have been adjudged to be liable to the Company unless and only to the extent that the Court of Chancery of the State of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such Person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper. The termination of any Proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the Person did not act in good faith or in a manner such Person reasonably believed to be in or not opposed to the best interests of the Company.

(b) The Company shall pay in advance or reimburse reasonable expenses (including advancing reasonable costs of defense) incurred by an Indemnified Person who is or is threatened to be named or made a defendant or a respondent in a Proceeding; provided, however, that as a condition to any such advance or reimbursement, such Indemnified Person shall agree that it shall repay the same to the Company if such Indemnified Person is finally judicially determined by a court of competent jurisdiction not to be entitled to indemnification under this ARTICLE VI.

(c) The Company shall not be required to indemnify a Person in connection with a Proceeding initiated by such Person against the Company or any of its Subsidiaries if the Proceeding was not authorized by the Board of Directors. The ultimate determination of entitlement to indemnification of any Indemnified Person shall be made by the Board of Directors in such manner as the Board of Directors may determine.

(d) Any and all indemnity obligations of the Company with respect to any Indemnified Person shall survive any termination of this Agreement. The indemnification and other rights provided for in this ARTICLE VI shall inure to the benefit of the heirs, executors and administrators of any Person entitled to such indemnification.

Section 6.2 Fiduciary Insurance. Unless otherwise agreed by the Board of Directors, the Company shall maintain, at its expense, insurance (a) to indemnify the Company for any obligations which it incurs as a result of the indemnification of Indemnified Persons under the provisions of this ARTICLE VI, and (ii) to indemnify Indemnified Persons in instances in which they may not otherwise be indemnified by the Company under the provisions of this ARTICLE VI.

Section 6.3 Rights Non-Exclusive. The rights to indemnification and the payment of expenses incurred in defending any Proceeding in advance of its final disposition conferred in this ARTICLE VI shall not be exclusive of any other right which any Person may have or hereafter acquire under any Law, provision of this Agreement, any other agreement, any vote of Members or disinterested Directors or otherwise.

Section 6.4 Merger or Consolidation; Other Entities. For purposes of this ARTICLE VI, references to "the Company" shall include, in addition to the resulting company, any constituent company (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its managers, directors, officers, employees or agents, so that any Person who is or was a manager, director, officer, employee or agent of such constituent company, or is or was serving at the request of such constituent company as a manager, director, officer, employee or agent of another company, partnership, joint venture, trust or other enterprise, shall stand in the same position under this ARTICLE VI with respect to the resulting or surviving company as he or she would have with respect to such constituent company if its separate existence had continued. For purposes of this ARTICLE VI, references to "another Entity" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a Person with respect to any employee benefit plan; and references to "serving at the request of the Company" shall include any service as a manager, director, officer, employee or agent of the Company that imposes duties on, or involves services by, such manager, director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a Person who acted in good faith and in a manner such Person reasonably believed to be in or not opposed to the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Company" as referred to in this ARTICLE VI.

Section 6.5 No Member Recourse. Anything herein to the contrary notwithstanding, any indemnity by the Company relating to the matters covered in this ARTICLE VI shall be provided out of and to the extent of Company assets only and no Member shall have personal liability on account thereof or shall be required to make additional capital contributions to help satisfy such indemnity of the Company.

ARTICLE VII
RESIGNATION

Section 7.1 Resignation.

(a) Fiat. On or after the Effective Date, Fiat shall be permitted to terminate all governance rights provided to Fiat under ARTICLE V (a "Fiat Termination") in connection with a termination of the Master Industrial Agreement. Prior to the effective date of the Fiat Termination, Fiat shall be permitted to withdraw its notice of a Fiat Termination and in the event of any such Fiat Termination, Fiat shall continue to be a Member of the Company and shall have the rights and powers and shall be subject to the restrictions and liabilities of a Member under this Agreement, the Shareholder Agreement, the Certificate of Formation and the LLC Act. Upon the effective date of the Fiat Termination, all governance rights provided to Fiat under ARTICLE V shall terminate.

(b) Non-Fiat Members. Each Non-Fiat Member may resign from the Company prior to the dissolution and winding up of the Company only upon the assignment of its entire Membership Interest (including by any redemption, repurchase or other acquisition by the Company of such Membership Interests) in accordance with the provisions of this Agreement and the Shareholder Agreement or as otherwise agreed to by the Board of Directors (a "Withdrawn Member"). A Withdrawn Member shall cease to be a Member of the Company and shall not be entitled to receive any Distribution or the fair value of its Membership Interests except as otherwise expressly provided for in this Agreement, the Shareholder Agreement or as otherwise agreed to by the Board of Directors.

ARTICLE VIII
ADMISSION OF ADDITIONAL MEMBERS

Section 8.1 Admission Requirements. One or more additional Persons may be admitted to the Company as Members only upon furnishing to the Board of Directors: (i) a joinder agreement pursuant to which such Person agrees to be bound by all of the terms and conditions of this Agreement; (ii) a joinder agreement pursuant to which such Person agrees to be bound by all of the applicable terms and conditions of the Shareholder Agreement; (iii) if required under Section 13.1(b) and requested by the Board of Directors, an opinion of counsel pursuant to Section 13.1(c); (iv) if required under Section 13.1(a), a certificate as provided under Section 13.1(d); and (v) such other documents or instruments as may be necessary or appropriate to effect such Person' s admission as a Member (including entering into an investor representation agreement or such other documents as the Board of Directors may deem appropriate), which joinder agreement, certification, legal opinion, consent, documents and other instruments, as required, shall be in such form and substance reasonably satisfactory to the Board of Directors. Such admission shall become effective on the date on which the Board of Directors determines that the foregoing conditions have been satisfied and when any such admission is shown on the books and records of the Company. Upon the admission of an Additional Member, the Schedule of Members shall be amended to reflect the name, notice address, Membership Interests and other interests in the Company. Such Member' s capital contributions and initial Capital Account shall be reflected in the Company' s books and records.

Section 8.2 Acceptance of Prior Acts. Any Person who is admitted pursuant to Section 8.1 hereby accepts, ratifies and agrees to be bound by all actions duly taken pursuant to the terms and provisions of this Agreement by the Company prior to the date it was admitted to the Company and, without limiting the generality of the foregoing, specifically ratifies and approves all agreements and other instruments as may have been executed and delivered on behalf of the Company prior to such date and which are in force and effect on such date.

Section 8.3 Admission of Transferees.

(a) Upon admission as a Member pursuant to a Transfer conducted in accordance with ARTICLE XIII, a Transferee shall succeed to the rights, duties and obligations of the Transferor under this Agreement, the Shareholder Agreement, the Certificate of Formation and the LLC Act and any references in this Agreement to the Transferor (unless such Transferor remains a Member) shall be deemed to refer to such Transferee for purposes of this Agreement.

(b) Until a Transferee is admitted as a Member pursuant to Section 8.1, the Transferor shall continue to be a Member and to be entitled to exercise any rights or powers of a Member with respect to the Membership Interest transferred.

ARTICLE IX
DISSOLUTION

Section 9.1 In General. The Company shall dissolve and its affairs shall be wound up upon the first to occur of the following: (i) the written consent of the Class A Holders holding a majority of the Class A Membership Interests, (ii) at any time there are no members of the Company unless the Company is continued in accordance with the LLC Act, or (iii) the entry of a decree of judicial dissolution under Section 18-802 of the LLC Act.

(a) The bankruptcy (within the meaning of Sections 18-101(1) and 18-304 of the LLC Act) of any of the Members shall not cause such Member to cease to be a member of the Company and upon the occurrence of such an event, the business of the Company shall continue without dissolution.

(b) In the event of dissolution, the Company shall conduct only such activities as are necessary to wind up its affairs (including the sale of the assets of the Company in an orderly manner), and the assets of the Company shall be applied in the manner, and in the order of priority, set forth in Section 18-804 of the LLC Act.

(c) Upon the cancellation of the Certificate of Formation in accordance with the LLC Act, the Company and this Agreement shall terminate.

(d) In the event of a Liquidation Proceeding:

(i) the liquidators shall pay, satisfy or discharge from the Company funds all of the debts, liabilities and obligations of the Company (including all expenses incurred in such Liquidation Proceeding) or otherwise make adequate provision for payment and discharge thereof (including the establishment of a cash fund for contingent liabilities in such amount and for such term as the liquidators may reasonably determine); and

(ii) after payment or provision for payment of all of the Company' s liabilities has been made in accordance with Section 9.1(d), and after all allocations have been made in accordance with Section 4.2, all remaining assets of the Company shall be distributed in to the Members in accordance with their positive Capital Account balances, subject to any applicable waiting periods required under any antitrust laws.

Section 9.2 Reasonable Time for Winding Up. A reasonable time shall be allowed for the orderly winding up of the business and affairs of the Company and the liquidation of its assets pursuant to Section 9.1 to minimize any losses otherwise attendant upon such winding up.

ARTICLE X
RIGHTS AND DUTIES OF MEMBERS

Section 10.1 Members. The Members of the Company, and their respective class and numbers of Membership Interests, are listed on the Schedule of Members. No Person may be a Member without the ownership of a Membership Interest. The Members shall have only such rights and powers as are granted to them pursuant to the express terms of this Agreement and the LLC Act. Except as otherwise expressly provided in this Agreement, no Member, in such capacity, shall have any authority to bind, to act for, to sign for or to assume any obligation or responsibility on behalf of, any other Member or the Company.

Section 10.2 No Management or Dissent Rights. Except as set forth herein or otherwise required by Law, the Members shall not have any right to take part in the management or operation of the Company other than through the Directors appointed by the Members to the Board of Directors. No Member shall, without the prior written approval of the Board of Directors, take any action on behalf of or in the name of the Company, or enter into any commitment or obligation binding upon the Company, except for actions expressly authorized by the terms of this Agreement. Except as required by Law, Members shall not be entitled to any rights to dissent or seek appraisal with respect to any transaction, including the merger or consolidation of the Company with any Person.

Section 10.3 No Member Fiduciary Duties.

(a) No Member shall, to the maximum extent permitted by the LLC Act and other applicable Law, owe any duties (including fiduciary duties) as a Member to (i) the other Members or (ii) the Company, except for duties arising under contracts between such Members and the Company, in each case notwithstanding anything to the contrary existing at law, in equity or otherwise.

(b) Except as otherwise expressly provided in this Agreement or any other contractual arrangements between the Company and one or more Members, any Member may engage in or possess any interest in another business or venture of any nature and description, independently or with others, whether or not such business or venture is competitive with the Company or any of its Subsidiaries, and neither the Company nor any other Member shall have any rights in or to any such independent business or venture or the income or profits derived therefrom, and the doctrine of corporate opportunity or any analogous doctrine shall not apply to the Members and the members, shareholders, partners and Affiliates thereof. The pursuit of any such business or venture shall not be deemed wrongful, improper or a breach of any duty hereunder, at law, in equity or otherwise. Any Member and the members, shareholders, partners and Affiliates thereof shall be able to transact business or enter into agreements with the Company to the fullest extent permissible under the LLC Act, subject to the terms and conditions of this Agreement.

(c) Except as otherwise expressly provided in this Agreement or any other contractual arrangements between the Company and one or more Members, if a Member acquires knowledge, other than solely from or through the Company, of a potential transaction or matter that may be a business opportunity for both such Member and the Company or another Member, such Member shall have no duty to communicate or offer such business opportunity to the Company or any other Member and shall not be liable to the Company or the other Members for breach of any duty (including fiduciary duties) as a Member by reason of the fact that such Member pursues or acquires such business opportunity for itself, directs such opportunity to another Person, or does not communicate information regarding such opportunity to the Company.

(d) The provisions of this Agreement, to the extent that they restrict or eliminate the duties (including fiduciary duties) and liabilities of a Member otherwise existing at law or in equity, are agreed by the Members to replace such duties and liabilities of such Member.

Section 10.4 Investment Representations of Members. Each Member hereby represents, warrants and acknowledges to the Company that: (a) such Member has such knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of an investment in the Company and is making an informed investment decision with respect thereto; (b) such Member is acquiring interests in the Company for its own account and not with a view to distribution, subject, nevertheless, to the understanding that the disposition of such Member' s property will at all times be and remain within the such Member' s control; and (c) the execution, delivery and performance of this Agreement have been duly authorized by such Member.

Section 10.5 Voting Rights. For so long as any Membership Interests are outstanding, the Board of Directors shall cause the Company not to, and the Company shall not, without the affirmative vote at a meeting duly called and held or the written consent of holders of a majority of the Membership Interests then outstanding, in each case in accordance with Article X of this Agreement:

(a) redeem, purchase or otherwise acquire (or pay into or set aside for a sinking fund for such purpose) any Membership Interests of the Company; provided, however, that this restriction does not apply to the repurchase of Membership Interests of the Company from employees, officers, directors, consultants or other Persons performing services for Fiat, the Company or any Subsidiary of the Company issued pursuant to any employment or other agreement or an equity or similar plan under which the Company has the option or the obligation to repurchase such interests upon the occurrence of certain events, such as the termination of employment or other provision of services to the Company or any Subsidiary of the Company;

(b) authorize any new class of Membership Interests of the Company, increase the size of any class of Membership Interests existing on the Effective Date or issue any new Membership Interests, other than any Membership Interests authorized to be issued in accordance with this Agreement;

(c) (i) adopt any equity or similar plan for the Company, or (ii) issue any Membership Interests to Directors, Officers, employees or consultants primarily for compensatory purposes except pursuant to a plan approved in accordance with this paragraph;

(d) (i) change the independent auditors of the Company or (ii) materially change the accounting policies of the Company; or

(e) agree to do any of the foregoing.

Section 10.6 Additional Voting Rights of Non-Fiat Members. For so long as the Fiat Group has a Total Interest exceeding fifty percent (50%), the Board of Directors shall cause the Company not to, and the Company shall not, without the prior written consent of each Non-Fiat Member affected thereby, take any Major Decision set forth in Sections 5.8(b)(ii), (iii), (iv), or (viii) that would adversely affect such Non-Fiat Member in its capacity as a Member in a manner disproportionate to Fiat in its capacity as a Member.

ARTICLE XI
MEETINGS OF MEMBERS

Section 11.1 Meetings of the Members. Meetings of the Members may be called at any time by two Directors, the Chairman, the Chief Executive Officer or as provided by this Agreement. Except to the extent otherwise provided in this Agreement, the following provisions shall apply to meetings of Members.

Section 11.2 Notice of Meetings. The written notice of any meeting of Members shall be given not fewer than ten (10) Business Days nor more than thirty (30) Business Days before the date of the meeting to each Member entitled to vote at such meeting.

Section 11.3 Adjournments. Any meeting of Members may be adjourned from time to time, to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the Members may transact any business which might have been transacted at the original meeting.

Section 11.4 Quorum. Except as otherwise provided in this Agreement, at each meeting of Members, the holders of a majority of outstanding voting Membership Interests, present in person or represented by proxy, shall constitute a quorum; provided that, in order for a quorum for the conduct of business at a meeting to be constituted, the presence of Fiat and the

VEBA (each, a "Quorum Member"), for so long as they remain Members, shall be required. Notwithstanding the foregoing, if any business at a meeting of Members cannot be conducted as a result of the failure of a Quorum Member to attend the meeting, a meeting of Members may be reconvened at any time after one Business Day following the originally scheduled meeting at which rescheduled meeting the presence of any Quorum Member shall not be required assuming the requirements for a quorum are otherwise satisfied.

Section 11.5 Organization. Meetings of Members shall be presided over by the Chairman, or in his absence, by the Chief Executive Officer or another Director designated by the Board of Directors. The Secretary shall act as secretary of the meeting, but in the absence of the Secretary, the chairman of the meeting may appoint an Officer to act as secretary of the meeting.

Section 11.6 Voting; Proxies. Each Class A Membership Interest shall be entitled to one vote at any meeting at which such interest is entitled to a vote. Each Class B Membership Interest shall be entitled to a number of votes at any meeting at which such interest is entitled to a vote, such that all of the Class B Membership Interests shall have a collective voting power equal to the Class B Aggregate Membership Interest. Each Member entitled to vote at a meeting of Members or to express consent or dissent to Company action in writing without a meeting may authorize another person or persons to act for such Member by proxy. A Member may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by filing an instrument in writing revoking the proxy or another duly executed proxy bearing a later date with the Secretary of the Company or in the absence of a Secretary, any Officer of the Company. Voting at meetings of Members need not be by written ballot unless the Members of a majority of Outstanding Membership Interests (measured by individual voting interests) present in person or represented by proxy and entitled to vote on the subject matter at such meeting shall so determine. Unless otherwise specified in this Agreement or the Shareholder Agreement, the affirmative vote of the holders of a majority of the Outstanding Membership Interests (measured by individual voting interests) present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the Members.

Section 11.7 Waiver of Notice of Meetings of Members. Whenever notice is required to be given by law or under any provision of this Agreement, a written waiver thereof, signed by the Person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a Person at a meeting shall constitute a waiver of notice of such meeting, except when the Person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Members need be specified in any written notice or waiver of notice of meeting.

Section 11.8 Determination of Members of Record. In order that the Company may determine the Members entitled to notice of, or to vote at, any meeting or any adjournment thereof or to consent to action in writing without a meeting, the Board of Directors or any Officer of the Company may fix a record date, which record date shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting or consent, as applicable. If no record date is set, the record date for determining Members entitled to notice of, or to vote at, a meeting shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. If no record date is set, the record date for determining Members entitled to consent to action in writing without a meeting shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Company. A determination of Members of record entitled to notice of or to vote at a meeting shall apply to any adjournment of the meeting; provided, however, that a new record date for the adjourned meeting may be established.

Section 11.9 Consent of Members in Lieu of Meeting. Any action that may be taken at any meeting of Members may be taken without a meeting by written consent of Members holding outstanding voting Membership Interests sufficient to approve such action were a meeting to be held.

ARTICLE XII
INFORMATION RIGHTS; BOOKS AND RECORDS

Section 12.1 Schedule of Members. The Company shall maintain and keep at its principal office the Schedule of Members on which it shall set forth the name and notice address of each Member, and the aggregate number of Membership Interests of each class of such Member at any time.

Section 12.2 Books and Records; Other Documents

(a) The Company shall keep, or cause to be kept, (i) complete and accurate books and records of account of the Company, (ii) minutes of the proceedings of meetings of the Members, the Board of Directors and any committee thereof, and (iii) a current list of the Directors and Officers and their notice addresses. Any of the foregoing books, minutes or records may be in written form or in any other form capable of being accurately and completely converted into written form within a reasonable time. The books of the Company (other than books required to maintain Capital Accounts) shall be kept on the accrual basis of accounting, and otherwise in accordance with GAAP, and shall at all times be maintained or made available at the principal office of the Company. The Company shall, and shall cause its Subsidiaries to, (A) make and keep financial records in reasonable detail that accurately and fairly reflect all financial transactions and dispositions of the assets of the Company and its Subsidiaries and (B) maintain a system of internal accounting controls sufficient to provide reasonable assurances that (1) transactions are executed in accordance with authorization by the Person in charge and are recorded so as to provide proper financial statements and maintain accountability for assets and (2) safeguards are established to prevent unauthorized persons from having access to the assets, including the performance of periodic physical inventories.

(b) At all times the Company shall maintain at its principal office a current list of the name and notice address of each Member, a copy of the Certificate of Formation, including any amendments thereto, copies of this Agreement and all amendments hereto, and all other records required to be maintained pursuant to the LLC Act.

(c) The Company also shall maintain at all times, at its principal office, copies of the Company' s federal, state, local and foreign income Tax Returns and reports, if any, and all financial statements of the Company for all years ending after the Effective Date;

provided, however, the Company shall not be required to maintain copies of income Tax Returns and reports, if any, and any financial statements of the Company for any year which each Member has notified the Company in writing that such Member' s tax year has been closed.

(d) The Company shall maintain books for the purpose of registering the transfer of Membership Interests. Notwithstanding any provision of this Agreement to the contrary, a transfer of Membership Interests requires delivery of an endorsed Certificate and shall be effective upon registration of such transfer in the books of the Company.

Section 12.3 Reports and Audits.

(a) Promptly upon request, the Company shall, at its cost and expense, furnish, or cause to be furnished, to each Member holding ten percent (10%) or more of the Membership Interests such information relating to the financial condition, operations of the Company or any other aspect of the Company or its business in possession of the Company as any such Member may from time to time reasonably request.

(b) Each Member holding ten percent (10%) or more of the Membership Interests shall have the right, at all reasonable times and upon reasonable notice during normal business hours, and at its own expense, so long as such access does not unreasonably interfere with the normal operation of the Company, to examine and make copies of or extracts from the books of account of the Company or any other Company record for any purpose reasonably related to such Member' s interest as a Member of the Company, including to satisfy any public reporting obligations of such Member under applicable law and the rules of any securities exchange, and for federal, state, local or foreign income or franchise tax purposes. Such examination rights may be exercised through any designated agent or employee of such Members, as applicable, or their respective Affiliates. The parties agree that any such examination is not intended to duplicate in its entirety the audit conducted by the Independent Auditor. The Company and the Member conducting such examination shall each bear its own cost of involvement in such review or audit.

Section 12.4 Financial Statements and Other Information

(a) The Company shall deliver to each Member holding in excess of five percent (5%) of the Membership Interests, the following:

(i) as soon as available, but in any event within the earlier of two (2) days after the delivery of a copy thereof in final form to the CEO or the Board of Directors (whichever is earlier) or fifteen Business Days after the end of each calendar month in each Fiscal Year, a monthly management report summarizing the results of the Company for such monthly period and for the period from the beginning of the Fiscal Year setting forth, in each case, comparisons to the annual budget for such Fiscal Year and comparisons to the corresponding period in the preceding Fiscal Year. Each such monthly management report shall be substantially in the form as agreed upon by the Members and the Company;

(ii) as soon as available, but in any event within the earlier of two (2) days after the delivery of a copy thereof in final form to the CEO or the Board of Directors (whichever is earlier) or fifteen Business Days after the end of each fiscal quarter in each Fiscal Year; (A) a management financial report summarizing results of the Company as of the end of such quarterly period setting forth comparisons to the annual budget for such Fiscal Year and comparisons to the corresponding period in the preceding Fiscal Year, and all such reports shall be substantially in the form as agreed upon by the Members and the Company and subject to the absence of footnote disclosures and normal year-end adjustments for recurring accruals;

(iii) as soon as available, but in any event, for each of the first three fiscal quarters in each Fiscal Year, with the later of forty-five calendar days after the end of the quarter and when such must be filed with the SEC, the final unaudited consolidated balance sheet of the Company as of the end of such quarterly period, and related statements of income and cash flows and comparisons to the same fiscal quarter for the previous Fiscal Year, and all such statements shall be prepared in accordance with GAAP, subject to the absence of footnote disclosures in accordance with customary practice for condensed consolidated interim financial statements and to normal year-end adjustments for recurring accruals, which statements shall have been reviewed by the Independent Auditor and certified by the Chief Financial Officer;

(iv) as soon as available, but in any event within the earlier of two (2) days after delivery of a copy thereof in final form to the CEO or the Board of Directors (whichever is earlier) or thirty Business Days after the end of each Fiscal Year, (A) a management financial report summarizing results of the Company for such Fiscal Year, and (B) a draft of the unaudited consolidated balance sheet of the Company as of the end of such Fiscal Year. All such reports shall be prepared in accordance with GAAP and shall be substantially in the form as agreed upon by the Members and the Company, subject to the absence of footnote disclosures and to normal year-end adjustments for recurring accruals;

(v) as soon as available, but in any event within the later of ninety calendar days after the end of each Fiscal Year and when such must be filed with the SEC, the final consolidated balance sheets and related statements of income and cash flows of the Company for such Fiscal Year and as of the end of such Fiscal Year, in each case prepared in accordance with GAAP, and accompanied by an opinion, unqualified as to scope or compliance with GAAP, of the Independent Auditor;

For the avoidance of doubt, (i) the Company' s obligation to deliver any information under this Section 12.4(a) shall be satisfied if the Company makes such information available through a periodic or current report (on Forms 10-K, 10-Q or 8-K) filed with or furnished to the SEC and available in electronic form through a website link maintained on the Company' s website, and (ii) a certification pursuant to the SEC' s Rule 13a-14(a) or Rule 15d-14(a) under the Exchange Act furnished in connection with any periodic report shall satisfy any requirement for a certification under this Section 12.4(a).

(b) The Members shall be supplied with all other Company information necessary to enable each Member to prepare its federal, state, local and foreign income Tax Returns. Such information shall be prepared by the Company, and the Company shall use its reasonable best efforts to deliver such information to each Member with reasonable promptness in light of the timing applicable to the purpose for which such information is to be used by such Member.

(c) All determinations, valuations and other matters of judgment required to be made for ordinary course accounting purposes and in respect of tax accounting policies under this Agreement shall be made by the Board of Directors and shall be conclusive and binding on all Members, their successors in interest and any other Person, and to the fullest extent permitted by Law or as otherwise provided in this Agreement, no such Person shall have the right to an accounting or an appraisal of the assets of the Company or any successor thereto.

(d) The Company agrees to cooperate and provide to its Members on a quarterly basis any information reasonably required by the Members to permit such Members to comply with any requirements imposed by Financial Accounting Standards Board Interpretation No. 48 or any similar provision of generally accepted accounting principles applicable to a member.

(e) If a Member is required by Law or any generally accepted accounting principles (including GAAP) to consolidate the financial results of the Company into such Member' s financial statements, then the Company shall provide to such Member, reasonably promptly upon request (and, so long as such Member has timely made such request, within a sufficient period of time so as to enable such Member to comply with any Law or accounting requirement applicable to it), any information reasonably requested for the purposes of such consolidation.

Section 12.5 Independent Auditor. The Company and its Subsidiaries at all times shall engage a Person to audit its financial statements (the "Independent Auditor") that (a) is an independent public accounting firm within the meaning of the American Institute of Certified Public Accountants' Code of Professional Conduct (American Institute of Certified Public Accountants, Professional Standards, vol. 2, et sec. 101), (b) is a registered public accounting firm (as defined in Section 2(a)(12) of the Sarbanes Oxley Act of 2002 (the "Sarbanes Oxley Act")), and (c) would not be in violation of the auditor independence requirements of the Sarbanes Oxley Act by reason of its acting as the auditor of the Company and its Subsidiaries. The Independent Auditor shall be appointed by the Board of Directors and shall be a nationally recognized certified public accounting firm. The Company shall engage the Independent Auditor from time to time to conduct such review and testing as from time to time may be necessary or reasonably required under the Sarbanes Oxley Act and to issue to the Company its written opinions and recommendations with respect thereto.

ARTICLE XIII
TRANSFER OF MEMBERSHIP INTERESTS

Section 13.1 Restrictions on Transfer of Membership Interests.

(a) No Member may Transfer its Membership Interests except as expressly permitted by this Agreement. The restrictions of this ARTICLE XIII shall bind any third party transferee of the Membership Interests (other than third party transferees of the Membership

Interests who receive such Membership Interests in a public offering in connection with the exercise of registration rights pursuant to Section 13.1(b)(ii)), and any such transferee must agree in writing to be bound by these provisions. Any purported Transfer that violates this Agreement or any restrictive legend on the certificates representing any of the Membership Interests shall be null and void; the Company shall not record, on its transfer books or otherwise, any such purported Transfer.

(b) The following Transfers are permitted, subject to the conditions stated elsewhere in this Agreement, including Section 13.1(c) to (h), if applicable:

(i) Any Member may Transfer its Membership Interests pursuant to Section 14.1 or Section 14.4 or the exercise of registration rights under the Shareholder Agreement.

(ii) Any Member may Transfer its Membership Interests (or any option to acquire such Member Interests) to any Controlled Affiliate of such Member without complying with any other provisions of this ARTICLE XIII.

(iii) Fiat may Transfer its Membership Interests to any Person if the Transfer complies with Section 13.3.

(iv) A Non-Fiat Member may Transfer its Membership Interests if the Transfer is in accordance with Section 13.2.

(v) If at any time after a Transfer of Membership Interests from a Member to its Controlled Affiliate such Controlled Affiliate ceases to qualify as a Controlled Affiliate (an "Unwinding Event"), then (A) such Controlled Affiliate and such original transferring Member shall promptly notify the Company of the pending occurrence of such Unwinding Event; and (B) prior to such Unwinding Event, such Controlled Affiliate and such Member shall take all actions necessary to effect a Transfer of all the Membership Interests of the Company held by such Controlled Affiliate either back to such Member or, to the extent permitted by this Agreement, to another Person that qualifies as a Controlled Affiliate of such Member.

(vi) The VEBA or its wholly owned subsidiaries (including VEBA Holdco) may Transfer its Membership Interest to (i) Fiat or any of its transferees pursuant to the Call Option Agreement or (ii) to Fiat or any of its transferees pursuant to the Equity Recapture Agreement without complying with any other provisions of this ARTICLE XIII.

(c) Notwithstanding any other provision of this ARTICLE XIII (except as expressly permitted by Selection 13.1(b)(ii) and (vi), no Transfer of Membership Interests may be made unless, in the opinion of counsel (who may be counsel for the Company), reasonably satisfactory in form and substance to the Board of Directors and counsel for the Company (which opinion requirement may be waived, in whole or in part, at the discretion of the Board of Directors), such Transfer would not

(i) violate any federal securities Laws or any state securities or "blue sky" Laws (including any investor suitability standards) applicable to the Company or the Membership Interests to be Transferred,

(ii) cause the Company to be required to register as an "investment company" under the 1940 Act, or

(iii) have a material and adverse effect on the Company as a result of any requirement of Law that becomes or that may become applicable in connection with or as a result of such Transfer.

(d) Notwithstanding any other provision of this ARTICLE XIII (except as expressly permitted by Selection 13.1(b)(ii) and (vi)), each Non-Fiat Member agrees that it will not Transfer any Membership Interests (or portion thereof) without Fiat' s express written direction (and subject to the terms of any express written direction from Fiat) if Fiat reasonably determines that such Transfer would cause the Fiat Group to (i) have a Controlling Interest in the Company or any of its Subsidiaries or (ii) otherwise be treated as a "single employer" with the Company or any of its Subsidiaries under Section 414 of the Code or Section 4001 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") (with respect to both (i) and (ii), disregarding the provisions of Section 13.1(d)(ii)).

(i) The Company and its Subsidiaries agree to not take any action, including but not limited to any Transfer, which could cause the Fiat Group (without Fiat' s express written direction, and subject to the terms of any express written direction from Fiat) or the VEBA to (A) have a Controlling Interest in the Company or any of its Subsidiaries or (B) otherwise be treated as a "single employer" with the Company or any of its Subsidiaries under Section 414 of the Code or Section 4001 of ERISA.

(ii) Notwithstanding any provision of this Agreement (or any other agreement or arrangement) to the contrary, in the event that the Fiat Group acquires a Controlling Interest in the Company or any of its Subsidiaries or otherwise is treated as a "single employer" with the Company or any of its Subsidiaries under Section 414 of the Code or Section 4001 of ERISA (the maximum amount of Membership Interests which can be held by the Fiat Group without constituting such a Controlling Interest or being treated as such a "single employer" is referred to as the "Ownership Limit"), then at Fiat' s express written direction to the Company (and subject to the terms of such express written direction) to apply the following provisions:

(A) to the extent the reason the Fiat Group exceeded the Ownership Limit was as a result of its ownership of Membership Interests or other economic rights, then:

(1) the number of Class A Membership Interests subject to the Call Option pursuant to the Call Option Agreement shall automatically be reduced (but not below zero), as provided in Section 2.2(g) of the Call Option Agreement, by the minimum amount necessary for the Membership Interests held by the Fiat Group to be below the Ownership Limit, with no other action required by the Fiat Group, the Company or any other party;

provided that this sub-paragraph (1) shall only apply if such reduction would decrease the Fiat Group' s Controlling Interest in the Company or any of its Subsidiaries and;

(2) if the actions taken pursuant to sub-paragraph (1) do not result in a reduction of Membership Interests held by the Fiat Group to an amount below the Ownership Limit, then any Membership Interests held by the Fiat Group in excess of the Ownership Limit after taking into account any action taken pursuant to sub-paragraph (1) (the "Excess Membership Interests") shall be deemed to have been automatically transferred, with no other action required by the Fiat Group, the Company or any other party, to a trust established for the purpose of holding the Excess Membership Interests (the "Trust"). Excess Membership Interests held in the Trust shall be entitled to the benefits to which any Member may be entitled as provided in this Agreement, shall retain full voting rights and shall otherwise be treated as Outstanding Membership Interests for all purposes; and

(B) to the extent the reason the Fiat Group exceeded the Ownership Limit was on account of its voting power, then:

(1) the right of any Independent Director(s) Appointed by Fiat to exercise any voting rights associated with the Membership Interests held by a VEBA Holdco shall be waived and the other Independent Directors shall proportionately vote the Membership Interests held by a VEBA Holdco; provided that this sub-paragraph (1) shall only apply if such action would decrease the Fiat Group' s Controlling Interest in the Company or any of its Subsidiaries;

(2) if the action taken pursuant to sub-paragraph (1) does not result in a reduction of the voting power held by the Fiat Group to an amount below the Ownership Limit, then any Membership Interests held by the Fiat Group in excess of the Ownership Limit after taking into account any action taken pursuant to sub-paragraph (1) (the "Excess Voting Interests") shall be deemed to have been automatically placed, with no action required by the Fiat Group, the Company or any other party, in a voting trust (the "Voting Trust"); provided that this sub-paragraph (2) shall only apply if such action would decrease the Fiat Group' s Controlling Interest in the Company or any of its Subsidiaries. The number of Membership Interests held in the Voting Trust shall be automatically increased or decreased, with no action required by the Fiat Group, the Company or any other party, to reflect changes in the amount of the Excess Voting Interests and Fiat shall automatically accede to voting rights associated with Membership Interests previously held in the Voting Trust; and

(3) if the actions taken pursuant to sub-paragraphs (A) and (B) do not result in a reduction of the voting power held by the Fiat Group to an amount below the Ownership Limit, then any Excess Voting Interests held by the Fiat Group after taking into account any action taken pursuant to sub-paragraphs (1) and (2) shall be deemed to have been automatically transferred, with no action required by the Fiat Group, the Company or any other party, to the Trust pursuant to Section 13.1(d)(ii)(A)(2).

(e) Each Non-Fiat Member agrees that the provisions of Section 13.1(d)(ii) do not apply as a result of the Transactions contemplated by the Transaction Documents (each as defined in the Master Transaction Agreement).

(f) Notwithstanding any other provision of this ARTICLE XIII, each Member proposing to Surrender any Membership Interests shall deliver to Fiat a written notice of such proposed Surrender no later than 10 days prior to the consummation of such Surrender. The written notice must contain (i) the total number and class (if applicable) of the Membership Interests subject to the proposed Surrender, and (ii) the date such Surrender is expected to be consummated. Following the delivery of the written notice, the Member must promptly furnish Fiat with any other information related to the Surrender that Fiat reasonably requests.

(g) Notwithstanding any other provision of this ARTICLE XIII (except as expressly permitted by Sections 13.1(b)(ii) and (vi)), no Member may Transfer Membership Interests if such Member has breached this Agreement or the Shareholder Agreement and such breach is continuing.

(h) Notwithstanding any other provisions of this ARTICLE XIII (except as expressly permitted by Sections 13.1(b)(ii) and (vi)), no Transfer of any Membership Interest may be made unless the Tax Matters Member receives (which requirement may be waived by the Tax Matters Member in its reasonable discretion), not less than ten (10) Business Days prior to the date of any proposed Transfer, a written opinion of reputable counsel, satisfactory in form and substance to the Tax Matters Member, to the effect that such Transfer would not (i) result in the termination of the partnership under Section 708(b)(1)(B) of the Code (provided that this shall not apply to a Transfer of Membership Interests pursuant to the Equity Recapture Agreement), or (ii) render the Company a publicly traded partnership under Sections 7704 or 469 of the Code (taking into account any other relevant Transfers) or otherwise cause the Company to lose its status as a partnership for Federal income tax purposes.

(i) Except as permitted by Sections 13.1(b)(ii) and (vi), each Non-Fiat Member seeking to Transfer any Membership Interests shall first give written notice of such proposed Transfer to Fiat no later than 10 Business Days prior to the consummation of such Transfer. The written notice shall set forth (A) the number and type of Membership Interests of the Company subject to the proposed Transfer, (B) the date such Transfer is expected to be consummated and (C) the identity of the proposed transferee. In addition, such Non-Fiat Members shall promptly furnish Fiat with any other information related to the proposed Transfer and transferee that Fiat may reasonably request. Fiat shall make any determination required of it under clause (d) of this Section 13.1 no later than the second Business Day prior to the proposed Transfer date.

(j) No Person, including the Trust established pursuant to Section 13.1(d)(ii)(A)(2) or the Voting Trust established pursuant to Section 13.1(d)(ii)(B)(2) or the trustees or beneficiaries of such trusts, shall have the right to receive the Excess Membership Interests or the Excess Voting Interests, as applicable, unless the provisions of Section 13.1(d)(ii) are in effect and nothing shall prevent the amendment of Section 13.1(d)(ii) in accordance with Section 5.8.

Section 13.2 Right of First Offer.

(a) Selling Members. As contemplated by Section 13.1(b)(iv), each Non-Fiat Member seeking to Transfer any Membership Interests pursuant to Section 13.1(b)(iv) (a "Selling Member") must comply with this Section 13.2 and, if applicable, Section 13.3, prior to entering into a binding agreement with respect to such Transfer.

(b) Sale Notice. Prior to and in order to effect any such Transfer, each Selling Member shall first give written notice (a "First Sale Notice") to Fiat, each Non-Fiat Member and the Company stating such Selling Member' s intention to effect such a Transfer, the number and type of Membership Interests of the Company subject to such Transfer (the "Offered Securities"), the price and terms which such Selling Member proposes to be paid for the Offered Securities (the "First Offer Price") and the other material terms upon which such Transfer is proposed. The First Sale Notice may require the consummation of any sale of the Offered Securities to occur no earlier than 90 days and no later than 180 days after the receipt of the First Sale Notice, subject only to any delays necessary to obtain any applicable Governmental Approval, provided that commercially reasonable efforts are used to secure such Governmental Approval.

(c) First Offer. Upon receipt of the First Sale Notice, Fiat will have an irrevocable non-transferable first option to purchase all or a portion of the Offered Securities at the First Offer Price and otherwise on the terms and conditions described in the First Sale Notice (the "Fiat First Option"). Fiat may, within 30 days of receipt of the First Sale Notice (the "Fiat First Offer Period"), offer to purchase all or a portion of the Offered Securities by sending an irrevocable written notice of any such acceptance to the Selling Member indicating the number and type of Offered Securities to be purchased (the "Acceptance Notice"), and Fiat shall then be obligated to purchase the number of Offered Securities set forth in such Acceptance Notice on the terms and conditions set forth in the First Sale Notice, subject to compliance with Section 13.2(h) of this Agreement.

(d) Second Offer. Upon the earlier to occur of, (i) expiration of the Fiat First Offer Period, if Fiat has failed to exercise such Fiat First Option or has exercised such Fiat First Option only in part, or (ii) 40 days following the expiration of the Fiat First Offer Period, if Fiat and the Selling Member have failed to enter into a definitive agreement providing for sale of all of the Offered Securities, the Selling Member shall give a second written notice (the "Second Sale Notice") to each Non-Fiat Member and the Company stating the number and type of Membership Interests remaining to be sold after any exercise by Fiat of the Fiat First Option (the "Remaining Offered Securities"); provided, that the Remaining Offered Securities are offered at the Fiat First Offer Price and on the same terms and conditions as those in the First Sale Notice.

Upon receipt of the Second Sale Notice, each Non-Fiat Member (collectively, the "Secondary Recipients"), shall have an irrevocable non-transferable option to acquire the Remaining Offered Securities as specified in the Second Sale Notice, and each of the Secondary Recipients may, within 30 days of receipt of the Second Sale Notice (the "Second Offer Period"), offer to purchase all or a portion of the Remaining Offered Securities by sending an Acceptance Notice, and such Secondary Recipient (an "Accepting Secondary Recipient", and, together with Fiat, if Fiat has exercised its Fiat First Option in whole or in part, the "Accepting Recipients") shall then be obligated to purchase the number of Remaining Offered Securities set forth in such Acceptance Notice on the terms and conditions set forth in the Second Sale Notice, subject to compliance with Section 13.2(h).

(e) Sales to Secondary Recipients. If the Accepting Secondary Recipients, in the aggregate, elect to purchase all or a portion of the Remaining Offered Securities prior to the expiration of the Second Offer Period, then the Selling Member shall sell the number of Remaining Offered Securities to each Accepting Secondary Recipient as was set forth in such Accepting Secondary Recipient' s Acceptance Notice. If the Accepting Secondary Recipients, in the aggregate, elect to purchase a number of Membership Interests greater than the total number of Remaining Offered Securities, each Accepting Secondary Recipient shall purchase the number of Remaining Offered Securities equal to the product obtained by multiplying (i) the number of Remaining Offered Securities set forth in such Accepting Secondary Recipient' s Acceptance Notice, by (ii) a fraction (A) the numerator of which shall be the number of Remaining Offered Securities set forth in the Second Sale Notice and (B) the denominator of which shall be the aggregate number of Remaining Offered Securities set forth in all Accepting Secondary Recipients' Acceptance Notices.

(f) Sales to Third Parties. Upon the earlier to occur of, (x) the expiration of the Second Offer Period, if there are no Accepting Recipients, and (y) 60 days following the expiration of the Second Offer Period, if the Accepting Recipients have failed to enter into definitive agreements with respect to the sale of all of the Offered Securities, then, commencing on the next Business Day (such date, the "Third Party Sale Start Date"), the Selling Member may, within 30 days of the Third Party Sale Start Date, enter into definitive agreements with one or more Persons to Transfer any Offered Securities remaining that are not subject to Transfer in a definitive agreement for consideration having a value not less than the First Offer Price (the "Third Party Agreements"); provided, that (i) any such Transfer must be consummated within 30 days of the date of the Third Party Agreement, subject only to any delays necessary to obtain any applicable Governmental Approval, provided that commercially reasonable efforts are used to secure such Governmental Approval, and (ii) such Third Party Agreement must be, in all material respects, on terms equal to or less favorable than those contained in the First Sale Notice.

(g) Expiration of Time Periods for Transfer of Offered Securities. If the Transfer of all Offered Securities is not consummated within 180 days of the First Sale Notice (unless such failure to consummate is the result of delays necessary to obtain any applicable Governmental Approval and commercially reasonable efforts were used to secure such Governmental Approval), then the provisions of this Section 13.2 shall once again apply to the Transfer of any remaining Offered Securities and such Selling Member shall not Transfer or offer to Transfer such remaining Offered Securities without again complying with this Section 13.2.

(h) Consummation. Upon exercise by either Fiat or the Secondary Recipients, as the case may be, of their respective rights of first offer under this Section 13.2, either Fiat or the Secondary Recipients, as the case may be, and the applicable Selling Member shall be legally obligated to consummate the purchase contemplated thereby and the Selling Member and each Accepting Recipient shall use their commercially reasonable efforts to secure any Governmental Approval required, to comply as soon as reasonably practicable with all applicable Laws and to take all such other actions and to execute such additional documents as are reasonably necessary or appropriate in connection therewith and to consummate the purchase of the Offered Securities as promptly as practicable. At such closing, the applicable Selling Member shall Transfer the Offered Securities free and clear of any Liens, and together with all rights attached thereto at the date of Transfer, including any Distributions declared but not paid in respect thereof and with all requisite transfer taxes, if any, paid, and the Accepting Recipients shall deliver payment in full or otherwise for such Offered Securities as provided in the applicable Acceptance Notice. If such closing has not occurred primarily as a result of a breach by any Accepting Recipient of any agreement pursuant to which such purchase of Offered Securities is to be consummated by the date required in the First or Second Sale Notice, the Selling Member will be free to sell the Offered Securities without complying with the right of first offer under this Section 13.2 with respect to the Person that has so breached and such Offered Securities shall no longer be subject to the right of first offer under this Section 13.2 in favor of the Person that has so breached.

Section 13.3 Rights of Co-Sale.

(a) Co-Sale. Fiat shall have the obligation, and each other Member (for purposes of this Section 13.3, the "Co-Sale Members") who is not then in breach of this Agreement or the Shareholder Agreement shall have the right, to include a number of interests of each class of Membership Interests in any proposed Transfer, at the same price per Membership Interest and upon the same terms and conditions as to be paid and given to Fiat, equal to, with respect to each class of Membership Interests, the product (rounded up to the nearest whole number) obtained by multiplying (i) the number of such class of Membership Interests proposed to be sold in the contemplated sale and (i) a fraction, (A) the numerator of which is equal to the number of Membership Interests of such class held by such Co-Sale Member and (B) the denominator of which is equal to the number of Membership Interests of such class held, in the aggregate, by Fiat and the Co-Sale Members.

(b) Notices; Time Periods. Fiat shall give notice to each of the Co-Sale Members of each proposed Transfer giving rise to the rights of the Co-Sale Members set forth in Section 13.3(a) at least 30 days prior to the proposed consummation of any such Transfer, setting forth the number and type of interests proposed to be so Transferred (the "Transferred Interest"), the name and address of the proposed Transferee, the proposed amount and form of consideration and the terms and conditions of payment offered by such proposed Transferee, and a representation that the proposed Transferee has been informed of the rights of co-sale provided for in this Section 13.3 (the "Co-Sale Notice"). The rights of co-sale provided pursuant to this Section 13.3 must be exercised by any Co-Sale Member within ten Business Days following receipt of the notice required by the preceding sentence, by delivery of a written notice to Fiat indicating such Co-Sale Member' s desire to exercise its rights and specifying the number and type of interests (up to the maximum number of interests as provided in Section 13.3(a)). If the proposed Transferee fails to purchase interests from any Co-Sale Member that has properly exercised its rights of co-sale under Section 13.3(a) then Fiat shall not be permitted to make the proposed Transfer. If none of the Co-Sale Members gives such notice prior to expiration of the 10-Business Day period for giving such notice, then Fiat may Transfer the Transferred Interest to any Person on terms and conditions that are no more favorable to Fiat than those set forth in the Co-Sale Notice at anytime within a period ending on the later to occur of (x) 120 days following the expiration of such period for giving notice or (y) if a definitive agreement to Transfer the Transferred Interest is entered into by Fiat, within such 120-day period, the date on which all applicable approvals and consents of Governmental Entities with respect to such proposed Transfer have been obtained and any applicable waiting period under Law have expired or been terminated. If any Co-Sale Member either accepts the offer contained in the notice required by the first sentence of this Section 13.3(b) or does not exercise its co-sale right within the 10-Business Day Period, and Fiat has not consummated the proposed Transfer within 180 days from the date of the definitive agreement providing the terms and conditions of the sale of Membership Interests by Fiat to the proposed Transferee, subject only to any delays necessary to obtain any applicable Governmental Approval (provided that commercially reasonable efforts are used to secure such Governmental Approval) or if none of the provisions of this Section 13.3 shall again apply, then Fiat shall not Transfer or offer to Transfer any such Membership Interests without again complying with this Section 13.3.

(c) Closing. If any of the Co-Sale Members exercise their rights under Section 13.3(a), the closing of the purchase of the interests with respect to which such rights have been exercised shall take place concurrently with the closing of the sale of Fiat' s interests.

(d) The provisions of this Section 13.3 shall not apply to any proposed Transfer by Fiat (i) of 2% or less of the outstanding Membership Interests of the Company in any single Transfer or any series of Transfers representing less that 10% of the outstanding Membership Interests in the aggregate or (ii) is made in connection with any strategic alliance arrangements (regardless of whether such Transfer is a sale, exchange, or other transaction, unless more than 50% (determined on a value basis) of the compensation for such transfer is cash).

ARTICLE XIV
OTHER AGREEMENTS

Section 14.1 Public Offering.

(a) In addition to the other rights of the Board of Directors or the Members to direct the Issuer to consummate a Chrysler IPO, the Joint Majority Holders jointly shall, on and after January 1, 2013, have the right, but not the obligation, to require the Issuer to consummate the Chrysler IPO.

(b) In the event that the Board of Directors or the Joint Majority Holders, as applicable, approve a Chrysler IPO and sale of securities of the Issuer (including a sale of Equity Securities, debt securities, income deposit securities or securities of any other kind or combination) pursuant to the Chrysler IPO, then, each Member and Director shall take all necessary or desirable actions required or deemed advisable by the Board of Directors or such Members, as applicable, in connection with the consummation of such Chrysler IPO, and enter into such agreement or agreements as are necessary to preserve the rights and obligations of the Members hereunder as in effect immediately prior to the consummation of such Chrysler IPO (other than Sections 13.2 and 13.3 and this Article XIV). In connection with the foregoing, with respect to the right to designate directors set forth in Article V, following a Chrysler IPO or the exercise of registration rights under the Shareholders Agreement, the Members agree that such rights will be implemented, to the fullest extent possible, pursuant to a shareholders' agreement and/or a nominating committee procedure that is customary for publicly-traded corporations, with such changes and modifications as (i) may be required by the listing rules of the applicable securities exchange and (ii) as are reasonably recommended by the Board of Directors, including at least one Fiat Director, in consultation with the lead underwriters, as necessary to achieve a successful Chrysler IPO. Notwithstanding anything to the contrary contained herein, in the case of a Chrysler IPO that is required pursuant to Section 14.1(a), none of the Directors shall have any duty to the Members to independently evaluate or approve any such action but merely to act in any necessary or desirable fashion to accommodate the implementation of such offering as determined by those persons requiring registration. In furtherance of the foregoing, each Member and Director shall take all necessary or desirable actions required or deemed advisable in order for the Company to undergo a Company Conversion immediately prior to the Chrysler IPO. In connection with a Company Conversion, the Company and all Members shall work together in good faith to accomplish the conversion in the most tax-advantageous manner reasonably available to the VEBA as owner of equity interests in VEBA Holdco, including without limitation effecting such tax-free mergers, contributions to capital and other transactions as will enable the VEBA as owner of equity interests in VEBA Holdco to hold, or receive in exchange therefor, equity interests in the entity effecting the Chrysler IPO in a tax-free transaction. Following such Company Conversion but prior to the Chrysler IPO, the percentage of the total number of issued and outstanding shares of capital stock of the successor corporation owned by each Member shall be equal to such Member's Total Interest prior to the Company Conversion.

(c) The Company agrees to use its reasonable best efforts to prepare for, effect and consummate the Chrysler IPO (market conditions permitting) as soon as practicable following the delivery of an election made pursuant to Section 14.1(a), including selecting underwriters, preparing and filing with the SEC a registration statement and filings under applicable state securities or "blue sky" laws or similar securities laws and determining the terms of the Chrysler IPO. Each of the Members presently intends that, if the Chrysler IPO occurs, at least 20% of the Company's common stock shall be sold to the public by the Company pursuant to the Chrysler IPO; provided, however, that this percentage may vary depending on market conditions and other factors.

(d) In the event that, the Board of Directors or the Joint Majority Holders, as applicable, so determine, each Member who pursuant to the terms of this Agreement has any right to vote upon or consent to such transaction shall be deemed to have consented to and, if required under this Agreement or Law, shall vote in favor of a recapitalization, reorganization, conversion, contribution and/or exchange of such Member's Membership Interests into securities that the Board of Directors or the Joint Majority Holders, as applicable, find acceptable and shall take all necessary or desirable actions required or deemed advisable by the Board of Directors or the Joint Majority Holders, as applicable, in connection with the consummation of such recapitalization, reorganization, conversion, contribution and/or exchange; provided that, if in any such recapitalization, reorganization, conversion, contribution and/or exchange, the Issuer provides for each holder of Membership Interests to receive cash, securities of the Issuer or other consideration in exchange for or in satisfaction of such holder's Membership Interests, then (i) all holders of the same class or type of interests in the Company shall receive the same form and proportionate share of consideration as all other holders of such class or type of interests, and (ii) any consideration payable or otherwise deliverable to the Members in such recapitalization, reorganization, conversion, contribution and/or exchange shall be valued by the Board of

Directors, the Joint Majority Holders and/or the Independent Directors, as applicable, in its or their, as applicable, reasonable discretion (which determination shall be binding, as a matter of contract, on each Member pursuant to this Agreement) and shall be distributed among the Members according to the respective class of Membership Interests of the Members in the Company as in effect immediately prior to the consummation of such recapitalization, reorganization, conversion, contribution and/or exchange as if such consideration were received by the Company and an amount equal to the value thereof were distributed to the Members in accordance with the terms of Section 4.4.

Section 14.2 Preemptive Rights.

(a) So long as any Member collectively with any of its Affiliates (such Member, a "Ten Percent Member") has a Total Interest equal to or exceeding ten percent of the outstanding Membership Interests of the Company (the "Threshold"), prior to a Chrysler IPO, the Company shall not issue any Membership Interests unless, prior to such issuance, the Company offers such Membership Interests to each such Ten Percent Member at the same price per interest and upon the same terms and conditions (including, in the event such Membership Interests of the Company are issued as a unit together with other interests, the purchase of such other interests).

(b) So long as any Ten Percent Member has a Total Interest equal to or exceeding the Threshold, prior to a Chrysler IPO, the Company shall not consummate any capital contribution transaction unless, prior to the consummation of such capital contribution, the Company offers to each such Ten Percent Member the right to consummate such a capital contribution on the same terms and conditions. No Ten Percent Member shall have any obligation hereunder to make any such capital contribution.

(c) The preemptive rights granted in this Section 14.2 shall terminate upon the earlier to occur of (i) the consummation of a Chrysler IPO and (ii) a Liquidation Proceeding.

Section 14.3 Exercise of Preemptive Rights.

(a) Not less than 20 Business Days prior to the closing of such offering or capital contribution as described in Section 14.2 (the "Preemptive Rights Period"), the Company shall send a written notice to each Ten Percent Member stating (i) in the case of an equity offering under Section 14.2(a), the number of Membership Interests to be offered (the "Preemptive Rights Interests"), the closing date and the price and terms on which it proposes to offer such Membership Interests, or (ii) in the case of a capital contribution under Section 14.2(b), the closing date and material terms and conditions of the capital contribution transaction.

(b) Within 10 Business Days after the receipt of the notice pursuant to Section 14.3(a), each Ten Percent Member may elect, by written notice to the Company, (i) in the case of an equity offering under Section 14.2(a), to purchase Membership Interests of the Company, at the price and on the terms specified in such notice, up to an amount equal to, with respect to each class of Membership Interests to be issued, the product obtained by multiplying (x) the total number of Membership Interests of such class to be issued by (y) a fraction, (A) the numerator of which is the number of Membership Interests of such class held by such Ten Percent Member and (B) the denominator of which is the number of total outstanding

Membership Interests of such class; or (ii) in the case of a capital contribution under Section 14.2(b), to make all or a portion of the total capital contribution to be made, on the same terms and conditions as specified in such notice.

(c) The closing of any such purchase of Membership Interests or capital contribution by such Ten Percent Member pursuant to this Section 14.3 shall occur concurrently with the closing of the proposed issuance or contribution, as applicable, subject to adjustment to obtain any necessary Governmental Approval.

(d) Upon the expiration of the Preemptive Rights Period, the Company shall be entitled to sell such Preemptive Rights Interest that the Ten Percent Members have not elected to purchase for a period ending 120 days following the expiration of the Preemptive Rights Period on terms and conditions not materially more favorable to the purchasers thereof than those offered to the Ten Percent Members. Any Preemptive Rights Interests to be sold by the Company following the expiration of such period must be reoffered to the Ten Percent Members pursuant to the terms of this Section 14.3 or if any such agreement to Transfer is terminated.

(e) The provisions of this Section 14.3 shall not apply to the following issuances of Membership Interests:

(i) incentive Membership Interests issued to or for the benefit of employees, officers, directors and other service providers of or to the Company or any Company Subsidiary in accordance with the terms hereof or any applicable incentive plan of the Company;

(ii) securities issued upon conversion of convertible or exchangeable securities of the Company or any of its Subsidiaries that are outstanding on the Effective Date or were not issued in violation of this Section 14.3; and

(iii) a subdivision of Membership Interests (including any Membership Interests distribution or Membership Interest split), any combination of Membership Interests (including any reverse Membership Interest split), interests issued as a dividend or other distribution on the membership interests or any recapitalization, reorganization, reclassification or conversion of the Company or any of its Subsidiaries.

Section 14.4 Drag Along Rights.

(a) Subject to Section 14.4(e), at any time prior to a Chrysler IPO, except as may be limited by Law, if holders of at least 75% of the Outstanding Membership Interests, including Fiat (the "Electing Members"), determine to Transfer, in a single transaction or series of related transactions, to a third party or parties other than a Controlled Affiliate of Fiat (the "Drag-Along Buyer"), Membership Interests in an amount equal to a majority of all Outstanding Membership Interests of the Company, such holders may require all of the other Members (the "Non-Electing Members") to Transfer their Membership Interests as of such date in such transaction (by merger or otherwise), to the Drag-Along Buyer, for the same consideration per one percent (1%) fully diluted Membership Interest (determined based on the percentage of the relevant Members Total Interest and not the number of units) and on the same terms and conditions as the Electing Members, subject to the provisions of this Section 14.4 (the "Compelled Sale"); provided, however, that no Non-Electing Member may be required to sell a greater percentage of the outstanding Membership Interests held by him, her or it than the percentage of such outstanding Membership Interests being Transferred by the Electing Members.

(b) The Company, if instructed in writing by any Electing Member, shall send written notice (the "Compelled Sale Notice") of the exercise of the rights pursuant to this Section 14.4 to each of the Non-Electing Members setting forth the consideration per one percent (1%) fully diluted Membership Interest (determined based on the percentage of the relevant Members Total Interest and not the number of units) to be paid pursuant to the Compelled Sale and the other terms and conditions of the transaction. Each Non-Electing Member, upon receipt of the Compelled Sale Notice, will be obligated to (i) vote its Membership Interests of the Company in favor of such Compelled Sale at any meeting of Members of the Company called to vote on or approve such Compelled Sale (or any written consent solicited for such purpose), (ii) sell all of its Membership Interests of the Company, and participate in the Compelled Sale and (iii) otherwise take all necessary action, including, without limitation, expressly waiving any dissenter' s rights or rights of appraisal or similar rights, providing access to documents and records of the Company, entering into an agreement reflecting the terms of the Compelled Sale (although Non-Electing Members shall not be required to provide representations, warranties and indemnities other than concerning each such Member' s valid ownership of its Membership Interests of the Company free of all Liens, and each such Member' s authority, power and right to enter into and consummate the Compelled Sale without violating any other agreement), surrendering certificates, cooperating in obtaining any applicable Governmental Approval and otherwise to cause the Company to consummate such Compelled Sale. Any such Compelled Sale Notice may be rescinded by the Electing Members by delivering written notice thereof to the Company and all of the Non-Electing Members.

(c) The obligations of the Non-Electing Members pursuant to this Section 14.4 are subject to the satisfaction of the following conditions:

(i) In the event that the Non-Electing Members are required to provide any representations, warranties or indemnities in connection with the Compelled Sale (other than representations, warranties and indemnities concerning each such Member' s valid ownership of its Membership Interests of the Company free of all Liens, and each such Member' s authority, power and right to enter into and consummate the Compelled Sale without violating any other agreement), then, each such Member (A) will not be liable for more than the lesser of (x) its pro rata share of such indemnification payments (based upon the total consideration received by such Member divided by the total consideration received by all sellers in such Compelled Sale) and (y) the total proceeds actually received by such Member as consideration for its Membership Interests in such Compelled Sale, and (B) such liability shall be several and not joint with any other Person.

(ii) In the event that the Electing Members are required to provide representations, warranties or indemnities in connection with the Compelled Sale (other than representations, warranties or indemnities concerning valid ownership of its Membership Interests of the Company free of all Liens, and authority, power and right to enter into and consummate the Compelled Sale without violating any other agreement) and the Electing Members are required to indemnify the party or parties transacting with the Company in the Compelled Sale, then, to the extent such indemnification is not attributable to gross negligence or bad faith with respect to representations, warranties or indemnities, each Non-Electing Member shall contribute to the extent of the lesser of (x) its pro rata share of such indemnification payments (based upon the total consideration received by such Member divided by the total consideration received by all sellers in such Compelled Sale) and (y) the total proceeds actually received by such Member as consideration for its Membership Interests of the Company in such Compelled Sale. In any such event, such liability shall be several and not joint with any other Person. Each Non-Electing Member shall have full access to any and all evidences or documents related to any such indemnification.

(iii) If any Member is given an option as to the form and amount of consideration to be received, each other Member shall be given the same option.

(d) Each Member shall be obligated to pay his, her or its pro rata share of the expenses incurred in connection with a consummated Compelled Sale to the extent such costs are incurred for the benefit of all Members and are not otherwise paid by the Company or the acquiring party (costs incurred by or on behalf of a Member for his, her or its sole benefit will not be considered costs of the transaction hereunder).

(e) If any Member fails to Transfer to the Drag Along Buyer its Membership Interests to be sold pursuant to this Section 14.4, each Member agrees that the Board of Directors shall cause such Membership Interests to be Transferred to the Drag Along Buyer on the Company' s books in consideration of the purchase price, and such Drag Along Member' s pro rata portion of the purchase price may be held in escrow, without interest, until such time as he, she or it takes such actions as the Board of Directors may request in connection with the transaction.

Section 14.5 VEBA Holdco Interests.

(a) In the event that VEBA Holdco must sell Membership Interests pursuant to Section 14.4, VEBA Holdco may elect instead to have VEBA sell outstanding limited liability company interests or shares of stock, as applicable, in VEBA Holdco (the "Transferring VEBA Holdco Interests") representing an indirect interest in the Membership Interests that otherwise would be sold; provided that the Transferring VEBA Holdco Interests shall consist at all times of at least 100 percent of the issued and outstanding interests in the applicable constituent VEBA Holdco with the exception of one constituent VEBA Holdco, in which the to be delivered Transferring VEBA Holdco Interests may represent less than 100 percent but more than 80 percent of the issued and outstanding interests in such VEBA Holdco (such constituent VEBA Holdco, the "Minority Owned VEBA Holdco"). In the event that VEBA cannot sell a sufficient amount of Transferring VEBA Holdco Interests in the manner described in the foregoing sentences, the remaining amount of Membership Interests to be sold pursuant to Section 14.4 shall be delivered in the form of Membership Interests.

(b) VEBA and VEBA Holdco represent and covenant that, upon the sale of any Transferring VEBA Holdco Interests pursuant to the foregoing, (i) Transferring VEBA Holdco Interests have been duly authorized and validly issued and are non-assessable and fully paid-up and (iv) each constituent VEBA Holdco satisfies all of the conditions set forth in the definition of "VEBA Holdco." If VEBA Holdco elects to sell any Transferring VEBA Holdco Interests pursuant to Section 14.5(a), then the provisions of Section 14.4 or other applicable Sections of this Agreement shall apply *mutatis mutandis* to the Transferring VEBA Holdco Interests (provided that any representation, warranty or indemnity made by the Members in connection with the applicable sale of Membership Interests shall be made by VEBA and VEBA Holdco with respect to both the relevant Membership Interests and the Transferring VEBA Holdco Interests).

(c) In the event this Section 14.5 applies, the proceeds to be received by VEBA or its wholly owned subsidiaries (including VEBA Holdco) in such sale shall be adjusted to take into account any net reduction in price paid by the Drag-Along Buyer reasonably attributable to any foregone step-up in the adjusted basis of the Company' s assets that the Drag-Along Buyer would have been entitled to obtain for tax purposes if it had acquired the Membership Interests directly, after taking into account any value (positive and negative) attributable to Tax attributes of the disposed VEBA Holdco existing at the time of the transfer. In addition, VEBA shall make any representations and warranties regarding the disposed VEBA Holdco as may be reasonably requested by the Drag-Along Buyer and will indemnify and hold harmless the Drag-Along Buyer from any loss or expense resulting from any liabilities of the disposed VEBA Holdco. The Board of Directors (excluding the VEBA Director) and VEBA will negotiate with each other in reasonable good-faith to determine the amount of any such adjustment, and in the event that the Board of Directors (excluding the VEBA Director) and VEBA cannot come to an agreed-upon resolution, the adjustment shall be determined by arbitration administered by the American Arbitration Association in accordance with its International Arbitration Rules. The number of arbitrators shall be three, one of whom shall be appointed by each of the Board of Directors (excluding the VEBA Director) and VEBA and the third of whom shall be selected by mutual agreement, if possible, within 30 days of the selection of the second arbitrator and thereafter by the administering authority and the place of arbitration shall be New York, N.Y. The language of the arbitration shall be English. Each party shall submit to the arbitrators and exchange with each other in advance of the hearing their last, best offers. The arbitrators shall be limited to awarding only one or the other of the two figures submitted.

(d) The Drag-Along Buyer shall have the right, in its sole discretion and without the consent of any other person, to cause the liquidation and dissolution of any Minority Owned VEBA Holdco at any time following delivery of Transferring VEBA Holdco Interests in such constituent VEBA Holdco to the Drag-Along Buyer pursuant to Section 14.4. VEBA shall receive its pro rata amount of any net liquidation proceeds.

ARTICLE XV
MISCELLANEOUS PROVISIONS

Section 15.1 Separability of Provision. Each provision of this Agreement shall be considered separable, and if for any reason any provision or provisions herein are determined to be invalid, unenforceable or illegal under any existing or future Law, such invalidity, unenforceability or illegality shall not impair the operation of or affect those portions of this Agreement that are valid, enforceable and legal.

Section 15.2 Notices. All notices, demands, financial reports, other reports and other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given or made when (a) delivered personally to the recipient, (b) sent by facsimile to the recipient (with hard copy sent to the recipient by reputable overnight courier service (charges prepaid) that same day) if sent by facsimile before 5:00 p.m. New York time on a Business Day, and otherwise on the next Business Day, or (c) one Business Day after being sent to the recipient by reputable overnight courier service (charges prepaid) to the following addresses:

if to the Company or the Board of Directors:

Chrysler Group LLC
1000 Chrysler Drive
Auburn Hills, MI 48326
United States of America
Attention: General Counsel
Tel: +1 (248) 512-3984
Fax: +1 (248) 512-1771

if to Fiat:

Fiat S.p.A.
Via Nizza n. 250
10125 Torino
Italy
Attention: General Counsel
Tel: +39 011 00 33533
Fax: +39 011 00 38050

if to the Members:

to the notice address for such recipient set forth on the Schedule of Members attached hereto, or in the Company' s books and records, or to such other notice address or to the attention of such other Person as the recipient party has specified by prior written notice to the sending party.

Section 15.3 Entire Agreement. This Agreement and the other documents referred to herein, constitute the entire agreement among the parties and contain all of the agreements among the parties with respect to the subject matter hereof as of the date of the Agreement and supersede all prior agreements, undertakings and negotiations (in each case, both oral and written) between the parties concerning the subject matter herein. Failure by any party hereto to enforce any covenant, duty, agreement, term or condition of this Agreement, or to exercise any right hereunder, shall not be construed as thereafter waiving such covenant, duty, term, condition or right; and in no event shall any course of dealing, custom or usage of trade modify, alter or supplement any term of this Agreement.

Section 15.4 Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the Laws of the State of Delaware, without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of Delaware or any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of Delaware.

Section 15.5 Amendments.

This Agreement may not be amended, modified, waived or supplemented except as provided in Section 5.8.

Section 15.6 Sole Benefit of Members. Except as expressly provided in Section 5.3, Section 5.11, Section 5.14, ARTICLE VI and Section 11.6, the provisions of this Agreement (including without limitation Section 4.1) are intended solely to benefit the Members and, to the fullest extent permitted by applicable Law, shall not be construed as conferring any benefit upon any creditor of the Company (and no such creditor shall be a third-party beneficiary of this Agreement), and no Member shall have any duty or obligation to any creditor of the Company to make any contributions or payments to the Company; provided, that Fiat shall be a third party beneficiary with respect to each provision of this Agreement that explicitly designates rights to Fiat, including but not limited to each provision of this Agreement that relates to the Fiat Directors and the Independent Directors.

Section 15.7 Independent Contractors; Expenses. This Agreement does not constitute any party hereto the partner, agent or legal representative of any other party hereto, except to the extent that the Company is classified as a partnership for United States federal income tax purposes and the Members are treated as "partners" for such tax purposes. Each party hereto is independent and responsible for its own expenses (except as otherwise agreed pursuant to ARTICLE VI), including attorneys' and other professional fees incurred in connection with the transactions contemplated by this Agreement.

Section 15.8 Creditors. None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditors of the Members, the Company or any of its Affiliates (other than Indemnified Persons), and no creditor who makes a loan to any Member, the Company or any of its Affiliates may have or acquire (except pursuant to the terms of a separate agreement executed by the Company in favor of such creditor) at any time as a result of making the loan any direct or indirect interest in Company profits, losses, Distributions, capital or property other than as a secured creditor.

Section 15.9 Further Action. The parties hereto agree to execute and deliver all documents, provide all information and take or refrain from taking such actions as may be necessary or appropriate to achieve the purposes of this Agreement.

Section 15.10 Delivery by Facsimile or Email. This Agreement, the agreements referred to herein, and each other agreement or instrument entered into in connection herewith or therewith or contemplated hereby or thereby, and any amendments hereto or thereto, to the extent signed and delivered by means of a facsimile machine or email with scan or facsimile attachment, shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. At the request of any party hereto or to any such agreement or instrument, each other party hereto or thereto shall re-execute original forms thereof and deliver them to all other parties. No party hereto or to any such agreement or instrument shall raise the use of a facsimile machine or email to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of a facsimile machine or email as a defense to the formation or enforceability of a contract, and each such party forever waives any such defense.

Section 15.11 Strict Construction. The parties hereto have participated collectively in the negotiation and drafting of this Agreement; accordingly, if any ambiguity or question of intent or interpretation arises, then it is the intent of the parties hereto that this Agreement shall be construed as if drafted collectively by the parties hereto, and it is the intent of the parties hereto that no presumption or burden of proof shall arise favoring or disfavoring any party hereto by virtue of the authorship of any provisions of this Agreement.

Section 15.12 Consent to Jurisdiction. Each party hereto hereby irrevocably and unconditionally (a) agrees that any suit, action or proceeding, at law or equity, arising out of or relating to this Agreement shall only be brought in the Court of Chancery of the State of Delaware (or, if the Court of Chancery of the State of Delaware lacks jurisdiction, then in the applicable Delaware state court), or if under applicable Law exclusive jurisdiction of such suit, action or proceeding is vested in the federal courts, then the United States District Court for the District of Delaware, (b) expressly submits to the personal jurisdiction and venue of such courts for the purposes thereof and (c) waives and agrees not to raise (by way of motion, as a defense or otherwise) any and all jurisdictional, venue and convenience objections or defenses that such party may have in such suit, action or proceeding. Each party hereto hereby irrevocably and unconditionally consents to the service of process of any of the aforementioned courts. Nothing herein contained shall be deemed to affect the right of any party hereto to serve process in any manner permitted by Law or commence legal proceedings or otherwise proceed against any other party hereto in any other jurisdiction to enforce judgments obtained in any suit, action or proceeding brought pursuant to this Section 15.12.

Section 15.13 Waiver of Jury Trial. EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT AND FOR ANY COUNTERCLAIM.

Section 15.14 Specific Performance. Each of the parties hereto acknowledges and agrees that the other parties hereto would be damaged irreparably in the event that any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are breached. Accordingly, each of the parties hereto agrees that the other parties hereto shall be entitled to seek an injunction or injunctions to prevent breaches of the provisions hereof in any action instituted in any court of the United States or any state thereof having jurisdiction over the parties hereto and the matter (subject to the provisions set forth in Section 15.12 above), in addition to any other remedy to which they may be entitled, at law or in equity.

Section 15.15 Interpretative Matters. In this Agreement, unless otherwise specified or where the context otherwise requires:

(a) the headings of particular provisions of this Agreement are inserted for convenience only and will not be construed as a part of this Agreement or serve as a limitation or expansion on the scope of any term or provision of this Agreement;

(b) words importing any gender shall include other genders;

(c) words importing the singular only shall include the plural and vice versa;

(d) whenever the words "include," "includes" or "including" are used in this Agreement, they will be deemed to be followed by the words "without limitation;"

(e) whenever the words "herein" or "hereunder" are used in this Agreement, they will be deemed to refer to this Agreement as a whole and not to any specific Section, unless otherwise indicated;

(f) references to "Articles," "Exhibits," "Sections" or "Schedules" shall be to Articles, Exhibits, Sections or Schedules of or to this Agreement;

(g) references to any Person include the heirs, executors, administrators, legal representatives, successors and permitted assigns of such Person where the context so permits;

(h) the use of the words "or," "either" and "any" shall not be exclusive;

(i) wherever a conflict exists between this Agreement and any other agreement, this Agreement shall control but solely to the extent of such conflict;

(j) the terms "dollars" and "$" shall mean dollars of the United States of America; and

(k) references to any agreement, contract, guideline, exhibit or schedule, unless otherwise stated, are to such agreement, contract, guideline, exhibit or schedule as amended, amended and restated, replaced, substituted, modified or supplemented from time to time in accordance with the terms hereof and thereof; and references to any Law or a particular provision of any Law, unless otherwise stated, are to such Law and any successor Law or to such provision of Law and the corresponding provision in any successor Law, as applicable.

[SIGNATURE PAGE FOLLOWS]

SIGNATURE PAGE TO THIRD AMENDED AND RESTATED LIMITED LIABILITY COMPANY OPERATING AGREEMENT

IN WITNESS WHEREOF, the undersigned has executed or caused to be executed on their behalf this Third Amended and Restated Limited Liability Company Operating Agreement pursuant to the requirements of Section 5.8 and Section 15.5 of the 2009 Agreement as of the date first written above.

CHRYSLER GROUP LLC

By: /s/ Holly E. Leese
Name: Holly E. Leese
Title: Senior Vice President, General Counsel and Secretary

DEFINITIONS ADDENDUM

Part I Definitions.

"Actual Income Tax Liability" means, in respect of any Member, the excess of (i) its aggregate income tax liability arising in respect of the cumulative net amount of income allocated to such Member (excluding any allocations of income in respect of PDARs) (taking into account all available losses, deductions, credits, and other offsetting items, including carryover of all such offsetting items allocated to such Member) over (ii) all previous distributions to such Member under Section 4.4(b).

"Additional Member" means any Person that has been admitted to the Company as a Member after the Effective Date pursuant to Section 8.1.

"Affiliate" means, with respect to any Person, any other Person that, directly or indirectly, whether through one or more intermediaries, Controls, is Controlled by or is under common Control with such Person.

"Annual Operating Budget" means the annual operating budget of the Company for each Fiscal Year. Annual Operating Budgets shall be developed by the Officers and will be subject to the approval of the Board of Directors.

"Book Profit" and "Book Loss" means, for each Fiscal Year, or other period, an amount equal to the Company' s taxable income or loss for such year or period, determined in accordance with Section 703(a) of the Code; provided that for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Section 703(a)(1) of the Code shall be included in taxable income or loss, with the following adjustments:

(i) any income of the Company that is exempt from federal income tax and not otherwise taken in account in computing Book Profit or Book Loss pursuant to this provision shall be added to such taxable income or loss;

(ii) any expenditures of the Company described in Section 705(a)(2)(B) of the Code or treated as Code Section 705(a)(2)(B) expenditures pursuant to Section 1.704-1(b)(2)(iv)(i) of the Treasury Regulations, and not otherwise taken into account in computing Book Profit or Book Loss pursuant to this provision, shall be subtracted from such taxable income or loss;

(iii) gain or loss resulting from any disposition of any asset of the Company with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Book Value of the asset disposed of as determined under Treasury Regulations Section 1.704-1(b)(2)(iv), notwithstanding that the adjusted tax basis of such asset may differ from such Book Value;

(iv) in lieu of depreciation, amortization and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken in account Depreciation for such Fiscal Year, computed as provided in this Agreement; and

(vi) in the event the Book Value of any Company asset is adjusted to reflect the Fair Market Value of such asset in accordance with the last sentence of the definition of "Book Value," the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Book Profit or Book Loss.

If the Company' s taxable income or loss for such Fiscal Year, as adjusted in the manner provided above, is a positive amount, such amount shall be the Company' s Book Profit for such Fiscal Year, and, if a negative amount, such amount shall be the Company' s Book Loss for such Fiscal Year. Notwithstanding the other provisions of this definition of Book Profit and Book Loss, any gross items specially allocated pursuant to Article IV shall not be taken into account in computing Book Profit and Book Loss.

"Book Value" of an asset means, as of any particular date, the value at which the asset is properly reflected on the books and records of the Company as of such date in accordance with Section 1.704-1(b)(2)(iv) of the Treasury Regulations as follows:

(i) The initial Book Value of each asset shall be its cost, unless such asset was contributed to the Company by a Member, in which case the initial Book Value shall be the Fair Market Value for such asset, and, in each case, such Book Value shall thereafter be adjusted for Depreciation with respect to such asset rather than for the cost recovery deductions to which Company is entitled for federal income tax purposes with respect thereto.

(ii) The Book Values of all Company assets shall be adjusted to equal their respective Fair Market Values, as reasonably determined by the Tax Matters Member, as of the following times:

(A) the acquisition of an additional interest in the Company by any new or existing Member in exchange for more than a de minimis additional capital contribution (including, for the avoidance of doubt, capital contribution upon the exercise of the Alternative Call Option and the Incremental Equity Call Option) or, as provided in Treasury Regulations Section 1.704-1(b)(2)(iv)(f)(5)(iii), in exchange for services;

(B) the distribution by the Company to a Member of more than a de minimis amount of the Company assets, including money, if, as a result of such distribution, such Member' s interest in the Company is reduced;

(C) the liquidation of the Company within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g); and

(D) at any other time, as permitted by the Treasury Regulations, at the discretion of the Tax Matters Member.

"Business Day" means any calendar day other than a Saturday, a Sunday or any other day on which commercial banks are authorized or required by Law to be closed in Torino, Italy, Detroit, Michigan or New York, New York.

"Business Plan" means the November 4, 2009 business plan approved by the Board of Directors (with such modifications as the Board of Directors may deem appropriate), under which the business operations of the Company will be conducted, as such Business Plan may be amended from time to time by the Officers and approved by the Board of Directors and any subsequent business plan approved by the Board of Directors pursuant to Section 5.8.

"Call Option" means a call option, as defined in the Call Option Agreement.

"Call Option Agreement" means the call option agreement regarding Equity Securities of the Company, entered into as of June 10, 2009, by and between Fiat Parent, the VEBA, the VEBA Holdcos and the US Treasury.

"Certificate of Formation" means the Certificate of Formation of the Company filed with the Secretary of State of the State of Delaware on April 28, 2009, which became effective on such date.

"Chrysler IPO" means the initial offering of common Equity Securities of the Company (including common stock of a successor to the Company or a holding company for the equity interests in the Company) in a transaction registered under the Securities Act following which the Equity Securities are listed on a nationally recognized exchange. For the purposes of Section 14.1, "Chrysler IPO" shall include the exercise of registration rights under the Shareholder Agreement.

"Class A Aggregate Membership Interest" means one hundred (100%) percent minus the Class B Aggregate Membership Interest.

"Class A Holders" means the holders of the Class A Membership Interests.

"Class A Membership Interest" means a Membership Interest having the rights and obligations specified with respect to Class A Membership Interests in this Agreement (subject to any limitations set forth in the Shareholder Agreement).

"Class B Aggregate Membership Interest" shall be thirty-five (35%) percent, subject to adjustment as set forth in Section 3.4.

"Class B Membership Interest" means a Membership Interest having the rights and obligations specified in this Agreement with respect to Class B Membership Interests in this Agreement (subject to any limitations set forth in the Shareholder Agreement).

"Class B Membership Rights" means the rights and obligations specified with respect to the Class B Membership Interest in this Agreement.

"Closing" means the closing of the transactions under the Master Transaction Agreement.

"Code" means the United States Internal Revenue Code of 1986, as amended from time to time.

"Company Conversion" means, together with related transactions, any conversion of the Company into a corporation through a statutory conversion, the creation of a holding company above the Company and the exchange of all or substantially all of the Company' s outstanding equity interests for equity interests of such holding company, or any other direct or indirect incorporation of the assets and liabilities of the Company, including, by merger, consolidation or recapitalization; statutory conversion; direct or indirect, sale, transfer, exchange, pledge or other disposal of economic, voting or other rights; sale, exchange or other acquisition of shares, equity interests or assets; contribution of assets and/or liabilities; liquidation; exchange of securities; conversion of entity, migration of entity or formation of new entity; or other transaction or group of related transactions.

"Company Minimum Gain" means "partnership debt minimum gain" as defined in Treasury Regulations Section 1.704-2(b)(2).

"Consent" means any consent, approval, authorization, waiver, grant, franchise, concession, agreement, license, exemption or other permit or order of, registration, declaration or filing with, or report or notice to, any Person.

"Control," "Controlled" or "Controlling" means, with respect to any Person, any circumstance in which such Person is directly or indirectly controlled by another Person by virtue of the latter Person having the power to (i) elect, or cause the election of (whether by way of voting capital stock, by contract, trust or otherwise), the majority of the members of the Board of Directors or a similar governing body of the first Person; or (ii) direct (whether by way of voting capital stock, by contract, trust or otherwise) the affairs and policies of such Person.

"Controlling Interest" means a "controlling interest" within the meaning of Section 414(b) of the Code, as amended.

"Depreciation" means, for each Fiscal Year, an amount equal to the depreciation, amortization or other cost recovery deduction as reported for federal income tax purposes with respect to an asset for such year or other period, except that if the Book Value of an asset differs from its adjusted basis for federal income tax purposes, Depreciation shall be an amount which bears the same ratio to such beginning Book Value as the federal income tax depreciation, amortization or other cost recovery deduction for such Fiscal Year bears to such beginning adjusted tax basis; provided, however, that if the adjusted basis for federal income tax purposes of an asset at the beginning of such Fiscal Year is zero, Depreciation shall be determined with reference to such beginning Book Value using any reasonable method selected by the Tax Matters Member.

"Distribution" means each distribution after the Effective Date made by the Company to a Member, whether in cash, property or securities of the Company, pursuant to, or in respect of, Section 4.4 or ARTICLE IX.

"Entity" means any general partnership, limited partnership, corporation, association, cooperative, joint stock company, trust, limited liability company, business or statutory trust, joint venture, unincorporated organization or Governmental Entity.

"Equity Recapture Agreement" means the Equity Recapture Agreement, dated as of June 10, 2009, by and between the VEBA, the VEBA Holdcos and the US Treasury or its designee.

"Equity Securities" means, as applicable, (i) any capital stock, membership or limited liability company interests or other share capital; (ii) any securities directly or indirectly convertible into or exchangeable for any capital stock, membership or limited liability company interests or other share capital or containing any profit participation features; (iii) any rights or options directly or indirectly to subscribe for or to purchase any capital stock, membership or limited liability company interests of the Company and its Subsidiaries, other share capital or securities containing any profit participation features or to subscribe for or to purchase any securities directly or indirectly convertible into or exchangeable for any capital stock, membership or limited liability company interests, other share capital or securities containing any profit participation features; (iv) any share appreciation rights, phantom share rights or other similar rights; or (v) any Equity Securities issued or issuable with respect to the securities referred to in clauses (i) through (iv) above in connection with a combination of shares, recapitalization, merger, consolidation, conversion or other reorganization.

"Excess Nonrecourse Liability" means an "excess nonrecourse liability" within the meaning of Section 1.752-3(a)(3) of the Treasury Regulations.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Fair Market Value" means, in reference to property or assets owned by the Company, the fair market value of such property or assets as reasonably determined by the Tax Matters Member.

"Fiat" means Fiat North America LLC, a limited liability company organized under the laws of the State of Delaware.

"Fiat Group" means Fiat Parent, Fiat Group Automobiles S.p.A., and Fiat and their respective Subsidiaries, but excludes the Company and its Subsidiaries.

"Fiat Initial Ownership Interest" means twenty percent (20%).

"Fiat Parent" means Fiat S.p.A., a *Societa per Azioni* organized under the laws of Italy.

"Fiscal Year" means the fiscal year of the Company, which shall be the year ending December 31. Each Fiscal Year shall commence on the day immediately following the last day of the immediately preceding Fiscal Year.

"GAAP" means accounting principles generally accepted in the United States of America as in effect from time to time, consistently applied and maintained throughout the applicable periods both as to classification or items and amounts.

"Governmental Approval" means any Consent of, with or to any Governmental Entity, and includes any applicable waiting periods associated with any Governmental Approvals.

"Governmental Entity" means the United States of America or any other nation, any state, province or other political subdivision, any international or supra-national entity, or any entity exercising executive, legislative, judicial, regulatory or administrative functions of government, including any court, tribunal or arbitral body, and any self-regulatory organization, in each case having jurisdiction over the Company or any of its Subsidiaries or any of the property or other assets of the Company or any of its Subsidiaries.

"Independent Director" means a Director that is independent of the Company and the party appointing such Director, as determined by reference to the list of enumerated relationships precluding independence under the listing rules of the New York Stock Exchange.

"IRS" means the United States Internal Revenue Service.

"Issuer" means the Company, any direct or indirect Subsidiary of the Company or any successor to the Company, or the issuer of any Equity Securities of which the Company distributes to the holders of Membership Interests or that are received or receivable by the holders of Membership Interests in connection with a transaction contemplated by Section 13.1.

"Joint Majority Holders" means at least two Members who collectively have more than 50% of the Outstanding Membership Interests.

"Law" means any law, statute, ordinance, rule, regulation, code, order, judgment, tax ruling, injunction or decree of any Governmental Entity.

"Lien" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof), any sale of receivables with recourse against the Company or any of its Subsidiaries, any filing or agreement to file a financing statement as a debtor under the Uniform Commercial Code or any similar statute of any jurisdiction other than to reflect ownership by a third Person of property leased to the Company or any of its Subsidiaries under a lease that is not in the nature of a conditional sale or title retention agreement.

"Liquidation Proceeding" means any liquidation, dissolution or winding up of the Company or any of its Subsidiaries or the commencement of proceedings to adjudicate the Company or any of its Subsidiaries as bankrupt, or consenting to the filing of a bankruptcy proceeding against any of them, or filing a petition or answer or consent seeking reorganization of any of them under any bankruptcy or insolvency law, or consenting to the filing of any such petition, or consenting to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency, or making an assignment for the benefit of creditors, or admitting inability to pay debts generally as they become due.

"Master Industrial Agreement" means the Master Industrial Alliance Agreement, dated as of June 10, 2009, between Persons within the Fiat Group and the Company.

"Master Transaction Agreement" means the Master Transaction Agreement, dated as of April 30, 2009, by and among the Company, Fiat Parent and the other parties listed on the signature pages thereto.

"Member" means each Person who appears on the Schedule of Members, as amended from time to time, or is hereafter admitted as a member of the Company in accordance with the terms of this Agreement, the Shareholder Agreement and the LLC Act. The Members shall constitute the "members" (as such term is defined in the LLC Act) of the Company. Except as otherwise set forth herein or in the LLC Act, the Members shall constitute a single class or group of members of the Company for all purposes of the LLC Act and this Agreement.

"Membership Interest" means the class or classes of limited liability company interests of a Member in the Company, as set forth opposite such Member' s name on the Schedule of Members hereto, as amended from time to time, and also the right of such Member to any and all of the benefits to which such Member may be entitled as provided in this Agreement, the Shareholder Agreement and the LLC Act, together with the obligations of such Member to comply with all the provisions of this Agreement, the Shareholder Agreement and the LLC Act. The Company may issue whole or fractional Membership Interests pursuant to the terms of this Agreement.

"Member Nonrecourse Deductions" has the meaning given to "partner nonrecourse deductions" set forth in Treasury Regulations Section 1.704-2(i)(2).

"Minority Owned VEBA Holdco" has the meaning provided in Section 14.6(a).

"Member Nonrecourse Debt Minimum Gain" has the meaning given to "partner nonrecourse debt minimum gain" set forth in Treasury Regulations Section 1.704-2(i)(2).

"Non-Fiat Member" means any Member that is not a member of the Fiat Group, but does not include any Transferees of Fiat.

"Nonrecourse Debt" means any Company liability to the extent that no Member or related Person bears the economic risk of loss for such liability under Section 1.752-2 of the Treasury Regulations.

"Nonrecourse Deductions" has the meaning set forth in Treasury Regulations Section 1.704-2(b)(1).

"Outstanding Membership Interests" means the aggregate Membership Interests represented by the Class A Membership Interests and Class B Membership Interests.

"Person" means any individual or Entity.

"Required Director" means with respect to Fiat and the VEBA if such Person has a then-current right to appoint, and has appointed, one or more Directors under Section 5.3, one Director so appointed by such Person.

"SEC" means the United States Securities and Exchange Commission.

"Secondary Purchase" means an acquisition of any Class A Membership Interests from any Person other than the Company.

"Securities Act" means the Securities Act of 1933, and the rules and regulations promulgated thereunder, as amended from time to time.

"Shareholder Agreement" means the Shareholders Agreement, dated as of the June 10, 2009, by and among the Company, Fiat Parent, the US Treasury, Canada, the VEBA Holdcos and the VEBA.

"Subsidiary" means, with respect to any Person, a second Person in which the first Person has an amount of voting securities, other voting rights or voting partnership interests that are sufficient to elect a majority of the second Person' s board of directors or other governing body, or, if there are no such voting interests, if the first Person has more than 50% of the equity interest of the second Person.

"Surrender" means any action, whether alone or in combination with any other action or event, which could increase the Fiat Group' s interest in the Company or any Company Subsidiaries for purposes of determining whether the Fiat Group has a Controlling Interest in the Company or any of its Subsidiaries, including, but not limited to, any redemption or cancellation of Company Equity Securities, express or implied waiver or purported waiver of voting rights or transfer of Company Equity Securities to the Fiat Group.

"Tax Amount" means, in respect of any Member, the product of (x) the sum of the highest U.S. Federal rate of tax (expressed as a percentage) generally applicable to corporations plus five (5) percent in respect of state and local taxes (reduced by the net federal tax benefit deemed to arise from such state and local taxes at the relevant assumed rates) and (y) the net amount of income allocable to such Member (excluding any allocations of income in respect of PDARs) for the applicable period.

"Tax Matters Member" means any Person that has been designated the Tax Matters Member pursuant to Section 4.3(e).

"Tax Return" means any and all returns, reports and forms (including declarations, amendments, schedules, information returns or attachments thereto) required to be filed with a Governmental Entity with respect to any taxes.

"Taxing Authority" means, with respect to any tax, the Governmental Entity or political subdivision thereof that imposes such tax, and the agency (if any) charged with the collection of such tax for such entity or subdivision, including any governmental or quasi-governmental entity or agency that imposes, or is charged with collecting, social security or similar charges or premiums.

"Total Interest" means, with respect to a particular Member at any time, the sum expressed as a percentage obtained from (A) the product of (i) the quotient expressed as a percentage obtained by dividing (a) the number of Class A Membership Interests held by such Member at such time and (b) the number of Class A Membership Interests in the aggregate held by all Members and (ii) Class A Aggregate Membership Interest and (B) the product of (i) the quotient expressed as a percentage obtained by dividing (a) the number of Class B Membership Interests held by such Member at such time and (b) the number of Class B Membership Interests in the aggregate held by all Members and (ii) Class B Aggregate Membership Interest.

"Transfer" means any sale, transfer, assignment (other than a contingent assignment for the benefit of creditors), exchange, or other disposition of an interest (whether with or without consideration, whether voluntarily or involuntarily or by operation of Law). The terms "Transferee," "Transferor," "Transferred," and other forms of the word "Transfer" shall have the correlative meanings. A Transfer shall also include the entering into of any financial instrument or contract the value of which is determined by reference to the Company (including the amount of the Company' s distributions, the value of the Company' s assets or the results of the Company' s operations). For purposes of Section 13.1(d) only, a Transfer shall also mean any action, whether alone or in combination with any other action or event, which could increase the Fiat Group' s interest in the Company or any of its Subsidiaries for purposes of determining whether the Fiat Group has a Controlling Interest in the Company or any of its Subsidiaries, including, but not limited to, any redemption or cancellation of Membership Interests, express or implied waiver or purported waiver of voting rights or Transfer of any Membership Interests to the Fiat Group.

"Transferring VEBA Holdco Interests" has the meaning provided in Section 14.5(a).

"Treasury Regulations" means the regulations, including temporary regulations, promulgated by the US Treasury under the Code, as amended from time to time.

"UAW" means The International Union, United Automobile, Aerospace and Agricultural Implement Workers of America.

"VEBA" means the trust fund established pursuant to the Settlement Agreement, dated March 30, 2008, as amended, supplemented, replaced or otherwise altered from time to time, between the Company, the UAW, and certain class representatives, on behalf of the class of plaintiffs in the class action of *Int' l Union, UAW, et al. v. Chrysler, LLC*, Case No. 07-74730 (E.D. Mich. filed Oct. 11, 2007).

"VEBA Holdco" means one or more Delaware limited liability companies and/or corporations to which VEBA has directed on June 10, 2009 the Membership Interests to which VEBA is entitled under the equity subscription agreement to be delivered (such companies are being referred to in the aggregate as VEBA Holdco); provided that each constituent limited liability company or corporation shall satisfy the following conditions:

(a) it shall be and shall always have been, in each case prior to the earlier of (i) any transfer of its Transferring VEBA Holdco Interests to the Drag-Along Buyer pursuant to Section 14.6 or (ii) any transfer pursuant to Fiat' s exercise of the Call Option, a wholly-owned subsidiary of VEBA;

(b) it shall hold Membership Interests and no other assets other than cash or other property distributed with respect to the Membership Interests;

(c) it shall have been duly formed in accordance with the Delaware Limited Liability Company Act or Delaware General Corporation Law, as applicable;

(d) it shall be formed specifically for the purpose of holding the Membership Interests and shall at no time have engaged in any other business or activity other than activities ancillary to such holdings; and it shall not (1) incur any debt, (2) incur or suffer to exist any liens on its property, (3) make any investment or (4) take any action to do or engage (or commit to do or engage) in any of the foregoing; provided, however that if it enters into any contract (other than the Equity Recapture Agreement and this Agreement and any amendment thereto or successor agreement), it will not qualify as a VEBA Holdco for the purposes of Section 2.3(a) of the Call Option Agreement;

(e) if it is a limited liability company, it shall be managed by its members; and if it is a corporation, the Drag-Along Buyer shall, immediately upon receiving any Transferring VEBA Holdco Interests thereof, have the right to replace the entire board of directors and all of its officers without incurring any costs or expenses;

(f) the class of limited liability company interests or stock, as applicable, to which Transferring VEBA Holdco Interests belong shall be the only class of limited liability company interests or stock, as applicable, that it shall have issued, it shall not have issued or designated any series of stock, members, limited liability company interests or assets, it shall have only one class of members, and all of its limited liability company interests shall have identical pro rata rights, including with respect to voting, distributions and amounts distributable on liquidation;

(g) its organizational documents shall provide that it may be liquidated and dissolved on the affirmative vote of holders representing more than 20% but less than 80% of its outstanding membership interests or shares of stock, as applicable; and

(h) its organizational documents shall provide that the members shall have no fiduciary duties to each other or the company under such organizational documents.

"VEBA Note" means the note issued by the Company to VEBA on June 10, 2009.

Part II. Cross-References. In addition to the terms set forth in Part I of the Definitions Addendum, the following terms are defined in the text of this Agreement in the locations specified below:

Term	Cross-Reference
Acceptance Notice	Section 13.2(c)
Accepting Recipients	Section 13.2(d)
Accepting Secondary Recipients	Section 13.2(d)
Affiliate Transaction	Section 5.4(a)
Agreement	Preamble
Allocation Period	Section 4.2(a)
Assistant Secretary	Section 5.13(c)(vi)
Audit Committee	Section 5.11(c)
Board of Directors	Section 5.1
Capital Account	Section 3.1(b)
Certificate	Section 3.3(a)
Chairman	Section 5.3(f)
Chief Executive Officer	Section 5.13(c)(i)
Chief Financial Officer	Section 5.13(c)(iii)
Chief Operating Officer	Section 5.13(c)(iv)
Chief Technical Officer	Section 5.13(c)(v)
Company	Preamble
Compelled Sale	Section 14.4(a)
Compelled Sale Notice	Section 14.4(b)
Compensation Committee	Section 5.11(d)
Co-Sale Members	Section 13.3(a)
Co-Sale Notice	Section 13.3(b)
Directors	Section 5.1
Drag-Along Buyer	Section 14.4(a)
Effective Date	Preamble
Electing Members	Section 14.4(a)
Executive Committee	Section 5.11(e)
Fiat Director	Section 5.3(a)
Fiat First Offer Period	Section 13.2(c)
Fiat First Option	Section 13.2(c)
Fiat Termination	Section 7.1(a)

Term	Cross-Reference
Offered Securities	Section 13.2(b)
Officers	Section 5.13(a)
Preemptive Rights Interests	Section 14.3(a)
Preemptive Rights Period	Section 14.3(a)
President	Section 5.13(c)(ii)
Proceeding	Section 6.1(a)
Quorum Member	Section 11.4
Remaining Offered Securities	Section 13.2(d)
Sarbanes Oxley Act	Section 12.5
Second Offer Period	Section 13.2(d)
Second Sale Notice	Section 13.2(d)
Secondary Recipients	Section 13.2(d)
Secretary	Section 5.13(c)(vi)
Selling Member	Section 13.2(a)
Subaccount	Section 3.1(b)
Third Party Agreements	Section 13.2(f)
Third Party Sale Start Date	Section 13.2(f)
Transferred Interest	Section 13.3(b)
Unwinding Event	Section 13.1(b)(vii)
US Treasury	Preamble
VEBA Director	Section 5.3(c)
Withdrawn Member	Section 7.1(b)

Schedule of Members

Name and Notice Address of Members	Number of Units	Total Interest	Number of Class A Units After Conversion of Class B Units	Total Interest After Conversion of Class B Units
Holders of Class B Units				
Fiat North America LLC Via Nizza n. 250 10125 Torino Italy Attention: Chief Executive Officer	200,000.00	35.0000 %		
Holders of Class A Units				
Fiat North America LLC Via Nizza n. 250 10125 Torino Italy Attention: Chief Executive Officer	384,301.00	23.5384 %	955,730.00	58.5384 %
VEBA Holdcos:				
UAW VEBA Holdco CH-00, LLC P.O. Box 14309 Detroit, MI 48214 Attention: Bob Naftaly	54,153.92	3.3169 %	54,153.92	3.3169 %

Name and Notice Address of Members	Number of Units	Total Interest	Number of Class A Units After Conversion of Class B Units	Total Interest After Conversion of Class B Units
UAW VEBA Holdco CH-01, LLC P.O. Box 14309 Detroit, MI 48214 Attention: Bob Naftaly	54,153.92	3.3169 %	54,153.92	3.3169 %
UAW VEBA Holdco CH-02, LLC P.O. Box 14309 Detroit, MI 48214 Attention: Bob Naftaly	54,153.92	3.3169 %	54,153.92	3.3169 %
UAW VEBA Holdco CH-03, LLC P.O. Box 14309 Detroit, MI 48214 Attention: Bob Naftaly	54,153.92	3.3169 %	54,153.92	3.3169 %
UAW VEBA Holdco CH-04, LLC P.O. Box 14309 Detroit, MI 48214 Attention: Bob Naftaly	54,153.92	3.3169 %	54,153.92	3.3169 %
UAW VEBA Holdco CH-05, LLC P.O. Box 14309 Detroit, MI 48214 Attention: Bob Naftaly	54,153.92	3.3169 %	54,153.92	3.3169 %
UAW VEBA Holdco CH-06, LLC P.O. Box 14309 Detroit, MI 48214 Attention: Bob Naftaly	54,153.92	3.3169 %	54,153.92	3.3169 %
UAW VEBA Holdco CH-07, LLC P.O. Box 14309 Detroit, MI 48214 Attention: Bob Naftaly	54,153.92	3.3169 %	54,153.92	3.3169 %

Name and Notice Address of Members	Number of Units	Total Interest		Number of Class A Units After Conversion of Class B Units	Total Interest After Conversion of Class B Units	
UAW VEBA Holdco CH-08, LLC P.O. Box 14309 Detroit, MI 48214 Attention: Bob Naftaly	54,153.92	3.3169	%	54,153.92	3.3169	%
UAW VEBA Holdco CH-09, LLC P.O. Box 14309 Detroit, MI 48214 Attention: Bob Naftaly	54,153.92	3.3169	%	54,153.92	3.3169	%
UAW VEBA Holdco CH-10, LLC P.O. Box 14309 Detroit, MI 48214 Attention: Bob Naftaly	54,153.92	3.3169	%	54,153.92	3.3169	%
UAW VEBA Holdco CH-11, LLC P.O. Box 14309 Detroit, MI 48214 Attention: Bob Naftaly	54,153.92	3.3169	%	54,153.92	3.3169	%
UAW VEBA Holdco CH-12, LLC P.O. Box 14309 Detroit, MI 48214 Attention: Bob Naftaly	27,076.96	1.6585	%	27,076.96	1.6585	%
Total for VEBA Holdcos:	676,924.00	41.4616	%	676,924.00	41.4616	%
Total Number of Units	200,000 Class B 1,061,225 Class A			0 Class B 1,632,654 Class A		
TOTAL		100	%		100	%

ANNEX A

CERTIFICATE FOR CLASS [A][B] LIMITED LIABILITY COMPANY INTERESTS IN CHRYSLER GROUP LLC

THE MEMBERSHIP INTEREST IN CHRYSLER GROUP LLC HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THE HOLDER OF THIS CERTIFICATE, BY ITS ACCEPTANCE HEREOF, REPRESENTS THAT IT IS ACQUIRING THIS SECURITY FOR INVESTMENT AND NOT WITH A VIEW TO ANY SALE OR DISTRIBUTION HEREOF. THE MEMBERSHIP INTEREST MAY NOT BE SOLD, ASSIGNED, PLEDGED OR OTHERWISE DISPOSED OF AT ANY TIME EXCEPT IN A TRANSACTION REGISTERED UNDER SUCH SECURITIES ACT AND LAWS OR, A TRANSACTION THAT IS EXEMPT FROM AND NOT SUBJECT THERETO.

THE SALE, ASSIGNMENT, HYPOTHECATION, PLEDGE, ENCUMBRANCE OR OTHER DISPOSITION (EACH, A "<u>TRANSFER</u>") AND VOTING OF THE MEMBERSHIP INTERESTS REPRESENTED BY THIS CERTIFICATE IS RESTRICTED BY THE TERMS OF THE LIMITED LIABILITY COMPANY AGREEMENT (AS DEFINED BELOW), A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY. THE COMPANY WILL NOT REGISTER THE TRANSFER OF SUCH SECURITIES ON THE BOOKS OF THE COMPANY UNLESS AND UNTIL THE TRANSFER HAS BEEN MADE IN COMPLIANCE WITH THE TERMS OF THE LIMITED LIABILITY COMPANY AGREEMENT.

Certificate Number [ ] [ ] Class [A][B] Membership Interests

Chrysler Group LLC, a Delaware limited liability company (the "Company"), hereby certifies that [______] (together with any assignee of this Certificate, the "Holder") is the registered owner of [ ] Class [A][B] Membership Interests in the Company. The rights, powers, preferences, restrictions and limitations of the interests in the Company are set forth in, and this Certificate and the limited liability company interests in the Company represented hereby are issued and shall in all respects be subject to the terms and provisions of, the Third Amended and Restated Limited Liability Company Agreement of the Company dated as of February 24, 2012, as the same may be further amended or restated from time to time (the "<u>Limited Liability Company Agreement</u>"). By acceptance of this Certificate, and as a condition to being entitled to any rights and/or benefits with respect to the limited liability company interests evidenced hereby, the Holder is deemed to have agreed to comply with and be bound by all the terms and conditions of the Limited Liability Company Agreement. The Company will furnish a copy of the Limited Liability Company Agreement to the Holder without charge upon written request to the Company at its principal place of business. Transfer of any or all of the limited liability company interests in the Company evidenced by this Certificate is subject to certain restrictions in the Limited Liability Company Agreement and can be effected only after compliance with all of those restrictions and the presentation to the Company of the Certificate, accompanied by an assignment in the form appearing on the reverse side of this Certificate, duly completed and executed by and on behalf of the transferor in such Transfer, and an application for transfer in the form appearing on the reverse side of this Certificate, duly completed and executed by and on behalf of the transferee in such Transfer.

Each Class [A][B] Membership Interests in the Company shall constitute a "security" within the meaning of (i) Section 8-102(a)(15) of the Uniform Commercial Code as in effect from time to time in the States of Delaware and New York and (ii) the Uniform Commercial Code of any other applicable jurisdiction that now or hereafter substantially includes the 1994 revisions to Article 8 thereof as adopted by the American Law Institute and the National Conference of Commissioners on Uniform State Laws and approved by the American Bar Association on February 14, 1995 (and each limited liability company interest in the Company shall be treated as such a "security" for all purposes, including, without limitation perfection of the security interest therein under Article 8 of each applicable Uniform Commercial Code).

This Certificate and the limited liability company interests evidenced hereby shall be governed by and construed in accordance with the laws of the State of Delaware without regard to principles of conflicts of laws.

IN WITNESS WHEREOF, the Company has caused this Certificate to be executed as of the date set forth below.

Dated: [____________], 20____

CHRYSLER GROUP LLC,
a Delaware limited liability company

By: ____

Name:
Title:

(REVERSE SIDE OF CERTIFICATE)

ASSIGNMENT OF INTEREST

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____________________ ____________(print or typewrite name of transferee), __________ (insert Social Security or other taxpayer identification number of transferee), the following Class [A][B] Membership Interests in the Company: __________ (identify the percentage interest being transferred) effective as of the date specified in the Application for Transfer of Interests below, and irrevocably constitutes and appoints ___________________________ and its authorized Officers, as attorney-in-fact, to transfer the same on the books and records of the Company, with full power of substitution in the premises.

Dated: ______________

By: ____________________________________

Name:

Title:

APPLICATION FOR TRANSFER OF INTERESTS

The undersigned applicant (the "Applicant") hereby (a) applies for a transfer of Class [A][B] Membership Interests in the Company described above (the "Transfer") and applies to be admitted to the Company as a substitute member of the Company, (b) agrees to comply with and be bound by all of the terms and provisions of the Limited Liability Company Agreement, (c) represents that the Transfer complies with the terms and conditions of the Limited Liability Company Agreement, (d) represents that the Transfer does not violate any applicable laws and regulations, and (e) agrees to execute and acknowledge such instruments (including, without limitation, a counterpart of the Limited Liability Company Agreement), in form and substance satisfactory to the Company, as the Company reasonably deems necessary or desirable to effect the Applicant' s admission to the Company as a substitute member of the Company and to confirm the agreement of the Applicant to be bound by all the terms and provisions of the Limited Liability Company Agreement with respect to the limited liability company interests in the Company described above. Initially capitalized terms used herein and not otherwise defined herein are used as defined in the Limited Liability Company Agreement.

The Applicant directs that the foregoing Transfer and the Applicant' s admission to the Company as a Substitute Member shall be effective as of _______________________________.

Name of Transferee (Print)

____

Dated: ______________________________ Signature: ______________________________

(Transferee)

Address: ______________________________

The Company has determined (a) that the Transfer described above is permitted by the Limited Liability Company Agreement, (b) hereby agrees to effect such Transfer and the admission of the Applicant as a substitute member of the Company effective as of the date and time directed above, and (c) agrees to record, as promptly as possible, in the books and records of the Company the admission of the Applicant as a substitute member.

Chrysler Group LLC,
a Delaware limited liability company

By: ______________________________

Name:

Title:

Exhibit 3.3

FIRST AMENDMENT

TO THIRD AMENDED AND RESTATED OPERATING AGREEMENT

OF CHRYSLER GROUP LLC

This First Amendment (this "Amendment") to the Third Amended and Restated Limited Liability Company Agreement (the "Operating Agreement") of Chrysler Group LLC (the "Company"), dated and effective as of February 24, 2012, is made and entered into as of July 27, 2012 by and among the Board of Directors (the "Board") of the Company.

WHEREAS, the Company is a limited liability company pursuant to the Delaware Limited Liability Company Act, 6 Del. C. § 18-101 et seq., as amended from time to time (the "Act"), and its Members have entered into the Operating Agreement, in accordance with the provisions of the Act, governing the business and affairs of the Company and the conduct of its business;

WHEREAS, pursuant to Sections 5.8(b)(ii) and 15.5 of the Operating Agreement, the Board, may amend the Operating Agreement by an affirmative vote of the majority of the Board, including (for so long as Fiat retains the right to designate Directors under Section 5.3(a)) at least one Fiat Director; and

WHEREAS, in order to eliminate compensation of the VEBA Director in the case where such director is prohibited from receiving compensation from the Company as a result of a policy of his or her employer, the Board as currently constituted has approved this Amendment in accordance with the requirements of and has approved this Amendment pursuant to its authority under Sections 5.8(b)(ii) and 15.5 of the Operating Agreement.

NOW, THEREFORE, the Board, by the execution of this Amendment, agrees as follows. Any capitalized terms used herein and not defined shall have the meanings set forth in the Operating Agreement:

ARTICLE I

AMENDMENTS TO THE OPERATING AGREEMENT

The Operating Agreement is hereby amended as set forth in the following sections:

Section 1.1. Section 5.10 is hereby amended and restated in its entirety as follows:

Section 5.10 Compensation of Directors; Expense Reimbursement. Directors may receive a stated compensation for their service as Directors, in each case as determined from time to time by the Board of Directors. All Directors shall receive the same compensation for service as a Director with the exception of the Chairman of the Board, any Lead Director and Committee chairs who may receive additional compensation as determined by the Board of Directors; provided, however, that in the case that the VEBA Director is prohibited from receiving compensation from the Company for service on the Board of Directors as a result of a policy of his or her employer, the VEBA Director shall not receive compensation from the Company for such service. Directors that are also Officers of the Company or employees of any Member or its Affiliates may receive a fee for services in their capacity as Directors and nothing herein contained shall be construed to preclude any Director from serving the Company or any Subsidiary in any other capacity and receiving compensation therefor.

ARTICLE II

MISCELLANEOUS

Section 2.1. Governing Law.

(a) This Amendment shall be governed by, and construed and enforced in accordance with, the Laws of the State of Delaware, without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of Delaware or any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of Delaware.

(b) The Board agrees that any and all disputes hereunder shall be resolved in accordance with the provisions of Sections 15.12, 15.13 and 15.14 of the Operating Agreement.

Section 2.2. Separability of Provision. Each provision of this Amendment shall be considered separable, and if for any reason any provision or provisions herein are determined to be invalid, unenforceable or illegal under any existing or future Law, such invalidity, unenforceability or illegality shall not impair the operation of or affect those portions of this Amendment that are valid, enforceable and legal.

Section 2.3. Entire Understanding. This Amendment contains the entire understanding between and among the Board of Directors and supersedes any prior understandings and agreements between and among them exclusively respecting the subject matter of this Amendment. Failure by any party hereto to enforce any covenant, duty, agreement, term or condition of this Amendment, or to exercise any right hereunder, shall not be construed as thereafter waiving such covenant, duty, term, condition or right; and in no event shall any course of dealing, custom or usage of trade modify, alter or supplement any term of this Amendment.

Section 2.4. Full Force and Effect. Except as expressly amended herein, all other terms and provisions of the Operating Agreement, shall remain in full force and effect and are hereby ratified and confirmed in all respects.

[SIGNATURE PAGE FOLLOWS]

SIGNATURE PAGE TO THE FIRST AMENDMENT TO THE THIRD AMENDED AND RESTATED LIMITED LIABILITY COMPANY OPERATING AGREEMENT

IN WITNESS WHEREOF, the undersigned has executed or caused to be executed on their behalf this First Amendment to the Third Amended and Restated Limited Liability Company Operating Agreement pursuant to the requirements of Section 5.8 and Section 15.5 of the Third Amended and Restated Limited Liability Company Operating Agreement as of the date first written above.

CHRYSLER GROUP LLC

By: /s/ Marjorie H. Loeb
Name: Marjorie H. Loeb
Title: Vice President, Associate General Counsel and Assistant Secretary

Exhibit 4.5

FIRST SUPPLEMENTAL INDENTURE

Dated as of February 2, 2012

to

INDENTURE

Dated as of May 24, 2011

among

CHRYSLER GROUP LLC

and

CG CO-ISSUER INC.

as the Issuers,

EACH OF THE GUARANTOR PARTY THERETO,

WILMINGTON TRUST, NATIONAL ASSOCIATION (as successor by merger to Wilmington Trust FSB),

as Trustee

and

CITIBANK, N.A.,

as Collateral Agent, Paying Agent, Registrar and Authenticating Agent

8% SECURED SENIOR NOTES DUE 2019

8 1/4% SECURED SENIOR NOTES DUE 2021

SUPPLEMENTAL INDENTURE, dated as of February 2, 2012 (this "Supplemental Indenture"), among Chrysler Group LLC, a Delaware limited liability company, CG Co-Issuer Inc., a Delaware corporation and wholly owned subsidiary of the Company, and each of the Guarantors (as defined in the Indenture), Wilmington Trust, National Association (as successor by merger to Wilmington Trust FSB), a federal savings bank, as Trustee, and Citibank, N.A., a national banking association, as Collateral Agent, Paying Agent, Registrar and Authenticating Agent.

W I T N E S S E T H

WHEREAS, the Issuers have heretofore executed and delivered to the Trustee an indenture, dated as of May 24, 2011, to the Trustee (as heretofore supplemented, the "Indenture"), providing for the issuance of an unlimited aggregate principal amount 8% Secured Senior Notes due 2019 and 8 1/4% Secured Senior Notes due 2021;

WHEREAS, pursuant to Section 9.01 of the Indenture, the Issuers desire to supplement the Indenture to make a change that does not materially adversely affect the rights of the Holders;

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee and the Collateral Agent are authorized to execute and deliver this Supplemental Indenture;

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties mutually covenant and agree as follows:

(1) Capitalized Terms. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

(2) Amendment to Definitions. Section 1.01 of the Indenture is hereby amended by amending and restating the following definitions as set forth below:

"2019 Notes" means the Initial 2019 Notes, the 2019 Exchange Notes and the Additional 2019 Notes.

"2021 Notes" means the Initial 2021 Notes, the 2021 Exchange Notes and the Additional 2021 Notes.

"2019 Exchange Notes" means the 8% Secured Senior Notes due 2019 issued pursuant to this Indenture in connection with a Registered Exchange Offer pursuant to any Registration Rights Agreement.

"2021 Exchange Notes" means the 8 1/4% Secured Senior Notes due 2021 issued pursuant to this Indenture in connection with a Registered Exchange Offer pursuant to any Registration Rights Agreement.

"Additional 2019 Notes" means 8% Secured Senior Notes due 2019 issued under this Indenture after the Issue Date and in compliance with Section 2.13, it being understood that any 8% Secured Senior Notes due 2019 issued in exchange for or replacement of any Initial 2019 Note issued on the Issue Date shall not be Additional 2019 Notes, including any such Notes issued pursuant to a Registration Rights Agreement.

"Additional 2021 Notes" means 8 $^{1}/_{4}$% Secured Senior Notes due 2021 issued under this Indenture after the Issue Date and in compliance with Section 2.13, it being understood that any 8 $^{1}/_{4}$% Secured Senior Notes due 2021 issued in exchange for or replacement of any Initial 2021 Note issued on the Issue Date shall not be Additional 2021 Notes, including any such Note issued pursuant to a Registration Rights Agreement.

(3) Ratification of Indenture. The Indenture, as supplemented by this Supplemental Indenture, is in all respects ratified and confirmed, and this Supplemental Indenture shall be deemed part of the Indenture in the manner and to the extent herein and therein provided.

(4) Governing Law. THIS SUPPLEMENTAL INDENTURE WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES THEREOF.

(5) Counterparts. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original regardless of whether delivered in electronic or physical form, but all of them together represent the same agreement.

(6) Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

(7) The Trustee and Agents. Neither the Trustee nor any Agent shall be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Issuers. In entering into this Supplemental Indenture the Trustee and the Agent shall be entitled to the benefit of any provision of the Indenture relating to the conduct or impacting the liability of or affording rights, protections, immunities or indemnities to the Trustee or the Agent, as applicable, as if they were set forth herein mutatis mutandis.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed, all as of the date first above written.

CHRYSLER GROUP LLC

By: /s/ Walter P. Bodden, Jr.
Name: Walter P. Bodden, Jr.
Title: Treasurer

CG CO-ISSUER INC.

By: /s/ Walter P. Bodden, Jr.
Name: Walter P. Bodden, Jr.
Title: Treasurer

CHRYSLER GROUP
INTERNATIONAL LLC,
as Guarantor

By: /s/ Rajesh N. Choudhary
Name: Rajesh N. Choudhary
Title: Assistant Secretary

CHRYSLER GROUP INTERNATIONAL
SERVICES LLC,
as Guarantor

By: /s/ Rajesh N. Choudhary
Name: Rajesh N. Choudhary
Title: Assistant Secretary

CHRYSLER GROUP REALTY
COMPANY LLC,
as Guarantor

By: /s/ Rajesh N. Choudhary
Name: Rajesh N. Choudhary
Title: Assistant Secretary

[Signature Page to Supplemental Indenture]

CHRYSLER GROUP SERVICE
CONTRACTS LLC,
as Guarantor

By: /s/ Rajesh N. Choudhary
Name: Rajesh N. Choudhary
Title: Secretary

CHRYSLER GROUP TRANSPORT LLC,
as Guarantor

By: /s/ Rajesh N. Choudhary
Name: Rajesh N. Choudhary
Title: Assistant Secretary

GLOBAL ENGINE MANUFACTURING
ALLIANCE LLC,
as Guarantor

By: /s/ Rajesh N. Choudhary
Name: Rajesh N. Choudhary
Title: Assistant Secretary

[Signature Page to Supplemental Indenture]

WILMINGTON TRUST, NATIONAL
ASSOCIATION (AS SUCCESSOR BY
MERGER TO WILMINGTON TRUST FSB),
not in its individual capacity but solely as
Trustee.

By: /s/ Geoffrey J. Lewis
Name: Geoffrey J. Lewis
Title: Assistant Vice President

CITIBANK, N.A.,
not in its individual capacity but solely as
Collateral Agent, Paying Agent, Registrar and
Authenticating Agent.

By: /s/ Cirino Emanuele
Name: Cirino Emanuele
Title: Vice President

[Signature Page to Supplemental Indenture]

Exhibit 10.7

MASTER PRIVATE LABEL FINANCING AGREEMENT

between

CHRYSLER GROUP LLC

and

SANTANDER CONSUMER USA INC.

Dated as of February 6, 2013

TABLE OF CONTENTS

ARTICLE V

SUBVENTION

ARTICLE VI

LIMITED EXCLUSIVITY

ARTICLE VII

RISK ALLOCATION

ARTICLE VIII

REVENUE SHARING

ARTICLE IX

GOVERNANCE

ARTICLE X

TERM; TERMINATION

ARTICLE XI

INDEMNIFICATION; LIABILITIES

ARTICLE XII

INFORMATION REPORTING AND CONFIDENTIALITY

ARTICLE XIII

OTHER PROVISIONS

ARTICLE XIV

MISCELLANEOUS

EXHIBITS

A. Equity Option Agreement
B. SCUSA Readiness Plan
C. Dealer Financing Terms
D. Corporate Identity Guidelines
E. Service Level Standards
F. Chrysler Privacy, Security and Confidentiality Agreement

This **MASTER PRIVATE LABEL FINANCING AGREEMENT** (this "**Agreement**"), dated as of February 6, 2013, (the "**Effective Date**") is made by and between **CHRYSLER GROUP LLC**, a Delaware limited liability company ("**Chrysler**") and **Santander Consumer USA Inc.**, an Illinois corporation ("**SCUSA**").

RECITALS:

(A) Chrysler manufactures, distributes, markets and sells motor vehicles and related goods and services, which are offered for sale under various brands to retail Consumers through a network of dealerships authorized by Chrysler.

(B) SCUSA is a financial services company that provides automotive finance and lease, insurance, lending and related services to a variety of customers, including retail purchase and lease financing to automobile purchasers and wholesale financing and related services to automobile dealers and is majority owned by Banco Santander, a global retail banking organization.

(C) SCUSA intends to support the sale of Chrysler Products by providing retail loans and purchasing retail installment sale contracts and lease contracts and, in lease transactions, purchasing the underlying leased vehicle from Chrysler Dealers and by providing financing for the fleet purchase of multiple vehicles by a single customer or group of related customers.

(D) From time-to-time Chrysler may offer retail customers incentive programs to purchase or lease Chrysler Products including special lease or financing support programs, lease pull-ahead programs, lease or financing pre-approved programs and down payment assistance programs.

(E) SCUSA is willing and able to provide certain Chrysler-branded dealer, consumer and commercial automotive financing services as described under the terms and conditions of this Agreement.

(F) This Agreement is intended to provide for Chrysler the customer loyalty and dealer support benefits that would accrue to Chrysler were it an OEM with an exclusive financing affiliate, and to provide to SCUSA a competitive level of return based on support from Chrysler comparable to that which would be provided by an OEM with an exclusive financing affiliate.

(G) Chrysler and SCUSA desire to formally document and to establish a framework for their relationship in the United States.

(H) Chrysler and SCUSA are also contemporaneously entering into an Equity Option Agreement (as defined below), [***].

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Chrysler and SCUSA hereby agree as follows:

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.01 Definitions. The words in this Agreement have the meanings usually and customarily ascribed to them in commercial contracts, except that the following terms shall have the meanings set forth below.

(a) "**Affiliate**" means, with respect to any Person, any other Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by or under common control with such Person. For purposes of this definition, "control" (including the terms "controlling," "controlled" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise; *provided, however*, that Affiliates of a Person shall not be deemed to include any other Person (A) under common control with such Person but who does not control, and is not controlled by, such Person; and (B) whose actions are not directed by such Person or any of its other Affiliates; *provided further*, that possession of more than twenty percent (20%) of the voting securities of any Person shall be deemed to constitute "control" for purposes of this Agreement. For the avoidance of doubt, Fiat S.p.A. and its Subsidiaries (other than Chrysler and any Subsidiaries of Chrysler) shall be deemed not to be Affiliates of Chrysler.

(b) "**ALG**" means the *Residual Value Lease Guide*, a publication of Automotive Lease Guide (alg), Inc.

(c) "**Ancillary Services**" means Dealer Ancillary Services and Retail Ancillary Services.

(d) "**Asset Class**" means a set of related Financing Services that have similar risk and return characteristics. For example, Dealer Wholesale Financing, Lease Financing, Retail Financing, etc. is each individually an Asset Class.

(e) "**Bundling**" means offering, marketing or selling two or more services together as a package (without regard to whether a discount or integrated price is offered) and the terms "**Bundle**" or "**Bundled**" shall have correlative meanings.

(f) "**Business Day**" means a day that is not a Saturday, Sunday or other day on which commercial banks are required or authorized by law to be closed in Auburn Hills, Michigan or New York, New York.

(g) "**Chrysler Marks**" means the "*Chrysler Capital*", "*Chrysler*", "*Dodge*", "*Jeep*", "*RAM*", "*Chrysler Capital*" and "*Mopar*" word trademarks, and their corresponding brand logos. "**Chrysler Marks**" may at Chrysler' s option include names, logos, and trademarks under additional brands, including, one or more brands of Fiat Group Automobiles S.p.A. that may be distributed by or through Chrysler from time to time.

(h) "**Chrysler MSRP**" means the retail price of Chrysler Products suggested by Chrysler that Dealers sell the relevant Chrysler Product.

(i) "**Chrysler Products**" means motor vehicles and related goods and services manufactured or distributed by Chrysler under various brands, including "Chrysler", "Dodge", "Jeep", "RAM" and "Mopar". "**Chrysler Products**" may at Chrysler' s option include vehicles under additional brands, including, one or more brands of Fiat Group Automobiles S.p.A. that may be distributed by or through Chrysler from time to time.

(j) "**Commercial Customer**" means a Large Commercial Customer, Small Commercial Customer or any other Person that acquires or seeks to acquire Chrysler Products for business, commercial or similar purposes.

(k) "**Commercial Financing**" means Financing Services provided to Commercial Customers.

(l) "**Commercial Financing Cap**" as defined in Section 4.08.

(m) "**Comparable OEMs**" [***]; provided that such list may be modified, supplemented or amended by Chrysler from time to time with the approval of SCUSA (not to be unreasonably withheld or delayed).

(n) "**Confidential Information**" means the terms and conditions of this Agreement and/or any information (including data developed from any such information) in any format that meets all of the following criteria:

(i) Chrysler, SCUSA, or their respective Subsidiaries or Representatives (the "**receiving party**") obtains the information from the other party (the "**disclosing party**") or the disclosing party' s Subsidiaries or Representatives before or after the execution of this Agreement;

(ii) Any of the information relates to the business or financial activities of the disclosing party or its Subsidiaries; and

(iii) The information is made available to the receiving party to facilitate one or both parties' performance of this Agreement or otherwise as a result of the commercial relationship between Chrysler and SCUSA, including information relating to customers and dealerships, pricing, methods, operations, processes, trade secrets, credit programs, financial data, business and financial relationships, technical data, statistics, technical specifications, documentation, research, development or related information, computer systems, employees, and any results or compilations of any of the foregoing;

provided that "**Confidential Information**" does not include any information that (i) is or becomes publicly available by any means other than a breach of this Agreement or any other obligation of a party; (ii) was known by the receiving party before its receipt from the disclosing party (provided that the source of that information is not known to the receiving party to be prohibited by contract or applicable law from disclosing that information or the receiving party is not otherwise under an obligation to maintain the confidentiality of such information); or (iii) is independently developed by the receiving party without using any information (other than information described in the foregoing clauses (i) and (ii)) from the disclosing party.

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

(o) “**Confidential Personal Information**” means all information about Consumers that are natural Persons, including, without limitation, names, addresses, telephone numbers, account numbers and lists thereof, and demographic, credit, financial and transaction information for such Consumers.

(p) “**Consumer**” means (i) a Retail Consumer or (ii) a Commercial Customer.

(q) “**Consumer Financing**” means Retail Financing and Lease Financing.

(r) “**Cost of Funds**” means the average cost of borrowing (or otherwise securing funds, including through wholesale conduits, securitizations and similar programs) used in recalculating the Support Rate under this Agreement, the methodology and an illustrative calculation of which are set forth on Schedule 1.01(r) to this Agreement.

(s) “**Credit Application**” means a credit application in one or more standard forms developed or approved by SCUSA submitted by or on behalf of a Consumer in connection with the purchase or lease of a new or used Chrysler Product that a Dealer submits for SCUSA’ s assessment and credit decision as to whether SCUSA would provide Consumer Financing for that Consumer, if the Dealer were to offer it to SCUSA.

(t) “**Credit Rating Impairment**” will be deemed to occur if the corporate credit rating, as determined by one or more Rating Agencies, of [***]. Notwithstanding the foregoing, a Credit Rating Impairment will be deemed not to have occurred if SCUSA, within thirty (30) days of such corporate credit rating downgrade, demonstrates to Chrysler’ s good faith satisfaction that the downgrade will not impair SCUSA’ s ability to perform under this Agreement, with regard to [***].

(u) “**Credit Tier**” means a category of credit risk determined by the Steering Committee based on FICO Scores.

(v) “**Dealer**” or “**Dealers**” means the network of dealerships authorized by Chrysler to sell Chrysler Products in the United States.

(w) “**Dealer Ancillary Services**” means dealer inventory insurance services, property/casualty, business interruption and other insurance products, cash management services, portfolio management services, dealer inventory administration, Remarketing services and other financial services that may be provided to Dealers.

(x) “**Dealer / Customer Database**” means the database maintained by SCUSA and Chrysler of all Dealers and Consumers and related data regarding Financing Services provided by such Dealers and Consumer.

(y) “**Equity Option Agreement**” means the agreement of even date herewith in the form attached as Exhibit A to this Agreement (the “**Equity Option Term Sheet**”) pursuant to which SCUSA has granted to Chrysler the option to acquire equity ownership in an organization providing the Financing Services.

(z) “**Existing MAFA**” means the Auto Finance Operating Agreement, dated as of April 30, 2009 by and between Ally Financial Inc. (formerly known as GMAC Inc.) and Chrysler.

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

(aa) “**Fees**” means all [***] as contemplated by this Agreement.

(bb) “**FICO Score**” means the standard consumer credit scoring system created by Fair Isaac Company and commonly used by consumer credit agencies in the United States, together with any successor system during the term of this Agreement.

(cc) [RESERVED]

(dd) “**Financing Disruption**” means circumstances where global credit markets are such that credit is either not available or not available on commercially reasonable terms to borrowers with credit rating and business prospects similar to SCUSA for a period of [***]. The Steering Committee shall establish specific benchmarks for determining whether and when a Financing Disruption has occurred pursuant to this definition, which once established shall be modified only by written agreement of the parties.

(ee) “**Financing Services**” means Dealer Financing Services, Consumer Financing Services and Commercial Financing Services.

(ff) “**First Break Date**” means the date that is ten (10) years from the Full Start Date.

(gg) “**Full Start Date**” means May 1, 2013.

(hh) “**GAAP**” means generally accepted accounting principles in the United States.

(ii) “**Governmental Authority**” means any supranational, international, national, federal, state or local court, provincial, government, department, commission, board, bureau, agency, official or other regulatory, administrative or governmental authority.

(jj) “**Initial Funding Period**” means the period of time that begins on the Effective Date and ends on the Full Start Date.

(kk) “**Inventory Finance Disruption**” will be deemed to have occurred if Chrysler, in any period of [***], receives notice of termination (which does not include temporary suspensions of a right to draw on credit lines) of Inventory Financing arrangements for [***].

(ll) “**Inventory Financing**” means the financing of motor vehicle inventory by Dealers.

(mm) “**Large Commercial Customer**” means a Person generally purchasing or leasing more than twenty vehicles for commercial or rental fleets for business, commercial or similar purposes.

(nn) “**Law**” shall mean any federal, state, local or foreign law, statute, ordinance, rule, regulation, judgment, order, injunction, decree, arbitration award, agency requirement, judicial, agency or administrative opinion, franchise, license or permit of any governmental authority or common law, including but not limited to consumer protection, consumer credit, consumer leasing, telemarketing, truth in advertising, copyright and trademark and antitrust laws.

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

(oo) “**Lease Financing**” means financing for motor vehicle lease contracts, including the underlying lease vehicle.

(pp) “**LIBOR**” means, with respect to any period, (a) the interest rate per annum appearing on Reuters Screen LIBOR01 or any successor page as the composite offered rate for inter-bank deposits of Dollars for such period as of 11:00 a.m., London time, on the day that is two London banking days before the date on which such period commences and (b) if the rate specified in clause (a) does not appear, an interest rate per annum equal to the rate at which deposits in Dollars are offered by major banks in the London inter-bank market for such period at 11:00 a.m., London time, on the day that is two London banking days before the date on which such period commences.

(qq) “**Market Benchmark**” will be determined in an objective and verifiable manner on [***] through the Steering Committee based on the [***] broken down by FICO bands, as referenced in Section 4.03, for retail sales by Comparable OEMs. “**Market Benchmark**” will be quantified using multiple accessible data sources selected in advance [***] and include like credit and structure characteristics. The Steering Committee will on a regular basis (at least quarterly), oversee a review of the efficacy of the “Market” rates through a variety of means, including internal audits, and side-by-side reviews with Dealers. An illustrative calculation of “Market” rates is attached as Schedule 1.01(qq). To the extent the Steering Committee is unable to agree on Market Benchmark, Chrysler shall have the right to engage a third party (the identity of which shall be subject to SCUSA’ s prior consent, not to be unreasonably withheld, conditioned or delayed) to determine Market Benchmark by credit tiers and region.

(rr) “**Material Deviation**” means” a difference between originally reported data and the data derived from the results of an audit conducted pursuant to Section 13.05 that [***] of the originally reported data; provided that [***].

(ss) “**NADA**” means the National Automobile Dealers Association.

(tt) “**Net Interest Income**” means the gross interest income that has been or should be recognized by SCUSA under GAAP in connection with the Retail Financing less the interest expense directly related to the funding made available in respect of the interest earning assets, calculated based on [***]. An illustrative calculation of Net Interest Income is set forth on Schedule 1.01(tt) to this Agreement.

(uu) “**Net Revenues**” means the sum of (i) Net Interest Income, plus (ii) Fees, plus (iii) Operating Lease Revenue.

(vv) “**New Vehicle Net Wholesale Price**” means wholesale delivery price (as set by Chrysler) less applicable Lease incentives.

(ww) “**Next Break Date**” means (i) the date that is one year after the First Break Date or (ii) following the First Break Date, the date that is one year after the immediately preceding First Break Date or Next Break Date, as applicable.

(xx) “**OEM**” means an original equipment manufacturer or distributor of passenger cars and light trucks.

(yy) [RESERVED]

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

(zz) “**Operating Lease Revenues**” means net revenues (net of depreciation and taxes) from Lease Financing provided by or through SCUSA, to Consumers leasing Chrysler Products, that have been or should be recognized as revenue by SCUSA (or affiliated Lease Financing partners, such as [***]) under GAAP.

(aaa) “**Operating Spread**” means a fixed spread between the Support Rate and the Cost of Funds, [***]. The Operating Spread will be established to be in line with comparable U.S. financial services/depositary institutions active in automotive finance and evaluated based on [***]. The existing methodology and an illustrative calculation of the Operating Spread is set forth on Schedule 1.01(aaa) of this Agreement.

(bbb) “**Order**” means any award, decision, injunction, judgment, decree, settlement, order, process, ruling, subpoena or verdict (whether temporary, preliminary or permanent) entered, issued, made or rendered by any court, administrative agency, arbitrator, Governmental Authority or other tribunal of competent jurisdiction.

(ccc) “**Person**” means any individual, corporation, limited liability company, partnership (whether general or limited), association, company, joint-stock company, trust, business or statutory trust, estate, joint venture, unincorporated organization, Governmental Authority or any other entity, in its own or any representative capacity.

(ddd) “**Rate Support**” means, with respect to financing incentives offered by Chrysler on Consumer Financing (including balloon contracts and any other significant products) that enable Retail Consumers to obtain a specified interest rate that is below market rates, the difference between the Support Rate and the below-market rate.

(eee) “**Rate Support Subvention Program**” means a Subvention Program involving Rate Support.

(fff) “**Rating Agencies**” means Moody’ s and S&P or if Moody’ s or S&P or both shall not make a corporate credit rating on SCUSA or Banco Santander publicly available, a nationally recognized statistical rating agency or agencies, as the case may be, selected by Chrysler which shall be substituted for Moody’ s or S&P or both, as the case may be.

(ggg) “**Remarketing**” means remarketing and related auction services for the purchase and sale of used vehicles, including through proprietary internet auctions hosted by SCUSA.

(hhh) “**Representatives**” means directors, officers, employees and representatives of a party or any of its Subsidiaries and each of their respective agents, representatives, auditors, attorneys, and other professional advisors.

(iii) “**Residual Value Losses**” are determined as [***]; and “**Residual Value Gains**” are determined as the amount by which [***]. For purposes of calculating gains on early lease termination, [***] will be deducted from the gross sales proceeds.

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

(jjj) “**Retail Ancillary Services**” means maintenance and repair contracts (MARCs), extended warranty products, automobile insurance or protection products, or similar products sold to Consumers.

(kkk) “**Retail Consumer**” means an individual who acquires or seeks to acquire Chrysler Products at retail primarily for personal, family or household purposes.

(lll) “**Retail Financing**” means motor vehicle retail installment sale contracts.

(mmm) [RESERVED]

(nnn) “**Small Commercial Customer**” means a Person generally purchasing or leasing between two and twenty vehicles for business, commercial or similar purposes.

(ooo) “**Specified Banking Subsidiaries**” means those banking organizations that are (i) directly or indirectly wholly-owned by Banco Santander and (ii) listed on Schedule 1.01(ooo). SCUSA and such Specified Banking Subsidiaries may offer products to Dealers, but only as set forth in Schedule 1.01(ppp).

(ppp) “**Standard Banking Services**” means those banking and financing services that may be offered to Dealers by SCUSA and the Specified Banking Subsidiaries as set forth in Schedule 1.01(ppp).

(qqq) “**Subsidiary**” means, with respect to any Person, any other Person of which a majority of the voting interests is owned, directly or indirectly, by such Person.

(rrr) “**Subvention Program**” means programs in which Chrysler offers subvention through a financial services company conditioned upon a Retail Consumer financing or leasing through a specific financial services company. For the avoidance of doubt, “**Subvention Program**” does not include a program in which Chrysler offers payments or subsidies to Dealers directly or provides cash allowances or incentives whether to Dealers or Retail Consumers.

(sss) “**Support Rate**” means the interest rate SCUSA provides when Chrysler wants to sponsor special financing rates to Retail Consumers through a Rate Support Subvention Program.

(ttt) “**US GAAP**” means the generally accepted accounting principles in the United States.

(uuu) Each of the following terms has the meaning set forth in the Section set forth opposite such term below:

Chrysler	Recitals
COIN	Section 4.14
Commercial Financing Cap	Section 4.08
[***]	[***]
Commercial Financing Index	Section 4.08
Commercial Financing Services	Section 3.07
Committed Credit Lines	Section 4.02(E)
Credit Policies	Section 3.02

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

Cross-Selling Activities	Section 13.02
Data Sharing Agreement	Section 4.14
Dealer Financing Services	Section 3.05
Dealings	Section 3.01
Dispute	Section 14.09
Effective Date	Recitals
Equity Option Term Sheet	Section 1.01(y)
[***]	[***]
[***]	[***]
Financing Privacy Policy	Section 4.14
Force Majeure Condition	Section 13.08
Implementing Agreement	Section 3.01
Indemnifiable Claim	Section 11.01
Indemnitee	Section 11.01
Indemnitor	Section 11.01
Key Performance Metrics	Section 4.13
Lead Member	Section 9.01
Minimum Approval Target	Section 4.03
[***]	[***]
Recovery Plan	Section 4.05
Retail Financing Services	Section 3.06
SCUSA	Recitals
Subvention Fund	Section 4.05
Termination Notice	Section 10.01
Transition Period	Section 2.01
Upfront Payment	Section 8.01
Volume Threshold	Section 6.01
Wholesale Backup	Section 4.02(C)

Section 1.02 Interpretation. In this Agreement, except to the extent that the context otherwise requires:

(i) the headings are for convenience of reference only and shall not affect the interpretation of this Agreement;

(ii) defined terms include the plural as well as the singular and vice versa;

(iii) words importing gender include all genders;

(iv) a reference to any statute or statutory provision shall be construed as a reference to the same as it may have been or may from time to time be amended, extended, re-enacted or consolidated and to all statutory instruments or orders made under it;

(v) any reference to a "day" or a "Business Day" shall mean the whole of such day, being the period of 24 hours running from midnight to midnight;

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

(vi) references to Recitals, Sections and subsections are references to Recitals, Sections and subsections of this Agreement;

(vii) the words "including" and "include" and other words of similar import shall be deemed to be followed by the phrase "without limitation";

(viii) unless otherwise specified, references to any document or agreement, including this Agreement, shall be deemed to include references to such document or agreement as amended, restated, supplemented or replaced from time to time in accordance with its terms and (where applicable) subject to compliance with the requirements set forth herein and in the other Transaction Documents;

(ix) the Uniform Commercial Code, and any express or implied interpretation of terms thereunder, shall not apply to this Agreement which does not involve a sale of goods; and

(x) unless otherwise specified, references to any party to this Agreement or any other document or agreement shall include its successors and permitted assignees.

ARTICLE II

PLANNING AND TRANSITION

Section 2.01 Transition Period.

(a) SCUSA will use its best efforts to facilitate a smooth transition from Chrysler' s current arrangements for auto finance services provided pursuant to the Existing MAFA to the Financing Services to be provided by SCUSA under this Agreement. The "Transition Period" shall begin on [***] and end on [***] unless mutually determined by the parties to occur sooner.

(b) Except as otherwise set forth in Schedule 2.01(b), SCUSA shall be ready, willing and able to provide all Financing Services sufficient to meet Chrysler, Dealer, or Retail Consumer demand, as appropriate, on the Full Start Date. In the event that Chrysler determines in good faith, after consultation with SCUSA, that SCUSA is unable or unwilling to provide any Financing Services (either in total or in a manner sufficient to meet Chrysler, Dealer, or Retail Consumer demand) within a commercially reasonable amount of time after Chrysler' s request therefor, Chrysler may, after resolution of any dispute as provided below, enter into agreements ("**Third Party Agreements**") with any other Person(s) to obtain access to such Financing Services; provided that once SCUSA is able and willing to provide such Financing Services Chrysler will work with SCUSA in good faith to develop arrangements under which SCUSA may provide such Financing Services consistent with any agreements Chrysler may have entered into as contemplated above. Notwithstanding anything to the contrary contained herein, such Third Party Agreements [***]. Should SCUSA disagree with Chrysler' s determination above, SCUSA may bring this dispute to the Steering Committee within 10 days, clearly demonstrating to the Steering Committee' s satisfaction that SCUSA' s capabilities and execution timing in fact meet or exceed Chrysler' s requirements and the Steering Committee may determine that SCUSA' s capabilities and execution timing in fact meet or exceed Chrysler' s requirements, but shall make any such determination within 30 days of Chrysler' s initial determination.

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

Section 2.02 Transition Plans.

(a) Except as otherwise agreed in this Agreement, SCUSA shall launch all Dealer Financing Services and Consumer Financing Services by the Full Start Date. To launch all Dealer Financing Services and Consumer Financing Services by the Full Start Date, SCUSA shall meet all obligations and interim milestones, by certain specified dates, as set forth Exhibit B

Section 2.03 Performance Targets

(a) Transition Period

(i) During the Transition Period, SCUSA shall meet the following specific performance targets:

(A) Approval Rates as provided in Section 4.03(b) below;

(B) Penetration rates subject to Section 4.13, and during the Transition Period:

		Penetration
Retail:	Prime	[***]%
	Non-Prime	[***]%
	Total Retail	[***]%
Lease		[***]%
Wholesale		[***]%

(ii) Chrysler may also, in the event that any of the targets in Section 2.03(a)(i) are not met, determine in its discretion that key processes have been effectively implemented.

(b) Post-Transition Period

(i) If SCUSA meets each of the performance targets contemplated in Section 2.02 and Section 2.03(a)(i) regarding the Approval Rates and penetration rates, the remaining term of this Agreement through the First Break Date will become effective, subject to any other remedies, including rights of early termination, as provided in this Agreement.

ARTICLE III

PRIVATE LABEL SERVICES

Section 3.01 Contractual Framework.

(a) This Agreement establishes the contractual framework for dealings between Chrysler and SCUSA related to Consumer Financing, Dealer Financing and Remarketing (individually and collectively "**Dealings**").

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

(b) Nothing in this Agreement precludes SCUSA from providing or continuing to provide, subject to, among other provisions of this Agreement, SCUSA' s obligations under Section 13.01 of this Agreement, any financial services to OEMs other than Chrysler or to dealers other than Chrysler Dealers, or from providing or, subject to any express provisions of this Agreement, continuing to provide insurance, mortgage, banking, or other non-automotive financial services.

(c) The specific terms and conditions related to individual Dealings that are not captured by this Agreement, or as to which the Parties mutually agree to provide for more specific terms as to a specific transaction, series of transactions, or type of transaction, will be the subject of separate agreements (each an "**Implementing Agreement**"), and unless SCUSA and Chrysler specifically agree otherwise, including in such Implementing Agreement, this Agreement shall control to the extent of any direct conflict between this Agreement and any such Implementing Agreement.

(d) Chrysler and SCUSA shall reasonably cooperate with one another and shall each assist the other in good faith in carrying out the other' s obligations under this Agreement and will execute and deliver all documents and instruments reasonably necessary and appropriate to do so.

(e) The Financing Services under this agreement will be the sole and exclusive financing services provided by SCUSA to Chrysler customers and Chrysler dealers unless otherwise agreed by Chrysler in writing. This provision is not intended to limit Chrysler customer or Chrysler Dealer financing options solely to this Agreement.

(f) The terms of this Agreement are intended to preserve the customer loyalty and dealer support benefits that have historically accrued to Chrysler as a manufacturer with an exclusive financing affiliate while at the same time assuring that SCUSA receives a competitive level of return. SCUSA recognizes Chrysler' s desire to grow its automotive business and will use all commercially reasonable efforts to support Chrysler in that effort.

Section 3.02 Key Services.

(a) SCUSA shall provide the services described below to Consumers and Dealers in connection with and in support of the Financial Services:

(i) SCUSA shall provide the front-end system under the Chrysler Capital brand for loan submission by Consumers or by Dealers on behalf of Consumers through DealerTrack, RouteOne, and direct application channels;

(ii) SCUSA shall provide a system to provide initial notification of loan application results to Dealers on behalf of Consumers (approval, conditional approval or rejection) in a timely manner. Specifically, SCUSA will provide, as Chrysler Capital, a callback (either automated or manually) with a baseline deal structure within [***] after a loan or lease application is submitted through [***] channels. The initial callbacks shall [***] decision, any applicable stipulations, and contact information for the dealer to package and send deals, or rehash (i.e., the negotiation of individual applications between SCUSA and a Dealer) with a SCUSA dedicated buyer or funding associate. The parties understand rehashing is an acceptable part of the underwriting process and as such, SCUSA dedicated buyers and funding associates shall be available for rehash discussions [***] of loan application submission. If stipulations are required, SCUSA buyers and

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

funding associates shall immediately and clearly state such stipulations on the callback or during rehash. The above approval and response requirements assume receipt of loan applications at any time from [***] on any day (excluding specified holidays as determined by the Steering Committee) in the relevant North American time zone;

(iii) SCUSA shall provide full spectrum credit servicing for Consumer Financing as Chrysler Capital and will leverage existing infrastructure and technology to maximize efficiency and effectiveness and control cost. Chrysler Capital account management will be model-driven and utilize existing and customized automated servicing and collections strategies based on custom scores, behavior scores, and predictive modeling. Each of these models will be validated against actual results and, when necessary, adjusted based on real time performance. These strategies shall leverage application characteristics, refreshed credit data and customer behavior to apply risk driven loan treatment;

(iv) SCUSA shall provide Remarketing services to Dealers at SCUSA' s sole cost and expense as more fully described in Schedule 3.02(a)(iv);

(v) SCUSA shall in consultation with Chrysler, establish credit policies (the "**Credit Policies**") applicable to the Financing Services provided under this Agreement. These policies will be validated against actual results and, when necessary, adjusted based on real time performance. SCUSA shall in good faith, and as allowed by Law (including, for avoidance of doubt, all state and federal finance regulations applicable to SCUSA), seek to establish Credit Policies with the goal of meeting the needs for Chrysler Dealers and Consumes regarding Financing Services, while also seeking to meet Chrysler' s retail sales objective; and

(vi) SCUSA shall, in consultation with Chrysler, develop Chrysler Capital branded loan documentation for Lease Financing.

Section 3.03 Dedicated Business Unit.

(a) SCUSA shall establish a separate business unit dedicated to providing the Financial Services. The business unit shall include SCUSA employees dedicated solely to marketing and product development and new program, design, development and implementation of the Financing Services.

(b) SCUSA shall segregate its Chrysler-dedicated front office personnel, sales force personnel, and the Dealer / Customer Database from other personnel, sales force personnel, funding, retail credit and dealer credit underwriting, and dealer and customer databases that are not dedicated to providing the Financing Services provided under this Agreement or are not otherwise dedicated to performing SCUSA' s obligations under this Agreement. Segregation of back office personnel (customer service, collections, and administration) shall be as determined by the Steering Committee.

(c) SCUSA shall provide dedicated marketing/program development personnel and sales force personnel at Chrysler locations, as specified by Chrysler.

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

(d) At Chrysler' s request and expense, SCUSA will develop and implement information technology systems with infrastructure segregated from other SCUSA systems to facilitate the transition to, and/or purchase of operating systems by, Chrysler or its designee(s).

(e) In lieu of maintaining an office location in the metropolitan Detroit area appropriately staffed by certain key SCUSA individuals resident in the metropolitan Detroit area, as originally agreed, SCUSA agrees that [***] at least [***] of the key individuals leading the established, separate business unit dedicated to providing the Financial Services, [***], will be ready and capable to meet with Chrysler, in person at Chrysler' s Auburn Hills headquarters, for the duration of this Agreement without limit as to the duration of any such meeting or the number of such meetings Chrysler may request. Any person meeting with Chrysler shall have appropriate authority to act on behalf of SCUSA. The list of such key individuals for purposes of this Section is set forth in Schedule 3.03(e), which shall be amended from time to time by agreement of the Steering Committee.

Section 3.04 Non-Chrysler Services.

(a) Except as provided in Schedule 1.01(ppp) or as may otherwise be agreed between Chrysler and SCUSA to jointly market with appropriate shared compensation for the offer of any such agreed product or services, SCUSA shall not market or provide any services not related to Chrysler through Dealers or at any Chrysler location without prior written consent of Chrysler subject to appropriate exceptions that may be approved by Chrysler (such approval not to be unreasonably withheld or delayed) to permit Specified Banking Subsidiaries to provide Standard Banking Services that are unrelated to, and that are not Bundled with, any Financing Services provided by SCUSA pursuant to this Agreement.

Section 3.05 Dealer Financing Services.

(a) SCUSA shall provide full and fair consideration of any application for Dealer Financing received from a Dealer, applying commercial lending credit risk underwriting standards consistent with SCUSA' s general practices for financing automotive dealers and will provide Dealer Financing to Dealers, if appropriate in SCUSA' s reasonable discretion in accordance with its usual and customary commercial lending standards, subject to safety and soundness requirements and, absent a default by the dealer, the guidelines described in Exhibit C to the Agreement.

(b) The Financing Services, to be provided by SCUSA to Dealers, shall include the following services and any additional services necessary or appropriate to facilitate the offering of any of the services listed below (collectively, the "**Dealer Financing Services**"):

(i) Dealer Wholesale Financing – SCUSA shall offer lines of credit to Dealers, sufficient to allow each Dealer to meet Chrysler sales objectives, to finance the acquisition of automobiles and Ancillary Services sold or distributed by Chrysler (including FIAT-branded automobiles). SCUSA shall provide [***] settlement to Chrysler on all Dealer Inventory Loans [***];

(ii) Other Dealer Financing – SCUSA shall provide sufficient secured or unsecured working capital loans or credit lines, real estate or mortgage loans, equipment financing, and medium-term loans to finance construction of new dealerships or renovations, additions or expansions of existing dealerships;

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

(iii) Used Vehicle Inventory Financing – SCUSA shall provide lines of credit to Dealers for used vehicle inventory financing;

(iv) Wholesale Parts Inventory Financing – SCUSA shall provide lines of credit to Dealers to finance the purchase and carrying of parts inventory (including Dealers that supply parts to customers other than Retail Consumers, such as other dealers or body shops);

(v) Financing for Ancillary Purposes – SCUSA shall provide financing to Dealers to support dealer rental, demonstrator vehicles and courtesy vehicles;

(vi) Ancillary Services – SCUSA shall provide to Dealers specified Dealer Ancillary Services;

(vii) Dealer Participation Programs – SCUSA shall make available to Dealers services designed to allow Dealers to participate in recourse for credit losses and/or lease residuals on loans and leases provided by Chrysler customers for competitive purposes (*i.e.*, Dealers offered the opportunity to buy down rate or contribute financially to enable a Retail Consumer to qualify for a Retail Financing product); and

(viii) Dealer Loyalty Programs – SCUSA shall in consultation with Chrysler develop and provide to Dealers loyalty incentive programs providing financial incentives to Dealers designed to (i) foster a coordinated approach across all of the Financing Services within the Chrysler Dealer network, (ii) promote Dealers' access to and utilization of the Financing Services and (iii) increase Chrysler brand equity consistent with best practices on the understanding and on a basis that is competitive with offerings of auto finance companies affiliated with an OEM.

(c) Chrysler shall not prohibit Dealers from providing guaranties and/or additional security or credit enhancements to SCUSA, including granting a secondary security interest in accounts payable owed by Chrysler to Dealers.

Section 3.06 Retail Financing Services.

(a) SCUSA shall provide full and fair consideration for any and all Credit Applications from a Retail Consumer. SCUSA shall apply credit risk underwriting standards consistent with SCUSA's general practices for Retail Financing and will purchase contracts or otherwise provide such Retail Financing, if appropriate in SCUSA's reasonable discretion in accordance with its usual and customary standards for creditworthiness and any applicable regulatory safety and soundness standards.

(b) The Financing Services to be provided by SCUSA for Retail Consumers shall include the following services and any additional services necessary or appropriate to facilitate the offering of any of the services listed below (collectively, the "**Retail Financing Services**"):

(i) Consumer Loans/Installment Sale Contracts – Subject to the exception listed on Schedule 2.01(b), SCUSA shall provide consumer loans (including balloon payment loans), installment sale contracts and lender financing products common to the market to finance Retail Consumers in the purchase of new and used (including certified pre-owned) vehicles from Dealers;

(ii) Consumer Lease Financing – Subject to the exception listed on Schedule 2.01(b), SCUSA shall provide lease financing to Retail Consumers for the acquisition of new and used (including certified pre-owned) vehicles from Dealers (and will purchase the underlying vehicles to facilitate such acquisition and loan financing);

(iii) Customer Loyalty Programs – SCUSA shall in consultation with Chrysler develop and provide to Retail Customers customer loyalty programs, including rate discounts for repeat OEM and/or financing customers consistent with best practices in the industry and on a basis that is competitive with offerings of auto finance companies affiliated with an OEM; and

(iv) Ancillary Services – SCUSA shall, in consultation with Chrysler, develop and provide to Retail Customers a full range of market competitive Retail Ancillary Services that are designed to be consistent with best practices in the industry in terms of the range and quality of offerings by auto finance companies affiliated with or otherwise providing services to other OEMs.

(v) All servicing (including billing, collections, customer service, regulatory reporting; payoff and lien release) for Retail Financing (e.g. Consumer loans/leases) must be retained by SCUSA under this Agreement, regardless of the ultimate ownership of the underlying loan or lease asset.

Section 3.07 Commercial Financing Services.

(a) SCUSA shall provide full and fair consideration of any application from a Commercial Customer, applying credit risk underwriting standards consistent with SCUSA' s general practices for Commercial Financing and will purchase contracts or otherwise provide such Commercial Financing, if appropriate in SCUSA' s reasonable discretion in accordance with its usual and customary standards for creditworthiness, and any applicable regulatory safety and soundness standards.

(b) Except as otherwise agreed to by the parties, the Financing Services to be provided by SCUSA, shall include the following services and any additional services necessary to facilitate the offering on a non-exclusive basis of any of the services listed below (collectively, the "**Commercial Financing Services**"):

(i) Fleet and Large Commercial Customer Financing – SCUSA shall provide financing for the purchase of vehicles by Large Commercial Customers, including for rental fleets and large commercial fleets;

(ii) Small Commercial Customer Financing – SCUSA shall provide financing for the purchase of vehicles by Small Commercial Customers; and

(iii) Bailment Pool – SCUSA shall provide financing for manufacturers or up-fitters approved by Chrysler for inventory in the process of being modified, including modifications for special equipment.

Section 3.08 Annual Review of Financing Services.

(a) At least [***], SCUSA will, in consultation with Chrysler, conduct a review of the Financing Services provided under this Agreement and use its best efforts to ensure that the Financing Services at a minimum meet industry best practices, particularly with respect to customer interface, marketing, operating processes and scope of financing products. Industry best practices shall be defined by the Steering Committee, and may be changed from time to time by agreement of the Steering Committee to reflect changes in the industry over the term of this Agreement. To the extent that any review of Financing Services identifies any shortfall from industry best practices as defined by the Steering Committee, the Steering Committee shall promptly develop a remediation plan reasonably acceptable to Chrysler and the parties will use reasonable best efforts to implement the remediation plan as promptly as practicable.

Section 3.09 Third-Party Subcontracting.

(a) SCUSA may provide the Financial Services via third-party subcontractors in consultation with, or with the prior written consent of, Chrysler; provided that any such consent by Chrysler to any third-party subcontracting will not relieve SCUSA from any of its obligations under this Agreement.

(b) Chrysler shall have the right to review and approve (acting in its sole discretion) any third-party sub-contracts related to Financial Services, including the identity of any subcontractor. Any Financing Services provided pursuant to third party subcontracts may, to the extent Chrysler determines, be offered and sold under a Chrysler Brand.

Section 3.10 Trademark License and Branding.

(a) License Grant: The Financing Services provided by SCUSA pursuant to this Agreement will be marketed and provided exclusively under one or more of the Chrysler Brands. In conjunction with its marketing and provision of the Chrysler Capital Financing Services, SCUSA may use other Chrysler Marks. Accordingly, Chrysler hereby grants to SCUSA a limited, non-exclusive, non-transferable, royalty-free license to use the Chrysler Marks in the United States of America, solely in connection with the Financing Services and the performance of its obligations under this Agreement.

(b) Usage Guidelines: SCUSA' s use of the Chrysler Marks will at all times comply with Chrysler' s corporate identity guidelines, specifications and other usage instructions, as such may be amended from time to time by Chrysler. The corporate identity guidelines for the Chrysler Capital trademark are attached hereto as Exhibit D and corresponding usage guidelines for the other Chrysler Marks may be found on Chrysler' s corporate identity website (www.chryslerci.com). To ensure compliance with Chrysler' s corporate identity guidelines, SCUSA shall submit to Chrysler for prior written approval a copy of any material incorporating any Chrysler Mark that SCUSA proposes to use in connection with the Financing Services, including but not limited to any signage, financing documents (e.g., lease agreements, loan documentation, etc.), stationery, invoices, business cards, displays, websites, advertising, publicity and promotional materials. SCUSA shall not use any such material without Chrysler' s prior written approval, such approval not to be unreasonably withheld.

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

(c) Acknowledgement of Ownership: As between the parties, SCUSA acknowledges Chrysler' s exclusive ownership of the Chrysler Marks and the validity thereof. Any and all use of the Chrysler Marks by SCUSA shall inure to the benefit of Chrysler. SCUSA shall not (i) represent in any manner that it has any ownership rights in the Chrysler Marks; (ii) attack the validity of any Chrysler Mark; (iii) claim adversely to any right or interest of Chrysler in and to the Chrysler Marks or any trademarks confusingly similar to the Chrysler Marks or assist any third party in doing so; (iv) register or attempt to register any trademark or domain name incorporating any Chrysler Mark; (v) sublicense any Chrysler Mark; or (vi) initiate any legal proceeding or take any other action in connection with the defense of any Chrysler Mark.

(d) Termination: SCUSA' s trademark license to use the Chrysler Marks terminates when this Agreement expires or terminates. In addition, Chrysler may terminate the trademark license granted to SCUSA to use any or all of the Chrysler Marks in connection with the Financing Services in the event SCUSA fails to meet any of the requirements of Section 4.01, Section 4.02, Section 4.03 and Section 4.05 or if SCUSA breaches any other material provision of this Agreement.

Section 3.11 Wholesale Payment Procedures.

(a) SCUSA agrees to comply with Chrysler' s wholesale payment procedures.

(b) Chrysler will use commercially reasonable efforts to provide SCUSA with reasonable prior notice of any amendments, modifications, or changes to Chrysler' s standard contractual terms and conditions or bulletins for the sale of vehicles to Chrysler Dealers.

(c) Each commitment to pay with respect to Dealer Financing ("Commitment to Pay") will be governed by Chrysler' s new vehicle financing documentation, which documentation SCUSA agrees will provide for [***]. The terms and conditions of each Commitment to Pay shall survive termination of this Agreement.

ARTICLE IV
COMMITMENTS FROM SCUSA

Section 4.01 Funding. Subject to its Credit Policies, SCUSA shall provide all financing and funding necessary to provide all of the Financing Services contemplated to be provided under this Agreement.

(a) SCUSA shall provide funding for the specified amounts as indicated on Schedule 4.01(a) of Chrysler' s retail sales through subvented and non-subvented Consumer Financing and Commercial Financing during the Initial Funding Period.

(b) Subject to the Credit Policies, SCUSA shall provide sufficient Dealer Inventory Financing to Dealers to support Dealer inventory at [***] (based on [***] sales by such Dealer) of new vehicles [***] for each Dealer, subject to adjustment to facilitate build out or ramp-up of Dealer inventory.

(c) SCUSA shall use its best efforts to provide Dealer Inventory Financing to all Dealers who request such financing from SCUSA.

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

(d) SCUSA shall work with Chrysler to increase the funding available for Dealer Inventory Financing in the event of a Financing Disruption that affects such Dealer. In the event of a Financing Disruption, SCUSA will provide Dealer Inventory Financing at market pricing and on substantially similar terms as such Dealer had in place immediately prior to the Financing Disruption, for not less than [***] of Dealers that lose (or are notified in writing of the impending loss of) Dealer Inventory Financing during such Financing Disruption.

(e) SCUSA will have available [***] to deploy to Dealer Inventory Financing if and when such financing is needed by Dealers.

Section 4.02 Funding Plan.

SCUSA shall:

(A) maintain in place without reduction (other than with Chrysler' s prior written consent) the funding plan for the Transition Period attached as Schedule 4.01(a), which shall rely solely on SCUSA' s own funding capabilities, including through wholesale/conduit/securitization access and committed funding from parties that have on or prior to the date hereof entered into definitive commitments with SCUSA and Chrysler to provide funding;

(B) provide written assurances, by the Effective Date from a retail funding backstop acceptable to Chrysler for the Transition Period;

(C) maintain in place [***] without reduction (other than a reduction for which Chrysler has given prior written consent) (the "**Wholesale Backup**");

(D) prior to the end of the Initial Funding Period, negotiate definitive cooperation agreements with providers of [***] acceptable to Chrysler; and

(E) from and after the Full Start Date, maintain in place (and provide to Chrysler appropriate evidence thereof) [***] (which may include without limitation committed credit lines, warehouse lines, committed whole loan flow arrangements, and other financing, and/or any portion of any of the foregoing) that is reserved for the exclusive use of providing short-term liquidity needs to support Chrysler retail financing (including amounts actually utilized for such purpose, *e.g.*, utilization pending on ABS issuance) (the "**Committed Credit Lines**").

In the event that, as a result of SCUSA' s secondary market sales of portfolios of loans, Chrysler believes that, notwithstanding the sharing of economic value pursuant to the final sentence of Section 8.02(b), Chrysler is not achieving what it regards as an acceptable revenue share, Chrysler may request that the Steering Committee review the relative economic benefits to the parties and propose remedial actions to be implemented by the parties.

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

Section 4.03 Approval Levels.

(a) The parties will target the following minimum approval rates for Retail Financing within each Credit Tier (each, a "**Minimum Approval Target**"):

FICO Score	Net Credit Loss Rates (Annualized)	Approval Rates
[***]	[***]%	[***]-[***]%
[***]	[***]%	[***]-[***]%
[***]	[***]%	[***]-[***]%
[***]	[***]%	[***]-[***]%
[***]	[***]%	[***]-[***]%
[***]	[***]%	[***]-[***]%

(b) In the event delinquency and loss rates materially deviate from the parties' original expectations, a party may request modification in the Minimum Approval Targets which shall be subject to approval by the Steering Committee.

(c) Targeted approval rates shall include those customers with an ability to pay (defined in order to meet regulatory requirements).

(d) SCUSA shall use the [***] for new vehicles and [***] for used vehicles, in determining the "value" portion to the extent SCUSA imposes any loan-to-value requirements under its Credit Policies.

Section 4.04 Sales Force.

(a) The dedicated SCUSA sales personnel will manage go-to-market programs for the Financing Services as well as any other services provided by third party subcontracts on either a flow basis or application pass through basis pursuant to Section 3.09.

(b) The dedicated SCUSA sales personnel shall use Chrysler-branded vehicles for all sales calls to Dealers.

(c) Subject to Section 3.09 of this Agreement, the dedicated SCUSA sales force will be aligned with Chrysler' s Business Centers. The sales force shall be able to address all Financing Services, including Dealer wholesale financing, Dealer loans, Commercial Financing, Retail Financing, Lease Financing, Remarketing and Chrysler-provided vehicle service contracts.

Section 4.05 Service Levels.

(a) SCUSA will be required to meet the Service Levels Standards in dealing with Chrysler and all Dealers, Retail Consumers and Commercial Customers. The initial Service Level Standards are set forth in Exhibit E. The parties will work in good faith to amend the initial Service Level Standards set forth in Exhibit E, from time to time, to reflect changes to current best practices over the term of the Agreement.

(b) Dealer Satisfaction Surveys using [***] or other providers and/or methodologies selected by Chrysler with the consent (not to be unreasonably withheld or delayed) of SCUSA will be conducted at least once per year during the term of the Agreement and the Service Level Standards will apply to the relative ranking of the Financing Services as compared to competitors' services.

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

(c) In case of a breach of any of the Service Level Standards that is not remedied by SCUSA within the relevant time periods set forth in Exhibit E after SCUSA' s receipt of written notice from Chrysler specifying the breach in reasonable detail, SCUSA and Chrysler shall, through the Steering Committee, jointly develop a recovery plan in respect of such breach (the "**Recovery Plan**"). If SCUSA fails to comply with the Recovery Plan and such failure to comply is not remedied within 30 days after written notice thereof has been given to SCUSA by Chrysler specifying the breach (or some other time period agreed by the Steering Committee for the specified activity), Chrysler shall be entitled to [***]. Chrysler may use the Subvention Fund for any subvention program which it implements over a [***].

(d) The Recovery Plan shall also include firm notice and cure periods as agreed to by the Steering Committee, which may be amended from time to time by agreement of the Steering Committee.

Section 4.06 Dealer Training Support.

(a) SCUSA shall develop, in cooperation with Chrysler, and implement a comprehensive Dealer training program designed to effectively and efficiently train Dealers in the adoption and optimization of the Financing Services, including Credit Applications, contracts for Retail Financing and Lease Financing, working capital, inventory and cash management by Dealers, Retail Ancillary Services and Remarketing.

Section 4.07 Remarketing.

(a) All Remarketing activities, as set forth in Section 3.02(iv), will be at SCUSA' s sole cost. The parties will cooperate for the Remarketing of Chrysler vehicles in a manner that appropriately (i) protects and enhances the value and perception of the Chrysler Brands and (ii) leverages the Dealer network. SCUSA and Chrysler shall cooperate to implement the parties' suggestions and concerns for Remarketing in a manner that optimizes Chrysler Brand equity and sales efforts and pricing. Notwithstanding the foregoing, the parties recognize that there may be circumstances where Chrysler requests SCUSA to perform Remarketing activities outside of the industry-standard. In such cases the Steering Committee may agree on such services to be provided and the allocation of the cost between SCUSA and Chrysler for such services.

Section 4.08 Pricing; Support Rate.

(a) Consumer Subvention Programs:

(i) Formula to be used as the pricing model to determine the appropriate Support Rate on a pre-tax basis.

(A) In calculating the Support Rate, SCUSA will provide transparency to its pricing model which will reflect [***]. The Support Rate will then be compared at regular intervals, for an agreed range of Credit Tiers, to a [***]. An illustrative calculation of the Support Rate [***] is attached hereto as Schedule 4.08(a).

(B) The components of both the Support Rate and the Market Benchmark will be reviewed, and found to be mutually satisfactory, by the Steering Committee.

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

(C) "**The Operating Spread**" will be a fixed spread consisting of [***] determined as provided in Schedule 4.08(c) to this Agreement.

(1) The Operating Spread will be established to be in line with [***].

(2) The Operating Spread will be provided by SCUSA with full disclosure of its cost of origination/servicing, credit loss, credit enhancement, dealer participation, and targeted return by asset class.

(3) The Operating Spread must be [***].

(4) Credit loss assumptions for the Operating Spread will vary by categories of credit risk and term of the consumer contract and will be determined based primarily on actual historical loss experience for consumer new, consumer used, lease and balloon contracts. Credit loss assumptions will be reviewed quarterly.

(D) Operating Expense levels will be reviewed no less frequently than [***]. Any change in SCUSA' s operating expense assumptions will be discussed with Chrysler prior to implementation.

(ii) SCUSA agrees that the Support Rate at each Credit Tier will:

(A) [***]

(B) [***]

(C) [***]

(iii) SCUSA will make available to Chrysler on a [***] basis, or more frequently as rates change, the standard retail rates it offers to the market, reported on a regional basis, broken down by Credit Tier, loan size and other relevant metrics. SCUSA will demonstrate its compliance with subsection (a)(ii) and this subsection (a)(iii) through quarterly reporting to the Steering Committee by presenting comparisons to both the average standard rates offered to Consumers and in the overall marketplace. Chrysler will have audit rights with respect to such reporting.

(iv) For any Subvention Program, Chrysler may, in its discretion, exclude certain Credit Tiers or terms from the subvented financing offer.

(v) Any change to the credit scoring system used by SCUSA relating to the Financing Services will be communicated to Chrysler promptly, but, in any case, such a change shall not affect the agreed pricing mechanism.

(b) Dealer Financing Subvention Programs:

(i) If Chrysler, in its discretion, offers Subvention Programs, then Chrysler will offer such Subvention Program through SCUSA on a nonexclusive basis. Chrysler will use commercially reasonable efforts not to discriminate against SCUSA in offering such Subvention Programs.

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

(ii) Support Rate pricing for new Subvented dealer inventory finance business will be based [***], which shall be agreed to on a regular basis by the Steering Committee.

(iii) For purposes of calculating the support rate for commercial financing, the overall weighted average cost of funding will be capped [***] (the "**Commercial Financing Cap**") calculated on the basis of a [***] (the "**Commercial Financing Index**"). Both the Commercial Financing Cap and the Commercial Financing Index shall be agreed to by the parties in the Steering Committee, and shall be adjusted from time to time as agreed to by the parties. [***].

(c) Any Rate Support payments for Consumer Subvention Programs will be discounted to present value at the applicable Support Rate and further discounted at the applicable Support Rate for expected pre-payments, based on historical customer pre-payment experience (which will be subject to quarterly true-ups to reflect actual prepayment experience, which intervals may be adjusted as agreed by the Coordinating Committee).

(d) SCUSA shall report to Chrysler on actual prepayment experience on a quarterly basis.

(e) [***]

Section 4.09 Information Technology.

(a) SCUSA shall provide best-in-class IT platform(s) (including all application components to cover the end-to-end processes (front end, middle end and back end)) and IT services necessary or advisable for the achievement of the obligations set out in this Agreement.

(b) SCUSA shall provide best in class IT services necessary or advisable to ensure disaster recovery of all of the applications and data as well as business continuity procedures which are intended to avoid interruption of normal course of business operations. Any data center used by SCUSA shall be certified and conform to the best practices and standard related to security and data protection (including but not limited to logical security, change control management, etc.). SCUSA shall (and will cause any third party data center to) comply with security and data protection standards no less stringent than those applied by Chrysler in its business operations and communicated to SCUSA.

(c) Chrysler will be entitled to audit, including through external consultants and/or specific procedures, SCUSA' s IT system for the purpose of verifying compliance with the above mentioned obligations no more frequently than twice per year.

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

Section 4.10 Information Rights/Transparency.

(a) SCUSA shall develop, and use all commercially reasonable efforts to maintain and keep up to date the Dealer / Customer Database. To the maximum extent permitted by Law, Chrysler shall own all rights in and to the Dealer / Customer Database and all Customer Information and Dealer Information stored thereon (including applicable flow, underwriting results, credit / payment performance, residuals performances, if any, etc.).

(b) Each party will also use commercially reasonable efforts to generate further data reports for the other party in response to reasonable requests. The parties will develop a joint policy on the use and protection of customer data in connection with the Financing Services and will ensure that appropriate steps are taken to comply with applicable requirements with respect to Customer Personal Information. Chrysler shall, to the maximum extent permitted by Law and using any commercially reasonable structure determined by Chrysler, have full ownership rights or a fully-paid worldwide perpetual license in all of the data, including the Dealer/Customer Database.

(c) SCUSA shall take all necessary actions to ensure that it does not use any of the Customer Personal Information or Dealer Information except in furtherance of the performance of its obligations under this Agreement (including but not limited to, maintaining separate and segregated databases and records (*e.g.*, on separate servers or segregated in another way that allows Chrysler to easily obtain and maintain sole and exclusive ownership, control and domain over all such data in the event of a termination of the Agreement) for Chrysler and other OEMs to which SCUSA provides services) or for the purposes of marketing the Financing Services or products that are not related to the Chrysler Business.

(d) SCUSA shall work with the Chrysler marketing department on programs to best utilize proprietary data related to the Consumer Financing to optimize vehicle lifecycle marketing efforts.

Section 4.11 Quality.

(a) SCUSA shall use its best efforts to maintain the competitive position of the Financing Services as compared to comparable financing services available to other major OEMs (including from captive and non-captive providers).

(b) The Financing Services will be benchmarked against competitive offerings on a regular basis (as the basis of surveys capturing service level information consistent with the Service Level Standards and information reported by SCUSA pursuant to Section 12.01, below). In the event that metrics related to the Financing Services substantially decline, then the parties, via the Steering Committee, will work together to determine the cause for such decline and a plan of action to improve the metrics.

Section 4.12 Promotion.

(a) SCUSA shall market, promote and advertise the Financing Services to Consumers in at least the same manner and frequency (including, without limitation, consumer offers) as SCUSA currently promotes similar services with respect to other OEM services.

(b) The parties may create a joint marketing fund to enable the parties to contribute funds for targeted incentives designed to drive customer growth and retention.

(c) SCUSA' s promotion of the Chrysler-branded private label financing services will be independent on any branding associated with any other OEM and will include the following:

(i) Financing documents – Chrysler Capital branded lease agreements.

(ii) Marketing materials – Marketing materials, including brochures, catalogs and other materials will reflect appropriate branding for both Chrysler Capital as well as each of the Chrysler brands.

(iii) Website – SCUSA will develop and implement a private label website with substantially the same functionality and tools (including rate and payment tools) as any similar SCUSA consumer website including any website used for any other OEM. Such website will not link directly or indirectly to any website other than Chrysler proprietary sites.

Section 4.13 Performance Metrics.

Provided that Chrysler treats SCUSA in a manner consistent with Comparable OEM' s treatment of their captive finance providers ("**Treatment Parameters**"), as defined below, SCUSA shall comply with the key performance metrics set forth in Schedule 4.13 ("**Key Performance Metrics**"), [***]. If SCUSA fails to meet any of the Key Performance Metrics at the end of any [***] period pursuant to Schedule 4.13, Chrysler may [***]. The Steering Committee shall have the right, but not the obligation, to develop notice and cure periods factoring in to account such factors as customer service, cost efficiency, breadth and effectiveness of product offerings, business trajectory and regional considerations. As used herein, "Treatment Parameters" means: [***].

Section 4.14 Data Sharing, Security and Privacy.

SCUSA agrees to negotiate in good faith with Chrysler the terms and conditions of a data sharing agreement [***] that includes, among other things, standard license terms and restrictions for data use, initial uses of data contemplated by each party, a list of third party service providers that will be involved in the processing of data, and information security protocols for the processing and transmission of data (the "**Data Sharing Agreement**"). As between Chrysler and SCUSA, to the maximum extent permitted by Law, Chrysler shall own all data including all customer data related to the Financing Services.

SCUSA will provide and comply with all required disclosures and consumer facing notices, including those practices related to data privacy (the "**Financing Privacy Policy**"). The Financing Privacy Policy must be approved by Chrysler and may be updated from time to time by written agreement of the parties.

In the event that the parties wish to permit access to SCUSA of any Chrysler data or customer information from Chrysler' s owner database ("**COIN**"), SCUSA agrees to execute the Chrysler Privacy, Security and Confidentiality Agreement attached hereto as Exhibit F without material modification.

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

ARTICLE V

SUBVENTION

Section 5.01 Subvention Programs.

(a) Whether to offer Subvention Programs and the terms, conditions and timing of any Subvention Programs shall be determined exclusively by Chrysler and any such Subvention Program shall be implemented by SCUSA, as required and communicated by Chrysler, either by electronic or other means, at least [***] before the commencement of any such Subvention Program (except for routine special rate and special residual support changes, notice of which may be given [***] before the scheduled start date; it being further understood that if Chrysler does not provide the [***] notice of a Subvention Program, SCUSA will nevertheless use its reasonable best efforts to implement that Subvention Program to the extent reasonable and practicable under the circumstances). After receipt of notice of such a Subvention Program, SCUSA will notify Chrysler as promptly as practicable if SCUSA is unable to implement or participate in that Subvention Program.

(b) Chrysler will use commercially reasonable efforts to solicit input from SCUSA as to individual Subvention Programs and will consult in good faith with SCUSA as to the terms and conditions of individual Subvention Programs to facilitate SCUSA' s ability to provide Consumer Financing Services to support Chrysler' s business, provided that Chrysler will not be bound to implement or modify the terms of any particular proposed Subvention Program in response to SCUSA' s input but will remain free, subject to Chrysler' s specific obligations in this Agreement, to design and implement Subvention Programs in its discretion.

Section 5.02 Limited Exclusivity of Subvention Programs.

(a) If Chrysler, in its sole discretion, offers Subvention Programs, then Chrysler will offer such Subvention Program through SCUSA. If SCUSA is not able to provide the necessary funding as required under this Agreement for a specific Subvention Program and/or to fulfill the financing/pricing provisions of this Agreement, Chrysler shall be entitled to revoke the limited exclusivity described below with respect to that Subvention Program.

Section 5.03 Support Rates.

(a) Support Rates shall be updated monthly by SCUSA, communicated by SCUSA to Chrysler not less than [***] prior to the beginning of the release month and will be effective on the first Business Day of the following month, or as otherwise agreed by Chrysler, and may not be adjusted [***].

ARTICLE VI

LIMITED EXCLUSIVITY

Section 6.01 Limited Exclusivity.

(a) Beginning on May 1, 2013, Chrysler will, if SCUSA has met agreed milestones as to credit decisions for initial Dealer inventory credit applicants, provide that [***] of Chrysler subvented unit volume (the "**Volume Threshold**") is financed through the private label services provided under this Agreement.

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

(b) The limited exclusivity of Subvention Programs will be limited to programs under which Chrysler makes a payment to a financial services provider of an amount necessary to achieve a targeted annual interest rate or lease payment amount pursuant to a national marketing program (and will include “bonus cash” programs similar to those currently used by Chrysler but will not include other fixed dollar incentives, whether provided to dealers, consumers or others nor will they include any local promotions).

(c) SCUSA will not enter into agreements or incur obligations that will restrict its ability to participate in any Chrysler subvention program.

(d) Limited Exclusivity will [***] set forth below.

Section 6.02 Adjustment for Price Competitiveness.

(a)

Pricing	Level of Exclusivity
[***]	[***]
[***]	[***]
[***]	[***]

(b) After the first 3 months after the Full Start Date, the determination of where SCUSA’ s pricing has been relative to the Market Benchmark, and thus SCUSA’ s exclusivity threshold under Section 6.02(a), shall be determined monthly pursuant to the terms of this Agreement and based on the most current [***]. Notwithstanding the foregoing, the Steering Committee shall have the right, but not the obligation, to set up a cure process, in lieu of the termination right, in the event that SCUSA’ s pricing levels falls to [***].

Section 6.03 Approval

(a)

FICO Score	Approval Rates
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

(b) If, [***], SCUSA’ s approval rate percentages are [***] of the Approval Rate ranges for any of the FICO Score bands, subject to SCUSA’ s one time right to cure within three (3) months, the exclusivity thresholds in Sections 6.01 and 6.02 shall [***] until SCUSA’ s Approval Rates for [***] are again within the Approval Rate ranges specified in Section 6.03(a) for all FICO Score bands, subject to the Minimum Approval Targets in Section 4.03.

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

(c) If, [***], SCUSA' s approval rate percentages are [***] of the Approval Rate ranges for any or all of the FICO Score bands above, subject to SCUSA' s one time right to cure within three (3) months, [***] until SCUSA' s Approval Rates for [***] are again within the Approval Rate ranges specified in Section 6.03(a) for all FICO Score bands, subject to the Minimum Approval Targets in Section 4.03.

Section 6.04 Dealer Inventory.

In the event of an Inventory Finance Disruption, in order for limited exclusivity to apply, SCUSA must comply with its obligations in Section 4.01(d) to provide dealer inventory financing for dealers that lose (or notified in writing of impending loss of) dealer inventory finance.

Section 6.05 Exclusivity Termination.

(a) The limited exclusivity under this Agreement may be terminated by Chrysler if:

(i) Except as otherwise provided in this Agreement, [***]

(ii) [***]

(iii) [***]

(iv) [***]

ARTICLE VII

RISK ALLOCATION

Section 7.01 Risk Allocation.

(a) Subject to its Credit Policies and any express provisions of this Article VII, SCUSA shall bear all risks of credit losses and other liabilities in connection with the Financing Services, unless SCUSA and Chrysler expressly agree otherwise in writing.

(b) Any financing and funding provided by SCUSA in connection with the Financing Services will be on a non-recourse basis as to Chrysler, unless SCUSA and Chrysler expressly agree otherwise.

(c) Chrysler' s obligations with respect to inventory financed vehicles will be limited to repurchase obligations pursuant to existing dealer franchise agreements and any imposed by applicable state dealer franchise laws.

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

Section 7.02 Residual Risk Sharing.

(a) With respect to Residual Value Losses, SCUSA and Chrysler shall bear Residual Value Losses as follows:

(i) SCUSA shall bear and be responsible for [***];

(ii) SCUSA and Chrysler shall [***];

(iii) Chrysler shall [***]; and

(iv) Notwithstanding anything in this Agreement to the contrary, [***].

(b) Residual values will be determined using a minimum weighted average of [***] of ALG for all lease residuals unless otherwise expressly agreed to by the Parties.

(c) Chrysler and SCUSA shall share in any Residual Value Gains as follows:

(i) SCUSA will [***];

(ii) SCUSA and Chrysler will [***]; and

(iii) Chrysler will [***].

(iv) Determination of net gains/losses will be based on [***].

(v) Settlement of all net gains/losses will occur quarterly, within 30 days of quarter end.

(d) Total annual residual gains and losses will be subject to an annual 'true-up' process in which there may be a reimbursement from one of the parties to the other if the net return on the portfolio for the year differs directionally from the individual total returns of each party (for example if the portfolio shows a net gain but one party has a net gain and the other a net loss). The mechanism for determining this adjustment is illustrated in Schedule 7.02(b). [***].

(e) SCUSA [***].

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

ARTICLE VIII

REVENUE SHARING

Section 8.01 Upfront Payment.

(a) Immediately upon the Effective Date of this Agreement, SCUSA shall be liable to Chrysler for a non-refundable, non-contingent cash payment of $150,000,000 (the "**Up-Front Payment**"), which shall be paid in full by SCUSA to Chrysler no later than the Full Start Date.

Section 8.02 Revenue Sharing.

(a) SCUSA shall pay to Chrysler a revenue share for new vehicles equal to the following percentages of Net Revenues for new vehicles:

(i) [***];

(ii) [***]; and

(iii) [***].

(b) Revenue sharing shall apply to [***]. Revenue share payments will be made quarterly in arrears within ten (10) Business Days of the end of the relevant quarter. With respect to the sale of a portfolio of loans or leases, SCUSA shall use reasonable best efforts to extract economic value that can be shared with Chrysler at the revenue share rate as set forth in Section 8.02(a) in effect at the time of the sale of such portfolio of loans or leases.

(c) SCUSA may exclude from revenue sharing [***].

(d) In the event that, as a result of the obligation to make revenue share payments pursuant to Section 8.02(a) or otherwise, SCUSA is unable to achieve what it regards as an acceptable and competitive return on equity while maintaining compliance with the Market Benchmarks, SCUSA may request that the Steering Committee review the relative economic benefits to the parties of this Agreement and in good faith seek to [***]. [***] the Steering Committee may if it determines appropriate develop and implement (or have the parties implement) a remediation program with the aim of improving SCUSA' s return in a manner consistent with this Agreement.

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

Section 8.03 Cross-Selling

(a) In connection with any cross-selling opportunities, the parties will agree on a reasonable revenue sharing arrangement taking into account the value of preferential customer access and branding provided by Chrysler through this Agreement.

Section 8.04 Exclusivity Fees.

(a) [***]

ARTICLE IX

GOVERNANCE

Section 9.01 Steering Committee.

(a) The parties will establish a Steering Committee to be composed of an equal number of executives from each party to be responsible for considerations around joint policies and programs and coordination of joint activities between the parties. Chrysler will have the right to select a Chairperson from among the Steering Committee members.

(b) Each of Chrysler and SCUSA will designate an equal number of executives to serve as members of the Steering Committee. The Steering Committee may have up to twelve (12) members at one time (six (6) members from each party). Members will be employees of Chrysler or SCUSA, respectively, with a reasonable degree of decision-making authority in order to facilitate the prompt and efficient resolution of matters before the Steering Committee. Each of Chrysler and SCUSA will designate one of their members to be the lead member, who will be the principal point of contact and coordination for the Steering Committee outside of formal meetings (each such lead member, a "**Lead Member**"). The initial members and initial Lead Members are listed in Schedule 9.01(b).

(c) The Steering Committee will meet at least quarterly to assess performance under this Agreement and to discuss and agree on matters of strategic importance.

(d) The Steering Committee shall establish rules to govern its procedures.

(e) The Steering Committee will seek to resolve any disputes arising in the performance and/or interpretation of this Agreement that cannot be resolved by the Operating Committee.

Section 9.02 Operating Committee

(a) The parties will also establish an Operating Committee to meet at least once per month and otherwise as needed to address operational issues.

(b) The structure and membership of the Operating Committee shall be agreed to by the Steering Committee.

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

Section 9.03 Other Committees.

(a) Separate subcommittees may be formed by the Steering Committee and/or by the Operating Committee to address specific subject matter areas as needed. Such subcommittees shall be composed of members of the Steering Committee or Operating Committee or other Chrysler or SCUSA employees with relevant expertise as the parties may from time to time agree.

ARTICLE X

TERM; TERMINATION

Section 10.01 Term; Termination.

(a) Subject to any and all provisions for early termination provided for in this Agreement, this Agreement shall continue from the date of this Agreement until the First Break Date. The Agreement will automatically renew for a one year term on the First Break Date, unless either Chrysler notifies SCUSA in writing at least six months prior to the First Break Date or SCUSA notifies Chrysler in writing at least twelve months (but no more than thirteen months) prior to the First Break Date that it wishes to terminate the Agreement (any such notice, a "**Termination Notice**").

(b) If Chrysler or SCUSA does not deliver a Termination Notice, then this Agreement will be renewed automatically for successive one-year terms, each expiring on the Next Break Date. The Agreement will not automatically renew for such successive one year terms if either Chrysler or SCUSA provides a Termination Notice to the other party within the time periods specified above prior to the Next Break Date that it wishes to terminate the Agreement.

(c) This Agreement may also be terminated as follows:

(i) The non-breaching party may terminate this Agreement upon a breach by the other party that materially affects the benefits that the non-breaching party reasonably anticipated to receive under this Agreement, and such breach, if curable, is not cured within [***] of receipt of written notice from the non-breaching party; provided, however, if such non-breaching party does not exercise its termination right within [***] after such [***] period, the termination right shall be waived.

(ii) Upon a [***].

(iii) The commencement of a voluntary or involuntary case or other proceeding by or against the other party seeking liquidation, reorganization or other relief under any bankruptcy, insolvency or other similar Law, now or hereafter in effect, which in the case of an involuntary proceeding is not stayed or lifted within [***]; the application for or consent to the appointment of a receiver, trustee, liquidator or custodian by the other party for itself or of all or a substantial part of its property; the making by the other party of a general assignment for the benefit of any of its creditors; or the taking by the other party of any action for the purpose of effecting any of the foregoing.

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

(iv) Chrysler may terminate this Agreement upon [***] written notice to SCUSA, [***].

(v) Notwithstanding any other provision of this Agreement, Chrysler may terminate this Agreement upon written notice to SCUSA in the event that (x) [***] and (y) SCUSA has not cured such failure within [***] thereof; provided, however, if Chrysler does not exercise its termination right within [***] after the end of such [***] period, the termination right with respect to that particular failure shall be deemed waived.

(vi) Upon the mutual written agreement of the parties.

(d) For the avoidance of doubt, no portion of the Up-Front Payment payable pursuant to Section 8.01 will be refunded in the case of termination for any reason, including in the event of a breach by, [***] or any other event that permits Chrysler to terminate or otherwise results in the termination of this Agreement. Additionally, notwithstanding anything to the contrary contained in this Agreement, if Chrysler elects to terminate this Agreement as a result of a breach of any of Sections 2.03, 4.03, 4.05, 4.13, 6.02, 10.01(c)(ii), 10.01(c) (iii), 10.01(c)(iv), or 10.01(c)(v), Chrysler' s right to retain the Up-Front Payment shall constitute its sole and exclusive remedy for all losses and damages suffered by Chrysler as a result of the breach of such sections giving rise to Chrysler' s right to terminate.

Section 10.02 Obligations of SCUSA Following Termination.

(a) Upon termination of this Agreement

(i) SCUSA shall continue to comply with the terms of this Agreement with respect to all receivables of Chrysler due from Dealers or Consumers in relation to the Financing Services until termination or liquidation of such receivables in accordance with their terms;

(ii) If so requested by Chrysler, SCUSA shall consult with Chrysler in good faith with respect to the migration of the Financing Services to a third party, and the method and process by which to achieve such migration, if any, and shall comply with the reasonable requests of Chrysler in respect of such migration;

(iii) SCUSA shall transfer the [***] to enable Chrysler or such third party to continue to provide services equivalent or similar to the Financing Services rendered under this Agreement;

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

(iv) Unless such transfer is not permitted under any agreement binding on SCUSA, in which case SCUSA shall use best efforts to make available to Chrysler, SCUSA will transfer to Chrysler (or a third party provider of Financial Services as directed by Chrysler), subject to a reasonable pricing formula or process to be agreed upon, ownership of, or sufficient right to use, the technology platform and applications used in the provision of the Financing Services under this Agreement (whether owned or licensed by SCUSA); and

(v) SCUSA shall have no rights in respect of the [***] other than in relation to the performance of its obligations to provide Financing Services after termination pursuant the provisions of this Agreement

(b) Upon termination or expiration of this Agreement, SCUSA shall provide the Financing Services for a period of [***] or such lesser period as may be requested in writing to SCUSA by Chrysler after the date on which termination or expiration of this Agreement becomes effective. If after such [***] (or lesser period) as provided above, Chrysler has not migrated the Financing Services to a third party provider and desires in its sole discretion for SCUSA to continue to provide the Financing Services as Chrysler Capital, Chrysler may by written notice to SCUSA, reinstate this Agreement (in which case the breach which gave rise to Chrysler' s termination right will be deemed cured) or may offer to reinstate this Agreement conditional on any amendment to the terms of this Agreement and/or any additional remedy for the breach which gave rise to Chrysler' s right to terminate. In the absence of reinstatement, after such [***] (or lesser period) as provided above expires, SCUSA shall (i) immediately cease all use of the Chrysler Marks, including but not limited to immediately removing any and all signage, advertisements and internet sites displaying the Chrysler Marks; (ii) file express withdrawals of all Chrysler Capital d/b/a registrations within 30 days and provide Chrysler with written evidence of same; and (iii) immediately destroy any unused stock of financing documents, lease agreements, loan documentation, stationery, invoices and the like bearing any Chrysler Mark and provide Chrysler with written evidence of same.

(c) The provisions of Section 10.02, Article X, Section 12.02, Section 12.03, Section 12.04, and Section 12.05 shall survive expiration or termination of this Agreement and remain in force and in effect for three years following such expiration or termination unless a longer term is required by Law or to effectuate the termination obligations of this Agreement.

ARTICLE XI

INDEMNIFICATION; LIABILITIES

Section 11.01 Indemnification.

(a) Chrysler and SCUSA shall indemnify the other party and the other party' s Subsidiaries, directors, officers, employees and representatives, in each case, in their capacity as such, against any and all damages, claims, causes of action, losses and/or other liabilities incurred or arising from such party' s business or operations or a breach by a party of its representations, warranties or covenants in this Agreement (*i.e.*, SCUSA as a financial services provides and Chrysler as a vehicle

---

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

manufacturer), in each case to the extent related to a third party legal claim or enforcement action (an "**Indemnifiable Claim**").

(b) The party seeking indemnification (an "**Indemnitee**") must notify the other party of any third party action that may be an Indemnifiable Claim brought against the Indemnitee as promptly as reasonably practical; however, any failure to provide such notice does not relieve the indemnifying party from its indemnity obligations under this Agreement.

(c) The party from whom indemnification is sought (the "**Indemnitor**") may assume full control of the defense of the Indemnifiable Claim.

(d) If the Indemnitor does not assume control of the defense of the Indemnifiable Claim within a reasonable time of receiving notice of it from the Indemnitee and Indemnitee is prejudiced by such delay, then the Indemnitee may assume control of the defense of it, with full recourse against the Indemnitor for all costs and expenses incurred in connection with the defense and/or settlement of the Indemnifiable Claim.

(e) The Indemnitee and Indemnitor will reasonably cooperate with each other in defense of the Indemnifiable Claim, regardless of which party has assumed control of the defense of it.

(f) Neither the Indemnitee nor the Indemnitor may settle any third party claim related to the services provided under this Agreement without the prior written consent of the other party, which will not be unreasonably withheld, and without obtaining the unconditional release of the other party from all liability to the third party claimant(s).

(g) If the indemnifiable damages, claims, causes of action, losses, and/or other liabilities arise out of the parties' joint activities, then the parties will apportion the damages, claims, causes of action, losses, and/or other liabilities in good faith and in a fair manner under the circumstances.

Section 11.02 Limitations on Liability.

(a) Neither party will be liable to the other party (i) in tort, except for gross negligence or willful misconduct, (ii) for equitable claims (but not including equitable remedies) and (iii) for claims arising out of any contract with any customer, dealer or other third party or otherwise in connection with their relationship with such Persons.

Section 11.03 Limitation on Damages.

(a) Neither party is liable to the other party for (i) any damages caused by a Force Majeure Condition or (ii) indirect, incidental, punitive, consequential, non-economic damages, or damages for lost profits, loss of business or business interruption.

Section 11.04 Equitable Remedies.

(a) Nothing in this Agreement restricts either party' s ability to seek equitable remedies (as distinguished from claims), including specific performance of a party' s obligations under this Agreement.

Section 11.05 Cumulative Remedies.

(a) Each party' s rights and remedies under, and/or in connection with, this Agreement are cumulative and may be exercised singly, concurrently, and/or successively in the exercising party' s sole discretion.

ARTICLE XII

INFORMATION REPORTING AND CONFIDENTIALITY

Section 12.01 Information Reporting.

(a) The parties will meet periodically through the Steering Committee or on a reasonable request of a party to discuss current and projected financing needs for Dealers and Consumers, marketing programs as well as SCUSA' s funding plans to meet the projected financing needs and marketing programs.

(b) SCUSA will provide to Chrysler through the Steering Committee and Operating Committee information and reports regarding Dealers' credit limits, Dealers' credit performance, Dealers' credit limit utilization, and any other information that Chrysler may reasonably request for the development of its business with Consumers and Dealers.

(c) SCUSA shall provide regular (and, at Chrysler' s reasonable request, special) reports to Chrysler via the Steering Committee, or other committee as the Steering Committee may designate, to facilitate Chrysler' s understanding of the Dealer and Consumer financing dynamics relevant to their markets and SCUSA' s [***]. Such reporting shall also be provided within a reasonable time to allow Chrysler to perform financial reporting and to provide for internal control reporting as requested.

(d) The parties will meet periodically through the Steering and Operating Committees to discuss the data referred to above and their market implications.

Section 12.02 Confidentiality.

The parties shall treat any information received by it in connection with this Agreement in accordance with the existing Confidentiality Agreement among themselves.

Section 12.03 Nondisclosure of Dealer and Consumer Information.

SCUSA shall not directly or indirectly share data about Dealers or Consumers with third parties, other OEMs, authorized vehicle distributors or authorized vehicle dealers without the written consent of Chrysler (and affected Dealers as required). SCUSA shall employ appropriate safeguards to protect such information from unauthorized disclosure or dissemination.

Section 12.04 Information Security.

(a) Chrysler and SCUSA will take reasonable technological and organizational precautions to ensure that each other' s Confidential Information is protected from unauthorized access, alteration, disclosure, erasure, manipulation and destruction by third parties while such information is in

---

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

its possession or control and will ensure that such information is not processed in other ways contradictory to privacy and/or data protection laws.

(b) Chrysler and SCUSA will provide to each other reasonable information regarding the processing, storage and security of Confidential Information.

(c) Chrysler and SCUSA will maintain sufficient procedures to detect and respond to security breaches or unauthorized access or dissemination of Confidential Information and will inform the other party as soon as practicable if a party suspects or learns of a security breach or unauthorized access or dissemination of Confidential Information, including an estimate of the actual and potential impact of the event and the corrective action taken or proposed to be taken.

Section 12.05 Confidential Personal Information.

(a) Chrysler and SCUSA will restrict access to Confidential Personal Information in their possession or control to their employees and/or representatives who have a need to know such information in connection with providing Financing Services and the performance of their respective obligations under this Agreement.

(b) Unless otherwise prohibited by Law, Chrysler and SCUSA will immediately notify the other party of any legal process served on such party for the purpose of obtaining Confidential Personal Information and, prior to disclosure of any Confidential Personal Information in connection with such process, use commercially reasonable efforts to give the other party adequate time to exercise its legal options to prohibit or limit such disclosure.

(c) Chrysler and SCUSA each will implement appropriate measures designed to meet the following objectives:

(i) Ensure the security and confidentiality of Confidential Personal Information;

(ii) Protect against any anticipated threats or hazards to the security or integrity of such information; and

(iii) Protect against unauthorized access to or use of such information that could result in substantial harm or inconvenience to the person about whom the Confidential Personal Information refers.

(d) Within ten days following termination of this Agreement or ten days following the completion of a project for which the Confidential Personal Information has been provided, whichever first occurs, upon the other party' s request, Chrysler or SCUSA, as the case may be, will:

(i) Return the other party' s Confidential Personal Information to such other party; or

(ii) Certify in writing to such other party that such Confidential Personal Information has been destroyed in such a manner that it cannot be retrieved.

(e) Chrysler and SCUSA will notify each other promptly upon the discovery of any loss, unauthorized disclosure, unauthorized access, or unauthorized use of the other' s Confidential Personal Information and will indemnify the other party for such loss, unauthorized disclosure, unauthorized access or unauthorized use, including reasonable attorney fees in accordance with the terms and conditions of Article XI of this Agreement.

ARTICLE XIII

OTHER PROVISIONS

Section 13.01 MFN.

(a) Chrysler shall be permitted to accept any preferable terms and conditions of any agreement or set of agreements similar to this Agreement between SCUSA and any other OEM that is related to dealer or customer financing arrangements.

(b) SCUSA will notify Chrysler of the existence of terms and conditions of any agreement or set of agreements similar to this Agreement and Chrysler shall have the right to receive such terms and conditions. The parties will agree through the Steering Committee on a method for any necessary third party review of the terms of any other OEM program to enable Chrysler effectively to realize the benefit of this MFN provision while not compromising the integrity of any such OEM program and SCUSA will ensure that the terms of any such OEM program permits such review.

(c) In the event of a dispute with respect to the compliance with this Section, any party may request a nationally recognized firm of independent accountants agreeable to the parties to resolve such dispute. Any such request shall be in writing and shall specify with particularity the terms and conditions being submitted for determination. The parties agree to promptly, and in good faith, take all necessary action to designate the accountant no later than ten (10) business days after a request is made. The parties shall cooperate fully in assisting the accountants in their review, including by providing the accountants full access to all files, books and records relevant thereto. Notwithstanding the generality of the foregoing, the parties shall not be required to provide the accountants with access to records to the extent (i) such access is prohibited by applicable Law or (ii) such records or information is legally privileged. The fees and expenses if such accountants will be borne by the prevailing party (as determined by accountants in their sole discretion).

Section 13.02 Permitted Cross-Selling

(a) Except as otherwise provided in this Agreement, any offer and marketing of products and services other than the Financing Services provided pursuant to this Agreement (including, but not limited to personal loans, insurance products, extended repair plans and warranties, credit card and white label credit cards, employee sales, ("**Cross-Selling Activities**")) by SCUSA to Consumers and Dealers shall be permissible only with the express prior written approval of Chrysler.

(b) In connection with any Cross-Selling Activities, the parties will agree within the Transition Period and prior to engaging in any Cross-Selling Activities on a reasonable revenue sharing arrangement taking into account the value of preferential customer access and branding provided by Chrysler through this Agreement.

Section 13.03 Credit Policies.

(a) SCUSA shall provide the Financing Services pursuant to the Credit Policies. The Credit Policies shall be at the sole responsibility and shall be under the control of SCUSA.

(b) SCUSA must communicate its Credit Policies and credit scoring practices in place from time to time to Chrysler on a regular basis. SCUSA shall provide [***] written notice to Chrysler before it implements any material changes to its Credit Policies and credit scoring practices that would be applicable to any of the Financing Services.

(c) SCUSA shall, at quarterly intervals (or more frequently if requested by Chrysler) discuss with Chrysler its current Credit Policies and credit scoring system, any anticipated changes in its Credit Policies and credit scoring system as well as the application of such policies to the automotive financing business generally and the Financing Services in particular.

Section 13.04 Outsourcing.

(a) SCUSA shall not outsource or allow any third party to provide any material Financing Services or permit any third party to perform any of SCUSA' s material obligations under this Agreement without the prior written consent of Chrysler.

(b) SCUSA shall remain liable for the performance of its obligations under this Agreement, including the achievement of all Service Level Standards applicable to the Financing Services, notwithstanding the performance of such obligations by any third party.

Section 13.05 Audit Rights.

(a) Each party will provide the other party reasonable access, during regular business hours, to its files, books, and records pertaining to the Financing Services and the other obligations contemplated by this Agreement.

(b) Each party may audit the other party' s compliance with its principal financial and operating obligations under this Agreement.

(c) Neither party will be entitled to conduct such an audit more than once in any year unless a prior audit has shown a Material Deviation.

(d) Any review or audit will be limited in duration, manner, and scope reasonably necessary and appropriate to confirm compliance with the terms and conditions of this Agreement.

Section 13.06 Expenses.

(a) Each party will bear its own fees and expenses that are incurred in connection with or related to the authorization, preparation, negotiation, execution and performance of this Agreement.

Section 13.07 Regulatory Compliance.

(a) SCUSA shall be responsible for developing policies and procedures to ensure compliance with federal, state and local statutory and regulatory requirements applicable to the Financing Services.

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

Section 13.08 Force Majeure.

(a) Neither Chrysler nor SCUSA is liable for a delay in performance or failure to perform any obligation under this Agreement to the extent such delay is due to causes beyond its control and is without its fault or negligence, including, natural disasters, governmental regulations or orders, civil disturbance, war conditions, acts of terrorism or strikes, lock-outs or other labor disputes ("**Force Majeure Condition**"). The performance of any obligation suspended due to a Force Majeure Condition will resume as soon as reasonably possible as and when the Force Majeure Condition subsides.

ARTICLE XIV

MISCELLANEOUS

Section 14.01 Representations and Warranties.

(a) Chrysler and SCUSA each hereby represent and warrant to the other that, as of the date of this Agreement:

(i) It is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction in which it was formed and has all requisite power and authority to enter into and perform all of its obligations under the Agreement.

(ii) The execution, delivery and performance of this Agreement by it have been duly authorized by all requisite action on its part.

(iii) This Agreement constitutes a valid and binding obligation of it and is enforceable against it in accordance with its terms.

(iv) The execution and performance of this Agreement by it will not:

(A) Violate any provision of applicable Law.

(B) Conflict with the terms or provisions of its organizational or governance documents, or any other material instrument relating to the conduct of its business or the ownership of its property.

(C) Conflict with any other material agreement to which it is a party or by which it is bound.

(v) There are no actions, suits, proceedings or other litigation or governmental investigations pending, or to its knowledge, threatened, by or against it with respect to this Agreement or in connection with the dealings contemplated by this Agreement.

(vi) There is no order, injunction or decree outstanding against, or relating to, it that could reasonably be expected to have a material adverse effect upon its ability to perform its obligations under this Agreement.

Section 14.02 Notices. Any notice, claim, request, demand, consent, designation, direction, instruction, certificate, report or other communication (each, a "**notice**") to be given hereunder shall be given in writing in the English language (or accompanied by an accurate English language translation upon which the recipient shall have the right to rely for all purposes) and delivered in person, or by facsimile or other electronic transmission to address, the fax number or email address below:

If to Chrysler:

Chrysler Group LLC
1000 Chrysler Drive
Auburn Hills, MI 48326
CIMS: 485-03-71
Attention: Head of Financial Services
Tel: [***]
Fax:
Email: [***]

With copy to:

Chrysler Group LLC
1000 Chrysler Drive
Auburn Hills, MI 48326
Attention: General Counsel
Tel: [***]
Fax: [***]

if to SCUSA:

Santander Consumer USA Inc.
8585 N. Stemmons Freeway
Suite 1100 N
Dallas, TX 75247
Attention: [***]
Tel: [***]
Fax: [***]
Email: [***]

With a copy to:

Santander Consumer USA Inc.
8585 N. Stemmons Freeway
Suite 1100 N
Dallas, TX 75247
Attention: Chief Legal Officer
Tel: [***]
Email: [***]

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

Where a notice is sent by facsimile or other electronic transmission, service of the notice shall be deemed to be effected by properly addressing and sending such notice and shall be deemed to have been received, if sent within business hours on a business day in the place of receipt, on the same day that it was transmitted or, if sent outside of business hours, during business hours on the next business day in the place of receipt. Each party, by written notice to each other party in accordance with this Section 14.02, may change the address to which notices are to be sent to such party.

Section 14.03 Execution in Counterparts. This Agreement may be executed in any number of counterparts and by the different parties on separate counterparts, each of which, when so executed and delivered, shall be an original, but all the counterparts shall together constitute one and the same instrument.

Section 14.04 Further Assurances. Each party agrees to execute and deliver any and all such other documents and instruments and take or cause to be taken any and all such other actions as the other party may reasonably request (at the cost of the requesting party) or that are reasonably necessary or appropriate in order to give full effect to the terms of this Agreement.

Section 14.05 Relationship of the Parties.

(a) Nothing contained in this Agreement creates or will be construed as creating a joint venture, association, partnership, franchise or agency relationship between Chrysler and SCUSA.

Section 14.06 Assignment and Amendment.

(a) This Agreement binds and inures to the benefit of the parties hereto and their respective successors and assigns. Neither Chrysler nor SCUSA may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement (by operation of Law or otherwise) to any party without the other party' s prior express written consent.

(b) This Agreement may be amended or modified only by a writing signed by both parties.

Section 14.07 *Severability*.

(a) If a court of competent jurisdiction holds that any part of this Agreement is invalid or unenforceable under applicable Law, all other parts remain valid and enforceable.

Section 14.08 No Third Party Beneficiaries.

(a) Nothing in this Agreement, express or implied, confers upon any person or entity, other than the parties and their successors and permitted assigns, any rights or remedies under or by reason of this Agreement.

Section 14.09 Dispute Resolution.

(a) Any dispute, controversy, claim or disagreement arising from or in connection with this Agreement (a "**Dispute**"), will be exclusively governed by and resolved in accordance with the provisions of this Section 14.09. Except as provided in this Section 14.09, neither party will seek judicial relief of any Dispute.

(b) Any Dispute that cannot be resolved at the working level will, in the first instance, be submitted to each member of the Steering Committee before the next scheduled Steering Committee meeting.

(c) If at formal Steering Committee meeting or within ten business days thereafter (unless a different time is agreed to by the Steering Committee) the Coordinating Committee is unable to resolve any such Dispute, the Dispute will immediately be escalated to lead members of the Steering Committee for each party, or their designees for the particular matter, for resolution.

(d) Any Dispute that is not resolved by the lead members of the Steering Committee for each party (or their designees for the particular matter) within 30 days of submission to them will immediately be escalated to the Chairman of Banco Santander and the Chairman and CEO of Chrysler.

(e) If a Dispute is not resolved within 60 days of the date of escalation to the Chairman of Banco Santander and the Chairman and CEO of Chrysler, the parties agree in good faith to try to settle the Dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Rules, before resorting to litigation or any other dispute resolution mechanism.

(f) If a Dispute is not resolved within 120 days of the start date of mediation, either party may pursue legal remedies.

(g) This Section 14.09 does not limit either party' s right to apply to a court of competent jurisdiction for equitable, provisional relief with respect to any Dispute pending the resolution of the Dispute pursuant to this Section 14.09.

Section 14.10 GOVERNING LAW. **THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.**

Section 14.11 Consent to Jurisdiction.

(a) To the fullest extent permitted by Law, each party hereby irrevocably consents and agrees, for the benefit of the other party, that any legal action, suit or proceeding against it with respect to its obligations, liabilities or any other matter under or arising out of or in connection with this Agreement may be brought in any federal or state court located in the Borough of Manhattan, The City of New York, and hereby irrevocably accepts and submits to the non-exclusive jurisdiction of each such court with respect to any such action, suit or proceeding. To the fullest extent permitted by Law, each party waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions, suits or proceedings brought in any such court and hereby further waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought therein has been brought in an inconvenient forum.

Section 14.12 No Trial by Jury. **EACH PARTY HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.**

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

CHRYSLER GROUP LLC

By: /s/ Richard K. Palmer

Name: Richard K. Palmer

Title: CFO

SANTANDER CONSUMER USA INC.

By: /s/ Tom Dundon

Name: Tom Dundon

Title: CEO

SCHEDULE OF SCHEDULES

Schedule 1.01(r)

Methodology and an illustrative calculation of Cost of Funds

[***]

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

Schedule 1.01(qq)

Illustrative Calculation of "Market" Rates

[***]

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

Schedule 1.01(qq) (continued)

[***]

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

Schedule 1.01 (tt)

Illustrative calculation of Net Interest Income

[***]

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

Schedule 1.01(aaa)

Existing Methodology and an Illustrative Calculation of the Operating Spread

Chrysler Capital

Illustrative calculation of the operating spread (illustration purposes only)
Retail installment contracts

[***]

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

Schedule 1.01(ooo)

Specified Banking Subsidiaries

[***]

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

Schedule 1.01(ppp)

Standard Banking Services

[***]

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

Schedule 2.01(b)

Exceptions

[***]

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

Schedule 3.02(a)(iv)

Remarketing Services

All remarketing processes to be established and managed by SCUSA, including, without limitation, all [***]

Chrysler will have final approval on all remarketing strategies, policies and procedures prior to implementation

SCUSA shall propose a joint Chrysler/ SCUSA remarketing management committee with meetings on a regular basis

SCUSA shall propose a system that collectively leverages the scale of Chrysler and SCUSA to maximize benefit related to auction costs.

SCUSA shall provide that grounding dealers shall have the right to purchase off lease vehicle at fair market value (not residual value)

SCUSA shall provide copies of existing agreements with each auction company

SCUSA will share remarketing data on a regular basis including but not limited to: [***].

All remarketing expenses that exceed the standard industry reconditioning expenses for SCUSA shall be agreed upon by Chrysler and SCUSA on a [***] basis (or, if applicable, exclusive cost basis by either Chrysler or SCUSA) where appropriate.

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

Schedule 3.03(e)

Key SCUSA Individuals

[***]

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

Schedule 4.01(a)

Funding

[***]

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

Schedule 4.08(a)

Illustrative Calculation of the Support Rate

[***]

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

Schedule 4.08(c)

Existing Methodology and an illustrative Calculation of the Operating Spread

[***]

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

Schedule 4.13

Key Performance Metrics

SCUSA' s minimum retail and lease penetration rates

	Year 1	Year 2	Year 3	Year 4	Year 5
Retail	[***]	[***]	[***]	[***]	[***]
Lease	[***]	[***]	[***]	[***]	[***]
	[***]	[***]	[***]	[***]	[***]

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

Schedule 7.02 (b)

Illustrative Methodology for Determining Residual Gains and Losses

[***]

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

Schedule 7.02 (b) (continued)

[***]

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

Schedule 9.01(b)

Steering Committee

SCUSA Members

[***]

Chrysler Group Members

[***]

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

EXHIBIT A

Equity Option Agreement

[***]

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

EXHIBIT B

SCUSA Readiness Plan

[***]

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

EXHIBIT C

Dealer Financing Terms

	WHOLESALE FLOORPLAN
Purpose:	[***]
Inventory Security:	[***]
Additional Security:	[***]
Credit Lines:	[***]
Advance:	[***]
Release Privilege:	[***]
Application Fee:	[***]
Set-Up Fee:	[***]
Monthly Curtailment:	[***]
Floorplan Insurance:	[***]
Fleet:	[***]
Other Terms:	[***]

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

EXHIBIT D

Corporate Identity Guidelines

[***]

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

EXHIBIT E

Service Level Standards

[***]

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

EXHIBIT F

Chrysler Privacy, Security and Confidentiality Agreement

[***]

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

Exhibit 10.16

Chrysler Group LLC

July 30, 2012

Chrysler Group LLC
Directors' Restricted Stock Unit Plan
Award Notice

Name

Dear Name**:**

Chrysler Group LLC (the "Company") is pleased to evidence and confirm its grant to you of Restricted Stock Units ("RSUs") pursuant to the Chrysler Group LLC Directors' Restricted Stock Unit Plan (the "Directors' RSU Plan"). The terms defined in the Directors' RSU Plan have the same meanings in this Award Notice. This Award Notice and the RSUs evidenced by this Award Notice are subject to and subordinate to the terms and conditions set forth in the Directors' RSU Plan which is enclosed.

of the RSUs evidenced by this Award Notice will vest if you continuously serve as a Director through June 10, 2013. Except as provided in Section 5(b) (death or Disability) of the Directors' RSU Plan, if you cease to serve as a Director for any reason prior to the vesting date set forth above, the otherwise unvested RSUs then held by you shall be forfeited without payment as of the date you cease to be a Director.

An amount equal to the Fair Market Value of the Chrysler Units underlying the vested RSUs credited to your RSU Account shall be paid to you within 60 days following the date on which you cease to serve as a Director.

CHRYSLER GROUP LLC

By:____________________________________

Stephen M. Wolf
Chair, Compensation and Leadership
Development Committee

PARTICIPANT

By:____________________________________

Name

____

Date

EXHIBIT 12.1

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES

RATIO OF EARNINGS TO FIXED CHARGES

	Successor *(a)*				Predecessor *(b)*	
	Year Ended December 31, 2012	Year Ended December 31, 2011	Year Ended December 31, 2010	Period from June 10, 2009 to December 31, 2009	Period from January 1, 2009 to June 9, 2009	Year Ended December 31, 2008
	(in millions of dollars)				(in millions of dollars)	
Earnings:						
Income (loss) before income taxes *(f)*	$ 1,942	$ 381	$ (513)	$ (3,756)	$ (4,742)	$ (16,054)
Equity loss (income)	5	3	5	2	–	29
Fixed charges	1,262	1,409	1,588	692	752	1,667
Amortization of capitalized interest, net of amount capitalized	(78)	(74)	(169)	(91)	(27)	(81)
Earnings available for fixed charges	3,131	1,719	911	(3,153)	(4,017)	(14,439)
Fixed Charges:						
Interest expense	$ 1,094	$ 1,238	$ 1,276	$ 470	$ 615	$ 1,080
Gold Key Lease interest expense *(c)*	1	21	90	68	62	380
Capitalized interest	116	100	175	91	32	85
Estimated interest on operating leases *(d)*	51	50	47	63	43	122
Total fixed charges	1,262	1,409	1,588	692	752	1,667
Ratio of earnings to fixed charges	2.48x	1.22x	N/A	N/A	N/A	N/A
Deficiency of earnings to cover fixed charges *(e)*	N/A	N/A	677	3,845	4,769	16,106

(a) Successor refers to Chrysler Group LLC and the period on and after June 10, 2009.

(b) Predecessor refers to Old Carco LLC, or Old Carco, (f/k/a Chrysler LLC) and the period from January 1, 2008 through June 9, 2009.

(c) Represents financial interest expense and net interest accretion related to Gold Key Lease financing activities which are included in Cost of Sales.

(d) Amount is calculated as one-third of net operating lease expense.

(e) Earnings for the year ended December 31, 2010, the period from June 10, 2009 to December 31, 2009, the period from January 1, 2009 to June 9, 2009, and the year ended December 31, 2008 were inadequate to cover fixed charges.

(f) *Income (loss) before income taxes includes the following (in millions of dollars):*

	Successor *(a)*				Predecessor *(b)*	
	Year Ended December 31, 2012	Year Ended December 31, 2011	Year Ended December 31, 2010	Period from June 10, 2009 to December 31, 2009	Period from January 1, 2009 to June 9, 2009	Year Ended December 31, 2008
Restructuring (income) expenses, net *(1)*	$ (61)	$ 3	$ 48	$ 34	$ (230)	$ 1,306
Loss on extinguishment of debt *(2)*	–	551	–	–	–	–
Remeasurement loss on VEBA Trust Note and Membership Interests *(3)*	–	–	–	2,051	–	–
Loss on Canadian Health Care Trust Settlement *(4)*	–	–	46	–	–	–
Impairment of brand name intangible assets *(5)*	–	–	–	–	844	2,857
Impairment of goodwill *(6)*	–	–	–	–	–	7,507
Impairment of property, plant and equipment *(7)*	–	–	–	–	391	–
Gain on NSC settlement *(8)*	–	–	–	–	(684)	–
Gain on Daimler pension contribution *(9)*	–	–	–	–	(600)	–
Reorganization expense, net *(10)*	–	–	–	–	843	–

(1) *Old Carco initiated multi-year recovery and transformation plans aimed at restructuring its business in 2007, which were refined in 2008 and 2009 due to depressed economic conditions and decreased demand for its vehicles. We have continued to execute the remaining actions initiated by Old Carco. For additional information refer to Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations –Results of Operations.*

(2) *In connection with the repayment of our outstanding obligations under the U.S. Treasury and Export Development Canada, or EDC, credit facilities in May 2011, we recognized a $551 million loss on extinguishment of debt, which consisted of the write off of $136 million of unamortized discounts and $34 million of unamortized debt issuance costs associated with the U.S. Treasury first lien credit facilities and $367 million of unamortized discounts and $14 million of unamortized debt issuance costs associated with the EDC credit facilities. Refer to Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations –Liquidity and Capital Resources –Repayment of U.S. Treasury and Export Development Canada Credit Facilities for additional information regarding the repayment of the U.S. Treasury and EDC credit facilities.*

(3) *As a result of the December 31, 2009 remeasurement, the other postretirement benefits, or OPEB, obligation increased primarily due to a change in discount rate, resulting in a loss. Our policy is to immediately recognize actuarial gains or losses for OPEB plans that are short-term in nature and under which our obligation is capped. Therefore, we immediately recognized a loss of $2,051 million in OPEB net periodic benefit costs due to increases in the fair values of the VEBA Trust Note and Membership Interests issued to the VEBA Trust of $1,540 million and $511 million, respectively, from June 10, 2009 to December 31, 2009.*

(4) *In 2010, Chrysler Canada Inc. entered into a settlement agreement with the National Automobile, Aerospace, Transportation and General Workers Union of Canada, or CAW, to permanently transfer the responsibility for providing postretirement health care benefits to CAW represented employees, retirees and dependents to a new retiree plan. The new retiree plan will be funded by the Canadian Health Care Trust, or HCT. During the year ended December 31, 2010, we recognized a $46 million loss as a result of the Canadian HCT Settlement Agreement.*

(5) *Old Carco recorded indefinite-lived intangible asset impairment charges of $844 million and $2,857 million during the period from January 1, 2009 to June 9, 2009 and the year ended December 31, 2008, respectively, related to its brand names. The impairments were primarily a result of the significant deterioration in Old Carco's revenues, the ongoing volatility in the U.S. economy, in general, and in the automotive industry in particular, and a significant decline in its projected production volumes and revenues considering the market conditions at that time.*

(6) *In 2008, Old Carco recorded a goodwill impairment charge of $7,507 million, primarily as a result of significant declines in its projected financial results considering the deteriorating economic conditions and the weakening U.S. automotive market at that time.*

(7) *During the period from January 1, 2009 to June 9, 2009, Old Carco recorded a property, plant and equipment impairment charge of $391 million on the long-lived assets which were not acquired by us. The impairment was primarily the result of the Old Carco bankruptcy cases, continued deterioration of Old Carco's revenues, ongoing volatility in the U.S. economy, in general, and in the automotive industry in particular, as well as taking into consideration the expected proceeds to be received upon liquidation of the assets.*

(8) *On March 31, 2009, Daimler transferred its ownership of 23 international distribution centers, or NSCs, to Chrysler Holding LLC, or Chrysler Holding, which simultaneously transferred the NSCs to Old Carco. Old Carco paid Daimler*

$99 million in exchange for the settlement of obligations related to the NSCs and other international obligations, resulting in a net gain of $684 million.

(9) *On June 5, 2009, Old Carco, Chrysler Holding, Cerberus Capital Management L.P., or Cerberus, Daimler and the Pension Benefit Guaranty Corporation entered into a binding agreement settling various matters. Under the agreement, Daimler agreed to make three equal annual cash payments to Old Carco totaling $600 million, which were to be used to fund contributions into Old Carco's U.S. pension plans in 2009, 2010 and 2011. This receivable and certain pension plans were subsequently transferred to us as a result of the 363 Transaction.*

(10) *In connection with Old Carco's bankruptcy filings, Old Carco recognized $843 million of net losses from the settlement of pre-petition liabilities, provisions for losses resulting from the reorganization and restructuring of the business, as well as professional fees directly related to the process of reorganizing Old Carco and its principal domestic subsidiaries under Chapter 11 of the U.S. Bankruptcy Code. These losses were partially offset by a gain on extinguishment of certain financial liabilities and accrued interest. On April 30, 2010, Old Carco transferred its remaining assets and liabilities to a liquidating trust and was dissolved in accordance with a plan of liquidation approved by the bankruptcy court.*

Exhibit 21.1

Subsidiaries of Chrysler Group LLC
as of March 1, 2013

Name	Jurisdiction
0847574 B.C. Unlimited Liability Company	British Columbia
Alhambra Chrysler Jeep Dodge, Inc.	Delaware
Auburn Hills Mezzanine LLC	Delaware
Auburn Hills Owner LLC	Delaware
Autodie LLC	Delaware
Bessemer Chrysler Jeep Dodge, Inc.	Delaware
Carco Intermediate Mexico LLC	Delaware
CG Co-Issuer Inc.	Delaware
CG EC1 LLC	Delaware
CG EC2 LLC	Delaware
CG MID LLC	Delaware
CG Venezuela UK Holdings Limited	UK
Chrysler (Hong Kong) Automotive Limited	Hong Kong
Chrysler Argentina S.R.L.	Argentina
Chrysler Asia Pacific Investment Co., Limited	China
Chrysler Australia Pty Ltd.	Australia
Chrysler Austria Gesellschaft mbH	Austria
Chrysler Balkans d.o.o. Beograd	Serbia
Chrysler Belgium Luxembourg NV/SA	Belgium
Chrysler Canada Cash Services Inc.	Ontario
Chrysler Canada Inc.	Canada
Chrysler Chile Importadora Limitada	Chile
Chrysler Czech Republic s.r.o.	Czech Republic
Chrysler Danmark ApS	Denmark
Chrysler de Mexico, S.A. de C.V.	Mexico
Chrysler de Venezuela LLC	Delaware
Chrysler Deutschland GmbH	Germany
Chrysler Espana S.L.	Spain
Chrysler France S.A.S.	France
Chrysler Group (China) Sales Limited	China

Chrysler Group Auto Transport LLC	Delaware
Chrysler Group Dealer Capital LLC	Delaware

Name	Jurisdiction
Chrysler Group do Brasil Comercio de Veiculos Ltda.	Brazil
Chrysler Group Dutch Operating LLC	Delaware
Chrysler Group Egypt Limited	Egypt
Chrysler Group International LLC	Delaware
Chrysler Group International Services LLC	Delaware
Chrysler Group Middle East FZ-LLC	Dubai
Chrysler Group Minority LLC	Delaware
Chrysler Group Realty Company LLC d/b/a Chrysler Group Realty LLC	Delaware
Chrysler Group Service Contracts LLC	Delaware
Chrysler Group Taiwan Sales Ltd.	Taiwan
Chrysler Group Transport LLC	Delaware
Chrysler Group Vans LLC	Delaware
Chrysler India Automotive Private Limited	India
Chrysler International GmbH	Germany
Chrysler Investment Holdings LLC	Delaware
Chrysler Italia S.r.l.	Italy
Chrysler Japan Co., Ltd.	Japan
Chrysler Jeep International S.A.	Belgium
Chrysler Jeep Ticaret, S.A.	Turkey
Chrysler Korea Ltd.	Korea
Chrysler Lease Receivables 1 Inc.	Canada
Chrysler Lease Receivables 2 Inc.	Canada
Chrysler Lease Receivables Limited Partnership	Canada
Chrysler Management Austria GmbH	Austria
Chrysler Mexico Holding, S. de R.L. de C.V.	Mexico
Chrysler Mexico Investment Holdings Cooperatie U.A.	Netherlands
Chrysler Nederland B.V.	Netherlands
Chrysler Netherlands Distribution B.V.	Netherlands
Chrysler Netherlands Holding Cooperatie U.A.	Netherlands
Chrysler Polska sp.Z.o.o.	Poland
Chrysler Receivables 1 Inc.	Canada
Chrysler Receivables 2 Inc.	Canada
Chrysler Receivables Limited Partnership	Canada

Name	Jurisdiction
Chrysler Russia SAO	Russian Federation
Chrysler South Africa (Pty) Limited	South Africa
Chrysler South East Asia Pte. Ltd.	Singapore
Chrysler Sweden AB	Sweden
Chrysler Switzerland GmbH	Switzerland
Chrysler UK Limited	UK
Chrysler UK Pension Trustees Limited	UK
CNI CV	Netherlands
CpK Interior Products Inc.	Canada
Downriver Dodge, Inc.	Delaware
Fundacion Chrysler, I.A.P.	Mexico
Global Engine Manufacturing Alliance LLC	Delaware
Gwinnett Automotive Inc.	Delaware
La Brea Avenue Motors, Inc.	Delaware
McKinney Dodge, Inc. d/b/a Chrysler Jeep Dodge City of McKinney	Delaware
Mopar Auto Parts (Shanghai) Trading Co., Ltd.	China
New Carco Acquisition Canada Limited	Canada
New Carco Acquisition Holdings Canada Limited	Ontario
North Tampa Chrysler Jeep Dodge, Inc.	Delaware
Operadora G.C., S.A. de C.V.	Mexico
Superstition Springs Chrysler Jeep, Inc. d/b/a Superstition Springs Chrysler Jeep Dodge, Inc.	Delaware
Superstition Springs MID LLC	Delaware
The Chrysler Foundation	Michigan

Exhibit 31.1

CHRYSLER GROUP LLC

SECTION 302 CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER

I, Sergio Marchionne, Chairman and Chief Executive Officer, President and Chief Operating Officer of Chrysler Group LLC, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2012 of Chrysler Group LLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant' s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant' s internal control over financial reporting that occurred during the registrant' s most recent fiscal quarter (the registrant' s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant' s internal control over financial reporting; and

5. The registrant' s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant' s auditors and the audit committee of the registrant' s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant' s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant' s internal control over financial reporting.

Dated: March 7, 2013

/S/ SERGIO MARCHIONNE
Sergio Marchionne
Chairman and Chief Executive Officer,
President and Chief Operating Officer

Exhibit 31.2

CHRYSLER GROUP LLC

SECTION 302 CERTIFICATION OF THE CHIEF FINANCIAL OFFICER

I, Richard K. Palmer, Senior Vice President and Chief Financial Officer, of Chrysler Group LLC, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2012 of Chrysler Group LLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’ s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’ s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’ s internal control over financial reporting that occurred during the registrant’ s most recent fiscal quarter (the registrant’ s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’ s internal control over financial reporting; and

5. The registrant’ s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’ s auditors and the audit committee of the registrant’ s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’ s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’ s internal control over financial reporting.

Dated: March 7, 2013

/S/ RICHARD K. PALMER

Richard K. Palmer
Senior Vice President and Chief Financial Officer

Exhibit 32.1

CHRYSLER GROUP LLC

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Sergio Marchionne, Chairman and Chief Executive Officer, President and Chief Operating Officer of Chrysler Group LLC (the "Company"), hereby certify pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. the Company's Annual Report on Form 10-K for the year ended December 31, 2012, to which this statement is furnished as an exhibit (the "Report"), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 7, 2013

/S/ SERGIO MARCHIONNE
Sergio Marchionne
Chairman and Chief Executive Officer,
President and Chief Operating Officer

Exhibit 32.2

CHRYSLER GROUP LLC

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Richard K. Palmer, Senior Vice President and Chief Financial Officer of Chrysler Group LLC (the "Company"), hereby certify pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. the Company' s Annual Report on Form 10-K for the year ended December 31, 2012, to which this statement is furnished as an exhibit (the "Report"), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 7, 2013

/S/ RICHARD K. PALMER

Richard K. Palmer
Senior Vice President and Chief Financial Officer

Property, Plant and Equipment, Net (Tables)

12 Months Ended Dec. 31, 2012

Components of Property, Plant and Equipment

The components of property, plant and equipment as of December 31 were as follows (in millions of dollars):

	Range of Useful Lives (years)	2012	2011
Land	–	$257	$251
Leasehold improvements and buildings	12 - 40	2,929	2,694
Technical equipment and machinery	3 - 30	8,103	6,987
Factory, office and other equipment	3 - 19	1,640	1,435
Special tooling	3 - 12	7,526	6,634
Construction in progress, including advance payments related to plant and equipment	–	3,125	2,073
		23,580	20,074
Accumulated depreciation and amortization		(8,089)	(6,109)
	Total	$15,491	$13,965

Valuation And Qualifying Accounts (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Allowance for doubtful accounts on trade receivables [Member]			
Valuation and Qualifying Accounts Disclosure [Line Items]			
Balance at Beginning of Period	$ 68	$ 102	$ 68
Additions Charged to Costs and Expenses	5	24	34
Deductions	(17)	(58)	
Balance at End of Period	56	68	102
Valuation allowance on deferred tax assets [Member]			
Valuation and Qualifying Accounts Disclosure [Line Items]			
Balance at Beginning of Period	1,124	852	801
Additions Charged to Costs and Expenses	28	35	51
Additions Charged to Other Accounts	117	237	
Deductions	(105)		
Balance at End of Period	$ 1,164	$ 1,124	$ 852

Share-Based Compensation - Effect of Changes on Calculation of Total Number of Chrysler Group Units Feature One (Detail)	Dec. 31, 2012	Jun. 30, 2009 Conversion Features One [Member]	Jun. 30, 2009 Conversion Features One [Member] Class A Membership Interests [Member]	Jun. 30, 2009 Conversion Features One [Member] Class B Membership Interests [Member]
Schedule Of Share Based Compensation Arrangements [Line Items]				
Membership Interests authorized, issued and outstanding prior to conversion of Membership Interests			800,000	200,000
Percentage Ownership Interest prior to conversion			80.00%	20.00%
Membership Interests authorized, issued and outstanding after conversion of Membership Interests		1,000,000	1,000,000	
Total Chrysler Group Units (Class A * 600)	980,000,000	600,000,000		

Supplemental Parent and Guarantor Condensed Consolidating Financial Statements (Tables)

	12 Months Ended
	Dec. 31, 2012

Condensed Consolidating Statements of Operations

Condensed Consolidating Statements of Operations (in millions of dollars):

	Year Ended December 31, 2012				
	Parent	Guarantors	Non-Guarantors	Consolidating Adjustments	Chrysler Group LLC Consolidated
Revenues, net	$68,634	$ 8,584	$ 37,776	$ (49,210)	$ 65,784
Cost of sales	60,191	8,444	35,855	(49,140)	55,350
GROSS MARGIN	8,443	140	1,921	(70)	10,434
Selling, administrative and other expenses	4,139	229	665	146	5,179
Research and development expenses, net	2,288	1	35	—	2,324
Restructuring (income) expenses, net	(1)	(59)	(1)	—	(61)
Interest expense	982	12	144	(44)	1,094
Interest income	(17)	(1)	(26)	—	(44)
INCOME (LOSS) BEFORE INCOME TAXES	1,052	(42)	1,104	(172)	1,942
Income tax expense	15	—	259	—	274
Equity in net (income) loss of subsidiaries	(631)	(30)	—	661	—
NET INCOME (LOSS)	1,668	(12)	845	(833)	1,668
Other comprehensive income (loss)	(2,882)	—	(131)	131	(2,882)
TOTAL COMPREHENSIVE INCOME (LOSS)	$(1,214)	$ (12)	$ 714	$ (702)	$ (1,214)

	Year Ended December 31, 2011				
	Parent	Guarantors	Non-Guarantors	Consolidating Adjustments	Chrysler Group LLC Consolidated
Revenues, net	$55,616	$ 6,282	$ 31,829	$ (38,746)	$ 54,981
Cost of sales	48,839	6,322	30,010	(38,749)	46,422
GROSS MARGIN	6,777	(40)	1,819	3	8,559
Selling, administrative and other expenses	3,745	158	582	266	4,751
Research and development expenses, net	1,648	—	26	—	1,674
Restructuring (income) expenses, net	12	(8)	(1)	—	3
Interest expense	1,067	3	225	(57)	1,238
Interest income	(14)	(1)	(24)	—	(39)
Loss on extinguishment of debt	170	—	381	—	551
INCOME (LOSS) BEFORE INCOME TAXES	149	(192)	630	(206)	381
Income tax expense	15	—	181	2	198
Equity in net (income) loss of subsidiaries	(49)	(26)	—	75	—
NET INCOME (LOSS)	183	(166)	449	(283)	183
Other comprehensive income (loss)	(2,987)	(1)	(936)	937	(2,987)
TOTAL COMPREHENSIVE INCOME (LOSS)	$(2,804)	$ (167)	$ (487)	$ 654	$ (2,804)

	Year Ended December 31, 2010				
	Parent	Guarantors	Non-Guarantors	Consolidating Adjustments	Chrysler Group LLC Consolidated
Revenues, net	$41,537	$ 3,658	$ 26,533	$ (29,782)	$ 41,946
Cost of sales	36,770	3,522	25,380	(29,786)	35,886
GROSS MARGIN	4,767	136	1,153	4	6,060
Selling, administrative and other expenses	2,891	127	614	165	3,797
Research and development expenses, net	1,480	—	20	—	1,500
Restructuring (income) expenses, net	(157)	206	(1)	—	48
Interest expense	1,073	5	241	(43)	1,276
Interest income	(19)	(1)	(28)	—	(48)
INCOME (LOSS) BEFOREINCOME TAXES	(501)	(201)	307	(118)	(513)
Income tax expense	5	—	134	—	139
Equity in net (income) loss of subsidiaries	146	(26)	—	(120)	—
NET INCOME (LOSS)	(652)	(175)	173	2	(652)
Other comprehensive income (loss)	(597)	1	(324)	323	(597)
TOTAL COMPREHENSIVE INCOME (LOSS)	$(1,249)	$ (174)	$ (151)	$ 325	$ (1,249)

Condensed Consolidating Balance Sheets

Condensed Consolidating Balance Sheets (in millions of dollars):

	December 31, 2012				
	Parent	Guarantors	Non-Guarantors	Consolidating Adjustments	Chrysler Group LLC Consolidated
CURRENT ASSETS:					
Cash and cash equivalents	$9,110	$ 125	$ 2,379	$ —	$ 11,614
Restricted cash	28	—	—	—	28
Trade receivables, net	473	354	352	—	1,179
Inventories	2,621	139	2,457	(219)	4,998

Prepaid expenses and other assets					
Due from subsidiaries	—	—	462	(462)	—
Other	323	398	387	—	1,108
Deferred taxes	—	—	21	2	23
TOTAL CURRENT ASSETS	12,555	1,016	6,058	(679)	18,950
PROPERTY AND EQUIPMENT:					
Property, plant and equipment, net	10,596	580	4,451	(136)	15,491
Equipment and other assets on operating leases, net	468	264	277	(33)	976
TOTAL PROPERTY AND EQUIPMENT	11,064	844	4,728	(169)	16,467
OTHER ASSETS:					
Advances to related parties and other financial assets					
Due from subsidiaries	1,085	—	71	(1,156)	—
Other	47	—	—	—	47
Investment in subsidiaries	2,328	127	—	(2,455)	—
Restricted cash	329	—	14	—	343
Goodwill	1,361	—	—	—	1,361
Other intangible assets, net	3,254	25	1,065	(984)	3,360
Prepaid expenses and other assets	278	9	116	—	403
Deferred taxes	—	—	40	—	40
TOTAL OTHER ASSETS	8,682	161	1,306	(4,595)	5,554
TOTAL ASSETS	$32,301	$ 2,021	$ 12,092	$ (5,443)	$ 40,971
CURRENT LIABILITIES:					
Trade liabilities	$7,171	$ 182	$ 2,381	$ —	$ 9,734
Accrued expenses and other liabilities					
Due to subsidiaries	1,428	147	—	(1,575)	—
Other	5,847	38	2,633	—	8,518
Current maturities of financial liabilities					
Due to subsidiaries	26	—	65	(91)	—
Other	266	—	190	—	456
Deferred revenue	730	52	80	—	862
Deferred taxes	—	—	71	—	71
TOTAL CURRENT LIABILITIES	15,468	419	5,420	(1,666)	19,641
LONG-TERM LIABILITIES:					
Accrued expenses and other liabilities	12,951	217	2,369	—	15,537
Financial liabilities					
Due to subsidiaries	—	258	—	(258)	—
Other	10,564	—	1,583	—	12,147
Deferred revenue	534	97	191	—	822
Deferred taxes	43	—	36	4	83
TOTAL LONG-TERM LIABILITIES	24,092	572	4,179	(254)	28,589
MEMBERS' INTEREST (DEFICIT):					
Membership interests	—	—	409	(409)	—
Contributed capital	2,647	1,643	1,827	(3,470)	2,647
Accumulated income (losses)	(2,586)	(613)	1,327	(714)	(2,586)
Accumulated other comprehensive loss	(7,320)	—	(1,070)	1,070	(7,320)
TOTAL MEMBERS' INTEREST (DEFICIT)	(7,259)	1,030	2,493	(3,523)	(7,259)
TOTAL LIABILITIES AND MEMBERS' INTEREST (DEFICIT)	$32,301	$ 2,021	$ 12,092	$ (5,443)	$ 40,971

	December 31, 2011				
	Parent	Guarantors	Non-Guarantors	Consolidating Adjustments	Chrysler Group LLC Consolidated
CURRENT ASSETS:					
Cash and cash equivalents	$7,405	$ 322	$ 1,874	$ —	$ 9,601
Restricted cash	102	—	4	—	106
Trade receivables, net	321	253	271	—	845
Inventories	2,812	60	1,685	(191)	4,366
Prepaid expenses and other assets					
Due from subsidiaries	—	—	826	(826)	—
Other	318	893	392	—	1,603
Deferred taxes	—	—	23	2	25
TOTAL CURRENT ASSETS	10,958	1,528	5,075	(1,015)	16,546
PROPERTY AND EQUIPMENT:					
Property, plant and equipment, net	9,177	619	4,313	(144)	13,965
Equipment and other assets on operating leases, net	893	274	254	—	1,421
TOTAL PROPERTY AND EQUIPMENT	10,070	893	4,567	(144)	15,386
OTHER ASSETS:					
Advances to related parties and other financial assets					
Due from subsidiaries	852	—	33	(885)	—
Other	47	—	9	—	56

Investment in subsidiaries	1,956	97	—	(2,053)	—
Restricted cash	343	—	12	—	355
Goodwill	1,361	—	—	—	1,361
Other intangible assets, net	3,258	27	1,042	(956)	3,371
Prepaid expenses and other assets	297	6	118	—	421
Deferred taxes	—	—	47	—	47
TOTAL OTHER ASSETS	8,114	130	1,261	(3,894)	5,611
TOTAL ASSETS	$29,142	$ 2,551	$ 10,903	$ (5,053)	$ 37,543
CURRENT LIABILITIES:					
Trade liabilities	$6,177	$ 167	$ 2,222	$ —	$ 8,566
Accrued expenses and other liabilities					
Due to subsidiaries	1,167	623	—	(1,790)	—
Other	5,280	155	2,272	—	7,707
Current maturities of financial liabilities					
Due to subsidiaries	26	—	—	(26)	—
Other	91	—	139	—	230
Deferred revenue	998	76	97	—	1,171
Deferred taxes	—	—	73	—	73
TOTAL CURRENT LIABILITIES	13,739	1,021	4,803	(1,816)	17,747
LONG-TERM LIABILITIES:					
Accrued expenses and other liabilities	10,260	185	2,313	—	12,758
Financial liabilities					
Due to subsidiaries	—	230	—	(230)	—
Other	10,711	—	1,633	—	12,344
Deferred revenue	439	58	156	—	653
Deferred taxes	28	—	44	4	76
TOTAL LONG-TERM LIABILITIES	21,438	473	4,146	(226)	25,831
MEMBERS' INTEREST (DEFICIT):					
Membership interests	—	—	409	(409)	—
Contributed capital	2,657	1,643	1,927	(3,570)	2,657
Accumulated income (losses)	(4,254)	(586)	557	29	(4,254)
Accumulated other comprehensive (loss)	(4,438)	—	(939)	939	(4,438)
TOTAL MEMBERS' INTEREST (DEFICIT)	(6,035)	1,057	1,954	(3,011)	(6,035)
TOTAL LIABILITIES AND MEMBERS' INTEREST (DEFICIT)	$29,142	$ 2,551	$ 10,903	$ (5,053)	$ 37,543

Condensed Consolidating Statements of Cash Flows

Condensed Consolidating Statements of Cash Flows (in millions of dollars):

	Year Ended December 31, 2012				
	Parent	Guarantors	Non-Guarantors	Consolidating Adjustments	Chrysler Group LLC Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES:					
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$4,708	$ (171)	$ 1,552	$ (268)	$ 5,821
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases of property, plant and equipment and intangible assets	(2,860)	(47)	(726)	—	(3,633)
Proceeds from disposals of property, plant and equipment	8	—	1	—	9
Purchases of equipment and other assets on operating leases	—	(10)	(113)	—	(123)
Proceeds from disposals of equipment and other assets on operating leases	—	18	69	—	87
Change in restricted cash	88	—	2	—	90
Proceeds from the sale of certain international dealerships to Fiat, net	—	—	11	—	11
Change in loans and notes receivable	2	—	—	—	2
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(2,762)	(39)	(756)	—	(3,557)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Repayments of Tranche B Term Loan	(30)	—	—	—	(30)
Repayments of Mexican development banks credit facility	—	—	(15)	—	(15)
Repayments of Gold Key Lease financing	—	—	(41)	—	(41)
Repayment of Canadian Health Care Trust Note	—	—	(25)	—	(25)
Repayments of Auburn Hills Headquarters loan	—	—	(50)	—	(50)
Net repayment of other financial liabilities	(72)	—	(12)	—	(84)
Distribution for state tax withholding obligations on behalf of members	(6)	—	—	—	(6)
Dividends issued to subsidiaries	—	(15)	(75)	90	—
Net increase (decrease) in loans to subsidiaries	(133)	28	(73)	178	—

NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(241)	13	(291)	268	(251)
Effect of exchange rate changes on cash and cash equivalents	—	—	—	—	—
Net change in cash and cash equivalents	1,705	(197)	505	—	2,013
Cash and cash equivalents at beginning of period	7,405	322	1,874	—	9,601
Cash and cash equivalents at end of period	$9,110	$ 125	$ 2,379	$ —	$ 11,614

	Year Ended December 31, 2011				
	Parent	Guarantors	Non-Guarantors	Consolidating Adjustments	Chrysler Group LLC Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES:					
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$3,931	$ 231	$ 1,860	$ (1,419)	$ 4,603
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases of property, plant and equipment and intangible assets	(2,000)	(127)	(882)	—	(3,009)
Proceeds from disposals of property, plant and equipment	7	13	15	—	35
Purchases of equipment and other assets on operating leases	—	(35)	—	—	(35)
Proceeds from disposals of equipment and other assets on operating leases	—	16	688	—	704
Change in restricted cash	41	—	174	—	215
Change in loans and notes receivable	4	—	2	—	6
Proceeds from U.S. Dealer Automotive Receivables Transition LLC	96	—	—	—	96
Changes in investments in subsidiaries	2	—	—	(2)	—
Other	18	—	—	—	18
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(1,832)	(133)	(3)	(2)	(1,970)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Repayment of U.S. Treasury first lien credit facilities	(5,460)	—	—	—	(5,460)
Repayment of Export Development Canada credit facilities	—	—	(1,723)	—	(1,723)
Proceeds from Secured Senior Notes	3,160	—	—	—	3,160
Proceeds from Tranche B Term Loan	2,933	—	—	—	2,933
Repayments of Tranche B Term Loan	(15)	—	—	—	(15)
Proceeds from Mexican development banks credit facilities	—	—	217	—	217
Repayments of Gold Key Lease financing	—	—	(584)	—	(584)
Repayment of Canadian Health Care Trust Note	—	—	(26)	—	(26)
Repayments of Auburn Hills Headquarters loan	—	—	(13)	—	(13)
Net repayment of other financial liabilities	(74)	—	(7)	—	(81)
Debt issuance costs	(67)	—	(5)	—	(72)
Proceeds from Fiat's incremental equity call option exercise	1,268	—	—	—	1,268
Distribution for state tax withholding obligations on behalf of members	(9)	—	—	—	(9)
Dividends issued to subsidiaries	—	(10)	(218)	228	—
Return of capital from subsidiaries	—	—	(2)	2	—
Net increase (decrease) in loans to subsidiaries	(1,301)	153	(43)	1,191	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	435	143	(2,404)	1,421	(405)
Effect of exchange rate changes on cash and cash equivalents	—	—	26	—	26
Net change in cash and cash equivalents	2,534	241	(521)	—	2,254
Cash and cash equivalents at beginning of period	4,871	81	2,395	—	7,347
Cash and cash equivalents at end of period	$7,405	$ 322	$ 1,874	$ —	$ 9,601

	Year Ended December 31, 2010				
	Parent	Guarantors	Non-Guarantors	Consolidating Adjustments	Chrysler Group LLC Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES:					
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$3,568	$ 98	$ 985	$ (456)	$ 4,195
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases of property, plant and equipment and intangible assets	(1,545)	(158)	(682)	—	(2,385)
Proceeds from disposals of property, plant and equipment	11	—	2	—	13
Purchases of equipment and other assets on operating leases	—	(35)	—	—	(35)
Proceeds from disposals of equipment and other assets on operating leases	—	16	1,128	—	1,144
Change in restricted cash	(132)	—	192	—	60
Change in loans and notes receivable	2	—	34	—	36
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(1,664)	(177)	674	—	(1,167)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from Mexican development banks credit facility	—	—	400	—	400
Proceeds from Gold Key Lease financing	—	—	266	—	266
Repayments of Gold Key Lease financing	—	—	(1,903)	—	(1,903)
Repayment of Canadian Health Care Trust Notes	—	—	(45)	—	(45)
Repayments of Auburn Hills Headquarters loan	—	—	(12)	—	(12)
Repayment of Chrysler Receivables SPV loan	—	—	(123)	—	(123)
Net repayment of other financial liabilities	(73)	—	(36)	—	(109)
Dividends issued to subsidiaries	—	(21)	(111)	132	—

Net increase (decrease) in loans to subsidiaries	(108)	50	(266)	324	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(181)	29	(1,830)	456	(1,526)
Effect of exchange rate changes on cash and cash equivalents	—	—	(17)	—	(17)
Net change in cash and cash equivalents	1,723	(50)	(188)	—	1,485
Cash and cash equivalents at beginning of period	3,148	131	2,583	—	5,862
Cash and cash equivalents at end of period	$4,871	$ 81	$ 2,395	$ —	$ 7,347

Derivative Financial Instruments and Risk Management (Tables)

12 Months Ended

Dec. 31, 2012

Fair values of Derivative Instruments Designated as Cash Flow Hedges

The following summarizes the fair values of derivative instruments designated as cash flow hedges which were outstanding as of December 31 (in millions of dollars):

	2012		
	Notional Amounts	Derivative Assets *(1)*	Derivative Liabilities *(2)*
Currency forwards and swaps	$ 3,369	$ 4	$ (43)
Commodity swaps	223	13	(8)
Total	$ 3,592	$ 17	$ (51)

	2011		
	Notional Amounts	Derivative Assets *(1)*	Derivative Liabilities *(2)*
Currency forwards and swaps	$ 2,597	$ 63	$ (4)
Commodity swaps	313	1	(50)
Total	$ 2,910	$ 64	$ (54)

(1) The related derivative instruments are recognized in Prepaid Expenses and Other Assets and Advances to Related Parties and Other Financial Assets in the accompanying Consolidated Balance Sheets.

(2) The related derivative instruments are recognized in Accrued Expenses and Other Liabilities in the accompanying Consolidated Balance Sheets.

Gains (Losses) Recorded in Other Comprehensive Income (Loss) and Reclassified from AOCI to Income

The following summarizes the gains (losses) recorded in other comprehensive income (loss) and reclassified from AOCI to income (in millions of dollars):

	Year Ended December 31, 2012			
	AOCI as of January 1, 2012	Gain (Loss) Recorded in OCI	Gain (Loss) reclassified from AOCI to Income	AOCI as of December 31, 2012
Currency forwards and swaps	$ 57	$ (103)	$ (6)	$ (40)
Commodity swaps	(51)	11	(44)	4
Total	$ 6	$ (92)	$ (50)	$ (36)

	Year Ended December 31, 2011			
	AOCI as of January 1, 2011	Gain (Loss) Recorded in OCI	Gain (Loss) reclassified from AOCI to Income	AOCI as of December 31, 2011
Currency forwards and swaps	$ (74)	$ 35	$ (96)	$ 57
Commodity swaps	42	(62)	31	(51)
Total	$ (32)	$ (27)	$ (65)	$ 6

Year Ended December 31, 2010

	AOCI as of January 1, 2010	Gain (Loss) Recorded in OCI	Gain (Loss) reclassified from AOCI to Income	AOCI as of December 31, 2010
Currency forwards and swaps	$ —	$ (74)	$ —	$ (74)
Commodity swaps	—	41	(1)	42
Total	$ —	$ (33)	$ (1)	$ (32)

We expect to reclassify existing net losses of $42 million from AOCI to income within the next 12 months.

Fair Values of Derivative Instruments not Designated as Hedges

The following summarizes the fair values of derivative instruments not designated as hedges as of December 31 (in millions of dollars):

	2012		
	Notional Amounts	Derivative Assets *(1)*	Derivative Liabilities *(2)*
Currency forwards and swaps	$ 324	$ 2	$ (1)
Commodity swaps	399	17	(3)
Total	$ 723	$ 19	$ (4)

	2011		
	Notional Amounts	Derivative Assets *(1)*	Derivative Liabilities *(2)*
Currency forwards and swaps	$ 341	$ 4	$ (2)
Commodity swaps	465	—	(74)
Total	$ 806	$ 4	$ (76)

(1) The related derivative instruments are recognized in Prepaid Expenses and Other Assets and Advances to Related Parties and Other Financial Assets in the accompanying Consolidated Balance Sheets.

(2) The related derivative instruments are recognized in Accrued Expenses and Other Liabilities in the accompanying Consolidated Balance Sheets.

Derivative Instruments not Designated as Hedges by Statements of Operations Location

The following summarizes the effect of derivative instruments not designated as hedges in the respective financial statement captions of the accompanying Consolidated Statements of Operations (in millions of dollars):

		Years Ended December 31,		
		2012	2011	2010
	Financial Statement Caption	Gain (Loss)	Gain (Loss)	Gain (Loss)
Currency forwards and swaps	Revenues, Net	$ (13)	$ 4	$ (5)
Commodity swaps	Cost of Sales	7	(105)	68
Interest rate swaps	Cost of Sales	—	1	27
	Total	$ (6)	$ (100)	$ 90

Employee Retirement and Other Benefits - Changes in Benefit Obligations and Related Plan Assets (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Pension Plans, Postretirement and Other Employee Benefits [Line Items]			
Amendments and benefit changes		$ (91)	
Current liabilities	(188)	(185)	
Long-term liabilities	(11,864)	(9,198)	
Unrealized prior service (cost)/credit	44 [1]	(80) [1]	(5) [1]
Pension Benefits [Member]			
Pension Plans, Postretirement and Other Employee Benefits [Line Items]			
Benefit obligations at beginning of period	31,980	29,874	
Service cost	324	263	242
Interest cost	1,514	1,525	1,526
Employee contributions	10	10	
Amendments and benefit changes	25		
Actuarial (gain)/loss	(98)	1,031	
Discount rate change	3,174	1,656	
Benefits paid	(2,262)	(2,335)	
Special early retirement programs	1	77	27
Other, primarily currency translation	169	(121)	
Benefit obligations at end of period	34,837	31,980	29,874
Fair value of plan assets at beginning of period	25,444	25,865	
Actual return on plan assets	2,378	1,644	
Employee contributions	10	10	
Company contributions -to pension trust	237	351	
Company contributions -directly to pay benefits	17	11	
Amendments and benefit changes	17		
Benefits paid	(2,262)	(2,335)	
Other, primarily currency translation	131	(102)	
Fair value of plan assets at end of period	25,972	25,444	25,865
Funded status of plans	(8,865)	(6,536)	
Prepaid expense and other assets	114	118	
Current liabilities	(1)	(1)	
Long-term liabilities	(8,978)	(6,653)	
Total	(8,865)	(6,536)	
Unrealized actuarial net loss and other	(6,378)	(3,976)	
Unrealized prior service (cost)/credit	(10)		
Total	(6,388)	(3,976)	

Accumulated benefit obligation ("ABO") at December 31	34,432	31,421	
ABO	33,938	30,971	
Fair value of plan assets	25,363	24,876	
PBO	34,343	31,530	
Fair value of plan assets	25,363	24,876	
OPEB [Member]			
Pension Plans, Postretirement and Other Employee Benefits [Line Items]			
Benefit obligations at beginning of period	2,729	2,636	
Service cost	24	21	34
Interest cost	135	141	194
Amendments and benefit changes	(7)	(91)	
Actuarial (gain)/loss	68	71	
Discount rate change	299	194	
Benefits paid	(189)	(217)	
Special early retirement programs		4	
Gain on VEBA claims adjustment		(21)	(35)
Other, primarily currency translation	14	(9)	
Benefit obligations at end of period	3,073	2,729	2,636
Fair value of plan assets at beginning of period		37	
Company contributions -directly to pay benefits	189	217	
Benefits paid	(189)	(217)	
Withdrawal of VEBA assets		(37)	
Fair value of plan assets at end of period			37
Funded status of plans	(3,073)	(2,729)	
Current liabilities	(187)	(184)	
Long-term liabilities	(2,886)	(2,545)	
Total	(3,073)	(2,729)	
Unrealized actuarial net loss and other	(854)	(523)	
Unrealized prior service (cost)/credit	52	86	
Total	$ (802)	$ (437)	

[1] Net of $0 of taxes

Equipment and Other Assets on Operating Leases, Net - Future Minimum Lease Payments Due from Customers for Equipment and Other Assets on Operating Leases (Detail) (USD $) In Millions, unless otherwise specified	Dec. 31, 2012
Schedule Of Operating Leases Future Minimum Payments Receivable [Line Items]	
2013	$ 17
2014	15
2015	14
2016	9
2017	5
2018 and thereafter	$ 16

Employee Retirement and Other Benefits - Percentage Point Change in Assumed Health Care Cost Trend Rate (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended Dec. 31, 2012
Schedule Of Effect Of One Percentage Point Change In Assumed Health Care Cost Trend Rates [Line Items]	
Increase effect on total of service and interest cost components	$ 5
Increase effect on postretirement benefit obligation	84
Decrease effect on total of service and interest cost components	(4)
Decrease effect on postretirement benefit obligation	$ (71)

Selected Quarterly Financial Data (Tables)

12 Months Ended Dec. 31, 2012

Selected Quarterly Financial Data

Selected quarterly financial data consisted of the following (in millions of dollars):

	2012			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues, net	$ 16,359	$ 16,795	$ 15,478	$ 17,152
Gross margin	2,568	2,543	2,562	2,761
Interest expense	277	278	273	266
Income before income taxes	506	541	437	458
Net income	473	436	381	378

	2011			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues, net	$ 13,124	$ 13,661	$ 13,067	$ 15,129
Gross margin	2,047	2,204	2,054	2,254
Interest expense	348	328	282	280
Loss on extinguishment of debt (1)	—	551	—	—
Income (loss) before income taxes	160	(313)	259	275
Net income (loss)	116	(370)	212	225

(1) In connection with the repayment of our outstanding obligations under the U.S. Treasury and EDC credit facilities in May 2011, we recognized a $551 million loss on extinguishment of debt. Refer to Note 11, Financial Liabilities, for additional information.

Accrued Expenses and Other Liabilities - Changes in Accrued Product Warranty Costs (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Product Warranty Accrual [Line Items]			
Balance at beginning of period	$ 3,318	$ 3,171	$ 3,176
Provision for current period warranties	1,735	1,686	1,342
Net adjustments to pre-existing warranties	(158)	(106)	123
Net warranty settlements	(1,414)	(1,452)	(1,497)
Interest accretion, translation and other adjustments	33	19	27
Balance at end of period	$ 3,514	$ 3,318	$ 3,171

Fair Value Measurements - Carrying Amount and Estimated Fair Value of Financial Instruments (Detail) (USD $) In Millions, unless otherwise specified	Dec. 31, 2012	Dec. 31, 2011
Fair Value, Balance Sheet Grouping, Financial Statement Captions [Line Items]		
Cash and cash equivalents	$ 11,614	$ 9,601
Restricted cash	371	461
Financial liabilities	12,603	12,574
Carrying Amount [Member]		
Fair Value, Balance Sheet Grouping, Financial Statement Captions [Line Items]		
Cash and cash equivalents	11,614	9,601
Restricted cash	371	461
Financial liabilities	12,603	12,574
Carrying Amount [Member] | Prepaid expenses and other assets and advances to related parties and other financial assets [Member]		
Fair Value, Balance Sheet Grouping, Financial Statement Captions [Line Items]		
Included in Prepaid Expenses and Other Assets and Advances to Related Parties and Other Financial Assets	36	68
Carrying Amount [Member] | Accrued liabilities and other liabilities [Member]		
Fair Value, Balance Sheet Grouping, Financial Statement Captions [Line Items]		
Included in Accrued Expenses and Other Liabilities	55	130
Fair Value [Member]		
Fair Value, Balance Sheet Grouping, Financial Statement Captions [Line Items]		
Cash and cash equivalents	11,614	9,601
Restricted cash	371	461
Financial liabilities	13,643	12,183
Fair Value [Member] | Prepaid expenses and other assets and advances to related parties and other financial assets [Member]		
Fair Value, Balance Sheet Grouping, Financial Statement Captions [Line Items]		
Included in Prepaid Expenses and Other Assets and Advances to Related Parties and Other Financial Assets	36	68
Fair Value [Member] | Accrued liabilities and other liabilities [Member]		
Fair Value, Balance Sheet Grouping, Financial Statement Captions [Line Items]		
Included in Accrued Expenses and Other Liabilities	$ 55	$ 130

Commitments, Contingencies and Concentrations (Tables)	12 Months Ended Dec. 31, 2012
Future Minimum Purchase Obligations	Future minimum purchase obligations under these arrangements as of December 31, 2012 were as follows (in millions of dollars):

2013	$	290
2014		273
2015		121
2016		90
2017		68
2018 and thereafter		—

Future Minimum Rental Commitments Under Operating Leases with Noncancelable Lease Terms in Excess of One Year	As of December 31, 2012, the future minimum rental commitments under operating leases with non-cancelable lease terms in excess of one year were as follows (in millions of dollars):

2013	$	135
2014		109
2015		84
2016		69
2017		57
2018 and thereafter		195

Fiat [Member]

Future Minimum Purchase Obligations	Future minimum purchase obligations under these arrangements as of December 31, 2012 were as follows (in millions of dollars):

2013	$	4
2014		7
2015		2
2016		2
2017		2
2018 and thereafter		—

Valuation and Qualifying Accounts

Valuation and Qualifying Accounts

12 Months Ended
Dec. 31, 2012

CHRYSLER GROUP LLC AND CONSOLIDATED SUBSIDIARIES

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS
(In millions of dollars)

Description	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Additions Charged to Other Accounts	Deductions	Balance at End of Period
For the Year Ended December 31, 2012					
Allowances deducted from assets:					
Allowance for doubtful accounts on trade receivables	$ 68	$ 5	$ —	$(17) *(1)*	$ 56
Valuation allowance on deferred tax assets	1,124	28	117 *(2)*	(105)	1,164
For the Year Ended December 31, 2011					
Allowances deducted from assets:					
Allowance for doubtful accounts on trade receivables	102	24	—	(58) *(1)*	68
Valuation allowance on deferred tax assets	852	35	237 *(3)*	—	1,124
For the Year Ended December 31, 2010					
Allowances deducted from assets:					
Allowance for doubtful accounts on trade receivables	68	34	—	—	102
Valuation allowance on	801	51	—	—	852

deferred
tax assets

(1) Trade receivable write-offs, subsequent collections and other adjustments.
(2) Amounts charged to AOCI, deferred tax assets and deferred tax liabilities.
(3) Amounts charged to AOCI.

Accrued Expenses and Other Liabilities - Additional Information (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Deferred Revenue Arrangement [Line Items]			
Recoveries from suppliers related to Warranty claims	$ 105	$ 115	$ 120

Share-Based Compensation - Summary of Activity Related to Phantom Shares Issued to Our Employees (Detail) (Phantom Share Units (PSUs) [Member], USD $)	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Phantom Share Units (PSUs) [Member]			
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]			
Outstanding at beginning of period	4,944,476	3,988,292	874,830
Granted and vested		956,184	3,113,462
Settled	(3,435,691)		
Outstanding at end of period	1,508,785	4,944,476	3,988,292
Outstanding at beginning of period, Weighted Average Grant Date Fair Value	$ 2.37	$ 1.44	$ 1.20
Granted and vested, Weighted Average Grant Date Fair Value		$ 6.23	$ 1.51
Settled, Weighted Average Grant Date Fair Value	$ 1.85		
Outstanding at end of period, Weighted Average Grant Date Fair Value	$ 3.54	$ 2.37	$ 1.44

Employee Retirement and Other Benefits - Estimated Future Pension and OPEB Benefits Payments and Medicare Prescription Drug Improvement and Modernization Act of 2003 Subsidy (Detail) (USD $) In Millions, unless otherwise specified	Dec. 31, 2012
Medicare Part D Subsidy Receipts [Member]	
Pension Plans, Postretirement and Other Employee Benefits [Line Items]	
2013	$ 3
2014	3
2015	3
2016	3
2017	3
2018 - 2022	16
Pension Benefits [Member]	
Pension Plans, Postretirement and Other Employee Benefits [Line Items]	
2013	2,331
2014	2,272
2015	2,227
2016	2,186
2017	2,150
2018 - 2022	10,324
OPEB [Member]	
Pension Plans, Postretirement and Other Employee Benefits [Line Items]	
2013	190
2014	185
2015	181
2016	180
2017	179
2018 - 2022	$ 882

Restructuring Actions - Additional Information (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2012 Product ManufacturingSites	Dec. 31, 2011	Dec. 31, 2010
Restructuring Cost and Reserve [Line Items]			
Number of product discontinued	5		
Number of Manufacturing Facilities With Restructuring Actions	2		
Charges, net of discounting	$ 1	$ 51	$ 273
Other Transition Costs		20	35
Net deductions, from reserve estimates	62	48	227
Reduction In Other Transition Costs	5		
Additional charges related with employee relocations	2		
Obligation from Company	554		
Other costs included in restructuring costs	539		
Costs Related to Employee Termination Benefits	362		
Other Costs	177		
Expected future payments to be paid related with restructuring activities	$ 71		

Goodwill and Other Intangible Assets - Summarizes Amount of Intangible Asset Amortization Expense (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Finite-Lived Intangible Assets [Line Items]			
Amortization of intangible assets	$ 183	$ 225	$ 210
Favorable operating lease contracts [Member] | Revenues, Net [Member]			
Finite-Lived Intangible Assets [Line Items]			
Amortization of intangible assets	1	18	71
Patented and Unpatented Technology, Intellectual Property, Software and Other [Member] | Cost of Sales [Member]			
Finite-Lived Intangible Assets [Line Items]			
Amortization of intangible assets	159	164	115
Dealer Networks and Other [Member] | Selling, Administrative and Other Expenses [Member]			
Finite-Lived Intangible Assets [Line Items]			
Amortization of intangible assets	$ 23	$ 43	$ 24

Income Taxes - Total Income Tax Expense (Benefit) (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Current:			
Foreign	$ 267	$ 210	$ 77
State and local	7	5	7
Income tax expense (benefit), current	274	215	84
Deferred:			
Foreign	8	(20)	60
State and local	(8)	3	(5)
Income tax expense (benefit), deferred		(17)	55
Income tax expense	$ 274	$ 198	$ 139

Basis of Presentation and Significant Accounting Policies - Additional Information (Detail) (USD $)	12 Months Ended		
	Dec. 31, 2012 Segment	Dec. 31, 2011 Segment	Dec. 31, 2010
Significant Accounting Policies [Line Items]			
Incentive expense	$ 8,800,000,000	$ 7,200,000,000	$ 7,000,000,000
Research and development expenses, net	2,324,000,000	1,674,000,000	1,500,000,000
Advertising expense	$ 2,742,000,000	$ 2,560,000,000	$ 1,721,000,000
Number of operating segment	1	1	
Minimum [Member]			
Significant Accounting Policies [Line Items]			
Related parties owned percent	20.00%		
Maximum [Member]			
Significant Accounting Policies [Line Items]			
Related parties owned percent	50.00%		

Derivative Financial Instruments and Risk Management - Fair Values of Derivative Instruments not Designated as Hedges (Detail) (Not Designated as Hedging Instrument [Member], USD $) In Millions, unless otherwise specified	Dec. 31, 2012	Dec. 31, 2011
Derivatives, Fair Value [Line Items]		
Notional Amounts	$ 723	$ 806
Derivative Assets	19	4
Derivative Liabilities	(4)	(76)
Currency forwards and swaps [Member]		
Derivatives, Fair Value [Line Items]		
Notional Amounts	324	341
Derivative Assets	2	4
Derivative Liabilities	(1)	(2)
Commodity swaps [Member]		
Derivatives, Fair Value [Line Items]		
Notional Amounts	399	465
Derivative Assets	17	
Derivative Liabilities	$ (3)	$ (74)

Restructuring Actions - Restructuring Reserve Activity (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Restructuring Cost and Reserve [Line Items]			
Balance at beginning of period	$ 150	$ 239	$ 381
Charges	1	31	238
Adjustments to reserve estimates	(57)	(48)	(227)
Payments	(26)	(48)	(145)
Amounts recognized and transferred to employee benefit plans		(10)	(19)
Interest accretion			2
Other, including currency translation	1	(14)	9
Balance at end of period	69	150	239
Workforce Reductions [Member]			
Restructuring Cost and Reserve [Line Items]			
Balance at beginning of period	29	79	343
Charges	1	15	76
Adjustments to reserve estimates	(4)	(9)	(213)
Payments	(6)	(38)	(120)
Amounts recognized and transferred to employee benefit plans		(10)	(19)
Interest accretion			2
Other, including currency translation		(8)	10
Balance at end of period	20	29	79
Other [Member]			
Restructuring Cost and Reserve [Line Items]			
Balance at beginning of period	121	160	38
Charges		16	162
Adjustments to reserve estimates	(53)	(39)	(14)
Payments	(20)	(10)	(25)
Other, including currency translation	1	(6)	(1)
Balance at end of period	$ 49	$ 121	$ 160

Accrued Expenses and Other Liabilities - Components of Accrued Expenses and Other Liabilities (Detail) (USD $) In Millions, unless otherwise specified	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2009
Accrued Expenses And Other Liabilities [Line Items]				
Pension and postretirement benefits (see Note 17), Current	$ 188	$ 185		
Product warranty costs, Current	1,142	1,196		
Sales incentives, Current	3,031	2,431		
Personnel costs, Current	711	585		
Amounts due to related parties (see Note 18), Current	562	381		
Income and other taxes, Current	256	287		
Accrued interest, Current	342	330		
Workers' compensation, Current	46	43		
Vehicle residual value guarantees, excluding Gold Key Lease vehicle portfolio	238	438		
Restructuring actions (see Note 20), Current	69	150		
Other, Current	1,933	1,681		
Accrued Liabilities Current, Total	8,518	7,707		
Pension and postretirement benefits (see Note 17), Non-Current	11,864	9,198		
Product warranty costs, Non-Current	2,372	2,122		
Sales incentives, Non-Current				
Personnel costs, Non-Current	413	391		
Amounts due to related parties(see Note 18), Non-Current				
Income and other taxes, Non-Current	106	118		
Accrued interest, Non-Current				
Workers' compensation, Non-Current	275	284		
Vehicle residual value guarantees, excluding Gold Key Lease vehicle portfolio, Non-Current				
Restructuring actions (see Note 20), Non-Current				
Other, Non-Current	507	645		
Accrued Liabilities Non-Current, Total	15,537	12,758		
Pension and postretirement benefits, Total	12,052	9,383		
Product warranty costs, Total	3,514	3,318	3,171	3,176
Sales incentives, Total	3,031	2,431		
Personnel costs, Total	1,124	976		
Amounts due to related parties (see Note 18), Total	562	381		
Income and other taxes, Total	362	405		
Accrued interest, Total	342	330		
Workers' compensation, Total	321	327		
Vehicle residual value guarantees, excluding Gold Key Lease vehicle portfolio, Total	238	438		
Restructuring actions (see Note 20), Total	69	150	239	381

Other, Total	2,440	2,326
Accrued Liabilities, Total	$ 24,055	$ 20,465

Financial Liabilities - Repayment of U.S. Treasury and Export Development Canada Credit Facilities (Parenthetical) (Detail) (USD $) In Millions, unless otherwise specified	May 24, 2011	Mar. 31, 2011	Dec. 31, 2010
Tranche C [Member]			
Debt Instrument [Line Items]			
Capitalized PIK on U.S. Treasury first lien credit facilities	$ 315	$ 17	$ 68
Decrease in outstanding amount of U.S. Treasury first lien credit facilities	4		
Tranche B [Member]			
Debt Instrument [Line Items]			
Capitalized PIK on U.S. Treasury first lien credit facilities	$ 80		

																												12 Months Ended						12 Months Ended							
Financial Liabilities - Components of Financial Liabilities (Detail) (USD $) In Millions, unless otherwise specified	**Dec. 31, 2012**	**Dec. 31, 2011**	**Dec. 31, 2012 Tranche B Term Loan [Member]**	**Dec. 31, 2011 Tranche B Term Loan [Member]**	**May 24, 2011 Tranche B Term Loan [Member]**	**Dec. 31, 2012 Canadian Health Care Trust Note Tranche A [Member]**	**Dec. 31, 2011 Canadian Health Care Trust Note Tranche A [Member]**	**Dec. 31, 2012 Canadian Health Care Trust Note Tranche B [Member]**	**Dec. 31, 2011 Canadian Health Care Trust Note Tranche B [Member]**	**Dec. 31, 2012 Mexican Development Banks Credit Facility Due 2025 [Member]**	**Dec. 31, 2011 Mexican Development Banks Credit Facility Due 2025 [Member]**	**Dec. 31, 2012 Secured Senior Notes Due 2019 [Member]**	**Dec. 31, 2011 Secured Senior Notes Due 2019 [Member]**	**Dec. 31, 2012 Secured Senior Notes Due 2021 [Member]**	**Dec. 31, 2011 Secured Senior Notes Due 2021 [Member]**	**Dec. 31, 2012 Canadian Health Care Trust Note Tranche C [Member]**	**Dec. 31, 2011 Canadian Health Care Trust Note Tranche C [Member]**	**Dec. 31, 2012 Mexican Development Banks Credit Facility Due 2021 [Member]**	**Dec. 31, 2011 Mexican Development Banks Credit Facility Due 2021 [Member]**	**Dec. 31, 2012 VEBA Trust Note [Member]**	**Dec. 31, 2011 VEBA Trust Note [Member]**	**Dec. 31, 2012 Canadian Health Care Trust Note Tranche A [Member]**	**Dec. 31, 2012 Canadian Health Care Trust Note Tranche B [Member]**	**Dec. 31, 2012 Canadian Health Care Trust Notes [Member]**	**Dec. 31, 2011 Canadian Health Care Trust Notes [Member]**	**Dec. 31, 2012 Capital Lease Obligations [Member]**	**Dec. 31, 2011 Capital Lease Obligations [Member]**	**Dec. 31, 2012 Capital Lease Obligations [Member] Minimum [Member]**	**Dec. 31, 2011 Capital Lease Obligations [Member] Minimum [Member]**	**Dec. 31, 2012 Capital Lease Obligations [Member] Maximum [Member]**	**Dec. 31, 2011 Capital Lease Obligations [Member] Maximum [Member]**	**Dec. 31, 2012 Other Financial Obligations [Member]**	**Dec. 31, 2011 Other Financial Obligations [Member]**	**Dec. 31, 2012 Other Financial Obligations [Member] Minimum [Member]**	**Dec. 31, 2011 Other Financial Obligations [Member] Minimum [Member]**	**Dec. 31, 2012 Other Financial Obligations [Member] Maximum [Member]**	**Dec. 31, 2011 Other Financial Obligations [Member] Maximum [Member]**	**Dec. 31, 2011 Canadian Health Care Trust Note Tranche D [Member]**	**Dec. 31, 2011 Asset Backed Note Payable Gold Key Lease [Member]**	**Dec. 31, 2012 Mexican development banks credit facilities [Member]**	**Dec. 31, 2011 Mexican development banks credit facilities [Member]**
Debt Instrument [Line Items]																																									
Effective, Interest Rate			6.46%	6.46%		7.98%	7.98%	9.21%	9.21%	9.62%	9.60%	8.21%	8.21%	8.44%	8.44%	9.68%	9.68%	8.54%	8.49%	11.71%	11.71%	7.98%	9.21%															5.50%			
Weighted Average, Interest Rate																										11.50%	11.01%					11.09%	10.37%						4.46%		
Financial Liabilities Payable Within One Year Face Value			$ 30	$ 30						$ 30	$ 14																												$ 41		
Financial Liabilities Payable Within One Year Face Value																				159		79	23	102														24			
Other Financial Liabilities, Face Value	151	183																								36	38					115	104								
Financial Liabilities Payable With in One Year Carrying Value			30	30						30	14																												41		
Financial Liabilities Payable Within One Year Carrying Value																				159		79	23	102														23			
Other Financial Liabilities, Carrying Value	135	163																								27	28					108	94								
Financial Liabilities Payable Within One Year Face Value	472	251																																							
Financial Liabilities Payable Within One Year Carrying Value	456	230																																							
Debt instrument maturity date			May 24, 2017	May 24, 2017	May 24, 2017	Jun. 30, 2017	Jun. 30, 2017	Jun. 30, 2024	Jun. 30, 2024	Jul. 19, 2025	Jul. 19, 2025	Jun. 15, 2019	Jun. 15, 2019	Jun. 15, 2021	Jun. 15, 2021	Jun. 30, 2024	Jun. 30, 2024	Dec. 23, 2021	Dec. 23, 2021	Jul. 15, 2023	Jul. 15, 2023	Jun. 30, 2017	Jun. 30, 2024																		
Financial Liabilities Payable After One Year Long Term Face Value			2,925	2,955						350	353	1,500	1,500	1,700	1,700			231	214																					581	567
Financial Liabilities Payable After One Year Long Term Face Value						402	434	456	433							109	98			4,715	4,836			967	965																
Financial Liabilities Payable After One Year Long Term Carrying Value			2,874	2,893						350	353	1,484	1,482	1,681	1,680			231	214																					581	567
Financial Liabilities Payable After One Year Long Term Carrying Value						426	465	467	445							92	81			4,129	4,193			985	991																
Debt instrument maturity year																												2014	2013	2020	2020			2014	2013	2024	2024				
Long-term, Weighted Average Interest Rate																										12.43%	12.42%					13.43%	12.81%								
Other Financial Liabilities Long Term, Face Value	469	608																								251	282					218	326								
Other Financial Liabilities Carrying Value	413	538																								214	237					199	301								
Financial Liabilities Payable After One Year Long Term Face Value	12,857	13,131																																							
Financial liabilities	12,147	12,344																																							
Financial Liabilities Face Value	13,329	13,382																																							
Financial Liabilities Carrying Value	$ 12,603	$ 12,574																																							

Financial Liabilities - Additional Information (Detail)	3 Months Ended	12 Months Ended																	1 Months Ended	12 Months Ended	
	Jun. 30, 2011 USD ($)	Dec. 31, 2011 USD ($)	Dec. 31, 2012 USD ($)	May 24, 2011 USD ($)	May 24, 2011 Domestic [Member]	May 24, 2011 Foreign [Member]	Dec. 31, 2012 Revolving Credit Facility [Member] USD ($)	May 24, 2011 Revolving Credit Facility [Member] USD ($)	May 24, 2011 Senior Credit Facility [Member] USD ($)	May 24, 2011 Tranche B [Member] USD ($)	Jun. 10, 2009 Tranche B [Member] USD ($)	May 24, 2011 Tranche C [Member] USD ($)	Mar. 31, 2011 Tranche C [Member] USD ($)	Dec. 31, 2010 Tranche C [Member] USD ($)	Jun. 10, 2009 Tranche C [Member] USD ($)	Jun. 10, 2009 Tranche C [Member] Us Treasury Notes [Member] USD ($)	Jun. 10, 2009 Tranche C [Member] US Treasury Loans [Member] USD ($)	Jun. 10, 2009 Tranche C [Member] Zero Coupon Note [Member] USD ($)	May 31, 2011 U.S. Treasury and EDC Credit Facilities [Member] USD ($)	Dec. 31, 2011 U.S. Treasury [Member] USD ($)	Dec. 31, 2011 Edc Credit Facilities [Member] USD ($)
Debt Instrument [Line Items]																					
Loss on extinguishment of debt	$ 551,000,000	$ 551,000,000																	$ 551,000,000		
Unamortized discount write off																				136,000,000	367,000,000
Unamortized debt issuance cost write off																				34,000,000	14,000,000
Secured senior credit agreement																					
Debt instrument maturity date								May 24, 2016													
Credit Facility Borrowing Capacity								1,300,000,000	4,300,000,000												
Debt instrument face amount											2,000,000,000					288,000,000	500,000,000	100,000,000			
Stated interest rate on debt																					
Amount of revolving credit facility used for issuance of letter of credit								200,000,000													
Maximum limit of increase in credit facility principal amounts									1,200,000,000												
Payment amount				7,683,000,000																	
Interest Rate Spread																					
Debt instrument floor rate																					
Commitment fee percentage																					
Reduced Line Of Credit																					
Facility Commitment Fee Percentage																					
Call premium on Term Loan																					
Equity interests in foreign subsidiaries					100.00%	65.00%															
Minimum liquidity amount on Revolving Facility								3,000,000,000													
Required prior notice for redemption																					
Percentage of redeemable aggregate principal amount																					
Redemption price																					
Percent of senior notes outstanding																					
Scheduled payments																					
Capitalized interest																					
Accrued interest																					
Net Premium			726,000,000																		
Credit facility duration																					
Cash deposited into trust																					
Asset-backed securitization facilities																					
Credit agreement, term loan made available for future working capital funds															4,600,000,000						
Capitalized PIK on U.S. Treasury first lien credit facilities										80,000,000		315,000,000	17,000,000	68,000,000							
Maximum amount of capitalized interest															17,000,000						
Secured term loan facility Tranche X																					
Increase in secured term loan facility Tranche X																					
Increase in secured term loan facility Tranche X																					
Revolving credit facility Undrawn							$ 1,300,000,000														

Financial Liabilities - Additional Information (Detail)	1 Months Ended	12 Months Ended				1 Months Ended					1 Months Ended									
	May 24, 2011 Tranche B Term Loan [Member] USD ($)	May 24, 2014 Tranche B Term Loan [Member]	May 24, 2013 Tranche B Term Loan [Member]	Dec. 31, 2012 Tranche B Term Loan [Member] USD ($)	Dec. 31, 2011 Tranche B Term Loan [Member]	May 24, 2011 Tranche B Term Loan [Member] Base Rate [Member]	May 24, 2011 Tranche B Term Loan [Member] Libor Rate [Member]	Jul. 31, 2010 Mexican Development Banks Credit Facility Due 2025 [Member] USD ($)	Dec. 31, 2012 Mexican Development Banks Credit Facility Due 2025 [Member]	Dec. 31, 2011 Mexican Development Banks Credit Facility Due 2025 [Member]	Dec. 31, 2011 Mexican Development Banks Credit Facility Due 2021 [Member] MXN	Dec. 31, 2012 Canadian Health Care Trust Note Tranche A [Member]	Dec. 31, 2011 Canadian Health Care Trust Note Tranche A [Member]	Dec. 31, 2010 Canadian Health Care Trust Note Tranche A [Member]	Dec. 31, 2012 Canadian Health Care Trust Note Tranche B [Member]	Dec. 31, 2011 Canadian Health Care Trust Note Tranche B [Member]	Dec. 31, 2010 Canadian Health Care Trust Note Tranche B [Member]	Dec. 31, 2012 Canadian Health Care Trust Note Tranche C [Member]	Dec. 31, 2011 Canadian Health Care Trust Note Tranche C [Member]	Dec. 31, 2010 Canadian Health Care Trust Note Tranche C [Member]
Debt Instrument [Line Items]																				
Loss on extinguishment of debt																				
Unamortized discount write off																				
Unamortized debt issuance cost write off																				
Secured senior credit agreement	3,000,000,000																			
Debt instrument maturity date	May 24, 2017			May 24, 2017	May 24, 2017				Jul. 19, 2025	Jul. 19, 2025		Jun. 30, 2017	Jun. 30, 2017		Jun. 30, 2024	Jun. 30, 2024		Jun. 30, 2024	Jun. 30, 2024	
Credit Facility Borrowing Capacity								400,000,000			3,000,000,000									
Debt instrument face amount																				
Stated interest rate on debt				6.00%	6.00%							9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	7.50%	7.50%	7.50%
Amount of revolving credit facility used for issuance of letter of credit																				
Maximum limit of increase in credit facility principal amounts																				
Payment amount	7,500,000																			
Interest Rate Spread				4.75%	4.75%	3.75%	4.75%		4.80%	4.80%										
Debt instrument floor rate				1.25%	1.25%	2.25%	1.25%													
Commitment fee percentage	0.75%																			
Reduced Line Of Credit																				
Facility Commitment Fee Percentage	0.50%																			
Call premium on Term Loan		1.00%	2.00%																	
Equity interests in foreign subsidiaries																				
Minimum liquidity amount on Revolving Facility																				
Required prior notice for redemption																				
Percentage of redeemable aggregate principal amount																				
Redemption price																				
Percent of senior notes outstanding																				
Scheduled payments																				
Capitalized interest																				
Accrued interest																				
Net Premium				51,000,000																
Credit facility duration								15 years			10 years									
Cash deposited into trust																				
Asset-backed securitization facilities																				
Credit agreement, term loan made available for future working capital funds																				
Capitalized PIK on U.S. Treasury first lien credit facilities																				
Maximum amount of capitalized interest																				
Secured term loan facility Tranche X																				
Increase in secured term loan facility Tranche X																				
Increase in secured term loan facility Tranche X																				
Revolving credit facility Undrawn																				

Financial Liabilities - Additional Information (Detail)	1 Months Ended																		12 Months Ended			
	Jul. 31, 2012 Canadian Health Care Trust Notes [Member] USD ($)	Jul. 31, 2012 Canadian Health Care Trust Notes [Member] CAD	Jun. 30, 2012 Canadian Health Care Trust Notes [Member] USD ($)	Jun. 30, 2012 Canadian Health Care Trust Notes [Member] CAD	Jun. 15, 2017 8% Secured Senior Notes Due 2019 [Member]	Jun. 15, 2016 8% Secured Senior Notes Due 2019 [Member]	Jun. 15, 2014 8% Secured Senior Notes Due 2019 [Member]	May 24, 2011 8% Secured Senior Notes Due 2019 [Member] USD ($)	May 24, 2011 8% Secured Senior Notes Due 2019 [Member] Minimum [Member]	May 24, 2011 8% Secured Senior Notes Due 2019 [Member] Maximum [Member]	Jun. 15, 2019 8.25% Secured Senior Notes Due 2021 [Member]	Jun. 15, 2018 8.25% Secured Senior Notes Due 2021 [Member]	Jun. 15, 2017 8.25% Secured Senior Notes Due 2021 [Member]	Jun. 15, 2014 8.25% Secured Senior Notes Due 2021 [Member]	May 24, 2011 8.25% Secured Senior Notes Due 2021 [Member] USD ($)	May 24, 2011 8.25% Secured Senior Notes Due 2021 [Member] Minimum [Member]	May 24, 2011 8.25% Secured Senior Notes Due 2021 [Member] Maximum [Member]	May 24, 2011 Secured Senior Notes [Member]	Dec. 31, 2012 VEBA Trust Note [Member] USD ($)	Dec. 31, 2011 VEBA Trust Note [Member] USD ($)	Dec. 31, 2010 VEBA Trust Note [Member] USD ($)	Jun. 10, 2009 VEBA Trust Note [Member] USD ($)
Debt Instrument [Line Items]																						
Loss on extinguishment of debt																						
Unamortized discount write off																						
Unamortized debt issuance cost write off																						
Secured senior credit agreement																						
Debt instrument maturity date								Jun. 15, 2019							Jun. 15, 2021				Jul. 15, 2023	Jul. 15, 2023		
Credit Facility Borrowing Capacity																						
Debt instrument face amount								1,500,000,000							1,700,000,000							4,587,000,000
Stated interest rate on debt								8.00%							8.25%							9.00%
Amount of revolving credit facility used for issuance of letter of credit																						
Maximum limit of increase in credit facility principal amounts																						
Payment amount																						
Interest Rate Spread																						
Debt instrument floor rate																						
Commitment fee percentage																						
Reduced Line Of Credit																						
Facility Commitment Fee Percentage																						
Call premium on Term Loan																						
Equity interests in foreign subsidiaries																						
Minimum liquidity amount on Revolving Facility																						
Required prior notice for redemption									30 days	60 days						30 days	60 days					
Percentage of redeemable aggregate principal amount								35.00%							35.00%							
Redemption price					102.00%	104.00%	108.00%				101.375%	102.75%	104.125%	108.25%								
Percent of senior notes outstanding																		25.00%				
Scheduled payments																			400,000,000	300,000,000	315,000,000	
Capitalized interest	74,000,000	76,000,000	27,000,000	26,000,000															38,000,000	126,000,000	123,000,000	
Accrued interest																						
Net Premium																			586,000,000			
Credit facility duration																						
Cash deposited into trust																						
Asset-backed securitization facilities																						
Credit agreement, term loan made available for future working capital funds																						
Capitalized PIK on U.S. Treasury first lien credit facilities																						
Maximum amount of capitalized interest																						
Secured term loan facility Tranche X																						
Increase in secured term loan facility Tranche X																						
Increase in secured term loan facility Tranche X																						
Revolving credit facility Undrawn																						

Financial Liabilities - Additional Information (Detail)	12 Months Ended								12 Months Ended							
	Dec. 31, 2012 Canadian Health Care Trust Notes [Member] USD ($)	Dec. 31, 2011 Canadian Health Care Trust Notes [Member] USD ($)	Dec. 31, 2010 Canadian Health Care Trust Notes [Member] USD ($)	Dec. 31, 2010 Canadian Health Care Trust Notes [Member] CAD	Jan. 31, 2010 Canadian Health Care Trust Notes [Member] USD ($)	Jan. 31, 2010 Canadian Health Care Trust Notes [Member] CAD	Dec. 31, 2012 Mexican development banks credit facilities [Member] USD ($)	Dec. 31, 2011 Mexican development banks credit facilities [Member] USD ($)	Dec. 31, 2012 Gold Key Lease [Member] USD ($)	Dec. 31, 2012 Gold Key Lease [Member] CAD	Jun. 10, 2009 Tranche X [Member] USD ($)	Jun. 10, 2009 Tranche X [Member] CAD	Apr. 29, 2009 Tranche X [Member] USD ($)	Apr. 29, 2009 Tranche X [Member] CAD	Jun. 10, 2009 Tranche X-2 [Member] Minimum [Member] USD ($)	Jun. 10, 2009 Tranche X-2 [Member] Maximum [Member] CAD
Debt Instrument [Line Items]																
Loss on extinguishment of debt																
Unamortized discount write off																
Unamortized debt issuance cost write off																
Secured senior credit agreement																
Debt instrument maturity date																
Credit Facility Borrowing Capacity																
Debt instrument face amount			976,000,000	974,000,000							81,000,000	80,000,000				
Stated interest rate on debt																
Amount of revolving credit facility used for issuance of letter of credit																
Maximum limit of increase in credit facility principal amounts																
Payment amount																
Interest Rate Spread																
Debt instrument floor rate																
Commitment fee percentage																
Reduced Line Of Credit																
Facility Commitment Fee Percentage																
Call premium on Term Loan																
Equity interests in foreign subsidiaries																
Minimum liquidity amount on Revolving Facility																
Required prior notice for redemption																
Percentage of redeemable aggregate principal amount																
Redemption price																
Percent of senior notes outstanding																
Scheduled payments																
Capitalized interest	74,000,000	27,000,000														
Accrued interest			80,000,000	80,000,000												
Net Premium	(18,000,000)				31,000,000	31,000,000										
Credit facility duration																
Cash deposited into trust							66,000,000	56,000,000								
Asset-backed securitization facilities									5,000,000,000	5,000,000,000						
Credit agreement, term loan made available for future working capital funds																
Capitalized PIK on U.S. Treasury first lien credit facilities																
Maximum amount of capitalized interest																
Secured term loan facility Tranche X													1,238,000,000	1,209,000,000		
Increase in secured term loan facility Tranche X															909,000,000	
Increase in secured term loan facility Tranche X																1,116,000,000
Revolving credit facility Undrawn									$ 5,000,000,000	5,000,000,000						

Accrued Expenses and Other Liabilities - Components of Accrued Expenses and Other Liabilities (Parenthetical) (Detail) (USD $) In Millions, unless otherwise specified	Dec. 31, 2012	Dec. 31, 2011
Accrued Expenses And Other Liabilities [Line Items]		
Accrued interest due to related parties	$ 222	$ 220

Goodwill and Other Intangible Assets - Additional Information (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended	
	Dec. 31, 2012 Segment	Dec. 31, 2011 Segment
Goodwill And Other Intangibles [Line Items]		
Goodwill	$ 1,361	$ 1,361
Adjustments to the carrying amount of goodwill	0	0
Number of operating segments	1	1
Additional Intangible Assets	$ 172	$ 95
Weighted-average amortization period	4 years	6 years

Employee Retirement and Other Benefits	12 Months Ended Dec. 31, 2012
Employee Retirement and Other Benefits	

Note 17. Employee Retirement and Other Benefits

We sponsor both noncontributory and contributory defined benefit pension plans. The majority of the plans are funded plans. The noncontributory pension plans cover certain of our hourly and salaried employees. Benefits are based on a fixed rate for each year of service. Additionally, contributory benefits are provided to certain of our salaried employees under the salaried employees' retirement plans. These plans provide benefits based on the employee's cumulative contributions, years of service during which the employee contributions were made and the employee's average salary during the five consecutive years in which the employee's salary was highest in the fifteen years preceding retirement.

We provide health care, legal and life insurance benefits to certain of our hourly and salaried employees. Upon retirement from the Company, employees may become eligible for continuation of certain benefits. Benefits and eligibility rules may be modified periodically.

We also sponsor defined contribution plans for certain of our U.S. hourly and salaried employees. During the years ended December 31, 2012, 2011 and 2010, contribution expense related to these plans was $32 million, $13 million and $5 million, respectively.

Termination of Legal Services Plan

In accordance with the UAW collective bargaining agreement ratified in October 2011, we will terminate a plan on December 31, 2013, which provides legal services as a postretirement benefit to our UAW represented retirees, all of which are fully vested. Accordingly, we recognized a $91 million negative plan amendment resulting in negative prior service cost during the year ended December 31, 2011, which was recorded in AOCI and will be amortized into Selling, Administrative and Other Expenses over the remaining life of the plan. A similar benefit which is provided to our active UAW represented employees will also be terminated on December 31, 2013. Costs associated with this plan will continue to be expensed as incurred.

Canadian Health Care Trust Settlement Agreement

In August 2010, Chrysler Canada entered into the Canadian HCT Settlement Agreement with the CAW to permanently transfer the responsibility for providing postretirement health care benefits to the Covered Group to a new retiree plan. The new retiree plan will be funded by the Health Care Trust ("HCT").

On December 31, 2010, and in accordance with the Canadian HCT Settlement Agreement, Chrysler Canada issued the Canadian Health Care Trust Notes with a fair value of $1,087 million ($1,085 million CAD) to the HCT and made a cash contribution of $104 million to the HCT in exchange for settling its retiree health care obligations for the Covered Group. In accordance with the Canadian HCT Settlement Agreement, the cash contribution was determined based on an initial payment of $175 million which was adjusted for the following: (i) reduced by $53 million for benefit payments made by us for claims incurred by the Covered Group from January 1, 2010 through December 31, 2010; (ii) reduced by $22 million for required taxes associated with the transaction and administrative costs; and (iii) increased by $4 million for interest charges and retiree contributions received by us during the same period. In addition, on December 31, 2010, we paid $3 million to the HCT for taxes incurred related to this transaction. During 2011, the remaining obligation of $19 million for taxes and administrative costs was paid.

During the year ended December 31, 2010, we recognized a $46 million loss as a result of the Canadian HCT Settlement Agreement, which was calculated as follows (in millions):

OPEB obligation settled	$1,213

Recognition of actuarial losses included in AOCI	(46)
Fair value of Canadian Health Care Trust Notes issued to HCT	(1,087)
Cash contribution to HCT	(104)
Tax obligations associated with the Canadian HCT Settlement Agreement	(22)
Net loss on Canadian HCT Settlement Agreement	$(46)

Transfer of VEBA Trust Assets and Obligations to the UAW Retiree Medical Benefits Trust

In connection with the 363 Transaction, we entered into the VEBA Settlement Agreement with the UAW, which provided for certain postretirement health care benefits to vested retirees. Under the VEBA Settlement Agreement, we created the UAW Postretirement Health Care Plan, which was responsible for paying all health care claims incurred by our UAW vested retirees ("Covered Retirees") from June 10, 2009 through January 1, 2010. On January 1, 2010, the VEBA Trust assumed responsibility for all claims incurred by our UAW retirees subsequent to January 1, 2010, with the exception of claims incurred by retirees who participated in an early retirement program offered by Old Carco during the period from April 28, 2009 through May 25, 2009 ("Window Period"). For these individuals, we had an obligation to pay all claims incurred for 24 months from the date the individual retired.

On June 10, 2009, and in accordance with the terms of the VEBA Settlement Agreement, we issued the VEBA Trust Note with a face value of $4,587 million and a 67.7 percent ownership interest in the Company. Refer to Note 11, *Financial Liabilities*, and Note 18, *Other Transactions with Related Parties*, for additional information related to the VEBA Trust Note and subsequent changes to the VEBA Trust's ownership interest in the company.

On January 1, 2010, and in accordance with the terms of the VEBA Settlement Agreement, we transferred plan assets to the VEBA Trust and thereby were discharged of benefit obligations related to postretirement health care benefits for certain UAW retirees. As a result of this settlement, we derecognized the associated other postretirement benefits ("OPEB") obligation and we recognized a financial liability for the VEBA Trust Note at fair value. In addition, the contribution receivable for the VEBA Trust membership interests of $990 million was satisfied.

During the years ended December 31, 2011 and 2010, we recognized gains of $21 million and $35 million, respectively, as a result of actual claims incurred by the Covered Retirees and retirees who participated in an early retirement program during the Window Period being less than anticipated. As of May 2011, the VEBA Trust assumed responsibility for all claims incurred by the retirees who participated in an early retirement program during the Window Period. There are no remaining obligations related to this program. As such, no gains were recognized during the year ended December 31, 2012.

The following summarizes the changes in the benefit obligations and related plan assets, as well as the status of the plans (in millions of dollars):

	Years Ended December 31,			
	2012		2011	
	Pension Benefits	OPEB	Pension Benefits	OPEB
Change in benefit obligations:				
Benefit obligations at beginning of period	$31,980	$2,729	$29,874	$2,636
Service cost	324	24	263	21
Interest cost	1,514	135	1,525	141
Employee contributions	10	—	10	—
Amendments and benefit changes	25	(7)	—	(91)
Actuarial (gain)/loss	(98)	68	1,031	71
Discount rate change	3,174	299	1,656	194
Benefits paid	(2,262)	(189)	(2,335)	(217)
Special early retirement programs	1	—	77	4
Gain on VEBA claims adjustment	—	—	—	(21)
Other, primarily currency translation	169	14	(121)	(9)
Benefit obligations at end of period	$34,837	$3,073	$31,980	$2,729

Change in plan assets:				
Fair value of plan assets at beginning of period	$25,444	$—	$25,865	$37
Actual return on plan assets	2,378	—	1,644	—
Employee contributions	10	—	10	—
Company contributions —to pension trust	237	—	351	—
Company contributions —directly to pay benefits	17	189	11	217
Amendments and benefit changes	17	—	—	—
Benefits paid	(2,262)	(189)	(2,335)	(217)
Withdrawal of VEBA assets	—	—	—	(37)
Other, primarily currency translation	131	—	(102)	—
Fair value of plan assets at end of period	$25,972	$—	$25,444	$—
Funded status of plans	$(8,865)	$(3,073)	$(6,536)	$(2,729)
Amounts recognized on the balance sheet:				
Prepaid expense and other assets	$114	$—	$118	$—
Current liabilities	(1)	(187)	(1)	(184)
Long-term liabilities	(8,978)	(2,886)	(6,653)	(2,545)
Total	$(8,865)	$(3,073)	$(6,536)	$(2,729)
Amounts recognized in accumulated other comprehensive loss:				
Unrealized actuarial net loss and other	$(6,378)	$(854)	$(3,976)	$(523)
Unrealized prior service (cost)/credit	(10)	52	—	86
Total	$(6,388)	$(802)	$(3,976)	$(437)
Accumulated benefit obligation ("ABO") at December 31	$34,432		$31,421	
Pension plans in which ABO exceeds plan assets at December 31:				
ABO	$33,938		$30,971	
Fair value of plan assets	25,363		24,876	
Pension plans in which projected benefit obligation ("PBO") exceeds plan assets at December 31:				
PBO	$34,343		$31,530	
Fair value of plan assets	25,363		24,876	

The components of benefit expense and other changes in plan assets and benefit obligations recognized in AOCI were as follows (in millions of dollars):

	Years Ended December 31,					
	2012		2011		2010	
	Pension Benefits	OPEB	Pension Benefits	OPEB	Pension Benefits	OPEB
Net periodic benefit cost:						
Service cost	$324	$24	$263	$21	$242	$34
Interest cost	1,514	135	1,525	141	1,526	194
Expected return on plan assets	(1,811)	—	(1,828)	—	(1,741)	—
Loss on Canadian HCT Settlement	—	—	—	—	—	46
Recognition of net actuarial losses	101	26	—	13	—	6
Amortization of prior service credit	—	(40)	—	(11)	—	—
Gain on VEBA claims adjustment	—	—	—	(21)	—	(35)
Net periodic benefit costs (credit)	128	145	(40)	143	27	245
Special early retirement cost	1	—	77	4	27	—
Total benefit costs	$129	$145	$37	$147	$54	$245
Other comprehensive loss:						

Net loss	$2,509	$358	$2,870	$266	$458	$22
Recognition of net actuarial losses	(101)	(26)	—	(13)	—	(6)
Prior service cost (credit)	11	(7)	—	(91)	—	(5)
Amortization of prior service credit	—	40	—	11	—	—
Recognition of loss on Canadian HCT Settlement	—	—	—	—	—	(46)
Recognition of gain on VEBA claims adjustment	—	—	—	—	—	35
Other	(7)	—	—	—	—	—
Total recognized in other comprehensive loss	2,412	365	2,870	173	458	—
Total recognized in total benefit costs and other comprehensive loss	$2,541	$510	$2,907	$320	$512	$245

In 2013, $342 million of unrecognized net actuarial losses are expected to be recognized into expense. Additionally, $43 million of prior service credits are expected to be amortized as a reduction to expense during 2013.

Assumptions

Assumptions used to determine the benefit obligation and expense were as follows:

	Years Ended December 31,					
	2012		2011		2010	
	Pension Benefits	OPEB	Pension Benefits	OPEB	Pension Benefits	OPEB
Weighted-Average Assumptions Used to Determine Benefit Obligations at December 31:						
Discount rate —ongoing benefits	3.98%	4.07%	4.84%	4.93%	5.33%	5.57%
Rate of compensation increase	3.09%	2.70%	3.77%	2.70%	4.08%	4.50%
Weighted-Average Assumptions Used to Determine Periodic Costs:						
Discount rate —ongoing benefits	4.84%	4.93%	5.33%	5.57%	5.54%	5.38%
Expected return on plan assets	7.41%	—	7.41%	—	7.41%	—
Rate of compensation increase	3.77%	2.70%	3.77%	2.70%	4.08%	4.50%

We currently sponsor OPEB plans primarily in the U.S. and Canada. The annual rate of increase in the per capita cost of covered U.S. health care benefits assumed for 2012 was 8.0 percent. The annual rate was assumed to decrease gradually to 5.0 percent after 2017 and remain at that level thereafter. The annual rate of increase in the per capita cost of covered Canadian health care benefits assumed for 2012 was 3.7 percent. The annual rate was assumed to remain at 3.7 percent thereafter.

The assumed health care cost trend rate has a significant effect on the amounts reported for postretirement health care and life insurance benefits. A one percentage point change in the assumed health care cost trend rate for U.S. and Canada combined would have the following effects as of December 31, 2012 (in millions of dollars):

	One Percentage Point	
	Increase	Decrease
Effect on total of service and interest cost components	$ 5	$ (4)
Effect on postretirement benefit obligation	84	(71)

The expected long-term rate of return on plan assets assumption is developed using a consistent approach across all plans. This approach primarily considers various inputs from a range of advisors for long-term capital market returns, inflation, bond yields and other variables, adjusted for specific aspects of our investment strategy.

The discount rates for the plans were determined as of December 31 of each year. The rates are based on yields of high-quality (AA-rated or better) fixed income investments for which the timing and amounts of payments match the timing and amounts of the projected pension and postretirement health care, legal and life insurance benefit payments.

In 2011, plan specific mortality tables, which also assume generational improvements, were actuarially developed using mortality experience from U.S. plans in 2005 through 2009. Generational improvements represent decreases in mortality rates over time based upon historical improvements in mortality and expected health care improvements. In August 2011, we received approval from the Internal Revenue Service for use of the plan specific mortality tables for funding for our U.S. plans effective January 1, 2012. We adopted the plan specific mortality tables with generational improvements for accounting purposes as of December 31, 2011. Mortality assumptions used in our Canadian benefit plans were also updated to reflect current and future mortality improvements. The change increased our U.S. and Canadian pension obligations, as well as our total U.S. and Canadian OPEB obligations, by approximately $879 million, $131 million, and $10 million, respectively, at December 31, 2011.

Plan Assets

Our investment strategies and objectives for pension assets reflect a balance of liability-hedging and return-seeking considerations. Our investment objectives are to minimize the volatility of the value of the pension assets relative to the pension liabilities and to ensure pension assets are sufficient to pay plan obligations. Our objective of minimizing the volatility of assets relative to liabilities is addressed primarily through asset diversification, partial asset-liability matching and hedging. Assets are broadly diversified across many asset classes to achieve risk-adjusted returns that, in total, lower asset volatility relative to the liabilities. In order to minimize pension asset volatility relative to the pension liabilities, a portion of the pension plan assets are allocated to fixed income investments.

The weighted-average target asset allocations for all of our plan assets are currently 51 percent fixed income,
23 percent equity, 23 percent alternative investments and 3 percent other investments. Our policy, which rebalances investments regularly, ensures actual allocations are in line with target allocations as appropriate.

Assets are actively managed, primarily by external investment managers. Investment managers are not permitted to invest outside of the asset class or strategy for which they have been appointed. We use investment guidelines to ensure that investment managers invest solely within the mandated investment strategy. Certain investment managers use derivative financial instruments to mitigate the risk of changes in interest rates and foreign currencies impacting the fair values of certain investments. Derivative financial instruments may also be used in place of physical securities when it is more cost effective and/or efficient to do so.

Sources of potential risks in the pension plan assets relate to market risk, interest rate risk and operating risk. Market risk is mitigated by diversification strategies and, as a result, there are no significant concentrations of risk in terms of sector, industry, geography, market capitalization, manager or counterparty. Interest rate risk is mitigated by partial asset-liability matching. Our fixed income target asset allocation partially matches the bond-like and long-dated nature of the pension liabilities. Interest rate increases generally will result in a decline in the value of investments in fixed income securities and the present value of the obligations. Conversely, interest rate decreases generally will increase the value of investments in fixed income securities and the present value of the obligations. Operating risks are mitigated through ongoing oversight of external investment managers' style adherence, team strength, firm health and internal controls.

The fair values of our pension plan assets as of December 31 by asset class were as follows (in millions of dollars):

	2012			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Pension plan assets:				
Cash and cash equivalents	$ 532	$ 150	$ —	$682
Equity securities:				
U.S. companies	2,352	21	—	2,373
Non-U.S. companies	2,031	—	—	2,031
Commingled funds	91	1,195	—	1,286
Fixed income securities:				
Government securities	2,250	2,462	—	4,712
Corporate bonds	—	6,162	—	6,162
Convertible and high yield bonds	—	768	—	768
Other fixed income	—	948	—	948
Other investments:				
Private equity funds	—	—	2,393	2,393
Real estate funds	—	1,124	487	1,611
Hedge funds	—	1,468	965	2,433
Insurance contracts	—	503	—	503
Other	(2)	(3)	16	11
	$ 7,254	$ 14,798	$ 3,861	$25,913
Other Assets (Liabilities):				

Cash and cash equivalents				6
Accounts receivable				207
Accounts payable				(154)
Total fair value of pension assets				$25,972

	2011			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Pension plan assets:				
Cash and cash equivalents	$ 549	$ 186	$ —	$735
Equity securities:				
U.S. companies	2,633	6	1	2,640
Non-U.S. companies	2,170	—	—	2,170
Commingled funds	110	1,223	—	1,333
Fixed income securities:				
Government securities	2,030	2,593	—	4,623
Corporate bonds	—	4,906	—	4,906
Convertible and high yield bonds	—	674	—	674
Other fixed income	—	909	—	909
Other investments:				
Private equity funds	—	—	2,760	2,760
Real estate funds	—	1,108	512	1,620
Hedge funds	—	1,551	976	2,527
Insurance contracts	—	483	—	483
Other	(8)	7	17	16
	$ 7,484	$ 13,646	$ 4,266	$25,396
Other Assets (Liabilities):				
Cash and cash equivalents				2
Accounts receivable				135
Accounts payable				(89)
Total fair value of pension assets				$25,444

A reconciliation of Level 3 pension plan assets held by us was as follows (in millions of dollars):

	Year Ended December 31, 2012					
	January 1, 2012	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Net Purchases, Issuances and Settlements	Transfers Into (Out of) Level 3	December 31, 2012
Equity securities:						
U.S. companies	$ 1	$ 2	$ (3)	$ —	$ —	$ —
Fixed income securities:						
Corporate Bonds	—	31	(31)	—	—	—
Other investments:						
Private equity funds	2,760	(177)	(25)	(165)	—	2,393
Real estate funds	512	2	(19)	(8)	—	487
Hedge funds	976	84	(8)	(87)	—	965
Other	17	(1)	—	—	—	16
Total	$ 4,266	$ (59)	$ (86)	$ (260)	$ —	$ 3,861

	Year Ended December 31, 2011					
	January 1, 2011	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Net Purchases, Issuances and Settlements	Transfers Into (Out of) Level 3	December 31, 2011
Equity securities:						
U.S. companies	$ —	$ 1	$ —	$ —	$ —	$ 1
Other investments:						
Private equity funds	2,826	53	(30)	(89)	—	2,760
Real estate funds	509	(14)	27	(10)	—	512
Hedge funds	1,141	(45)	5	(125)	—	976
Other	16	(2)	(2)	2	3	17
Total	$ 4,492	$ (7)	$ —	$ (222)	$ 3	$ 4,266

Plan assets are recognized and measured at fair value in accordance with the accounting guidance related to fair value measurements, which specifies a fair value hierarchy based upon the observability of inputs used in valuation techniques (Level 1, 2 and 3). A variety of inputs are used, including independent pricing vendors, third party appraisals, and fund net asset value (“NAV”) provided by the investment manager or a third party administrator. Plan assets valued using NAV are classified as Level 3 if redemption at the measurement date is not available. Refer to Note 2, *Basis of Presentation and Significant Accounting Policies*, for a discussion of the fair value hierarchy.

Cash and cash equivalents

Cash and cash equivalents are primarily invested in short-term, high quality government securities and are valued at their outstanding balances, which approximate fair value.

Equity investments

Equity investments are comprised broadly of U.S., developed international and emerging market equity securities and are generally valued using quoted market prices. Commingled funds, which include common collective trust funds, mutual funds and other investment entities, are valued at their NAV, which is based on the percentage ownership interest in the fair value of the underlying assets.

Fixed income investments

Fixed income investments are comprised primarily of long-duration U.S. Treasury and global government bonds, as well as U.S., developed international and emerging market companies' debt securities diversified by sector and geography. Fixed income securities are valued using quoted market prices. If quoted market prices are not available, prices for similar assets and matrix pricing models are used.

Other investments

Other investments include private equity, real estate and hedge funds which are generally valued based on the NAV. Private equity investments include those in limited partnerships that invest primarily in operating companies that are not publicly traded on a stock exchange. Our private equity investment strategies include leveraged buyouts, venture capital, mezzanine and distressed investments. Real estate investments include those in limited partnerships that invest in various commercial and residential real estate projects both domestically and internationally. Hedge fund investments include those seeking to maximize absolute returns using a broad range of strategies to enhance returns and provide additional diversification. Investments in limited partnerships are valued at the NAV, which is based on audited financial statements of the funds when available, with adjustments to account for partnership activity and other applicable valuation adjustments.

Contributions and Payments

Employer contributions to our funded pension plans are expected to be approximately $998 million in 2013, of which discretionary contributions of $526 million and $115 million will be made to the U.S. and Canadian plans, respectively; and $6 million and $351 million will be made to our U.S. and Canadian plans, respectively, to satisfy minimum funding requirements. Employer contributions to our unfunded pension and OPEB plans in 2013 are expected to be $40 million and $190 million, respectively, which represents the expected benefit payments to participants.
During the life of the plans, we intend to primarily utilize plan assets to fund benefit payments and minimize our cash contributions. OPEB payments are currently funded from our cash flows from operations.

In connection with the 363 Transaction, we acquired a $600 million receivable from a subsidiary of Daimler to fund contributions to our U.S. pension plans. This receivable was payable to us in three equal annual installments beginning in 2009. The third and final $200 million installment was received by us in 2011. Amounts received were utilized to fund a portion of our contributions to our funded pension plans in each year upon receipt of the installments.

Estimated future pension and OPEB benefits payments, and the Medicare Prescription Drug Improvement and Modernization Act of 2003 subsidy ("Medicare Part D Subsidy") expected to be received for the next ten years were as follows (in millions of dollars):

	Pension Benefits	OPEB	Medicare Part D Subsidy Receipts
2013	$2,331	$ 190	$ 3
2014	2,272	185	3
2015	2,227	181	3

2016	2,186	180	3
2017	2,150	179	3
2018 – 2022	10,324	882	16

In March 2010, the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively the "Acts") were enacted. The primary focus of the Acts is to significantly reform health care in the U.S., however several provisions of the Acts do not take effect for several years. Based on our ongoing assessments, we do not believe that the Acts will have a significant impact on our future period financial results.

Subsequent Events - Additional Information (Detail) (USD $)	3 Months Ended		12 Months Ended				1 Months Ended	12 Months Ended					
	Dec. 31, 2010	Mar. 31, 2010	Dec. 31, 2012	Jan. 31, 2010	Dec. 31, 2009	Feb. 08, 2013 Subsequent Event [Member]	Feb. 28, 2013 Maximum [Member] Subsequent Event [Member]	Jan. 03, 2013 VEBA [Member] Subsequent Event [Member]	Dec. 31, 2012 Fiat [Member]	Jan. 03, 2013 Fiat [Member] Subsequent Event [Member]	Jan. 01, 2013 Class B Membership Interests [Member] Subsequent Event [Member]	Jan. 01, 2013 Class A Membership Interest [Member] Subsequent Event [Member]	Jan. 09, 2013 Class A [Member] Subsequent Event [Member]
Subsequent Event [Line Items]													
Membership interest held											200,000		
Membership interest												571,429	
Dilutive Effect of conversion			$ 0										
Expected shareholding percentage in the company								34.83%	58.50%	65.17%			
Membership Interest Owned													270,769.6
Outstanding Equity Interest													16.60%
Foreign Currency Official Exchange Rate of BsF	4.30					6.30							
Previous Foreign Currency Official exchange rate of Bsf				2.15	2.15	4.30							
Foreign currency exchange rate used for remeasurement						6.30							
Devaluation loss	$ 80,000,000	$ 20,000,000					$ 75,000,000						

Employee Retirement and Other Benefits (Tables)

	12 Months Ended Dec. 31, 2012
Canadian HCT Settlement Agreement	During the year ended December 31, 2010, we recognized a $46 million loss as a result of the Canadian HCT Settlement Agreement, which was calculated as follows (in millions):

OPEB obligation settled	$1,213
Recognition of actuarial losses included in AOCI	(46)
Fair value of Canadian Health Care Trust Notes issued to HCT	(1,087)
Cash contribution to HCT	(104)
Tax obligations associated with the Canadian HCT Settlement Agreement	(22)
Net loss on Canadian HCT Settlement Agreement	$(46)

Changes in Benefit Obligations and Related Plan Assets

The following summarizes the changes in the benefit obligations and related plan assets, as well as the status of the plans (in millions of dollars):

	Years Ended December 31,			
	2012		2011	
	Pension Benefits	OPEB	Pension Benefits	OPEB
Change in benefit obligations:				
Benefit obligations at beginning of period	$31,980	$2,729	$29,874	$2,636
Service cost	324	24	263	21
Interest cost	1,514	135	1,525	141
Employee contributions	10	—	10	—
Amendments and benefit changes	25	(7)	—	(91)
Actuarial (gain)/loss	(98)	68	1,031	71
Discount rate change	3,174	299	1,656	194
Benefits paid	(2,262)	(189)	(2,335)	(217)
Special early retirement programs	1	—	77	4
Gain on VEBA claims adjustment	—	—	—	(21)
Other, primarily currency translation	169	14	(121)	(9)
Benefit obligations at end of period	$34,837	$3,073	$31,980	$2,729
Change in plan assets:				
Fair value of plan assets at beginning of period	$25,444	$—	$25,865	$37
Actual return on plan assets	2,378	—	1,644	—
Employee contributions	10	—	10	—
Company contributions —to pension trust	237	—	351	—
Company contributions —directly to pay benefits	17	189	11	217
Amendments and benefit changes	17	—	—	—
Benefits paid	(2,262)	(189)	(2,335)	(217)
Withdrawal of VEBA assets	—	—	—	(37)
Other, primarily currency translation	131	—	(102)	—
Fair value of plan assets at end of period	$25,972	$—	$25,444	$—
Funded status of plans	$(8,865)	$(3,073)	$(6,536)	$(2,729)
Amounts recognized on the balance sheet:				
Prepaid expense and other assets	$114	$—	$118	$—
Current liabilities	(1)	(187)	(1)	(184)
Long-term liabilities	(8,978)	(2,886)	(6,653)	(2,545)
Total	$(8,865)	$(3,073)	$(6,536)	$(2,729)
Amounts recognized in accumulated other comprehensive loss:				
Unrealized actuarial net loss and other	$(6,378)	$(854)	$(3,976)	$(523)
Unrealized prior service (cost)/credit	(10)	52	—	86
Total	$(6,388)	$(802)	$(3,976)	$(437)
Accumulated benefit obligation (“ABO”) at December 31	$34,432		$31,421	

	2012	2011
Pension plans in which ABO exceeds plan assets at December 31:		
ABO	$33,938	$30,971
Fair value of plan assets	25,363	24,876
Pension plans in which projected benefit obligation ("PBO") exceeds plan assets at December 31:		
PBO	$34,343	$31,530
Fair value of plan assets	25,363	24,876

Components of Benefit Expense and Other Changes in Plan Assets and Benefit Obligations Recognized in AOCI

The components of benefit expense and other changes in plan assets and benefit obligations recognized in AOCI were as follows (in millions of dollars):

	Years Ended December 31,					
	2012		2011		2010	
	Pension Benefits	OPEB	Pension Benefits	OPEB	Pension Benefits	OPEB
Net periodic benefit cost:						
Service cost	$324	$24	$263	$21	$242	$34
Interest cost	1,514	135	1,525	141	1,526	194
Expected return on plan assets	(1,811)	—	(1,828)	—	(1,741)	—
Loss on Canadian HCT Settlement	—	—	—	—	—	46
Recognition of net actuarial losses	101	26	—	13	—	6
Amortization of prior service credit	—	(40)	—	(11)	—	—
Gain on VEBA claims adjustment	—	—	—	(21)	—	(35)
Net periodic benefit costs (credit)	128	145	(40)	143	27	245
Special early retirement cost	1	—	77	4	27	—
Total benefit costs	$129	$145	$37	$147	$54	$245
Other comprehensive loss:						
Net loss	$2,509	$358	$2,870	$266	$458	$22
Recognition of net actuarial losses	(101)	(26)	—	(13)	—	(6)
Prior service cost (credit)	11	(7)	—	(91)	—	(5)
Amortization of prior service credit	—	40	—	11	—	—
Recognition of loss on Canadian HCT Settlement	—	—	—	—	—	(46)
Recognition of gain on VEBA claims adjustment	—	—	—	—	—	35
Other	(7)	—	—	—	—	—
Total recognized in other comprehensive loss	2,412	365	2,870	173	458	—
Total recognized in total benefit costs and other comprehensive loss	$2,541	$510	$2,907	$320	$512	$245

Assumptions Used to Determine Benefit Obligation and Expense

Assumptions used to determine the benefit obligation and expense were as follows:

	Years Ended December 31,					
	2012		2011		2010	
	Pension Benefits	OPEB	Pension Benefits	OPEB	Pension Benefits	OPEB
Weighted-Average Assumptions Used to Determine Benefit Obligations at December 31:						
Discount rate —ongoing benefits	3.98%	4.07%	4.84%	4.93%	5.33%	5.57%
Rate of compensation increase	3.09%	2.70%	3.77%	2.70%	4.08%	4.50%
Weighted-Average Assumptions Used to Determine Periodic Costs:						
Discount rate —ongoing benefits	4.84%	4.93%	5.33%	5.57%	5.54%	5.38%
Expected return on plan assets	7.41%	—	7.41%	—	7.41%	—
Rate of compensation increase	3.77%	2.70%	3.77%	2.70%	4.08%	4.50%

Percentage Point Change in Assumed Health Care Cost Trend Rate

The assumed health care cost trend rate has a significant effect on the amounts reported for postretirement health care and life insurance benefits. A one percentage point change in the assumed health care cost trend rate for U.S. and Canada combined would have the following effects as of December 31, 2012 (in millions of dollars):

	One Percentage Point	
	Increase	Decrease
Effect on total of service and interest cost components	$ 5	$ (4)
Effect on postretirement benefit obligation	84	(71)

Reconciliation of Level 3 Pension Plan Assets

A reconciliation of Level 3 pension plan assets held by us was as follows (in millions of dollars):

	Year Ended December 31, 2012					
	January 1, 2012	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Net Purchases, Issuances and Settlements	Transfers Into (Out of) Level 3	December 31, 2012
Equity securities:						
U.S. companies	$ 1	$ 2	$ (3)	$ —	$ —	$ —
Fixed income securities:						
Corporate Bonds	—	31	(31)	—	—	—
Other investments:						
Private equity funds	2,760	(177)	(25)	(165)	—	2,393

Real estate funds	512	2	(19)	(8)	—	487
Hedge funds	976	84	(8)	(87)	—	965
Other	17	(1)	—	—	—	16
Total	$ 4,266	$ (59)	$ (86)	$ (260)	$ —	$ 3,861

	Year Ended December 31, 2011					
	January 1, 2011	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Net Purchases, Issuances and Settlements	Transfers Into (Out of) Level 3	December 31, 2011
Equity securities:						
U.S. companies	$ —	$ 1	$ —	$ —	$ —	$ 1
Other investments:						
Private equity funds	2,826	53	(30)	(89)	—	2,760
Real estate funds	509	(14)	27	(10)	—	512
Hedge funds	1,141	(45)	5	(125)	—	976
Other	16	(2)	(2)	2	3	17
Total	$ 4,492	$ (7)	$ —	$ (222)	$ 3	$ 4,266

Estimated Future Pension and OPEB Benefits Payments and Medicare Prescription Drug Improvement and Modernization Act of 2003 Subsidy

Estimated future pension and OPEB benefits payments, and the Medicare Prescription Drug Improvement and Modernization Act of 2003 subsidy ("Medicare Part D Subsidy") expected to be received for the next ten years were as follows (in millions of dollars):

	Pension Benefits	OPEB	Medicare Part D Subsidy Receipts
2013	$2,331	$ 190	$ 3
2014	2,272	185	3
2015	2,227	181	3
2016	2,186	180	3
2017	2,150	179	3
2018 – 2022	10,324	882	16

Pension Benefits [Member]

Allocation of Plan Assets

The fair values of our pension plan assets as of December 31 by asset class were as follows (in millions of dollars):

	2012			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Pension plan assets:				
Cash and cash equivalents	$ 532	$ 150	$ —	$682
Equity securities:				
U.S. companies	2,352	21	—	2,373

Non-U.S. companies	2,031	—	—	2,031
Commingled funds	91	1,195	—	1,286
Fixed income securities:				
Government securities	2,250	2,462	—	4,712
Corporate bonds	—	6,162	—	6,162
Convertible and high yield bonds	—	768	—	768
Other fixed income	—	948	—	948
Other investments:				
Private equity funds	—	—	2,393	2,393
Real estate funds	—	1,124	487	1,611
Hedge funds	—	1,468	965	2,433
Insurance contracts	—	503	—	503
Other	(2)	(3)	16	11
	$ 7,254	$ 14,798	$ 3,861	$25,913
Other Assets (Liabilities):				
Cash and cash equivalents				6
Accounts receivable				207
Accounts payable				(154)
Total fair value of pension assets				$25,972

	2011			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Pension plan assets:				
Cash and cash equivalents	$ 549	$ 186	$ —	$735
Equity securities:				
U.S. companies	2,633	6	1	2,640
Non-U.S. companies	2,170	—	—	2,170
Commingled funds	110	1,223	—	1,333
Fixed income securities:				
Government securities	2,030	2,593	—	4,623
Corporate bonds	—	4,906	—	4,906

Convertible and high yield bonds	—	674	—	674
Other fixed income	—	909	—	909
Other investments:				
Private equity funds	—	—	2,760	2,760
Real estate funds	—	1,108	512	1,620
Hedge funds	—	1,551	976	2,527
Insurance contracts	—	483	—	483
Other	(8)	7	17	16
	$ 7,484	$ 13,646	$ 4,266	$25,396
Other Assets (Liabilities):				
Cash and cash equivalents				2
Accounts receivable				135
Accounts payable				(89)
Total fair value of pension assets				$25,444

Prepaid Expenses and Other Assets (Tables)

12 Months Ended Dec. 31, 2012

Components of Prepaid Expenses and Other Assets

The components of prepaid expenses and other assets as of December 31 were as follows (in millions of dollars):

	2012			2011		
	Current	Non-Current	Total	Current	Non-Current	Total
Amounts due from related parties (see Note 18)	$503	$ —	$503	$975	$ —	$975
Prepaid pension expense (see Note 17)	—	114	114	—	118	118
Other	605	289	894	628	303	931
Total	$1,108	$ 403	$1,511	$1,603	$ 421	$2,024

Prepaid Expenses and Other Assets - Components of Prepaid Expenses and Other Assets (Detail) (USD $) In Millions, unless otherwise specified	Dec. 31, 2012	Dec. 31, 2011
Deferred Costs Capitalized Prepaid And Other Assets Disclosure [Line Items]		
Amounts due from related parties, current	$ 503	$ 975
Other, current	605	628
Prepaid expenses and other assets, Current	1,108	1,603
Prepaid pension expense, non-current	114	118
Other, non-current	289	303
Prepaid expenses and other assets, non-current	403	421
Amounts due from related parties	503	975
Prepaid pension expense	114	118
Other	894	931
Prepaid expenses and other assets, total	$ 1,511	$ 2,024

Commitments Contingencies and Concentrations - Future Minimum Purchase Obligations (Detail) (USD $) In Millions, unless otherwise specified	Dec. 31, 2012
Unrecorded Unconditional Purchase Obligation [Line Items]	
2013	$ 290
2014	273
2015	121
2016	90
2017	68
2018 and thereafter	$ 0

Interest Expense (Tables)

12 Months Ended Dec. 31, 2012

Interest Expense

Interest expense included the following (in millions of dollars):

	Years Ended December 31,		
	2012	2011	2010
Financial interest expense:			
Related parties (see Note 18)	$440	$635	$934
Other	651	506	220
Interest accretion, primarily related to debt discounts, debt issuance costs and fair value adjustments	119	170	229
Payable-in-kind interest —related party (see Note 18)	—	27	68
Capitalized interest related to capital expenditures	(116)	(100)	(175)
Total	$1,094	$1,238	$1,276

Geographic Information (Tables)	12 Months Ended Dec. 31, 2012

Revenues, Net and Long-Lived Assets by Geographic Area

Revenues, net and long-lived assets by geographic area were as follows (in millions of dollars):

Revenues, net:

	Years Ended December 31,		
	2012	2011	2010
North America:			
United States	$46,708	$37,972	$28,369
Canada	7,272	7,196	6,539
Mexico	1,892	1,881	1,634
Total North America	55,872	47,049	36,542
Rest of World	9,912	7,932	5,404
Total	$65,784	$54,981	$41,946

Long-lived assets:

	December 31, 2012	December 31, 2011
North America:		
United States	$ 11,932	$ 10,980
Canada	1,706	1,873
Mexico	2,632	2,421
Total North America	16,270	15,274
Rest of World	197	112
Total	$ 16,467	$ 15,386

Property, Plant and Equipment, Net - Additional Information (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Property, Plant and Equipment [Line Items]			
Depreciation and amortization of property, plant and equipment	$ 2,352	$ 2,575	$ 2,558

Share-Based Compensation - Additional Information (Detail) (USD $) In Millions, except Share data, unless otherwise specified	1 Months Ended	12 Months Ended					12 Months Ended															12 Months Ended													1 Months Ended
	May 31, 2011	Dec. 31, 2012	Dec. 31, 2011 Vehicle	Dec. 31, 2010	Dec. 31, 2012 Minimum [Member]	Dec. 31, 2011 Minimum [Member]	Dec. 31, 2010 Minimum [Member]	Dec. 31, 2012 Maximum [Member]	Dec. 31, 2011 Maximum [Member]	Dec. 31, 2010 Maximum [Member]	Dec. 31, 2011 Fiat [Member] Class B Membership Interests [Member]	Dec. 31, 2012 2012 Long Term Incentive Plan [Member]	Dec. 31, 2012 Long Term Incentive Plan [Member]	Dec. 31, 2012 First Tranche [Member]	Dec. 31, 2012 Second Tranche [Member]	Dec. 31, 2012 Restricted Stock Units (RSUs) [Member] Tranches	Dec. 31, 2011 Restricted Stock Units (RSUs) [Member]	Dec. 31, 2010 Restricted Stock Units (RSUs) [Member]	Dec. 31, 2012 Restricted Stock Units (RSUs) [Member] Key Employees [Member]	Dec. 31, 2011 Restricted Stock Units (RSUs) [Member] Key Employees [Member]	Dec. 31, 2010 Restricted Stock Units (RSUs) [Member] Key Employees [Member]	Dec. 31, 2012 Restricted Stock Units (RSUs) [Member] Non Employee Directors [Member]	Dec. 31, 2011 Restricted Stock Units (RSUs) [Member] Non Employee Directors [Member]	Dec. 31, 2012 Restricted Stock Units (RSUs) [Member] 2012 Long Term Incentive Plan [Member]	Dec. 31, 2012 Restricted Stock Units (RSUs) [Member] Long Term Incentive Plan [Member]	Dec. 31, 2012 Restricted Stock Units (RSUs) [Member] Second Tranche [Member]	Dec. 31, 2012 PSU [Member] 2012 Long Term Incentive Plan [Member]	Dec. 31, 2012 PSU [Member] Long Term Incentive Plan [Member]	Dec. 31, 2012 Deferred Phantom Share Units (DPSs) [Member]	Dec. 31, 2011 Deferred Phantom Share Units (DPSs) [Member]	Dec. 31, 2010 Deferred Phantom Share Units (DPSs) [Member]	Dec. 31, 2016 Scenario, Forecast [Member] Vehicle	Aug. 31, 2011 Conversion Features Two [Member]	Dec. 31, 2012 Conversion Features Two [Member] Class B Membership Interests [Member]	Sep. 30, 2011 Conversion Features Two [Member] Fiat [Member] Class A Membership Interests [Member]
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]																																			
Class A Membership Interest		0.167%																																	
Long term growth rate		2.00%																																	
After tax weighted average cost of capital					16.00%	14.40%	15.00%	16.50%	16.50%	15.30%																									
Worldwide factory shipments			2,000,000																																
Projected worldwide factory shipments in 2016																																3,200,000			
Number of Chrysler Group Units authorized and granted		980,000,000																						29,400,000									979,592,400		
Per unit fair value		$ 9.00	$ 7.63	$ 4.87																															
Ownership interest											30.00%																							20.00%	
Percentage of ownership interest																																			35.00%
PSU vesting period																						3 years			3 years			3 years	3 years						
Compensation Expense													$ 31			$ 36	$ 18	$ 16								$ 16			$ 3	$ 18	$ 19				
Total unrecognized compensation expense												61				16																			
Restricted stock units granted																1,466,523	2,799,836	832,069	1,266,267	2,749,696	832,069	200,256	50,140	1,835,833			8,450,275								
Number of tranches																2																			
First tranche representation of tranches														25.00%	75.00%																				
Repayment of minimum outstanding U.S Treasury debt obligations	25.00%																																		
Share-based compensation payments		(31)	(6)													4	6	0																	
Payments on certain awards																													$ 27						

Variable Interest Entities - Amounts Included in the Financial Statement Captions in the Accompanying Consolidated Balance Sheets Related to VIEs (Detail) (USD $) In Millions, unless otherwise specified	Dec. 31, 2012	Dec. 31, 2011
Variable Interest Entity [Line Items]		
Restricted cash	$ 28	$ 106
Equipment and other assets on operating leases, net	976	1,421
Financial liabilities	12,147	12,344
Gold Key Lease Vehicle Lease Portfolio [Member]		
Variable Interest Entity [Line Items]		
Restricted cash		3
Equipment and other assets on operating leases, net	1	59
Financial liabilities		$ 41

Fair Value Measurements (Tables)	12 Months Ended Dec. 31, 2012

Financial Assets and Liabilities Measured at Fair Value on Recurring Basis

The following summarizes our financial assets and liabilities measured at fair value on a recurring basis as of December 31 (in millions of dollars):

	2012			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	$10,685	$ 929	$ —	$11,614
Restricted cash	371	—	—	371
Derivatives:				
Currency forwards and swaps	—	6	—	6
Commodity swaps	—	18	12	30
Total	$11,056	$ 953	$ 12	$12,021
Liabilities:				
Derivatives:				
Currency forwards and swaps	$—	$ 44	$ —	$44
Commodity swaps	—	8	3	11
Total	$—	$ 52	$ 3	$55

	2011			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	$8,976	$ 625	$ —	$9,601
Restricted cash	461	—	—	461
Derivatives:				
Currency forwards and swaps	—	67	—	67
Commodity swaps	—	—	1	1
Total	$9,437	$ 692	$ 1	$10,130
Liabilities:				
Derivatives:				
Currency forwards and swaps	$—	$ 6	$ —	$6
Commodity swaps	—	88	36	124
Total	$—	$ 94	$ 36	$130

Changes in Level 3 Items Measured at Fair Value on Recurring Basis

The following summarizes the changes in Level 3 items measured at fair value on a recurring basis (in millions of dollars):

	Years Ended December 31,		
	2012	2011	2010
Derivatives Assets (Liabilities):			
Balance at beginning of the period	$(35)	$41	$(28)
Total realized and unrealized gains (losses):			
Included in Net Income (Loss) *(1)*	(30)	39	33
Included in Other Comprehensive Income (Loss) *(2)*	45	(83)	46
Settlements *(3)*	29	(32)	(10)
Transfers into Level 3	—	—	—
Transfers out of Level 3	—	—	—
Fair value at end of the period	$9	$(35)	$41
Changes in unrealized losses relating to instruments held at end of period *(1)*	$—	$—	$27

(1) The related realized and unrealized gains (losses) are recognized in Cost of Sales in the accompanying Consolidated Statements of Operations.

(2) *The related realized and unrealized gains (losses) are recognized in Loss on Derivatives Recorded in Accumulated Other Comprehensive Loss, Net in the accompanying Consolidated Statements of Comprehensive Loss.*
(3) *There were no purchases, issuances or sales during the years ended December 31, 2012, 2011 and 2010.*

Summary of Unobservable Inputs Related to Level 3 Items Measured at Fair Value on Recurring basis

The following summarizes the unobservable inputs related to Level 3 items measured at fair value on a recurring basis as of December 31, 2012:

	Net Asset (in millions of dollars)	Valuation Technique	Unobservable Input	Range	Unit of Measure
Commodity swaps	$ 9	Discounted	Platinum forward points	$ 0.12 — $ 5.43	Per troy ounce
		cash flow	Palladium forward points	$ 0.09 — $ 5.80	Per troy ounce
			Natural gas forward points	$(0.04) — $ 0.44	Per giga-joule

Carrying Amount and Estimated Fair Value of Financial Instruments

The carrying amounts and estimated fair values of our financial instruments as of December 31 were as follows (in millions of dollars):

	2012		2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$11,614	$11,614	$9,601	$9,601
Restricted cash	371	371	461	461
Financial liabilities *(1)*	12,603	13,643	12,574	12,183
Derivatives:				
Included in Prepaid Expenses and Other Assets and Advances to Related Parties and Other Financial Assets	36	36	68	68
Included in Accrued Expenses and Other Liabilities	55	55	130	130

(1) *The fair value of financial liabilities includes $6.5 billion measured utilizing Level 2 inputs and $7.1 billion measured utilizing Level 3 inputs at December 31, 2012.*

Background and Nature of Operations	12 Months Ended Dec. 31, 2012
Background and Nature of Operations	

Note 1. Background and Nature of Operations

Unless otherwise specified, the terms “we,” “us,” “our,” “Chrysler Group” and the “Company” refer to Chrysler Group LLC and its consolidated subsidiaries, or any one or more of them, as the context may require. “Fiat” refers to Fiat S.p.A., a corporation organized under the laws of Italy, its consolidated subsidiaries (excluding Chrysler Group) and entities it jointly controls, or any one or more of them, as the context may require.

Background

Chrysler Group was formed on April 28, 2009 as a Delaware limited liability company. On June 10, 2009, we completed the transaction contemplated by the master transaction agreement dated April 30, 2009, among the Company, Fiat and Old Carco LLC (“Old Carco”) and certain of its subsidiaries, which was approved under section 363 of the U.S. Bankruptcy Code (the “363 Transaction”). In connection with the closing of the 363 Transaction, we received capital contributions from the United Auto Workers’ Retiree Medical Benefits Trust (the “VEBA Trust”), Fiat, the United States Department of the Treasury (the “U.S. Treasury”) and Canada CH Investment Corporation, a wholly-owned subsidiary of the Canada Development Investment Corporation, a Canadian federal Crown corporation (“Canadian Government”), in exchange for ownership interests in the Company.

As a result of a series of transactions during 2011 and early 2012 that were contemplated in our governance documents and certain other agreements, our continuing members are now Fiat, which holds a 58.5 percent ownership interest in us, and the VEBA Trust, which holds the remaining 41.5 percent ownership interest in us. Refer to Note 18, *Other Transactions with Related Parties,* and Note 24, *Subsequent Events,* for additional information regarding Fiat’s exercise of its option to acquire additional portions of the VEBA Trust’s membership interests in Chrysler Group.

Nature of Operations

We design, engineer, manufacture, distribute and sell vehicles under the brand names Chrysler, Jeep, Dodge and Ram. As part of our industrial alliance with Fiat, we also manufacture Fiat vehicles in North America, which we distribute for ourselves throughout North America and sell to Fiat for distribution elsewhere in the world. Our product lineup includes passenger cars, utility vehicles, which include sport utility vehicles and crossover vehicles, minivans, pick-up trucks, and medium-duty trucks. We also sell automotive service parts and accessories under the Mopar brand name.

Our products are sold in more than 120 countries around the world. We sell our products to dealers and distributors for sale to retail customers and fleet customers, which include rental car companies, commercial fleet customers, leasing companies and government entities. The majority of our operations, employees, independent dealers and sales are in North America, primarily in the U.S. Approximately 10 percent of our vehicle sales in 2012 were outside North America, principally in Asia Pacific, South America and Europe. Vehicle, service parts and accessories sales outside North America are primarily through wholly-owned, affiliated or independent distributors and dealers. In June 2011, Fiat became the general distributor of our vehicles and service parts in Europe, selling our products through a network of newly appointed dealers. Refer to Note 18, *Other Transactions with Related Parties*, for additional information.

Selected Quarterly Financial Data - Selected Quarterly Financial Data (Detail) (USD $) In Millions, unless otherwise specified	3 Months Ended								12 Months Ended		
	Dec. 31, 2012	Sep. 30, 2012	Jun. 30, 2012	Mar. 31, 2012	Dec. 31, 2011	Sep. 30, 2011	Jun. 30, 2011	Mar. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Schedule Of Quarterly Financial Data [Line Items]											
Revenues, net	$ 17,152	$ 15,478	$ 16,795	$ 16,359	$ 15,129	$ 13,067	$ 13,661	$ 13,124	$ 65,784	$ 54,981	$ 41,946
GROSS MARGIN	2,761	2,562	2,543	2,568	2,254	2,054	2,204	2,047	10,434	8,559	6,060
Interest expense	266	273	278	277	280	282	328	348	1,094	1,238	1,276
INCOME (LOSS) BEFORE INCOME TAXES	458	437	541	506	275	259	(313)	160	1,942	381	(513)
Net income (loss)	378	381	436	473	225	212	(370)	116	1,668	183	(652)
Loss on extinguishment of debt							$ 551			$ 551	

Share-Based Compensation - Summary of Activity Related to LTIP Shares Issued to Our Employees (Detail) (USD $)	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Restricted Stock Units (RSUs) [Member]			
Schedule Of Share Based Compensation Arrangements [Line Items]			
Non-vested at beginning of period	5,952,331	5,220,692	5,720,566
Granted, Shares	1,466,523	2,799,836	832,069
Vested, Shares	(2,586,060)	(1,331,943)	(1,331,943)
Forfeited, shares	(97,352)	(736,254)	
Non-vested at end of period	4,735,442	5,952,331	5,220,692
Non-vested at beginning of period, Weighted Average Grant Date	$ 3.25	$ 1.20	$ 1.20
Granted, Weighted Average Grant Date Fair value	$ 7.68	$ 5.76	$ 1.20
Vested,Weighted Average Grant Date Fair Value	$ 1.22	$ 1.20	$ 1.20
Forfeited, Weighted Average Grant Date Fair Value	$ 6.14	$ 1.99	
Non-vested at end of period, Weighted Average Grant Date	$ 5.73	$ 3.25	$ 1.20
2012 Long Term Incentive Plan [Member] | Restricted Stock Units (RSUs) [Member]			
Schedule Of Share Based Compensation Arrangements [Line Items]			
Granted, Shares	1,835,833		
Vested, Shares	(20,123)		
Forfeited, shares	(10,587)		
Non-vested at end of period	1,805,123		
Granted, Weighted Average Grant Date Fair value	$ 7.63		
Vested,Weighted Average Grant Date Fair Value	$ 7.63		
Forfeited, Weighted Average Grant Date Fair Value	$ 7.63		
Non-vested at end of period, Weighted Average Grant Date	$ 7.63		
2012 Long Term Incentive Plan [Member] | PSU [Member]			
Schedule Of Share Based Compensation Arrangements [Line Items]			
Granted, Shares	8,450,275		
Forfeited, shares	(30,591)		
Non-vested at end of period	8,419,684		
Granted, Weighted Average Grant Date Fair value	$ 7.63		
Forfeited, Weighted Average Grant Date Fair Value	$ 7.63		
Non-vested at end of period, Weighted Average Grant Date	$ 7.63		

Variable Interest Entities - Additional Information (Detail) (USD $)	12 Months Ended	1 Months Ended			1 Months Ended				1 Months Ended	12 Months Ended
	Dec. 31, 2011	Apr. 30, 2010 Chrysler Receivables SPV [Member]	Mar. 31, 2010 Chrysler Receivables SPV [Member]	Apr. 07, 2009 Chrysler Receivables SPV [Member]	Apr. 30, 2010 Chrysler Receivables SPV [Member] U.S. Treasury [Member]	Mar. 31, 2010 Chrysler Receivables SPV [Member] U.S. Treasury [Member]	Dec. 31, 2012 ZF Marysville, LLC [Member]	Dec. 31, 2011 ZF Marysville, LLC [Member]	May 31, 2011	Dec. 31, 2010
Variable Interest Entity [Line Items]										
Maximum Borrowing Capacity Prior to Reduction				$ 1,500,000,000						
Maximum Borrowing Capacity				1,000,000,000						
Repayment of debt			123,000,000			123,000,000				
Line of credit facility exit costs		40,000,000			40,000,000					
Residual equity of Receivables SPV		5,000,000			5,000,000					
Percentage of Residual Equity Provided to U.S. Treasury					50.00%					
Capital lease assets							108,000,000	123,000,000		
Capital lease obligations							115,000,000	127,000,000		
Maximum exposure to loss on Contractual commitment							12,000,000			
Variable Interest in USDART										100,000,000
Proceeds from USDART	96,000,000								96,000,000	
Reduction in amounts of repayment									$ 4,000,000	

Other Transactions with Related Parties - Additional Information (Detail) (USD $) In Millions, except Share data, unless otherwise specified	1 Months Ended	12 Months Ended			1 Months Ended				12 Months Ended	1 Months Ended			1 Months Ended		12 Months Ended		
	May 31, 2012	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010	Apr. 30, 2010 Chrysler Receivables SPV [Member]	Mar. 31, 2010 Chrysler Receivables SPV [Member]	Oct. 31, 2012 Fiat [Member]	Jan. 31, 2012 Fiat [Member] mi	Dec. 31, 2012 Fiat [Member]	May 31, 2011 Fiat [Member]	May 31, 2011 Fiat [Member] Class A Membership Interests [Member]	May 31, 2012 Fiat [Member] Technology License Agreement [Member]	Apr. 30, 2010 U.S. Treasury [Member] Chrysler Receivables SPV [Member]	Mar. 31, 2010 U.S. Treasury [Member] Chrysler Receivables SPV [Member]	Dec. 31, 2012 VEBA Trust [Member]	Dec. 31, 2011 VEBA Trust [Member]	Dec. 31, 2010 VEBA Trust [Member]
Related Party Transaction [Line Items]																	
Ownership Interest									58.50%						41.50%		
Interest expense related party		$ 440	$ 635	$ 934											$ 440	$ 432	$ 420
Prior Ownership Interest								53.50%		20.00%							
Unadjusted combined fuel economy								40									
Acquired fully-diluted ownership											16.00%						
Proceeds from Fiat's incremental equity call option exercise			1,268								1,268						
Membership Interests, units issued										261,225							
License fee recorded												37					
Amortization period of license fee included in deferred revenue	7 years																
Sale of certain international dealerships to Fiat							24										
Proceeds from the sale of certain international dealerships to Fiat		11					20										
Receivable related to holdback for potential losses							4										
Cash held by international dealerships sold							9										
Gain loss from sale of wholly-owned international dealership							0										
Repayment of debt						123								123			
Exit fee paid to US Treasury					40								40				
Residual equity of Receivables SPV					5								5				
Percentage of Residual Equity Provided to U.S. Treasury													50.00%				
Interest expense on financial help provided by Treasury			229	582													
Payable in kind interest			27	68													
Payable in kind interest capitalized			$ 17	$ 68													

Supplemental Parent and Guarantor Condensed Consolidating Financial Statements - Condensed Consolidating Statements of Operations (Detail) (USD $) In Millions, unless otherwise specified	3 Months Ended								12 Months Ended		
	Dec. 31, 2012	Sep. 30, 2012	Jun. 30, 2012	Mar. 31, 2012	Dec. 31, 2011	Sep. 30, 2011	Jun. 30, 2011	Mar. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Condensed Financial Statements, Captions [Line Items]											
Revenues, net	$ 17,152	$ 15,478	$ 16,795	$ 16,359	$ 15,129	$ 13,067	$ 13,661	$ 13,124	$ 65,784	$ 54,981	$ 41,946
Cost of sales									55,350	46,422	35,886
GROSS MARGIN	2,761	2,562	2,543	2,568	2,254	2,054	2,204	2,047	10,434	8,559	6,060
Selling, administrative and other expenses									5,179	4,751	3,797
Research and development expenses, net									2,324	1,674	1,500
Restructuring (income) expenses, net									(61)	3	48
Interest expense	266	273	278	277	280	282	328	348	1,094	1,238	1,276
Interest income									(44)	(39)	(48)
Loss on extinguishment of debt							551			551	
INCOME (LOSS) BEFORE INCOME TAXES	458	437	541	506	275	259	(313)	160	1,942	381	(513)
Income tax expense									274	198	139
NET INCOME (LOSS)	378	381	436	473	225	212	(370)	116	1,668	183	(652)
Other comprehensive income (loss)									(2,882)	(2,987)	(597)
TOTAL COMPREHENSIVE INCOME (LOSS)									(1,214)	(2,804)	(1,249)
Parent [Member]											
Condensed Financial Statements, Captions [Line Items]											
Revenues, net									68,634	55,616	41,537
Cost of sales									60,191	48,839	36,770
GROSS MARGIN									8,443	6,777	4,767
Selling, administrative and other expenses									4,139	3,745	2,891
Research and development expenses, net									2,288	1,648	1,480
Restructuring (income) expenses, net									(1)	12	(157)

Interest expense	982	1,067	1,073
Interest income	(17)	(14)	(19)
Loss on extinguishment of debt		170	
INCOME (LOSS) BEFORE INCOME TAXES	1,052	149	(501)
Income tax expense	15	15	5
Equity in net (income) loss of subsidiaries	(631)	(49)	146
NET INCOME (LOSS)	1,668	183	(652)
Other comprehensive income (loss)	(2,882)	(2,987)	(597)
TOTAL COMPREHENSIVE INCOME (LOSS)	(1,214)	(2,804)	(1,249)
Guarantors [Member]			
Condensed Financial Statements, Captions [Line Items]			
Revenues, net	8,584	6,282	3,658
Cost of sales	8,444	6,322	3,522
GROSS MARGIN	140	(40)	136
Selling, administrative and other expenses	229	158	127
Research and development expenses, net	1		
Restructuring (income) expenses, net	(59)	(8)	206
Interest expense	12	3	5
Interest income	(1)	(1)	(1)
INCOME (LOSS) BEFORE INCOME TAXES	(42)	(192)	(201)
Equity in net (income) loss of subsidiaries	(30)	(26)	(26)
NET INCOME (LOSS)	(12)	(166)	(175)
Other comprehensive income (loss)		(1)	1
TOTAL COMPREHENSIVE INCOME (LOSS)	(12)	(167)	(174)
Non-Guarantors [Member]			
Condensed Financial Statements, Captions [Line Items]			
Revenues, net	37,776	31,829	26,533
Cost of sales	35,855	30,010	25,380
GROSS MARGIN	1,921	1,819	1,153
Selling, administrative and other expenses	665	582	614

Research and development expenses, net	35	26	20
Restructuring (income) expenses, net	(1)	(1)	(1)
Interest expense	144	225	241
Interest income	(26)	(24)	(28)
Loss on extinguishment of debt		381	
INCOME (LOSS) BEFORE INCOME TAXES	1,104	630	307
Income tax expense	259	181	134
NET INCOME (LOSS)	845	449	173
Other comprehensive income (loss)	(131)	(936)	(324)
TOTAL COMPREHENSIVE INCOME (LOSS)	714	(487)	(151)
Consolidating Adjustments [Member]			
Condensed Financial Statements, Captions [Line Items]			
Revenues, net	(49,210)	(38,746)	(29,782)
Cost of sales	(49,140)	(38,749)	(29,786)
GROSS MARGIN	(70)	3	4
Selling, administrative and other expenses	146	266	165
Interest expense	(44)	(57)	(43)
INCOME (LOSS) BEFORE INCOME TAXES	(172)	(206)	(118)
Income tax expense		2	
Equity in net (income) loss of subsidiaries	661	75	(120)
NET INCOME (LOSS)	(833)	(283)	2
Other comprehensive income (loss)	131	937	323
TOTAL COMPREHENSIVE INCOME (LOSS)	$ (702)	$ 654	$ 325

Accrued Expenses and Other Liabilities (Tables) | **12 Months Ended Dec. 31, 2012**

Components of Accrued Expenses and Other Liabilities

The components of accrued expenses and other liabilities as of December 31 were as follows (in millions of dollars):

	2012			2011		
	Current	Non-Current	Total	Current	Non-Current	Total
Pension and postretirement benefits (see Note 17)	$188	$11,864	$12,052	$185	$9,198	$9,383
Product warranty costs	1,142	2,372	3,514	1,196	2,122	3,318
Sales incentives	3,031	—	3,031	2,431	—	2,431
Personnel costs	711	413	1,124	585	391	976
Amounts due to related parties (see Note 18) *(1)*	562	—	562	381	—	381
Income and other taxes	256	106	362	287	118	405
Accrued interest *(2)*	342	—	342	330	—	330
Workers' compensation	46	275	321	43	284	327
Vehicle residual value guarantees, excluding Gold Key Lease vehicle portfolio	238	—	238	438	—	438
Restructuring actions (see Note 20)	69	—	69	150	—	150
Other	1,933	507	2,440	1,681	645	2,326
Total	$8,518	$15,537	$24,055	$7,707	$12,758	$20,465

(1) Excludes amounts due to related parties for interest separately discussed in (2) below.

(2) Includes $222 million and $220 million of accrued interest due to related parties as of December 31, 2012 and 2011, respectively. Refer to Note 18, Other Transactions with Related Parties, for additional information.

Changes in Accrued Product Warranty Costs

The changes in accrued product warranty costs (excluding deferred revenue from extended warranty and service contracts described below, as well as supplier recoveries) were as follows (in millions of dollars):

	Years Ended December 31,		
	2012	2011	2010
Balance at beginning of period	$3,318	$3,171	$3,176
Provision for current period warranties	1,735	1,686	1,342
Net adjustments to pre-existing warranties	(158)	(106)	123
Net warranty settlements	(1,414)	(1,452)	(1,497)
Interest accretion, translation and other adjustments	33	19	27
Balance at end of period	$3,514	$3,318	$3,171

Changes in Deferred Revenue

The following summarizes the changes in deferred revenue from these contracts (in millions of dollars):

	Years Ended December 31,		
	2012	2011	2010
Balance at beginning of period	$926	$829	$779
Deferred revenues for current period service contracts	600	545	433
Earned revenues in current period	(446)	(446)	(444)

Refunds of cancelled contracts	(54)	(53)	(47)
Interest accretion, translation and other adjustments	49	51	108
Balance at end of period	$1,075	$926	$829

Venezuelan Currency Regulations and Devaluation	12 Months Ended Dec. 31, 2012
Venezuelan Currency Regulations and Devaluation	**Note 21. Venezuelan Currency Regulations and Devaluation**

The functional currency of Chrysler de Venezuela ("CdV"), our wholly-owned subsidiary in Venezuela, is the USD. Pursuant to certain Venezuelan foreign currency exchange control regulations, the Central Bank of Venezuela centralizes all foreign currency transactions in the country. Under these regulations, the purchase and sale of foreign currency must be made through the Commission for the Administration of Foreign Exchange ("CADIVI").

Prior to January 1, 2010, the official exchange rate was 2.15 bolivar *fuerte* ("BsF") per USD. In January 2010, the Venezuelan government devalued the BsF relative to the USD from the official rate of 2.15 BsF per USD to a dual-rated system regulated by the CADIVI. The dual-rate included (i) an essential rate of 2.60 BsF per USD for food, technology and other items, such as our car kits, and (ii) a nonessential rate of 4.30 BsF per USD for all other transactions. As a result of this devaluation, we recorded a foreign currency translation loss of $20 million in the first quarter of 2010. On December 30, 2010, a further devaluation of the BsF was announced, eliminating the essential rate of 2.60 BsF per USD and requiring all CADIVI-approved transactions, including transactions that were pending CADIVI approval prior to the announcement, to occur at the previous nonessential rate of 4.30 BsF per USD. The new rate was declared effective as of January 1, 2011. The nonessential rate remained unchanged. However, as a result of the announced devaluation of the essential rate on December 30, 2010, we remeasured monetary assets and liabilities denominated in BsF as of December 31, 2010 using the new rate of 4.30 BsF per USD. The remeasurement resulted in a loss of $80 million. No additional events occurred during 2011 and 2012 that would further impact the BsF to USD exchange rate. Refer to Note 24, *Subsequent Events,* for additional information regarding further BsF to USD devaluation.

As of December 31, 2012 and 2011, the net monetary assets of CdV denominated in BsF were 1,138 million ($265 million USD) and 1,167 million ($271 million USD), respectively, which included cash and cash equivalents denominated in BsF of 1,476 million ($343 million USD) and 1,253 million ($291 million USD), respectively.

Restructuring Actions	12 Months Ended Dec. 31, 2012

Restructuring Actions

Note 20. Restructuring Actions

In connection with the 363 Transaction, we assumed certain liabilities related to specific restructuring actions commenced by Old Carco. These liabilities represented costs for workforce reduction actions related to our represented and non-represented hourly and salaried workforce, as well as specific contractual liabilities assumed for other costs, including supplier cancellation claims.

Key initiatives for Old Carco's restructuring actions included workforce reductions, elimination of excess production capacity, refinements to its product portfolio and restructuring of international distribution operations. To eliminate excess production capacity, Old Carco eliminated manufacturing work shifts, reduced line speeds at certain manufacturing facilities, adjusted volumes at stamping and powertrain facilities and idled certain manufacturing plants. Old Carco's restructuring actions also included the cancellation of five existing products from its portfolio, discontinued development on certain previously planned product offerings and the closure of certain parts distribution centers in the U.S. and Canada. We will continue to execute the remaining actions under Old Carco's restructuring initiatives over the next year. The remaining actions principally include the completion of the activities associated with the idling of two manufacturing facilities and the restructuring of our international distribution operations, the plans for which have been refined, including the integration of the operations of our European distribution and dealer network into Fiat's distribution organization. Costs associated with these remaining actions include, but are not limited to: employee severance, relocations, legal claims, and other international dealer network related costs. The remaining workforce reductions will affect represented and non-represented hourly and salaried employees and will be achieved through a combination of retirements, special programs, attrition and involuntary separations.

We recorded charges, net of discounting, of $1 million, $51 million and $273 million for the years ended December 31, 2012, 2011 and 2010, respectively. During the year ended December 31, 2012, the charges primarily related to costs associated with employee relocations for previously announced restructuring initiatives. During the year ended December 31, 2011, the charges primarily included costs associated with employee relocations and plant deactivations for previously announced restructuring initiatives, as well as other transition costs of $20 million resulting from the integration of the operations of our European distribution and dealer network into Fiat's distribution organization. During the year ended December 31, 2010, the charges primarily related to costs resulting from the integration of the operations of our European distribution and dealer network into Fiat's distribution organization, which included, but were not limited to, workforce reductions, contract cancellations and legal claim costs, as well as other transition costs of $35 million. The charges also related to costs associated with workforce reductions and plant deactivations for previously announced restructuring initiatives.

We made refinements to existing reserve estimates resulting in net reductions of $62 million, $48 million and $227 million for the years ended December 31, 2012, 2011 and 2010, respectively. During the year ended December 31, 2012, the adjustments related to decreases in the expected workforce reduction costs and legal claim reserves, as well as other transition costs of $5 million related to the integration of the operations of our European distribution and dealer network into Fiat's distribution organization. These refinements, which were based on management's adequacy reviews, took into consideration the status of the restructuring actions and the estimated costs to complete the actions. During the year ended December 31, 2011, the adjustments related to decreases in the expected workforce reduction costs, as well as legal and supplier cancellation claim reserves as a result of management's adequacy reviews. During the year ended December 31, 2010, the reserve adjustments were primarily the result of the cancellation of a previously announced plant closure. During 2010, we announced that our Sterling Heights, Michigan assembly plant, which was scheduled to close after 2012, would remain open in connection with the granting of certain tax incentives by local and state governments. The adjustments also related to decreases in supplier cancellation claim reserves as a result of the settlement of certain claims and a net decrease in the expected workforce reduction costs as a result of management's adequacy reviews.

The restructuring charges, reserve adjustments and interest accretion are included in Restructuring Expenses, Net in the accompanying Consolidated Statements of Operations and would have otherwise been reflected in Cost of Sales.

Additional charges of approximately $2 million related to employee relocations are expected to be recognized during 2013. We anticipate that the total costs we will incur related to these restructuring activities, including the initial assumption of the $554 million obligation from Old Carco, as well as additional charges and refinements made to the estimates will be $539 million, including $362 million related to employee termination benefits and $177 million of other costs. We expect to make payments of approximately $71 million during 2013.

Restructuring reserves are included in Accrued Expenses and Other Liabilities in the accompanying Consolidated Balance Sheets. The following summarizes the restructuring reserves activity (in millions of dollars):

	Years Ended December 31,								
	2012			2011			2010		
	Workforce Reductions	Other	Total	Workforce Reductions	Other	Total	Workforce Reductions	Other	Total
Balance at beginning of period	$ 29	$121	$150	$ 79	$160	$239	$ 343	$38	$381
Charges	1	—	1	15	16	31	76	162	238
Adjustments to reserve estimates	(4)	(53)	(57)	(9)	(39)	(48)	(213)	(14)	(227)
Payments	(6)	(20)	(26)	(38)	(10)	(48)	(120)	(25)	(145)
Amounts recognized and transferred to employee benefit plans	—	—	—	(10)	—	(10)	(19)	—	(19)
Interest accretion	—	—	—	—	—	—	2	—	2
Other, including currency translation	—	1	1	(8)	(6)	(14)	10	(1)	9
Balance at end of period	$ 20	$49	$69	$ 29	$121	$150	$ 79	$160	$239

Fair Value Measurements - Financial Assets and Liabilities Measured at Fair Value on Recurring Basis (Detail) (USD $) In Millions, unless otherwise specified	Dec. 31, 2012	Dec. 31, 2011
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Cash and cash equivalents	$ 11,614	$ 9,601
Restricted cash	371	461
Total assets	12,021	10,130
Total liabilities	55	130
Currency forwards and swaps [Member]		
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Derivative asset	6	67
Derivative liabilities	44	6
Commodity swaps [Member]		
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Derivative asset	30	1
Derivative liabilities	11	124
Level 1 [Member]		
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Cash and cash equivalents	10,685	8,976
Restricted cash	371	461
Total assets	11,056	9,437
Level 2 [Member]		
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Cash and cash equivalents	929	625
Total assets	953	692
Total liabilities	52	94
Level 2 [Member] | Currency forwards and swaps [Member]		
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Derivative asset	6	67
Derivative liabilities	44	6
Level 2 [Member] | Commodity swaps [Member]		
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Derivative asset	18	
Derivative liabilities	8	88

Level 3 [Member]		
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Total assets	12	1
Total liabilities	3	36
Level 3 [Member] | Commodity swaps [Member]		
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Derivative asset	12	1
Derivative liabilities	$ 3	$ 36

Background and Nature of Operations - Additional Information (Detail)	1 Months Ended Jun. 10, 2009	12 Months Ended Dec. 31, 2012
Background And Basis Of Presentation [Line Items]		
Number of countries in which product sold		120
Percentage of vehicle sales outside North America		10.00%
Fiat [Member]		
Background And Basis Of Presentation [Line Items]		
Ownership Interest		58.50%
VEBA Trust [Member]		
Background And Basis Of Presentation [Line Items]		
Ownership Interest	67.70%	41.50%

Financial Liabilities (Tables)

[Components of Financial Liabilities]

12 Months Ended Dec. 31, 2012

The components of financial liabilities as of December 31 were as follows (in millions of dollars):

	2012		
	Interest Rate	Face Value	Carrying Value
Financial Liabilities Payable Within One Year:			
	Effective		
VEBA Trust Note	11.71%	$159	$ 159
Tranche B Term Loan	6.46% (1)	30	30
Canadian Health Care Trust Notes:			
Tranche A	7.98% (2)	79	79
Tranche B	9.21% (2)	23	23
Total Canadian Health Care Trust Notes		102	102
Mexican development banks credit facility due 2025	9.62% (3)	30	30
	Weighted Average		
Other:			
Capital lease obligations	11.50%	36	27
Other financial obligations	11.09%	115	108
Total other financial liabilities		151	135
Total financial liabilities payable within one year		$472	$ 456

	Maturity	Interest Rate	Face Value	Carrying Value
Financial Liabilities Payable After One Year:				
		Effective		
VEBA Trust Note	7/15/2023	11.71%	$4,715	$4,129
Tranche B Term Loan	5/24/2017	6.46% (1)	2,925	2,874
Secured Senior Notes due 2019	6/15/2019	8.21% (4)	1,500	1,484
Secured Senior Notes due 2021	6/15/2021	8.44% (5)	1,700	1,681
Canadian Health Care Trust Notes:				
Tranche A	6/30/2017	7.98% (2)	402	426
Tranche B	6/30/2024	9.21% (2)	456	467
Tranche C	6/30/2024	9.68% (6)	109	92
Total Canadian Health Care Trust Notes			967	985
Mexican development banks credit facilities:				
Credit facility due 2021	12/23/2021	8.54% (7)	231	231
Credit facility due 2025	7/19/2025	9.62% (3)	350	350
Total Mexican development banks credit facilities			581	581
		Weighted Average		
Other:				
Capital lease obligations	2014-2020	12.43%	251	214
Other financial obligations	2014-2024	13.43%	218	199
Total other financial liabilities			469	413
Total financial liabilities payable after one year			12,857	12,147
Total			$13,329	$12,603

	2011		
	Interest Rate	Face Value	Carrying Value
Financial Liabilities Payable Within One Year:			
	Effective		
Tranche B Term Loan	6.46% (1)	$30	$ 30
Canadian Health Care Trust Note —Tranche D	5.50% (8)	24	23
Mexican development banks credit facility due 2025	9.60% (3)	14	14

	Weighted Average		
Other:			
Asset-backed note payable —Gold Key Lease	4.46%	41	41
Capital lease obligations	11.01%	38	28
Other financial obligations	10.37%	104	94
Total other financial liabilities		183	163
Total financial liabilities payable within one year		$251	$ 230

	Maturity	Interest Rate	Face Value	Carrying Value
Financial Liabilities Payable After One Year:				
		Effective		
VEBA Trust Note	7/15/2023	11.71%	$4,836	$4,193
Tranche B Term Loan	5/24/2017	6.46% *(1)*	2,955	2,893
Secured Senior Notes due 2019	6/15/2019	8.21% *(4)*	1,500	1,482
Secured Senior Notes due 2021	6/15/2021	8.44% *(5)*	1,700	1,680
Canadian Health Care Trust Notes:				
Tranche A	6/30/2017	7.98% *(2)*	434	465
Tranche B	6/30/2024	9.21% *(2)*	433	445
Tranche C	6/30/2024	9.68% *(6)*	98	81
Total Canadian Health Care Trust Notes			965	991
Mexican development banks credit facilities:				
Credit facility due 2021	12/23/2021	8.49% *(7)*	214	214
Credit facility due 2025	7/19/2025	9.60% *(3)*	353	353
Total Mexican development banks credit facilities			567	567
		Weighted Average		
Other:				
Capital lease obligations	2013-2020	12.42%	282	237
Other financial obligations	2013-2024	12.81%	326	301
Total other financial liabilities			608	538
Total financial liabilities payable after one year			13,131	12,344
Total			$13,382	$12,574

(1) Loan bears interest at LIBOR (subject to a 1.25 percent floor) + 4.75 percent. Commencing in July 2011, interest has been reset every three months. Stated interest rate as of both December 31, 2012 and 2011 was 6.00 percent.

(2) Note bears interest at a stated rate of 9.00 percent.

(3) Represents the stated interest rate. Loan bears interest at the 28 day Interbank Equilibrium Interest Rate ("TIIE") + 4.80 percent subject to a quarterly reset of TIIE.

(4) Notes bear interest at a stated rate of 8.00 percent.

(5) Notes bear interest at a stated rate of 8.25 percent.

(6) Note bears interest at a stated rate of 7.50 percent.

(7) Represents the stated interest rate. Loan bears interest at the 28 day TIIE + 3.70 percent subject to a monthly reset of TIIE.

(8) Note was non-interest bearing.

Adjustments to Carrying Value of Debt

As of December 31, 2012, the carrying amounts of our financial obligations were net of fair value adjustments, discounts, premiums and loan origination fees totaling $726 million related to the following obligations (in millions of dollars):

VEBA Trust Note	$586
Tranche B Term Loan	51
Secured Senior Notes due 2019	16
Secured Senior Notes due 2021	19
Canadian Health Care Trust Notes	(18)
Liabilities from capital leases and other financial obligations	72
Total	$726

Aggregate Annual Contractual Maturities of Financial Liabilities

As of December 31, 2012, the aggregate annual contractual maturities of our financial liabilities at face value were as follows (in millions of dollars):

2013		$472
2014		469
2015		501
2016		532
2017		3,414
2018 and thereafter		7,941
	Total	$13,329

Repayment of U.S. Treasury and Export Development Canada Credit Facilities

Payments were made as follows (in millions of dollars):

	Principal	Accrued Interest	Total Payment
U.S. Treasury first lien credit facilities:			
Tranche B	$2,080 *(1)*	$ 22	$ 2,102
Tranche C	3,675 *(2)*	65	3,740
Zero Coupon Note	100	—	100
Total U.S Treasury first lien credit facilities	5,855	87	5,942
EDC credit facilities:			
Tranche X	1,319	14	1,333
Tranche X-2	404	4	408
Total EDC credit facilities	1,723	18	1,741
Total U.S Treasury and EDC credit facilities	$7,578	$ 105	$ 7,683

(1) Includes $80 million of payable-in-kind ("PIK") interest previously capitalized. The payment of PIK interest is included as a component of Net Cash Provided by Operating Activities in the accompanying Consolidated Statements of Cash Flows.

(2) Includes $315 million of PIK interest previously capitalized. The payment of PIK interest is included as a component of Net Cash Provided by Operating Activities in the accompanying Consolidated Statements of Cash Flows. In addition, as a result of the termination of the Ally MTA and in accordance with the U.S. Treasury first lien credit agreement, amounts outstanding under that agreement were reduced by $4 million, the amount of qualifying losses incurred by Ally through April 2011. Refer to Note 13, Commitments, Contingencies and Concentrations, for additional information related to the Ally MTA.

Supplemental Parent and Guarantor Condensed Consolidating Financial Statements	12 Months Ended Dec. 31, 2012
Supplemental Parent and Guarantor Condensed Consolidating Financial Statements	

Note 22. Supplemental Parent and Guarantor Condensed Consolidating Financial Statements

Chrysler Group LLC ("Parent"), CG Co-Issuer and the Guarantors fully and unconditionally guarantee our Notes on a joint and several basis. CG Co-Issuer does not have any operations, assets, liabilities (other than the Notes) or revenues. CG Co-Issuer and each of the guarantors also guarantee the Senior Credit Facilities.

The following condensed consolidating financial statements present financial data for (i) the Parent; (ii) the combined Guarantors; (iii) the combined Non-Guarantors (all subsidiaries that are Non-Guarantors); (iv) consolidating adjustments to arrive at the information for the Parent, Guarantors and Non-Guarantors on a consolidated basis and (v) the consolidated financial results for Chrysler Group.

Investments in subsidiaries are accounted for by the Parent and Guarantors using the equity method for this presentation. Results of operations of subsidiaries are therefore classified in the Parent's and Guarantors' investments in subsidiaries accounts. The consolidating adjustments set forth in the following condensed consolidating financial statements eliminate investments in subsidiaries, as well as intercompany balances, transactions, income and expense between the Parent, Guarantors and Non-Guarantors.

Condensed Consolidating Statements of Operations (in millions of dollars):

	Year Ended December 31, 2012				
	Parent	Guarantors	Non-Guarantors	Consolidating Adjustments	Chrysler Group LLC Consolidated
Revenues, net	$68,634	$ 8,584	$ 37,776	$ (49,210)	$ 65,784
Cost of sales	60,191	8,444	35,855	(49,140)	55,350
GROSS MARGIN	8,443	140	1,921	(70)	10,434
Selling, administrative and other expenses	4,139	229	665	146	5,179
Research and development expenses, net	2,288	1	35	—	2,324
Restructuring (income) expenses, net	(1)	(59)	(1)	—	(61)
Interest expense	982	12	144	(44)	1,094
Interest income	(17)	(1)	(26)	—	(44)
INCOME (LOSS) BEFORE INCOME TAXES	1,052	(42)	1,104	(172)	1,942
Income tax expense	15	—	259	—	274
Equity in net (income) loss of subsidiaries	(631)	(30)	—	661	—
NET INCOME (LOSS)	1,668	(12)	845	(833)	1,668
Other comprehensive income (loss)	(2,882)	—	(131)	131	(2,882)
TOTAL COMPREHENSIVE INCOME (LOSS)	$(1,214)	$ (12)	$ 714	$ (702)	$ (1,214)

	Year Ended December 31, 2011				
	Parent	Guarantors	Non-Guarantors	Consolidating Adjustments	Chrysler Group LLC Consolidated
Revenues, net	$55,616	$ 6,282	$ 31,829	$ (38,746)	$ 54,981
Cost of sales	48,839	6,322	30,010	(38,749)	46,422
GROSS MARGIN	6,777	(40)	1,819	3	8,559
Selling, administrative and other expenses	3,745	158	582	266	4,751
Research and development expenses, net	1,648	—	26	—	1,674
Restructuring (income) expenses, net	12	(8)	(1)	—	3
Interest expense	1,067	3	225	(57)	1,238
Interest income	(14)	(1)	(24)	—	(39)
Loss on extinguishment of debt	170	—	381	—	551
INCOME (LOSS) BEFORE INCOME TAXES	149	(192)	630	(206)	381
Income tax expense	15	—	181	2	198
Equity in net (income) loss of subsidiaries	(49)	(26)	—	75	—
NET INCOME (LOSS)	183	(166)	449	(283)	183
Other comprehensive income (loss)	(2,987)	(1)	(936)	937	(2,987)
TOTAL COMPREHENSIVE INCOME (LOSS)	$(2,804)	$ (167)	$ (487)	$ 654	$ (2,804)

	Year Ended December 31, 2010				
	Parent	Guarantors	Non-Guarantors	Consolidating Adjustments	Chrysler Group LLC Consolidated
Revenues, net	$41,537	$ 3,658	$ 26,533	$ (29,782)	$ 41,946
Cost of sales	36,770	3,522	25,380	(29,786)	35,886
GROSS MARGIN	4,767	136	1,153	4	6,060
Selling, administrative and other expenses	2,891	127	614	165	3,797
Research and development expenses, net	1,480	—	20	—	1,500
Restructuring (income) expenses, net	(157)	206	(1)	—	48
Interest expense	1,073	5	241	(43)	1,276

Interest income	(19)	(1)	(28)	—	(48)
INCOME (LOSS) BEFOREINCOME TAXES	(501)	(201)	307	(118)	(513)
Income tax expense	5	—	134	—	139
Equity in net (income) loss of subsidiaries	146	(26)	—	(120)	—
NET INCOME (LOSS)	(652)	(175)	173	2	(652)
Other comprehensive income (loss)	(597)	1	(324)	323	(597)
TOTAL COMPREHENSIVE INCOME (LOSS)	$(1,249)	$ (174)	$ (151)	$ 325	$ (1,249)

Condensed Consolidating Balance Sheets (in millions of dollars):

	December 31, 2012				
	Parent	Guarantors	Non-Guarantors	Consolidating Adjustments	Chrysler Group LLC Consolidated
CURRENT ASSETS:					
Cash and cash equivalents	$9,110	$ 125	$ 2,379	$ —	$ 11,614
Restricted cash	28	—	—	—	28
Trade receivables, net	473	354	352	—	1,179
Inventories	2,621	139	2,457	(219)	4,998
Prepaid expenses and other assets					
Due from subsidiaries	—	—	462	(462)	—
Other	323	398	387	—	1,108
Deferred taxes	—	—	21	2	23
TOTAL CURRENT ASSETS	12,555	1,016	6,058	(679)	18,950
PROPERTY AND EQUIPMENT:					
Property, plant and equipment, net	10,596	580	4,451	(136)	15,491
Equipment and other assets on operating leases, net	468	264	277	(33)	976
TOTAL PROPERTY AND EQUIPMENT	11,064	844	4,728	(169)	16,467
OTHER ASSETS:					
Advances to related parties and other financial assets					
Due from subsidiaries	1,085	—	71	(1,156)	—
Other	47	—	—	—	47
Investment in subsidiaries	2,328	127	—	(2,455)	—
Restricted cash	329	—	14	—	343
Goodwill	1,361	—	—	—	1,361
Other intangible assets, net	3,254	25	1,065	(984)	3,360
Prepaid expenses and other assets	278	9	116	—	403
Deferred taxes	—	—	40	—	40
TOTAL OTHER ASSETS	8,682	161	1,306	(4,595)	5,554
TOTAL ASSETS	$32,301	$ 2,021	$ 12,092	$ (5,443)	$ 40,971
CURRENT LIABILITIES:					
Trade liabilities	$7,171	$ 182	$ 2,381	$ —	$ 9,734
Accrued expenses and other liabilities					
Due to subsidiaries	1,428	147	—	(1,575)	—
Other	5,847	38	2,633	—	8,518
Current maturities of financial liabilities					
Due to subsidiaries	26	—	65	(91)	—
Other	266	—	190	—	456
Deferred revenue	730	52	80	—	862
Deferred taxes	—	—	71	—	71
TOTAL CURRENT LIABILITIES	15,468	419	5,420	(1,666)	19,641
LONG-TERM LIABILITIES:					
Accrued expenses and other liabilities	12,951	217	2,369	—	15,537
Financial liabilities					
Due to subsidiaries	—	258	—	(258)	—
Other	10,564	—	1,583	—	12,147
Deferred revenue	534	97	191	—	822
Deferred taxes	43	—	36	4	83
TOTAL LONG-TERM LIABILITIES	24,092	572	4,179	(254)	28,589
MEMBERS' INTEREST (DEFICIT):					
Membership interests	—	—	409	(409)	—
Contributed capital	2,647	1,643	1,827	(3,470)	2,647
Accumulated income (losses)	(2,586)	(613)	1,327	(714)	(2,586)
Accumulated other comprehensive loss	(7,320)	—	(1,070)	1,070	(7,320)
TOTAL MEMBERS' INTEREST (DEFICIT)	(7,259)	1,030	2,493	(3,523)	(7,259)
TOTAL LIABILITIES AND MEMBERS' INTEREST (DEFICIT)	$32,301	$ 2,021	$ 12,092	$ (5,443)	$ 40,971

	December 31, 2011				
	Parent	Guarantors	Non-Guarantors	Consolidating Adjustments	Chrysler Group LLC Consolidated
CURRENT ASSETS:					
Cash and cash equivalents	$7,405	$ 322	$ 1,874	$ —	$ 9,601
Restricted cash	102	—	4	—	106
Trade receivables, net	321	253	271	—	845

Inventories	2,812	60	1,685	(191)	4,366
Prepaid expenses and other assets					
Due from subsidiaries	—	—	826	(826)	—
Other	318	893	392	—	1,603
Deferred taxes	—	—	23	2	25
TOTAL CURRENT ASSETS	10,958	1,528	5,075	(1,015)	16,546
PROPERTY AND EQUIPMENT:					
Property, plant and equipment, net	9,177	619	4,313	(144)	13,965
Equipment and other assets on operating leases, net	893	274	254	—	1,421
TOTAL PROPERTY AND EQUIPMENT	10,070	893	4,567	(144)	15,386
OTHER ASSETS:					
Advances to related parties and other financial assets					
Due from subsidiaries	852	—	33	(885)	—
Other	47	—	9	—	56
Investment in subsidiaries	1,956	97	—	(2,053)	—
Restricted cash	343	—	12	—	355
Goodwill	1,361	—	—	—	1,361
Other intangible assets, net	3,258	27	1,042	(956)	3,371
Prepaid expenses and other assets	297	6	118	—	421
Deferred taxes	—	—	47	—	47
TOTAL OTHER ASSETS	8,114	130	1,261	(3,894)	5,611
TOTAL ASSETS	$29,142	$ 2,551	$ 10,903	$ (5,053)	$ 37,543
CURRENT LIABILITIES:					
Trade liabilities	$6,177	$ 167	$ 2,222	$ —	$ 8,566
Accrued expenses and other liabilities					
Due to subsidiaries	1,167	623	—	(1,790)	—
Other	5,280	155	2,272	—	7,707
Current maturities of financial liabilities					
Due to subsidiaries	26	—	—	(26)	—
Other	91	—	139	—	230
Deferred revenue	998	76	97	—	1,171
Deferred taxes	—	—	73	—	73
TOTAL CURRENT LIABILITIES	13,739	1,021	4,803	(1,816)	17,747
LONG-TERM LIABILITIES:					
Accrued expenses and other liabilities	10,260	185	2,313	—	12,758
Financial liabilities					
Due to subsidiaries	—	230	—	(230)	—
Other	10,711	—	1,633	—	12,344
Deferred revenue	439	58	156	—	653
Deferred taxes	28	—	44	4	76
TOTAL LONG-TERM LIABILITIES	21,438	473	4,146	(226)	25,831
MEMBERS' INTEREST (DEFICIT):					
Membership interests	—	—	409	(409)	—
Contributed capital	2,657	1,643	1,927	(3,570)	2,657
Accumulated income (losses)	(4,254)	(586)	557	29	(4,254)
Accumulated other comprehensive (loss)	(4,438)	—	(939)	939	(4,438)
TOTAL MEMBERS' INTEREST (DEFICIT)	(6,035)	1,057	1,954	(3,011)	(6,035)
TOTAL LIABILITIES AND MEMBERS' INTEREST (DEFICIT)	$29,142	$ 2,551	$ 10,903	$ (5,053)	$ 37,543

Condensed Consolidating Statements of Cash Flows (in millions of dollars):

	Year Ended December 31, 2012				
	Parent	Guarantors	Non-Guarantors	Consolidating Adjustments	Chrysler Group LLC Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES:					
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$4,708	$ (171)	$ 1,552	$ (268)	$ 5,821
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases of property, plant and equipment and intangible assets	(2,860)	(47)	(726)	—	(3,633)
Proceeds from disposals of property, plant and equipment	8	—	1	—	9
Purchases of equipment and other assets on operating leases	—	(10)	(113)	—	(123)

	Parent	Guarantors	Non-Guarantors	Consolidating Adjustments	Chrysler Group LLC Consolidated
Proceeds from disposals of equipment and other assets on operating leases	—	18	69	—	87
Change in restricted cash	88	—	2	—	90
Proceeds from the sale of certain international dealerships to Fiat, net	—	—	11	—	11
Change in loans and notes receivable	2	—	—	—	2
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(2,762)	(39)	(756)	—	(3,557)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Repayments of Tranche B Term Loan	(30)	—	—	—	(30)
Repayments of Mexican development banks credit facility	—	—	(15)	—	(15)
Repayments of Gold Key Lease financing	—	—	(41)	—	(41)
Repayment of Canadian Health Care Trust Note	—	—	(25)	—	(25)
Repayments of Auburn Hills Headquarters loan	—	—	(50)	—	(50)
Net repayment of other financial liabilities	(72)	—	(12)	—	(84)
Distribution for state tax withholding obligations on behalf of members	(6)	—	—	—	(6)
Dividends issued to subsidiaries	—	(15)	(75)	90	—
Net increase (decrease) in loans to subsidiaries	(133)	28	(73)	178	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(241)	13	(291)	268	(251)
Effect of exchange rate changes on cash and cash equivalents	—	—	—	—	—
Net change in cash and cash equivalents	1,705	(197)	505	—	2,013
Cash and cash equivalents at beginning of period	7,405	322	1,874	—	9,601
Cash and cash equivalents at end of period	$9,110	$ 125	$ 2,379	$ —	$ 11,614

	Year Ended December 31, 2011				
	Parent	Guarantors	Non-Guarantors	Consolidating Adjustments	Chrysler Group LLC Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES:					
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$3,931	$ 231	$ 1,860	$ (1,419)	$ 4,603
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases of property, plant and equipment and intangible assets	(2,000)	(127)	(882)	—	(3,009)
Proceeds from disposals of property, plant and equipment	7	13	15	—	35
Purchases of equipment and other assets on operating leases	—	(35)	—	—	(35)
Proceeds from disposals of equipment and other assets on operating leases	—	16	688	—	704
Change in restricted cash	41	—	174	—	215
Change in loans and notes receivable	4	—	2	—	6
Proceeds from U.S. Dealer Automotive Receivables Transition LLC	96	—	—	—	96
Changes in investments in subsidiaries	2	—	—	(2)	—
Other	18	—	—	—	18
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(1,832)	(133)	(3)	(2)	(1,970)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Repayment of U.S. Treasury first lien credit facilities	(5,460)	—	—	—	(5,460)
Repayment of Export Development Canada credit facilities	—	—	(1,723)	—	(1,723)
Proceeds from Secured Senior Notes	3,160	—	—	—	3,160
Proceeds from Tranche B Term Loan	2,933	—	—	—	2,933
Repayments of Tranche B Term Loan	(15)	—	—	—	(15)
Proceeds from Mexican development banks credit facilities	—	—	217	—	217
Repayments of Gold Key Lease financing	—	—	(584)	—	(584)
Repayment of Canadian Health Care Trust Note	—	—	(26)	—	(26)
Repayments of Auburn Hills Headquarters loan	—	—	(13)	—	(13)
Net repayment of other financial liabilities	(74)	—	(7)	—	(81)
Debt issuance costs	(67)	—	(5)	—	(72)
Proceeds from Fiat's incremental equity call option exercise	1,268	—	—	—	1,268
Distribution for state tax withholding obligations on behalf of members	(9)	—	—	—	(9)
Dividends issued to subsidiaries	—	(10)	(218)	228	—
Return of capital from subsidiaries	—	—	(2)	2	—
Net increase (decrease) in loans to subsidiaries	(1,301)	153	(43)	1,191	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	435	143	(2,404)	1,421	(405)
Effect of exchange rate changes on cash and cash equivalents	—	—	26	—	26
Net change in cash and cash equivalents	2,534	241	(521)	—	2,254
Cash and cash equivalents at beginning of period	4,871	81	2,395	—	7,347
Cash and cash equivalents at end of period	$7,405	$ 322	$ 1,874	$ —	$ 9,601

	Year Ended December 31, 2010				
	Parent	Guarantors	Non-Guarantors	Consolidating Adjustments	Chrysler Group LLC Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES:					
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$3,568	$ 98	$ 985	$ (456)	$ 4,195

CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases of property, plant and equipment and intangible assets	(1,545)	(158)	(682)	—	(2,385)
Proceeds from disposals of property, plant and equipment	11	—	2	—	13
Purchases of equipment and other assets on operating leases	—	(35)	—	—	(35)
Proceeds from disposals of equipment and other assets on operating leases	—	16	1,128	—	1,144
Change in restricted cash	(132)	—	192	—	60
Change in loans and notes receivable	2	—	34	—	36
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(1,664)	(177)	674	—	(1,167)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from Mexican development banks credit facility	—	—	400	—	400
Proceeds from Gold Key Lease financing	—	—	266	—	266
Repayments of Gold Key Lease financing	—	—	(1,903)	—	(1,903)
Repayment of Canadian Health Care Trust Notes	—	—	(45)	—	(45)
Repayments of Auburn Hills Headquarters loan	—	—	(12)	—	(12)
Repayment of Chrysler Receivables SPV loan	—	—	(123)	—	(123)
Net repayment of other financial liabilities	(73)	—	(36)	—	(109)
Dividends issued to subsidiaries	—	(21)	(111)	132	—
Net increase (decrease) in loans to subsidiaries	(108)	50	(266)	324	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(181)	29	(1,830)	456	(1,526)
Effect of exchange rate changes on cash and cash equivalents	—	—	(17)	—	(17)
Net change in cash and cash equivalents	1,723	(50)	(188)	—	1,485
Cash and cash equivalents at beginning of period	3,148	131	2,583	—	5,862
Cash and cash equivalents at end of period	$4,871	$ 81	$ 2,395	$ —	$ 7,347

Selected Quarterly Financial Data	12 Months Ended Dec. 31, 2012
Selected Quarterly Financial Data	**Note 23. Selected Quarterly Financial Data (unaudited)**

Selected quarterly financial data consisted of the following (in millions of dollars):

	2012			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues, net	$ 16,359	$ 16,795	$ 15,478	$ 17,152
Gross margin	2,568	2,543	2,562	2,761
Interest expense	277	278	273	266
Income before income taxes	506	541	437	458
Net income	473	436	381	378

	2011			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues, net	$ 13,124	$ 13,661	$ 13,067	$ 15,129
Gross margin	2,047	2,204	2,054	2,254
Interest expense	348	328	282	280
Loss on extinguishment of debt (1)	—	551	—	—
Income (loss) before income taxes	160	(313)	259	275
Net income (loss)	116	(370)	212	225

(1) In connection with the repayment of our outstanding obligations under the U.S. Treasury and EDC credit facilities in May 2011, we recognized a $551 million loss on extinguishment of debt. Refer to Note 11, Financial Liabilities, for additional information.

Consolidated Statements of Members' Deficit (USD $) In Millions, unless otherwise specified	3 Months Ended				12 Months Ended		
	Dec. 31, 2012	Mar. 31, 2012	Dec. 31, 2011	Mar. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Balance, Beginning		$ (6,035)		$ (4,489)	$ (6,035)	$ (4,489)	$ (4,230)
Exercise of Fiat's incremental equity call option						1,268	
VEBA Trust contribution							990
Distribution for state tax withholding obligations on behalf of members					(10)	(10)	
Net income (loss)	378	473	225	116	1,668	183	(652)
Total other comprehensive loss					(2,882)	(2,987)	(597)
Balance, Ending	(7,259)		(6,035)		(7,259)	(6,035)	(4,489)
Contributed Capital [Member]							
Balance, Beginning		2,657		1,399	2,657	1,399	409
Exercise of Fiat's incremental equity call option						1,268	
VEBA Trust contribution							990
Distribution for state tax withholding obligations on behalf of members					(10)	(10)	
Balance, Ending	2,647		2,657		2,647	2,657	1,399
Accumulated Losses [Member]							
Balance, Beginning		(4,254)		(4,437)	(4,254)	(4,437)	(3,785)
Net income (loss)					1,668	183	(652)
Balance, Ending	(2,586)		(4,254)		(2,586)	(4,254)	(4,437)
Accumulated Other Comprehensive Loss [Member]							
Balance, Beginning		(4,438)		(1,451)	(4,438)	(1,451)	(854)
Total other comprehensive loss					(2,882)	(2,987)	(597)
Balance, Ending	$ (7,320)		$ (4,438)		$ (7,320)	$ (4,438)	$ (1,451)

Subsequent Events	12 Months Ended Dec. 31, 2012

Subsequent Events

Note 24. Subsequent Events

Members' Ownership Interests

As of January 1, 2013, and in accordance with Chrysler Group's governance documents, the 200,000 Class B Membership Interests held by Fiat automatically converted to 571,429 Class A Membership Interests. There were no dilutive effects of the conversion.

On January 3, 2013, Fiat exercised its option to acquire an additional portion of the VEBA Trust's membership interests in Chrysler Group. In the event that this transaction and the July 2012 transaction discussed in Note 18, *Other Transactions with Related Parties*, are completed as contemplated, Fiat will own 65.17 percent of the ownership interests in Chrysler Group and the VEBA Trust will own the remaining 34.83 percent.

Registration Demand from VEBA Trust

On January 9, 2013, Chrysler Group announced that it received a registration demand from the VEBA Trust pursuant to the terms of the Shareholders Agreement, dated as of June 10, 2009. The demand requests the registration pursuant to the Securities Act of 270,769.6 Class A Membership Interests in Chrysler Group currently owned by the VEBA Trust, representing approximately 16.6% of Chrysler Group's outstanding equity interests.

We will comply with our obligations under the Shareholders Agreement and operating agreement, with respect to the VEBA's registration demand. There can be no assurance that a registration statement will be filed with the SEC, or that if filed, that any such offering will be made or as to the timing of any offering that is made.

Master Private Label Financing Agreement

On February 6, 2013, we entered into a Master Private Label Financing Agreement (the "SCUSA Agreement") with Santander Consumer USA Inc. ("SCUSA"), an affiliate of Banco Santander. Under the SCUSA Agreement, SCUSA will provide, under the Chrysler Capital brand name, a full range of wholesale and retail financing services to our dealers and consumers. The financing services will include credit lines to finance our dealers' acquisition of vehicles and ancillary products that we sell or distribute, retail loans and leases to finance consumer acquisitions of new and used vehicles at our dealerships, financing for commercial and fleet customers and ancillary services. In addition, Chrysler Capital will offer dealers construction loans, real estate mortgage loans, working capital loans and revolving lines of credit.

The new financing service is scheduled to launch on May 1, 2013 and SCUSA has agreed to specific transition milestones for the initial year following launch. If the transition milestones are met, the SCUSA Agreement will have a ten-year term, subject to early termination in certain circumstances, including the failure by either party to comply with certain of its ongoing obligations under the SCUSA Agreement.

Under the SCUSA Agreement, we have provided SCUSA with limited exclusivity rights to participate in specified minimum percentages of certain of our retail financing rate subvention programs. SCUSA has committed to provide us with consideration in the form of a nonrefundable upfront payment and to certain revenue sharing arrangements. SCUSA will bear the risk of loss on loans contemplated by the SCUSA Agreement and the parties will share in any residual gains and losses in respect of consumer leases, subject to specific provisions including limitations on our participation in gains and losses contained in the SCUSA Agreement. SCUSA has also committed to consider future revenue sharing opportunities.

Venezuelan Currency Devaluation

On February 8, 2013 the Venezuelan government announced a further devaluation of the BsF relative to the USD from 4.30 BsF per USD to 6.30 BsF per USD, effective February 13, 2013. As a result of the announced devaluation, we expect the remeasurement of monetary assets and liabilities denominated in BsF using the new rate of 6.30 BsF per USD to result in a charge of up to $75 million.

Financial Liabilities - Adjustments to Carrying Value of Debt (Detail) In Millions, unless otherwise specified	Dec. 31, 2012 USD ($)	Dec. 31, 2012 VEBA Trust Note [Member] USD ($)	Dec. 31, 2012 Tranche B Term Loan [Member] USD ($)	Dec. 31, 2012 Secured Senior Notes Due 2019 [Member] USD ($)	Dec. 31, 2012 Secured Senior Notes Due 2021 [Member] USD ($)	Dec. 31, 2012 Canadian Health Care Trust Notes [Member] USD ($)	Jan. 31, 2010 Canadian Health Care Trust Notes [Member] USD ($)	Jan. 31, 2010 Canadian Health Care Trust Notes [Member] CAD	Dec. 31, 2012 Liabilities from Capital Lease and Other Financial Obligations [Member] USD ($)
Debt Instrument [Line Items]									
Adjustments to carrying value of debt	$ 726	$ 586	$ 51	$ 16	$ 19	$ (18)	$ 31	31	$ 72

Share-Based Compensation - Effect of Changes on Calculation of Total Number of Chrysler Group Units Feature Two (Detail)	Dec. 31, 2012	Aug. 31, 2011 Conversion Features Two [Member]	Aug. 31, 2011 Conversion Features Two [Member] Class A Membership Interests [Member]	Aug. 31, 2011 Conversion Features Two [Member] Class B Membership Interests [Member]
Schedule Of Share Based Compensation Arrangements [Line Items]				
Membership Interests authorized, issued and outstanding prior to conversion of Membership Interests			1,061,225	200,000
Percentage Ownership Interest prior to conversion			65.00%	35.00%
Membership Interests authorized, issued and outstanding after conversion of Membership Interests		1,632,654	1,632,654	
Total Chrysler Group Units (Class A * 600)	980,000,000	979,592,400		

Equipment and Other Assets on Operating Leases, Net (Tables)	**12 Months Ended**
	Dec. 31, 2012

Components of Equipment and Other Assets on Operating Leases

The components of equipment and other assets on operating leases as of December 31 were as follows (in millions of dollars):

	Range of Service Lives (years)	2012	2011
Leased vehicles —Guaranteed Depreciation Program	5 - 15	$601	$1,116
Leased vehicles —Gold Key Lease	5 - 15	6	94
Other leased assets	12 - 40	453	348
		1,060	1,558
Accumulated depreciation		(84)	(137)
	Total	$976	$1,421

Future Minimum Lease Payments Due from Customers for Equipment and Other Assets on Operating Leases

Future minimum lease payments due from customers for equipment and other assets on operating leases as of December 31, 2012 were as follows (in millions of dollars):

2013	$ 17
2014	15
2015	14
2016	9
2017	5
2018 and thereafter	16

Restructuring Actions (Tables)	12 Months Ended Dec. 31, 2012
Restructuring Reserve Activity	Restructuring reserves are included in Accrued Expenses and Other Liabilities in the accompanying Consolidated Balance Sheets. The following summarizes the restructuring reserves activity (in millions of dollars):

	Years Ended December 31,								
	2012			2011			2010		
	Workforce Reductions	Other	Total	Workforce Reductions	Other	Total	Workforce Reductions	Other	Total
Balance at beginning of period	$ 29	$121	$150	$ 79	$160	$239	$ 343	$38	$381
Charges	1	—	1	15	16	31	76	162	238
Adjustments to reserve estimates	(4)	(53)	(57)	(9)	(39)	(48)	(213)	(14)	(227)
Payments	(6)	(20)	(26)	(38)	(10)	(48)	(120)	(25)	(145)
Amounts recognized and transferred to employee benefit plans	—	—	—	(10)	—	(10)	(19)	—	(19)
Interest accretion	—	—	—	—	—	—	2	—	2
Other, including currency translation	—	1	1	(8)	(6)	(14)	10	(1)	9
Balance at end of period	$ 20	$49	$69	$ 29	$121	$150	$ 79	$160	$239

Goodwill and Other Intangible Assets - Components of Other Intangible Assets (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended	
	Dec. 31, 2012	Dec. 31, 2011
Acquired Finite And Indefinite Lived Intangible Assets [Line Items]		
Net Intangible Assets	$ 3,360	$ 3,371
Accumulated Amortization	541	401
Gross Carrying Amount	3,901	3,772
Brand Names [Member]		
Acquired Finite And Indefinite Lived Intangible Assets [Line Items]		
Net Intangible Assets	2,210	2,210
Gross Carrying Amount, Indefinite	2,210	2,210
Dealer networks [Member]		
Acquired Finite And Indefinite Lived Intangible Assets [Line Items]		
Range of Useful Lives (years)	20 years	20 years
Net Intangible Assets	322	340
Gross Carrying Amount	392	390
Accumulated Amortization	70	50
Fiat contributed intellectual property rights [Member]		
Acquired Finite And Indefinite Lived Intangible Assets [Line Items]		
Range of Useful Lives (years)	10 years	10 years
Net Intangible Assets	206	238
Gross Carrying Amount	320	320
Accumulated Amortization	114	82
Other intellectual property rights [Member]		
Acquired Finite And Indefinite Lived Intangible Assets [Line Items]		
Net Intangible Assets	226	244
Gross Carrying Amount	263	263
Accumulated Amortization	37	19
Other intellectual property rights [Member] | Minimum [Member]		
Acquired Finite And Indefinite Lived Intangible Assets [Line Items]		
Range of Useful Lives (years)	3 years	3 years
Other intellectual property rights [Member] | Maximum [Member]		
Acquired Finite And Indefinite Lived Intangible Assets [Line Items]		
Range of Useful Lives (years)	12 years	12 years
Patented and unpatented technology [Member]		
Acquired Finite And Indefinite Lived Intangible Assets [Line Items]		
Net Intangible Assets	88	121
Gross Carrying Amount	208	208
Accumulated Amortization	120	87
Patented and unpatented technology [Member] | Minimum [Member]		

Acquired Finite And Indefinite Lived Intangible Assets [Line Items]		
Range of Useful Lives (years)	4 years	4 years
Patented and unpatented technology [Member] | Maximum [Member]		
Acquired Finite And Indefinite Lived Intangible Assets [Line Items]		
Range of Useful Lives (years)	10 years	10 years
Favorable operating lease contracts [Member]		
Acquired Finite And Indefinite Lived Intangible Assets [Line Items]		
Net Intangible Assets	6	10
Gross Carrying Amount	19	29
Accumulated Amortization	13	19
Favorable operating lease contracts [Member] | Minimum [Member]		
Acquired Finite And Indefinite Lived Intangible Assets [Line Items]		
Range of Useful Lives (years)	1 year	1 year
Favorable operating lease contracts [Member] | Maximum [Member]		
Acquired Finite And Indefinite Lived Intangible Assets [Line Items]		
Range of Useful Lives (years)	16 years	16 years
Software and other [Member]		
Acquired Finite And Indefinite Lived Intangible Assets [Line Items]		
Net Intangible Assets	302	208
Gross Carrying Amount	489	352
Accumulated Amortization	$ 187	$ 144
Software and other [Member] | Minimum [Member]		
Acquired Finite And Indefinite Lived Intangible Assets [Line Items]		
Range of Useful Lives (years)	2 years	2 years
Software and other [Member] | Maximum [Member]		
Acquired Finite And Indefinite Lived Intangible Assets [Line Items]		
Range of Useful Lives (years)	5 years	5 years

Consolidated Statements of Operations (USD $) In Millions, unless otherwise specified	3 Months Ended								12 Months Ended		
	Dec. 31, 2012	Sep. 30, 2012	Jun. 30, 2012	Mar. 31, 2012	Dec. 31, 2011	Sep. 30, 2011	Jun. 30, 2011	Mar. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Revenues, net	$ 17,152	$ 15,478	$ 16,795	$ 16,359	$ 15,129	$ 13,067	$ 13,661	$ 13,124	$ 65,784	$ 54,981	$ 41,946
Cost of sales									55,350	46,422	35,886
GROSS MARGIN	2,761	2,562	2,543	2,568	2,254	2,054	2,204	2,047	10,434	8,559	6,060
Selling, administrative and other expenses									5,179	4,751	3,797
Research and development expenses, net									2,324	1,674	1,500
Restructuring (income) expenses, net									(61)	3	48
Interest expense	266	273	278	277	280	282	328	348	1,094	1,238	1,276
Interest income									(44)	(39)	(48)
Loss on extinguishment of debt							551			551	
INCOME (LOSS) BEFORE INCOME TAXES	458	437	541	506	275	259	(313)	160	1,942	381	(513)
Income tax expense									274	198	139
NET INCOME (LOSS)	$ 378	$ 381	$ 436	$ 473	$ 225	$ 212	$ (370)	$ 116	$ 1,668	$ 183	$ (652)

Income Taxes (Tables)

12 Months Ended Dec. 31, 2012

Income (Loss) Before Income Taxes by Jurisdiction

Income (loss) before income taxes by jurisdiction was as follows (in millions of dollars):

	Years Ended December 31, 2012	2011	2010
United States	$971	$(15)	$(731)
Foreign	971	396	218
Total	$1,942	$381	$(513)

Total Income Tax Expense (Benefit)

Income tax expense (benefit) consisted of the following (in millions of dollars):

	Years Ended December 31, 2012	2011	2010
Current:			
Foreign	$267	$210	$77
State and local	7	5	7
	274	215	84
Deferred:			
Foreign	8	(20)	60
State and local	(8)	3	(5)
	—	(17)	55
Total	$274	$198	$139

Components of Deferred Tax Expense (Benefit)

The significant components of deferred tax expense (benefit) were as follows (in millions of dollars):

	Years Ended December 31, 2012	2011	2010
Deferred tax expense (benefit) (exclusive of the items below)	$15	$(13)	$81
Benefits of operating loss carryforwards	(12)	(7)	(21)
Adjustment due to changes in enacted tax rates or laws	(3)	3	(5)
Total	$—	$(17)	$55

Reconciliation of Income Tax Expense

A reconciliation of income tax expense provided using the U.S. federal statutory tax rate of 35 percent to actual income taxes was as follows (in millions of dollars):

	Years Ended December 31, 2012	2011	2010
Tax expense (benefit) at U.S. federal statutory tax rate	$680	$135	$(180)
Limited liability company (income)/losses not subject to federal or state taxes	(296)	79	278
Adjustment to taxes receivable	2	(20)	(165)
Valuation allowances	(77)	6	100
Income tax reserves	4	(6)	61
Foreign statutory rate difference	(83)	(31)	(12)
Non-deductible expenses	9	(6)	48
Tax rate change	(3)	1	11
Withholding taxes	27	10	3

Foreign currency translation	10	(26)	(12)
Prior year tax return adjustments	4	61	—
Other	(3)	(5)	7
	$274	$198	$139
Effective income tax rate	14%	52%	(27)%

Reconciliation of Unrecognized Tax Benefits

A reconciliation of unrecognized tax benefits was as follows (in millions of dollars):

	Years Ended December 31,		
	2012	2011	2010
Unrecognized tax benefits at beginning of period	$140	$949	$838
Settlements with tax authorities	(34)	(783)	—
Gross increases for tax positions of prior years	32	30	84
Gross decreases for tax positions of prior years	(37)	(52)	(16)
Exchange rate differences	—	(4)	43
Unrecognized tax benefits at end of period	$101	$140	$949

Components of Deferred Tax Assets and Liabilities

The significant components of deferred tax assets and liabilities as of December 31 were as follows (in millions of dollars):

	2012		2011	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Accrued expenses	$ 542	$ —	$ 367	$ —
Postretirement health care and life insurance benefits	452	—	410	—
Property, plant and equipment	5	333	6	318
Pension liabilities and assets	222	—	270	1
Foreign NOL carryforwards	101	—	140	—
State and local taxes, including state NOL	103	20	60	28
Tax credit carryforwards	92	—	73	—
Lease transactions	—	3	—	6
Other	73	161	206	132
	1,590	517	1,532	485
Valuation allowance	(1,164)	—	(1,124)	—
Total	$ 426	$ 517	$ 408	$ 485

Tax Credit and NOL Carryforwards Included in Deferred Tax Assets

Deferred tax assets included the following tax credit and net operating loss ("NOL") carryforwards as of December 31 (in millions of dollars):

		2012		2011	
	Expiration	Deferred Tax Asset	Valuation Allowance	Deferred Tax Asset	Valuation Allowance
Tax credit carryforwards:					
Canada	2014 – 2029	$ 26	$ (26)	$ 6	$ (6)
Mexico	2012 – 2018	56	(52)	44	(33)
Other Foreign	2012 – 2018	10	(10)	23	(23)
	Total	$ 92	$ (88)	$ 73	$ (62)
NOL carryforwards:					
U.S. NOLs, net	2030 – 2031	$ 18	$ (18)	$ 25	$ (25)
Foreign NOLs, net					
Canada	2012 – 2031	—	—	32	(32)
Mexico	2017 – 2023	31	(31)	24	(24)
Other	2012 – 2027	9	(9)	8	(8)
	Indefinite	61	(61)	76	(76)
	Total	$ 119	$ (119)	$ 165	$ (165)

Commitments Contingencies and Concentrations - Additional Information (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended			12 Months Ended					1 Months Ended			
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2012 Daimler Subsidiary [Member]	Dec. 31, 2012 Fiat [Member]	Dec. 31, 2011 Fiat [Member]	Dec. 31, 2012 Ally Auto Finance Operating Agreement [Member]	Dec. 31, 2012 Other Wholesale Financing Arrangements [Member]	May 31, 2011 Ally MTA [Member]	May 31, 2011 Ally MTA [Member] U.S. Treasury first lien credit agreement [Member]	Dec. 31, 2012 Foreign Exchange and Commodity Hedge Contracts [Member]	Dec. 31, 2012 Other Contractual Agreements [Member]
Commitment And Contingencies [Line Items]												
Net charges for financing support to suppliers	$ 19	$ 41	$ 65									
Restricted cash	371			259							24	88
Insurance Recoveries	76	0	0									
Percentage of worldwide workforce	64.00%											
Number of years of collective bargaining agreement	4 years											
Years of wage increases under collective bargaining agreement	10 years											
Proceeds from USDART		96							96			
Decrease in outstanding amount of U.S. Treasury first lien credit facilities										4		
Maximum Potential Amount of future payments under guarantee agreements							8,100	325				
Fair value of guarantee agreements							0.1	0.1				
Expiration date of financing agreement							Apr. 30, 2013					
Purchases under arrangements	437	674	295		383	305						
Purchases under arrangements with no fixed future payments	441	346	116									
Minimum sublease rental income, receivable in future	55											
Rental expense under operating leases	174	175	168									
Minimum sublease rental income	$ 20	$ 24	$ 28									

Venezuelan Currency Regulations and Devaluation - Additional Information (Detail) In Millions, unless otherwise specified	3 Months Ended									
	Dec. 31, 2010 USD ($)	Mar. 31, 2010 USD ($)	Dec. 31, 2012 USD ($)	Dec. 31, 2011 USD ($)	Jan. 31, 2010	Dec. 31, 2009 USD ($)	Dec. 31, 2012 CdV [Member] USD ($)	Dec. 31, 2012 CdV [Member] VEF	Dec. 31, 2011 CdV [Member] USD ($)	Dec. 31, 2011 CdV [Member] VEF
Currency Devaluation [Line Items]										
Previous Foreign Currency Official exchange rate of Bsf					2.15	2.15				
Current Foreign Currency Essential exchange rate of Bsf					2.6					
Previous Foreign Currency Essential exchange rate of Bsf	2.6									
Current Foreign Currency Nonessential exchange rate of BsF					4.30					
Previous Foreign Currency Nonessential exchange rate of Bsf	4.30									
Foreign Currency Official Exchange Rate of BsF	4.30									
Devaluation loss	$ 80	$ 20								
Net monetary assets of subsidiary							265	1,138	271	1,167
Cash and cash equivalents	$ 7,347		$ 11,614	$ 9,601		$ 5,862	$ 343	1,476	$ 291	1,253

Share-Based Compensation - Effect of Changes on Calculation of Total Number of Chrysler Group Units Feature One (Parenthetical) (Detail) (Conversion Features One [Member])	Jun. 30, 2009
Schedule Of Share Based Compensation Arrangements [Line Items]	
Membership Interests authorized, issued and outstanding after conversion of Membership Interests	1,000,000
Value of Class A Membership Interests to total unit value	600
Class A Membership Interests [Member]	
Schedule Of Share Based Compensation Arrangements [Line Items]	
Membership Interests authorized, issued and outstanding prior to conversion of Membership Interests	800,000
Percentage Ownership Interest prior to conversion	80.00%
Membership Interests authorized, issued and outstanding after conversion of Membership Interests	1,000,000

Consolidated Balance Sheets (Parenthetical) (USD $) In Millions, except Share data, unless otherwise specified	Dec. 31, 2012	Dec. 31, 2011
Trade receivables, net of allowance for doubtful accounts	$ 56	$ 68
Class A Membership Interests [Member]		
Membership Interests, units authorized	1,061,225	1,061,225
Membership Interests, units issued	1,061,225	1,061,225
Membership Interests, units outstanding	1,061,225	1,061,225
Class B Membership Interests [Member]		
Membership Interests, units authorized	200,000	200,000
Membership Interests, units issued	200,000	200,000
Membership Interests, units outstanding	200,000	200,000

Income Taxes - Components of Deferred Tax Assets and Liabilities (Detail) (USD $) In Millions, unless otherwise specified	Dec. 31, 2012	Dec. 31, 2011
Schedule Of Deferred Income Tax Assets And Liabilities [Line Items]		
Accrued expenses	$ 542	$ 367
Postretirement health care and life insurance benefits	452	410
Property, plant and equipment	5	6
Pension liabilities and assets	222	270
Foreign NOL carryforwards	101	140
State and local taxes, including state NOL	103	60
Tax credit carryforwards	92	73
Other	73	206
Deferred Tax Assets Gross	1,590	1,532
Valuation allowance	(1,164)	(1,124)
Total	426	408
Property, plant and equipment	333	318
Pension liabilities and assets		1
State and local taxes, including state NOL	20	28
Lease transactions	3	6
Other	161	132
Deferred Income Tax Liabilities	517	485
Total	$ 517	$ 485

Supplemental Parent and Guarantor Condensed Consolidating Financial Statements - Condensed Consolidating Statements of Cash Flows (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Condensed Financial Statements, Captions [Line Items]			
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 5,821	$ 4,603	$ 4,195
Purchases of property, plant and equipment and intangible assets	(3,633)	(3,009)	(2,385)
Proceeds from disposals of property, plant and equipment	9	35	13
Purchases of equipment and other assets on operating leases	(123)	(35)	(35)
Proceeds from disposals of equipment and other assets on operating leases	87	704	1,144
Change in restricted cash	90	215	60
Proceeds from the sale of certain international dealerships to Fiat, net	11		
Change in loans and notes receivable	2	6	36
Proceeds from U.S. Dealer Automotive Receivables Transition LLC		96	
Other		18	
NET CASH USED IN INVESTING ACTIVITIES	(3,557)	(1,970)	(1,167)
Net repayment of other financial liabilities	(84)	(81)	(109)
Debt issuance costs		(72)	
Proceeds from Fiat's incremental equity call option exercise		1,268	
Distribution for state tax withholding obligations on behalf of members	(6)	(9)	
NET CASH USED IN FINANCING ACTIVITIES	(251)	(405)	(1,526)
Effect of exchange rate changes on cash and cash equivalents		26	(17)
Net change in cash and cash equivalents	2,013	2,254	1,485
Cash and cash equivalents at beginning of period	9,601	7,347	5,862
Cash and cash equivalents at end of period	11,614	9,601	7,347
Tranche B Term Loan [Member]			
Condensed Financial Statements, Captions [Line Items]			
Proceeds from issuance of long term debt		2,933	
Repayments of debt	(30)	(15)	
Mexican development banks credit facilities [Member]			
Condensed Financial Statements, Captions [Line Items]			
Proceeds from issuance of long term debt		217	400
Repayments of debt	(15)		
Gold Key Lease financing [Member]			
Condensed Financial Statements, Captions [Line Items]			
Proceeds of Gold Key Lease financing			266
Repayments of debt	(41)	(584)	(1,903)
Canadian Health Care Trust Notes [Member]			
Condensed Financial Statements, Captions [Line Items]			
Repayments of debt	(25)	(26)	(45)

Auburn Hills Headquarters loan [Member]			
Condensed Financial Statements, Captions [Line Items]			
Repayments of debt	(50)	(13)	(12)
U.S. Treasury first lien credit facilities [Member]			
Condensed Financial Statements, Captions [Line Items]			
Repayments of debt		(5,460)	
Export Development Canada credit facilities [Member]			
Condensed Financial Statements, Captions [Line Items]			
Repayments of debt		(1,723)	
Secured Senior Notes [Member]			
Condensed Financial Statements, Captions [Line Items]			
Proceeds from issuance of long term debt		3,160	
Chrysler Receivables SPV, Loan [Member]			
Condensed Financial Statements, Captions [Line Items]			
Repayments of debt			(123)
Parent [Member]			
Condensed Financial Statements, Captions [Line Items]			
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,708	3,931	3,568
Purchases of property, plant and equipment and intangible assets	(2,860)	(2,000)	(1,545)
Proceeds from disposals of property, plant and equipment	8	7	11
Change in restricted cash	88	41	(132)
Change in loans and notes receivable	2	4	2
Proceeds from U.S. Dealer Automotive Receivables Transition LLC		96	
Changes in investments in subsidiaries		2	
Other		18	
NET CASH USED IN INVESTING ACTIVITIES	(2,762)	(1,832)	(1,664)
Net repayment of other financial liabilities	(72)	(74)	(73)
Debt issuance costs		(67)	
Proceeds from Fiat's incremental equity call option exercise		1,268	
Distribution for state tax withholding obligations on behalf of members	(6)	(9)	
Net increase (decrease) in loans to subsidiaries	(133)	(1,301)	(108)
NET CASH USED IN FINANCING ACTIVITIES	(241)	435	(181)
Net change in cash and cash equivalents	1,705	2,534	1,723
Cash and cash equivalents at beginning of period	7,405	4,871	3,148
Cash and cash equivalents at end of period	9,110	7,405	4,871
Parent [Member] | Tranche B Term Loan [Member]			
Condensed Financial Statements, Captions [Line Items]			
Proceeds from issuance of long term debt		2,933	
Repayments of debt	(30)	(15)	
Parent [Member] | U.S. Treasury first lien credit facilities [Member]			
Condensed Financial Statements, Captions [Line Items]			
Repayments of debt		(5,460)	
Parent [Member] | Secured Senior Notes [Member]			
Condensed Financial Statements, Captions [Line Items]			

Proceeds from issuance of long term debt		3,160	
Guarantors [Member]			
Condensed Financial Statements, Captions [Line Items]			
NET CASH PROVIDED BY OPERATING ACTIVITIES	(171)	231	98
Purchases of property, plant and equipment and intangible assets	(47)	(127)	(158)
Proceeds from disposals of property, plant and equipment		13	
Purchases of equipment and other assets on operating leases	(10)	(35)	(35)
Proceeds from disposals of equipment and other assets on operating leases	18	16	16
NET CASH USED IN INVESTING ACTIVITIES	(39)	(133)	(177)
Dividends issued to subsidiaries	(15)	(10)	(21)
Net increase (decrease) in loans to subsidiaries	28	153	50
NET CASH USED IN FINANCING ACTIVITIES	13	143	29
Net change in cash and cash equivalents	(197)	241	(50)
Cash and cash equivalents at beginning of period	322	81	131
Cash and cash equivalents at end of period	125	322	81
Non-Guarantors [Member]			
Condensed Financial Statements, Captions [Line Items]			
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,552	1,860	985
Purchases of property, plant and equipment and intangible assets	(726)	(882)	(682)
Proceeds from disposals of property, plant and equipment	1	15	2
Purchases of equipment and other assets on operating leases	(113)		
Proceeds from disposals of equipment and other assets on operating leases	69	688	1,128
Change in restricted cash	2	174	192
Proceeds from the sale of certain international dealerships to Fiat, net	11		
Change in loans and notes receivable		2	34
NET CASH USED IN INVESTING ACTIVITIES	(756)	(3)	674
Net repayment of other financial liabilities	(12)	(7)	(36)
Debt issuance costs		(5)	
Dividends issued to subsidiaries	(75)	(218)	(111)
Return of capital from subsidiaries		(2)	
Net increase (decrease) in loans to subsidiaries	(73)	(43)	(266)
NET CASH USED IN FINANCING ACTIVITIES	(291)	(2,404)	(1,830)
Effect of exchange rate changes on cash and cash equivalents		26	(17)
Net change in cash and cash equivalents	505	(521)	(188)
Cash and cash equivalents at beginning of period	1,874	2,395	2,583
Cash and cash equivalents at end of period	2,379	1,874	2,395
Non-Guarantors [Member] | Mexican development banks credit facilities [Member]			
Condensed Financial Statements, Captions [Line Items]			
Proceeds from issuance of long term debt		217	400
Repayments of debt	(15)		
Non-Guarantors [Member] | Gold Key Lease financing [Member]			
Condensed Financial Statements, Captions [Line Items]			
Proceeds of Gold Key Lease financing			266

Repayments of debt	(41)	(584)	(1,903)
Non-Guarantors [Member] | Canadian Health Care Trust Notes [Member]			
Condensed Financial Statements, Captions [Line Items]			
Repayments of debt	(25)	(26)	(45)
Non-Guarantors [Member] | Auburn Hills Headquarters loan [Member]			
Condensed Financial Statements, Captions [Line Items]			
Repayments of debt	(50)	(13)	(12)
Non-Guarantors [Member] | Export Development Canada credit facilities [Member]			
Condensed Financial Statements, Captions [Line Items]			
Repayments of debt		(1,723)	
Non-Guarantors [Member] | Chrysler Receivables SPV, Loan [Member]			
Condensed Financial Statements, Captions [Line Items]			
Repayments of debt			(123)
Consolidating Adjustments [Member]			
Condensed Financial Statements, Captions [Line Items]			
NET CASH PROVIDED BY OPERATING ACTIVITIES	(268)	(1,419)	(456)
Changes in investments in subsidiaries		(2)	
NET CASH USED IN INVESTING ACTIVITIES		(2)	
Dividends issued to subsidiaries	90	228	132
Return of capital from subsidiaries		2	
Net increase (decrease) in loans to subsidiaries	178	1,191	324
NET CASH USED IN FINANCING ACTIVITIES	$ 268	$ 1,421	$ 456

Selected Quarterly Financial Data - Selected Quarterly Financial Data (Parenthetical) (Detail) (USD $) In Millions, unless otherwise specified	3 Months Ended	12 Months Ended	1 Months Ended
	Jun. 30, 2011	Dec. 31, 2011	May 31, 2011 U.S. Treasury and EDC Credit Facilities [Member]
Schedule Of Quarterly Financial Data [Line Items]			
Loss on extinguishment of debt	$ 551	$ 551	$ 551

Basis of Presentation and Significant Accounting Policies - Summary of Changes in AOCI (Parenthetical) (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Accumulated Comprehensive Income Loss [Line Items]			
Net of tax	$ 0	$ 0	$ 0

Commitments Contingencies and Concentrations - Future Minimum Rental Commitments Under Operating Leases with Noncancelable Lease Terms in Excess of One Year (Detail) (USD $) In Millions, unless otherwise specified	Dec. 31, 2012
Operating Leased Assets [Line Items]	
2013	$ 135
2014	109
2015	84
2016	69
2017	57
2018 and thereafter	$ 195

Basis of Presentation and Significant Accounting Policies (Tables)

12 Months Ended

Dec. 31, 2012

Summary of Changes in AOCI

The following summarizes changes in AOCI resulting from translation adjustments (in millions of dollars):

	Years Ended December 31,		
	2012	2011	2010
Balance at beginning of period	$(31)	$(49)	$58
Foreign currency translation adjustments *(1)*	(63)	18	(107)
Balance at end of period	$(94)	$(31)	$(49)

(1) Net of $0 of taxes

Summary of Net Foreign Currency Transaction Gains (Losses)

The following table summarizes net foreign currency transaction gains (losses) as follows (in millions of dollars):

	Years Ended December 31,		
	2012	2011	2010
Net foreign currency transaction gains (losses)	$(144)	$91	$(30)

Other Transactions with Related Parties - Amounts Due from and to Related Parties (Parenthetical) (Detail) (USD $) In Millions, unless otherwise specified	Dec. 31, 2012	Dec. 31, 2011
Related Party Transaction [Line Items]		
Amount due from related parties net of discounts	$ 726	
VEBA Trust [Member]		
Related Party Transaction [Line Items]		
Amount due from related parties net of discounts	$ 586	$ 643

Inventories - Components of Inventories (Detail) (USD $) In Millions, unless otherwise specified	Dec. 31, 2012	Dec. 31, 2011
Inventories [Line Items]		
Finished products, including service parts	$ 3,255	$ 2,655
Work in process	1,560	1,544
Raw materials and manufacturing supplies	183	167
Inventory, Net, Total	$ 4,998	$ 4,366

Fair Value Measurements

Fair Value Measurements

12 Months Ended
Dec. 31, 2012

Note 14. Fair Value Measurements

The following summarizes our financial assets and liabilities measured at fair value on a recurring basis as of December 31 (in millions of dollars):

	2012			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	$10,685	$ 929	$ —	$11,614
Restricted cash	371	—	—	371
Derivatives:				
Currency forwards and swaps	—	6	—	6
Commodity swaps	—	18	12	30
Total	$11,056	$ 953	$ 12	$12,021
Liabilities:				
Derivatives:				
Currency forwards and swaps	$—	$ 44	$ —	$44
Commodity swaps	—	8	3	11
Total	$—	$ 52	$ 3	$55

	2011			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	$8,976	$ 625	$ —	$9,601
Restricted cash	461	—	—	461
Derivatives:				
Currency forwards and swaps	—	67	—	67
Commodity swaps	—	—	1	1
Total	$9,437	$ 692	$ 1	$10,130
Liabilities:				
Derivatives:				
Currency forwards and swaps	$—	$ 6	$ —	$6
Commodity swaps	—	88	36	124
Total	$—	$ 94	$ 36	$130

During the years ended December 31, 2012 and 2011, there were no transfers between Level 1 and Level 2 or into or out of Level 3.

We enter into over-the-counter currency forward and swap contracts to manage our exposure to risk relating to changes in foreign currency exchange rates. We estimate the fair value of currency forward and swap contracts by discounting future net cash flows derived from market-based expectations for exchange rates to a single present value.

We enter into over-the-counter commodity swaps to manage our exposure to risk relating to changes in market prices of various commodities. Swap contracts are fair valued by discounting future net cash flows derived from market-based expectations for commodity prices to a single present value. For certain commodities within our portfolio, market-based expectations of these prices are less observable, and alternative sources are used to develop these inputs. We have classified these commodity swaps as Level 3 within the fair value hierarchy.

We take into consideration credit valuation adjustments on both assets and liabilities taking into account credit risk of our counterparties and non-performance risk as described in Note 15, *Derivative Financial Instruments and Risk Management.*

The following summarizes the changes in Level 3 items measured at fair value on a recurring basis (in millions of dollars):

	Years Ended December 31,		
	2012	2011	2010
Derivatives Assets (Liabilities):			
Balance at beginning of the period	$(35)	$41	$(28)
Total realized and unrealized gains (losses):			
Included in Net Income (Loss) *(1)*	(30)	39	33
Included in Other Comprehensive Income (Loss) *(2)*	45	(83)	46
Settlements *(3)*	29	(32)	(10)
Transfers into Level 3	—	—	—
Transfers out of Level 3	—	—	—
Fair value at end of the period	$9	$(35)	$41
Changes in unrealized losses relating to instruments held at end of period *(1)*	$—	$—	$27

(1) The related realized and unrealized gains (losses) are recognized in Cost of Sales in the accompanying Consolidated Statements of Operations.

(2) The related realized and unrealized gains (losses) are recognized in Loss on Derivatives Recorded in Accumulated Other Comprehensive Loss, Net in the accompanying Consolidated Statements of Comprehensive Loss.

(3) There were no purchases, issuances or sales during the years ended December 31, 2012, 2011 and 2010.

The following summarizes the unobservable inputs related to Level 3 items measured at fair value on a recurring basis as of December 31, 2012:

	Net Asset (in millions of dollars)	Valuation Technique	Unobservable Input	Range	Unit of Measure
Commodity swaps	$ 9	Discounted cash flow	Platinum forward points	$ 0.12 — $ 5.43	Per troy ounce
			Palladium forward points	$ 0.09 — $ 5.80	Per troy ounce
			Natural gas forward points	$(0.04) — $ 0.44	Per giga-joule

The forward points that were used in the valuation of platinum, palladium and certain natural gas contracts were deemed unobservable. Significant increases or decreases in any of the unobservable inputs in isolation would not significantly impact our fair value measurements.

The carrying amounts and estimated fair values of our financial instruments as of December 31 were as follows (in millions of dollars):

	2012		2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$11,614	$11,614	$9,601	$9,601
Restricted cash	371	371	461	461
Financial liabilities *(1)*	12,603	13,643	12,574	12,183
Derivatives:				
Included in Prepaid Expenses and Other Assets and Advances to Related Parties and Other Financial Assets	36	36	68	68
Included in Accrued Expenses and Other Liabilities	55	55	130	130

(1) The fair value of financial liabilities includes $6.5 billion measured utilizing Level 2 inputs and $7.1 billion measured utilizing Level 3 inputs at December 31, 2012.

The estimated fair values have been determined by using available market information and valuation methodologies as described below. Considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that we could realize in a current market exchange. The use of different market assumptions or valuation methodologies may have a material effect on the estimated fair values.

The methods and assumptions used to estimate the fair value of financial instruments are consistent with the definition presented in the accounting guidance for fair value measurements and are as follows:

Cash and cash equivalents, including restricted cash

The carrying value of cash and cash equivalents approximates fair value due to the short maturity of these instruments and consists primarily of money market funds, certificates of deposit, commercial paper, time deposits and bankers' acceptances.

Financial liabilities

We estimate the fair values of our financial liabilities using quoted market prices where available. Where market prices are not available, we estimate fair value by discounting future cash flows using market interest rates, adjusted for non-performance risk over the remaining term of the financial liability.

Derivative instruments

The fair values of derivative instruments are based on pricing models or formulas using current estimated cash flow and discount rate assumptions.

Variable Interest Entities (Tables)

12 Months Ended Dec. 31, 2012

Amounts Included in the Financial Statement Captions in the Accompanying Consolidated Balance Sheets Related to VIEs

The following amounts were included in the respective financial statement captions in the accompanying Consolidated Balance Sheets related to the Gold Key Lease vehicle lease portfolio as of December 31 (in millions of dollars):

	2012	2011
Restricted cash	$—	$3
Equipment and other assets on operating leases, net	1	59
Financial liabilities	—	41

Commitments Contingencies and Concentrations - Future Minimum Purchase Obligations Under Fiat Arrangement (Detail) (USD $) In Millions, unless otherwise specified	Dec. 31, 2012
Unrecorded Unconditional Purchase Obligation [Line Items]	
2013	$ 290
2014	273
2015	121
2016	90
2017	68
2018 and thereafter	0
Fiat [Member]	
Unrecorded Unconditional Purchase Obligation [Line Items]	
2013	4
2014	7
2015	2
2016	2
2017	2
2018 and thereafter	$ 0

Employee Retirement and Other Benefits - Assumptions Used to Determine Benefit Obligation and Expense (Detail)	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Pension Benefits [Member]			
Weighted Average Discount Rate [Line Items]			
Discount rate -ongoing benefits	3.98%	4.84%	5.33%
Rate of compensation increase	3.09%	3.77%	4.08%
Discount rate -ongoing benefits	4.84%	5.33%	5.54%
Expected return on plan assets	7.41%	7.41%	7.41%
Rate of compensation increase	3.77%	3.77%	4.08%
OPEB [Member]			
Weighted Average Discount Rate [Line Items]			
Discount rate -ongoing benefits	4.07%	4.93%	5.57%
Rate of compensation increase	2.70%	2.70%	4.50%
Discount rate -ongoing benefits	4.93%	5.57%	5.38%
Rate of compensation increase	2.70%	2.70%	4.50%

Share-Based Compensation

12 Months Ended Dec. 31, 2012

Share-Based Compensation

Note 16. Share-Based Compensation

We have awards outstanding under four share-based compensation plans: the Chrysler Group LLC Restricted Stock Unit Plan (“RSU Plan”), the Amended and Restated Chrysler Group LLC Directors’ Restricted Stock Unit Plan, (“Directors’ RSU Plan”), the Chrysler Group LLC Deferred Phantom Share Plan (“DPS Plan”) and the Chrysler Group LLC 2012 Long Term Incentive Plan (“2012 LTIP Plan”).

The fair value of each unit issued under the plans is based on the fair value of our membership interests. Each unit represents a “Chrysler Group Unit,” which is equal to 1/600th of the value of a Class A Membership Interest on a fully-diluted basis after conversion of the Class B Membership Interests. Since there is no publicly observable trading price for our membership interests, fair value was determined using a discounted cash flow methodology. We use this approach, which is based on our projected cash flows, to estimate our enterprise value. We then deduct the fair value of our outstanding interest bearing debt as of the measurement date from our enterprise value to arrive at the fair value of equity. This amount is then divided by the total number of Chrysler Group Units, as determined above, to estimate the fair value of a single Chrysler Group Unit. The significant assumptions used in the calculation of fair value at each issuance date and for each period included the following:

- Four years of annual projections prepared by management that reflect the estimated after-tax cash flows a market participant would expect to generate from operating the business;
- A terminal value which was determined using a growth model that applied a 2.0 percent long-term growth rate to our projected after-tax cash flows beyond the four year window. The long-term growth rate was based on our internal projections, as well as industry growth prospects;
- An estimated after-tax weighted average cost of capital ranging from 16.0 percent to 16.5 percent in 2012, 14.4 percent to 16.5 percent in 2011, and 15.0 percent to 15.3 percent in 2010; and
- Projected worldwide factory shipments ranging from approximately 2 million vehicles in 2011 to approximately 3.2 million vehicles in 2016.

In 2011, the implied fair value of the Company resulting from the transactions through which Fiat acquired beneficial ownership of the membership interests previously held by the U.S. Treasury and Canadian Government was used to corroborate the values determined using the discounted cash flow methodology. There were no such transactions during 2012.

Based on these calculations, we estimated that the per unit fair value of a Chrysler Group Unit, calculated based on the fully-diluted Chrysler Group Units of 980 million, was $9.00, $7.63 and $4.87 at December 31, 2012, 2011 and 2010, respectively.

As of December 31, 2012, 29,400,000 units are authorized to be granted for both of our RSU Plans and our 2012 LTIP Plan. There is no limit on the number of Phantom Shares authorized under the DPS Plan. Upon adoption of the 2012 LTIP Plan, we agreed to cease making further grants under the RSU Plan and DPS Plan. The plans are described in more detail below.

Anti-Dilution Adjustment

The documents governing our share-based compensation plans contain anti-dilution provisions which provide for an adjustment to the number of Chrysler Group Units granted under the plans in order to preserve, or alternatively prevent the enlargement of, the benefits intended to be made available to the holders of the awards should an event occur that impacts our capital structure.

The method by which the Class B Membership Interests are to be converted into Class A Membership Interests requires that the Class B Membership Interests shall represent a portion of the total Class A Membership Interests equal to the aggregate Class B Membership Interests immediately prior to such conversion.

The calculated number of Chrysler Group Units was originally determined by converting the Class B Membership Interests into Class A Membership Interests assuming they represented a 20 percent aggregate ownership interest in the Company. The following details the original conversion calculation:

Membership Interests	Authorized, issued and outstanding as of June 10, 2009 (prior to conversion)	Percentage Ownership Interest as of June 10, 2009 (prior to conversion)	Calculated authorized, issued and outstanding (post conversion)
Class A	800,000	80%	1,000,000 *(1)*
Class B	200,000	20%	—
		Total Class A Membership Interests	1,000,000
		Total Chrysler Group Units (Class A * 600)	600,000,000

(1) 800,000 / 80% = 1,000,000

During 2011, we achieved two of the Class B Events described in our governance documents and Fiat exercised its incremental equity call option. In each case, Fiat's ownership interest in the Company increased through the dilution of the outstanding Class A Membership Interests and consequently, the value of a Chrysler Group Unit. Refer to Note 18, *Other Transactions with Related Parties*, for additional information regarding these events. In addition, in July 2011 Fiat acquired all of the Class A Membership Interests in the Company previously held by the U.S. Treasury and the Canadian Government. This did not impact the anti-dilution adjustment calculation. Therefore, in September 2011, and in accordance with the terms of our share-based compensation plans, the number of Chrysler Group Units authorized and granted was adjusted to preserve the economic value of the awards previously granted in order to offset the dilutive effect of changes in Fiat's ownership interests. At the time the adjustment was made, the Class B Membership Interests represented a 30 percent aggregate ownership interest in the Company. However, we determined that it would be appropriate to convert the Class B Membership Interests into Class A Membership Interests assuming they represented a 35 percent aggregate ownership interest in the Company, which took into consideration our achievement of the third and final Class B Event, which occurred in January 2012. While the third and final Class B Event had not yet been achieved at the time the adjustment was made, we determined that it was probable that it would be achieved in the near term, and that upon achievement, it would further dilute the outstanding Class A Membership Interests.

The following details the effect of these changes on the calculation of the total number of Chrysler Group Units:

Membership Interests	Authorized, issued and outstanding as of August 31, 2011 (prior to conversion)	Percentage Ownership Interest as of August 31, 2011 (prior to conversion)	Calculated authorized, issued and outstanding (post conversion)
Class A	1,061,225	65%	1,632,654 *(1)*
Class B	200,000	35%	—
		Total Class A Membership Interests	1,632,654
		Total Chrysler Group Units (Class A * 600)	979,592,400

(1) 1,061,225 / 65% = 1,632,654

No other changes to any of the other terms of the awards issued under our share-based compensation plans were made in 2011. Further, as the value of the awards immediately prior to and after the adjustment was unchanged, no additional compensation expense was recognized as a result of this modification during 2011.

There were no further capital structure changes in 2012 that required an anti-dilution adjustment.

2012 Long Term Incentive Plan

In February 2012, the Compensation and Leadership Development Committee ("Compensation Committee") approved the 2012 LTIP Plan that covers our senior executives, other than our Chief Executive Officer. The 2012 LTIP Plan is designed to retain talented professionals and reward their performance through annual grants of phantom equity in the form of restricted share units ("LTIP RSUs"), and performance share units ("LTIP PSUs"). LTIP RSUs may be granted annually, while LTIP PSUs are generally granted at the beginning of a three-year performance period. In addition, under the terms of the plan, the Compensation Committee has authority to grant additional LTIP PSU awards during the three-year performance period. The LTIP RSUs will vest over three years in one-third increments on the anniversary of their grant date, while the LTIP PSUs will vest at the end of the three-year performance period only if we meet or exceed certain three-year cumulative financial performance targets, which are consistent with those used in our incentive compensation calculations for our non-represented employees. Concurrent with the adoption of the 2012 LTIP Plan, the Compensation Committee established financial performance targets for the three-year performance period, ending December 31, 2014. If we do not fully achieve these targets, the LTIP PSUs will be deemed forfeited. LTIP RSUs and LTIP PSUs represent a contractual right to receive a payment in an amount equal to the fair value of one Chrysler Group Unit, as defined above.

Once vested, LTIP RSUs and LTIP PSUs will be settled in cash or, in the event we complete an initial public offering ("IPO") of equity securities, the Compensation Committee has the discretion to settle the awards in cash or shares of Chrysler Group's publicly traded stock. Settlement will be made as soon as practicable after vesting, but in any case no later than March 15th of the year following vesting. Vesting of the LTIP RSUs and LTIP PSUs may be accelerated in certain circumstances, including upon the participant's death, disability or in the event of a change of control.

These liability-classified awards are included in Accrued Expenses and Other Liabilities in the accompanying Consolidated Balance Sheets.

During the year ended December 31, 2012, compensation expense of approximately $31 million was recognized for the 2012 LTIP Plan. The corresponding tax benefit was insignificant. Total unrecognized compensation expense at December 31, 2012 was approximately $61 million. Expense will be recognized over the remaining service periods based upon our assessment of the performance conditions being achieved. Payments made during the year ended December 31, 2012, in respect of these awards were not material.

The following summarizes the activity related to the 2012 LTIP Plan awards issued to our employees:

	Year Ended December 31, 2012			
	LTIP RSU	Weighted Average Grant Date Fair Value	LTIP PSU	Weighted Average Grant Date Fair Value
Non-vested at beginning of period	—	—	—	—
Granted	1,835,833	7.63	8,450,275	7.63
Vested	(20,123)	7.63	—	—
Forfeited	(10,587)	7.63	(30,591)	7.63
Non-vested at end of period	1,805,123	7.63	8,419,684	7.63

Restricted Stock Unit Plans

RSU Plan

During the years ended December 31, 2012, 2011, and 2010, 1,266,267 RSUs, 2,749,696 RSUs and 832,069 RSUs, respectively, were granted under our RSU Plan. RSUs represent a contractual right to receive a payment in an amount equal to the fair value of one Chrysler Group Unit, as defined above.

Originally, RSUs granted to employees in 2009 and 2010 vested in two tranches. In the first tranche, representing 25 percent of the RSUs, vesting occurred if the participant was continuously employed through the third anniversary of the grant date, and the Modified Earnings Before Interest, Taxes, Depreciation and Amortization ("Modified EBITDA") threshold for 2010 was achieved. The 2010 Modified EBITDA target was achieved. In the second tranche, representing 75 percent of the RSUs, vesting occurred at the later of (i) the participant's continuous employment through the third anniversary of the grant date and (ii) the date that we complete an IPO. Settlement of the 2009 and 2010 awards was initially contingent upon our repayment of a minimum of 25 percent of our outstanding U.S. Treasury debt obligations, which were fully repaid in May 2011.

In September 2012, our Compensation Committee approved a modification to the second tranche of RSUs. The modification removed the performance condition requiring an IPO to occur prior to the award vesting. Prior to this modification, the second tranche of the 2009 and 2010 RSUs were equity-classified awards. In connection with the modification of these awards, we determined that it was no longer probable that the awards would be settled with company stock. In September 2012, we reclassified the second tranche of the 2009 and 2010 RSUs from equity-classified awards to liability-classified awards. As a result of this modification, we recognized additional compensation expense of approximately $16 million during the year.

For RSUs granted to employees in 2011 and 2012, vesting occurs if the participant is continuously employed through the third anniversary of the grant date.

As of December 31, 2012, all RSUs are included in Accrued Expenses and Other Liabilities in the accompanying Consolidated Balance Sheets. The settlement of these awards will be in cash. However, if the Company were to complete an IPO, we have the option to settle the awards in company stock. Should we elect to settle the awards in company stock, the awards would then be accounted for as a modification from a liability-classified award to an equity-classified award.

Directors' RSU Plan

In April 2012, the Compensation Committee amended and restated the Chrysler Group LLC 2009 Directors' Restricted Stock Unit Plan to allow grants having a one year vesting term to be granted on an annual basis. Director RSUs are granted to our non-employee members of our Board of Directors. Prior to the change, Director RSUs were granted at the beginning of a three-year performance period and vested in three equal tranches on the first, second, and third anniversary of the date of grant, subject to the participant remaining a member of our Board of Directors on each vesting date.

During the years ended December 31, 2012 and 2011, we granted 200,256 RSUs and 50,140 RSUs under our Directors' RSU Plan, respectively. There were no grants issued under this plan during 2010. Awards issued and outstanding under this plan as of December 31, 2012 will vest in June 2013. These liability-classified awards are included in Accrued Expenses and Other Liabilities in the accompanying Consolidated Balance Sheets. Settlement of the awards will be made within 60 days of the director's cessation of service on our Board and will be paid in cash. However, upon completion of an IPO, we have the option to settle the awards in cash or company stock. Should we elect to settle the awards in company stock, the awards would then be accounted for as a modification from a liability-classified award to an equity-classified award.

During the years ended December 31, 2012, 2011 and 2010, compensation expense of approximately $36 million, $18 million and $16 million, respectively was recognized in total for both of the RSU plans. Compensation expense for the year ended December 31, 2012, includes the additional expense recognized in connection with the modification that occurred in September 2012. The corresponding tax benefit in all periods was insignificant. Total unrecognized compensation expense at December 31, 2012 for both of the RSU plans was approximately $16 million and will be recognized over the remaining service periods. Payments under these plans were approximately $4 million and $6 million during the years ended December 31, 2012 and 2011, respectively. No payments were made during the year ended 2010.

The following summarizes the activity related to RSUs issued to our employees and non-employee directors:

	Years Ended December 31,					
	2012		2011		2010	
	Restricted Stock Units	Weighted Average Grant Date Fair Value	Restricted Stock Units	Weighted Average Grant Date Fair Value	Restricted Stock Units	Weighted Average Grant Date Fair Value
Non-vested at beginning of period	5,952,331	$ 3.25	5,220,692	$ 1.20	5,720,566	$ 1.20
Granted	1,466,523	7.68	2,799,836	5.76	832,069	1.20
Vested	(2,586,060)	1.22	(1,331,943)	1.20	(1,331,943)	1.20
Forfeited	(97,352)	6.14	(736,254)	1.99	—	—
Non-vested at end of period	4,735,442	5.73	5,952,331	3.25	5,220,692	1.20

Deferred Phantom Shares Plan

Under the DPS Plan, phantom shares of the Company ("Phantom Shares") were granted to certain key employees and to our Chief Executive Officer for his service as a member of our Board of Directors and vested immediately on the grant date and will be settled in cash. The Phantom Shares are redeemable in three equal annual installments. Phantom Shares represent a contractual right to receive a payment in an amount equal to the fair value of one Chrysler Group Unit, as defined above. During the years ended December 31, 2012, 2011 and 2010, compensation expense of approximately $3 million, $18 million and $19 million, respectively, was recognized for the DPS Plan. The corresponding tax benefit was insignificant in all periods. During the year ended December 31, 2012, payments of approximately $27 million were made under this plan. No payments were made during the years ended December 31, 2011 and 2010.

These liability-classified awards are included in Accrued Expenses and Other Liabilities in the accompanying Consolidated Balance Sheets.

The following summarizes the activity related to the Phantom Shares issued:

	Years Ended December 31,					
	2012		2011		2010	
	Deferred Phantom Shares	Weighted Average Grant Date Fair Value	Deferred Phantom Shares	Weighted Average Grant Date Fair Value	Deferred Phantom Shares	Weighted Average Grant Date Fair Value
Outstanding at beginning of period	4,944,476	$ 2.37	3,988,292	$ 1.44	874,830	$ 1.20
Granted and vested	—	—	956,184	6.23	3,113,462	1.51
Settled	(3,435,691)	1.85	—	—	—	—
Outstanding at end of period	1,508,785	3.54	4,944,476	2.37	3,988,292	1.44

Equipment and Other Assets on Operating Leases, Net - Components of Equipment and Other Assets on Operating Leases (Detail) (USD $) In Millions, unless otherwise specified					12 Months Ended				12 Months Ended				12 Months Ended	
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012 Leased Vehicles Guaranteed Depreciation Program [Member]	Dec. 31, 2011 Leased Vehicles Guaranteed Depreciation Program [Member]	Dec. 31, 2012 Leased Vehicles Guaranteed Depreciation Program [Member] Minimum [Member]	Dec. 31, 2012 Leased Vehicles Guaranteed Depreciation Program [Member] Maximum [Member]	Dec. 31, 2012 Leased Vehicles Gold Key Lease [Member]	Dec. 31, 2011 Leased Vehicles Gold Key Lease [Member]	Dec. 31, 2012 Leased Vehicles Gold Key Lease [Member] Minimum [Member]	Dec. 31, 2012 Leased Vehicles Gold Key Lease [Member] Maximum [Member]	Dec. 31, 2012 Other Leased Assets [Member]	Dec. 31, 2011 Other Leased Assets [Member]	Dec. 31, 2012 Other Leased Assets [Member] Minimum [Member]	Dec. 31, 2012 Other Leased Assets [Member] Maximum [Member]
Property Subject to or Available for Operating Lease [Line Items]														
Useful Lives (years)					5 years	15 years			5 years	15 years			12 years	40 years
Equipment on operating leases, gross	$ 1,060	$ 1,558	$ 601	$ 1,116			$ 6	$ 94			$ 453	$ 348		
Accumulated depreciation	(84)	(137)												
Equipment on operating leases, net	$ 976	$ 1,421												

Derivative Financial Instruments and Risk Management - Gains (Losses) Recorded in Other Comprehensive Income (Loss) and Reclassified from AOCI to Income (Detail) (Cash Flow Hedging [Member], USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Derivative Instruments, Gain (Loss) [Line Items]			
AOCI Beginning Balance	$ 6	$ (32)	
Gain (Loss) Recorded in OCI	(92)	(27)	(33)
Gain (Loss) reclassified from AOCI to Income	(50)	(65)	(1)
AOCI Ending Balance	(36)	6	(32)
Currency forwards and swaps [Member]			
Derivative Instruments, Gain (Loss) [Line Items]			
AOCI Beginning Balance	57	(74)	
Gain (Loss) Recorded in OCI	(103)	35	(74)
Gain (Loss) reclassified from AOCI to Income	(6)	(96)	
AOCI Ending Balance	(40)	57	(74)
Commodity swaps [Member]			
Derivative Instruments, Gain (Loss) [Line Items]			
AOCI Beginning Balance	(51)	42	
Gain (Loss) Recorded in OCI	11	(62)	41
Gain (Loss) reclassified from AOCI to Income	(44)	31	(1)
AOCI Ending Balance	$ 4	$ (51)	$ 42

Consolidated Statements of Cash Flows (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$ 1,668	$ 183	$ (652)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization of property, plant and equipment and intangible assets	2,531	2,759	2,692
Depreciation of equipment and other assets on operating leases	170	117	359
Net amortization of favorable and unfavorable lease contracts	(36)	7	13
Changes in deferred taxes		(17)	55
Non-cash interest accretion, primarily related to debt discounts, debt issuance costs and fair value adjustments	122	179	244
Capitalized payable-in-kind interest		17	68
Repayment of capitalized payable-in-kind interest		(395)	
Loss on extinguishment of debt		551	
Net loss on disposal of property, plant and equipment, equipment and other assets on operating leases and intangible assets	27	67	29
Non-cash adjustments to restructuring reserve estimates, net	(57)	(48)	(227)
Non-cash share-based compensation expense	71	36	35
Share-based compensation payments	(31)	(6)	
Non-cash pension and OPEB expense, net	94	2	1
Pension and OPEB contributions	(443)	(579)	(662)
Reimbursements of OPEB contributions resulting from Canadian Health Care Trust settlement			53
Payments associated with Canadian Health Care Trust settlement		(19)	(160)
Canadian Health Care Trust settlement loss			46
Collection of Daimler pension receivable		200	200
Collection of Daimler tax receivable		374	377
Changes in accrued expenses and other liabilities	1,239	1,099	845
Changes in other operating assets and liabilities:			
inventories	(630)	(721)	(860)
trade receivables	(334)	(46)	931
trade liabilities	1,325	1,711	1,469
other assets and liabilities	105	(868)	(661)
NET CASH PROVIDED BY OPERATING ACTIVITIES	5,821	4,603	4,195
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property, plant and equipment and intangible assets	(3,633)	(3,009)	(2,385)
Proceeds from disposals of property, plant and equipment	9	35	13
Purchases of equipment and other assets on operating leases	(123)	(35)	(35)
Proceeds from disposals of equipment and other assets on operating leases	87	704	1,144
Change in restricted cash	90	215	60

Proceeds from the sale of certain international dealerships to Fiat, net	11		
Change in loans and notes receivable	2	6	36
Proceeds from U.S. Dealer Automotive Receivables Transition LLC		96	
Other		18	
NET CASH USED IN INVESTING ACTIVITIES	(3,557)	(1,970)	(1,167)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net repayment of other financial liabilities	(84)	(81)	(109)
Debt issuance costs		(72)	
Proceeds from Fiat's incremental equity call option exercise		1,268	
Distribution for state tax withholding obligations on behalf of members	(6)	(9)	
NET CASH USED IN FINANCING ACTIVITIES	(251)	(405)	(1,526)
Effect of exchange rate changes on cash and cash equivalents		26	(17)
Net change in cash and cash equivalents	2,013	2,254	1,485
Cash and cash equivalents at beginning of period	9,601	7,347	5,862
Cash and cash equivalents at end of period	11,614	9,601	7,347
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Interest paid	(968)	(925)	(1,148)
Income tax payments, net	(224)	(81)	(40)
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Recognition of a financial liability related to the VEBA Trust Note, net of discount			3,854
Satisfaction of contribution receivable for the VEBA Trust membership interests			990
Settlement of CAW retiree OPEB obligation in exchange for Canadian Health Care Trust Notes			1,087
U.S. Treasury first lien credit facilities [Member]			
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayments of debt		(5,460)	
Export Development Canada credit facilities [Member]			
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayments of debt		(1,723)	
Secured Senior Notes [Member]			
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of long term debt		3,160	
Tranche B Term Loan [Member]			
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of long term debt		2,933	
Repayments of debt	(30)	(15)	
Mexican development banks credit facilities [Member]			
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of long term debt		217	400
Repayments of debt	(15)		
Gold Key Lease financing [Member]			
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds of Gold Key Lease financing			266

Repayments of debt	(41)	(584)	(1,903)
Canadian Health Care Trust Notes [Member]			
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayments of debt	(25)	(26)	(45)
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Capitalized interest	74	27	
Auburn Hills Headquarters loan [Member]			
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayments of debt	(50)	(13)	(12)
Chrysler Receivables SPV, Loan [Member]			
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayments of debt			(123)
VEBA Trust Note [Member]			
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Capitalized interest	$ 38	$ 126	$ 123

Consolidated Statements of Comprehensive Loss (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Net income (loss)	$ 1,668	$ 183	$ (652)
Other comprehensive loss:			
Loss on derivatives recorded in accumulated other comprehensive loss, net	(92) [1]	(27) [1]	(33) [1]
Loss on derivatives reclassified from accumulated other comprehensive loss to income, net	50 [1]	65 [1]	1 [1]
Foreign currency translation adjustments	(63) [1]	18 [1]	(107) [1]
Defined benefit plan adjustments:			
Actuarial loss	(2,733) [2]	(3,123)	(463)
Prior service (cost) credit	(44) [1]	80 [1]	5 [1]
TOTAL OTHER COMPREHENSIVE LOSS	(2,882)	(2,987)	(597)
TOTAL COMPREHENSIVE LOSS	$ (1,214)	$ (2,804)	$ (1,249)

[1] Net of $0 of taxes

[2] Net of $5 of income tax benefit for the year ended December 31, 2012

Prepaid Expenses and Other Assets	12 Months Ended Dec. 31, 2012
Prepaid Expenses and Other Assets	**Note 9. Prepaid Expenses and Other Assets**

The components of prepaid expenses and other assets as of December 31 were as follows (in millions of dollars):

	2012			2011		
	Current	Non-Current	Total	Current	Non-Current	Total
Amounts due from related parties (see Note 18)	$503	$ —	$503	$975	$ —	$975
Prepaid pension expense (see Note 17)	—	114	114	—	118	118
Other	605	289	894	628	303	931
Total	$1,108	$ 403	$1,511	$1,603	$ 421	$2,024

Fair Value Measurements - Summary of Unobservable Inputs Related to Level 3 Items Measured at Fair Value on Recurring basis (Detail) (Commodity swaps [Member], Level 3 [Member], Fair Value, Measurements, Recurring [Member], USD $) In Millions, unless otherwise specified	Dec. 31, 2012
Unobservable Input Summary [Line Items]	
Commodity swaps	$ 9
Valuation Technique	Discounted cash flow
Minimum [Member]	
Unobservable Input Summary [Line Items]	
Unobservable Input of Platinum Forward Points	0.12
Unobservable Input of Palladium Forward Points	0.09
Unobservable input of Natural gas forward points	(0.04)
Maximum [Member]	
Unobservable Input Summary [Line Items]	
Unobservable Input of Platinum Forward Points	5.43
Unobservable Input of Palladium Forward Points	5.80
Unobservable input of Natural gas forward points	0.44

Income Taxes - Reconciliation of Unrecognized Tax Benefits (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Unrecognized Tax Benefits [Line Items]			
Unrecognized tax benefits at beginning of period	$ 140	$ 949	$ 838
Settlements with tax authorities	(34)	(783)	
Gross increases for tax positions of prior years	32	30	84
Gross decreases for tax positions of prior years	(37)	(52)	(16)
Exchange rate differences		(4)	43
Unrecognized tax benefits at end of period	$ 101	$ 140	$ 949

Income Taxes - Additional Information (Detail) (USD $)	12 Months Ended			
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2009
Schedule Of Income Tax [Line Items]				
Expected federal statutory rate	35.00%	35.00%	35.00%	
Total unrecognized tax benefits on uncertain tax positions	$ 101,000,000	$ 140,000,000	$ 949,000,000	$ 838,000,000
Net interest expense	3,000,000	2,000,000	3,000,000	
Accrued interest on uncertain tax positions	15,000,000	19,000,000		
Settlements with tax authorities related to tax payments	34,000,000	783,000,000		
Additional taxes and interest incurred		1,500,000,000		
Income tax obligation associated to Canadian Tax Authorities		751,000,000		
Valuation allowance	1,164,000,000	1,124,000,000		
Increase in Deferred tax assets valuation allowance	40,000,000			
Domestic [Member]				
Schedule Of Income Tax [Line Items]				
Provision exempted from income taxes	1,500,000,000			
Foreign [Member]				
Schedule Of Income Tax [Line Items]				
Provision exempted from income taxes	1,800,000,000			
CANADA [Member] | Daimler AG [Member]				
Schedule Of Income Tax [Line Items]				
Additional taxes and interest incurred		660,000,000		
Income tax obligation associated to Canadian Tax Authorities		12,000,000		
Reimbursements from Daimler		751,000,000		
Tax receivable from Daimler	63,000,000	61,000,000		
Income tax obligation associated to Canadian Tax Authorities		$ 49,000,000		

Employee Retirement and Other Benefits - Components of Benefit Expense and Other Changes in Plan Assets and Benefit Obligations Recognized in AOCI (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Pension Plans, Postretirement and Other Employee Benefits [Line Items]			
Recognition of net actuarial losses	$ 2,733 [1]	$ 3,123	$ 463
Canadian HCT [Member]			
Pension Plans, Postretirement and Other Employee Benefits [Line Items]			
Loss on Canadian HCT Settlement			46
Pension Benefits [Member]			
Pension Plans, Postretirement and Other Employee Benefits [Line Items]			
Service cost	324	263	242
Interest cost	1,514	1,525	1,526
Expected return on plan assets	(1,811)	(1,828)	(1,741)
Recognition of net actuarial losses	101		
Net periodic benefit costs (credit)	128	(40)	27
Special early retirement cost	1	77	27
Total benefit costs	129	37	54
Net loss	2,509	2,870	458
Recognition of net actuarial losses	(101)		
Prior service cost (credit)	11		
Other	(7)		
Total recognized in other comprehensive loss	2,412	2,870	458
Total recognized in total benefit costs and other comprehensive loss	2,541	2,907	512
OPEB [Member]			
Pension Plans, Postretirement and Other Employee Benefits [Line Items]			
Service cost	24	21	34
Interest cost	135	141	194
Recognition of net actuarial losses	26	13	6
Amortization of prior service credit	(40)	(11)	
Gain on VEBA claims adjustment		(21)	(35)
Net periodic benefit costs (credit)	145	143	245
Special early retirement cost		4	
Total benefit costs	145	147	245
Net loss	358	266	22

Recognition of net actuarial losses	(26)	(13)	(6)
Prior service cost (credit)	(7)	(91)	(5)
Amortization of prior service credit	40	11	
Total recognized in other comprehensive loss	365	173	
Total recognized in total benefit costs and other comprehensive loss	510	320	245
OPEB [Member] | Canadian HCT [Member]			
Pension Plans, Postretirement and Other Employee Benefits [Line Items]			
Loss on Canadian HCT Settlement			46
Recognition of loss on Canadian HCT Settlement			(46)
OPEB [Member] | VEBA Trust [Member]			
Pension Plans, Postretirement and Other Employee Benefits [Line Items]			
Recognition of gain on VEBA claims adjustment			$ 35

[1] Net of $5 of income tax benefit for the year ended December 31, 2012

Geographic Information - Revenues, Net and Long-Lived Assets by Geographic Area (Detail) (USD $) In Millions, unless otherwise specified	3 Months Ended								12 Months Ended		
	Dec. 31, 2012	Sep. 30, 2012	Jun. 30, 2012	Mar. 31, 2012	Dec. 31, 2011	Sep. 30, 2011	Jun. 30, 2011	Mar. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Revenues, net:											
Revenues, net	$ 17,152	$ 15,478	$ 16,795	$ 16,359	$ 15,129	$ 13,067	$ 13,661	$ 13,124	$ 65,784	$ 54,981	$ 41,946
Long-lived assets:											
Long-lived assets	16,467				15,386				16,467	15,386	
UNITED STATES [Member]											
Revenues, net:											
Revenues, net									46,708	37,972	28,369
Long-lived assets:											
Long-lived assets	11,932				10,980				11,932	10,980	
CANADA [Member]											
Revenues, net:											
Revenues, net									7,272	7,196	6,539
Long-lived assets:											
Long-lived assets	1,706				1,873				1,706	1,873	
MEXICO [Member]											
Revenues, net:											
Revenues, net									1,892	1,881	1,634
Long-lived assets:											
Long-lived assets	2,632				2,421				2,632	2,421	
North America [Member]											
Revenues, net:											
Revenues, net									55,872	47,049	36,542
Long-lived assets:											
Long-lived assets	16,270				15,274				16,270	15,274	
Rest Of World [Member]											
Revenues, net:											
Revenues, net									9,912	7,932	5,404
Long-lived assets:											
Long-lived assets	$ 197				$ 112				$ 197	$ 112	

Employee Retirement and Other Benefits - Additional Information (Detail) In Millions, unless otherwise specified	1 Months Ended			12 Months Ended			1 Months Ended	12 Months Ended					12 Months Ended				12 Months Ended						
	Jun. 30, 2011 USD ($)	Jun. 30, 2010 USD ($)	Jun. 30, 2009 USD ($)	Dec. 31, 2012 USD ($) Installment	Dec. 31, 2011 USD ($)	Dec. 31, 2010 USD ($)	Jun. 10, 2009 VEBA Trust [Member]	Dec. 31, 2012 VEBA Trust [Member]	Dec. 31, 2012 VEBA [Member] USD ($)	Dec. 31, 2009 VEBA [Member] USD ($)	Jun. 10, 2009 VEBA Trust Note [Member] USD ($)	Dec. 31, 2012 VEBA Settlement Agreement [Member]	Dec. 31, 2010 Canadian Health Care Trust Notes [Member] USD ($)	Dec. 31, 2010 Canadian Health Care Trust Notes [Member] CAD	Dec. 31, 2011 Canadian HCT Settlement Agreement [Member] USD ($)	Dec. 31, 2010 Canadian HCT Settlement Agreement [Member] USD ($)	Dec. 31, 2012 Us Pension Plan [Member] USD ($)	Dec. 31, 2017 Us Pension Plan [Member]	Dec. 31, 2012 Canadian Pension Plans [Member] USD ($)	Dec. 31, 2012 OPEB [Member] USD ($)	Dec. 31, 2011 OPEB [Member] USD ($)	Dec. 31, 2010 OPEB [Member] USD ($)	Dec. 31, 2012 Unfunded Pension Plan [Member] USD ($)
Pension Plans, Postretirement and Other Employee Benefits [Line Items]																							
Number of highest salary consecutive year				5 years																			
Number of years of service by employee				15 years																			
Defined contribution plans expense				$ 32	$ 13	$ 5																	
Negative plan amendment service cost					91															7	91		
Notes issued with fair value													1,087	1,085									
Cash contribution in exchange for settling retiree health care obligations																104							
Settlement agreement initial payment																175							
Benefit payments for claims incurred																53							
Taxes associated with the transaction and administrative costs																22							
Interest charges and retiree contributions received																4							
Taxes and administrative expenses incurred related to the Settlement Agreement															19	3							
Payment period of claims												24 months											
Secured Senior Notes Issued											4,587												
Ownership interest percentage on the VEBA Trust Note							67.70%	41.50%															
Membership interests for VEBA trust										990													
Gain as a result of actual claim incurred by the covered retirees and retiree					21	35																	
Remaining obligations									0											3,073	2,729	2,636	
Gains recognized									0														
Unrecognized actuarial net losses are expected to be amortized into expense				342																			
Prior service credits are expected to be amortized as a reduction				43																			
Annual rate of increase in the per capita cost																	8.00%	5.00%	3.70%				
Obligations due to the changes in the current and future mortality rates																	879		131	10			
Weighted-average target asset allocations for plan assets, Fixed Income				51.00%																			
Weighted-average target asset allocations for plan assets, Equity				23.00%																			
Weighted-average target asset allocations for plan assets, Alternative Investments				23.00%																			
Weighted-average target asset allocations for plan assets, Other Investments				3.00%																			
Expected discretionary contributions				998													526		115	190			40
Expected discretionary contributions to satisfy minimum funding requirements																	6		351				
Receivables from Diamler to fund pension plan				600																			
Receivable Installment	$ 200	$ 200	$ 200																				
Number of annual receivable installments				3																			

Document and Entity Information (USD $)	12 Months Ended Dec. 31, 2012	Mar. 07, 2013
Entity Information [Line Items]		
Document Type	10-K	
Amendment Flag	false	
Document Period End Date	Dec. 31, 2012	
Document Fiscal Year Focus	2012	
Document Fiscal Period Focus	FY	
Entity Registrant Name	Chrysler Group LLC	
Entity Central Index Key	0001513153	
Current Fiscal Year End Date	--12-31	
Entity Well-known Seasoned Issuer	No	
Entity Current Reporting Status	Yes	
Entity Voluntary Filers	No	
Entity Filer Category	Non-accelerated Filer	
Entity Public Float		$ 0
Class A Membership Interests [Member]		
Entity Information [Line Items]		
Entity Common Stock, Shares Outstanding		1,632,654

Employee Retirement and Other Benefits - Allocation of Plan Assets Pension (Detail) (Pension Benefits [Member], USD $) In Millions, unless otherwise specified	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Schedule of Fair Values of Plan Assets [Line Items]			
Defined benefit plan, fair value of plan assets	$ 25,972	$ 25,444	$ 25,865
Cash and Cash Equivalents [Member]			
Schedule of Fair Values of Plan Assets [Line Items]			
Defined benefit plan, fair value of plan assets	682	735	
Equity Securities U.S. Companies [Member]			
Schedule of Fair Values of Plan Assets [Line Items]			
Defined benefit plan, fair value of plan assets	2,373	2,640	
Non - U.S. Companies [Member]			
Schedule of Fair Values of Plan Assets [Line Items]			
Defined benefit plan, fair value of plan assets	2,031	2,170	
Commingled Funds [Member]			
Schedule of Fair Values of Plan Assets [Line Items]			
Defined benefit plan, fair value of plan assets	1,286	1,333	
Government Securities [Member]			
Schedule of Fair Values of Plan Assets [Line Items]			
Defined benefit plan, fair value of plan assets	4,712	4,623	
Corporate Bonds [Member]			
Schedule of Fair Values of Plan Assets [Line Items]			
Defined benefit plan, fair value of plan assets	6,162	4,906	
Convertible and High Yield Bonds [Member]			
Schedule of Fair Values of Plan Assets [Line Items]			
Defined benefit plan, fair value of plan assets	768	674	
Other Fixed Income [Member]			
Schedule of Fair Values of Plan Assets [Line Items]			
Defined benefit plan, fair value of plan assets	948	909	
Private Equity Funds [Member]			
Schedule of Fair Values of Plan Assets [Line Items]			
Defined benefit plan, fair value of plan assets	2,393	2,760	
Real Estate Funds [Member]			
Schedule of Fair Values of Plan Assets [Line Items]			
Defined benefit plan, fair value of plan assets	1,611	1,620	
Hedge Funds [Member]			
Schedule of Fair Values of Plan Assets [Line Items]			
Defined benefit plan, fair value of plan assets	2,433	2,527	
Insurance Contracts [Member]			
Schedule of Fair Values of Plan Assets [Line Items]			

Defined benefit plan, fair value of plan assets	503	483
Other [Member]		
Schedule of Fair Values of Plan Assets [Line Items]		
Defined benefit plan, fair value of plan assets	11	16
Pension plan assets [Member]		
Schedule of Fair Values of Plan Assets [Line Items]		
Defined benefit plan, fair value of plan assets	25,913	25,396
Cash and Cash Equivalents Other [Member]		
Schedule of Fair Values of Plan Assets [Line Items]		
Defined benefit plan, fair value of plan assets	6	2
Accounts Receivable [Member]		
Schedule of Fair Values of Plan Assets [Line Items]		
Defined benefit plan, fair value of plan assets	207	135
Accounts Payable [Member]		
Schedule of Fair Values of Plan Assets [Line Items]		
Defined benefit plan, fair value of plan assets	(154)	(89)
Level 1 [Member] | Cash and Cash Equivalents [Member]		
Schedule of Fair Values of Plan Assets [Line Items]		
Defined benefit plan, fair value of plan assets	532	549
Level 1 [Member] | Equity Securities U.S. Companies [Member]		
Schedule of Fair Values of Plan Assets [Line Items]		
Defined benefit plan, fair value of plan assets	2,352	2,633
Level 1 [Member] | Non - U.S. Companies [Member]		
Schedule of Fair Values of Plan Assets [Line Items]		
Defined benefit plan, fair value of plan assets	2,031	2,170
Level 1 [Member] | Commingled Funds [Member]		
Schedule of Fair Values of Plan Assets [Line Items]		
Defined benefit plan, fair value of plan assets	91	110
Level 1 [Member] | Government Securities [Member]		
Schedule of Fair Values of Plan Assets [Line Items]		
Defined benefit plan, fair value of plan assets	2,250	2,030
Level 1 [Member] | Other [Member]		
Schedule of Fair Values of Plan Assets [Line Items]		
Defined benefit plan, fair value of plan assets	(2)	(8)
Level 1 [Member] | Pension plan assets [Member]		
Schedule of Fair Values of Plan Assets [Line Items]		
Defined benefit plan, fair value of plan assets	7,254	7,484
Level 2 [Member] | Cash and Cash Equivalents [Member]		
Schedule of Fair Values of Plan Assets [Line Items]		
Defined benefit plan, fair value of plan assets	150	186
Level 2 [Member] | Equity Securities U.S. Companies [Member]		
Schedule of Fair Values of Plan Assets [Line Items]		
Defined benefit plan, fair value of plan assets	21	6
Level 2 [Member] | Commingled Funds [Member]		

Schedule of Fair Values of Plan Assets [Line Items]		
Defined benefit plan, fair value of plan assets	1,195	1,223
Level 2 [Member] | Government Securities [Member]		
Schedule of Fair Values of Plan Assets [Line Items]		
Defined benefit plan, fair value of plan assets	2,462	2,593
Level 2 [Member] | Corporate Bonds [Member]		
Schedule of Fair Values of Plan Assets [Line Items]		
Defined benefit plan, fair value of plan assets	6,162	4,906
Level 2 [Member] | Convertible and High Yield Bonds [Member]		
Schedule of Fair Values of Plan Assets [Line Items]		
Defined benefit plan, fair value of plan assets	768	674
Level 2 [Member] | Other Fixed Income [Member]		
Schedule of Fair Values of Plan Assets [Line Items]		
Defined benefit plan, fair value of plan assets	948	909
Level 2 [Member] | Real Estate Funds [Member]		
Schedule of Fair Values of Plan Assets [Line Items]		
Defined benefit plan, fair value of plan assets	1,124	1,108
Level 2 [Member] | Hedge Funds [Member]		
Schedule of Fair Values of Plan Assets [Line Items]		
Defined benefit plan, fair value of plan assets	1,468	1,551
Level 2 [Member] | Insurance Contracts [Member]		
Schedule of Fair Values of Plan Assets [Line Items]		
Defined benefit plan, fair value of plan assets	503	483
Level 2 [Member] | Other [Member]		
Schedule of Fair Values of Plan Assets [Line Items]		
Defined benefit plan, fair value of plan assets	(3)	7
Level 2 [Member] | Pension plan assets [Member]		
Schedule of Fair Values of Plan Assets [Line Items]		
Defined benefit plan, fair value of plan assets	14,798	13,646
Level 3 [Member] | Equity Securities U.S. Companies [Member]		
Schedule of Fair Values of Plan Assets [Line Items]		
Defined benefit plan, fair value of plan assets		1
Level 3 [Member] | Private Equity Funds [Member]		
Schedule of Fair Values of Plan Assets [Line Items]		
Defined benefit plan, fair value of plan assets	2,393	2,760
Level 3 [Member] | Real Estate Funds [Member]		
Schedule of Fair Values of Plan Assets [Line Items]		
Defined benefit plan, fair value of plan assets	487	512
Level 3 [Member] | Hedge Funds [Member]		
Schedule of Fair Values of Plan Assets [Line Items]		
Defined benefit plan, fair value of plan assets	965	976
Level 3 [Member] | Other [Member]		
Schedule of Fair Values of Plan Assets [Line Items]		
Defined benefit plan, fair value of plan assets	16	17

Level 3 [Member] | Pension plan assets [Member]

Schedule of Fair Values of Plan Assets [Line Items]		
Defined benefit plan, fair value of plan assets	$ 3,861	$ 4,266

Accrued Expenses and Other Liabilities

12 Months Ended Dec. 31, 2012

Accrued Expenses and Other Liabilities

Note 10. Accrued Expenses and Other Liabilities

The components of accrued expenses and other liabilities as of December 31 were as follows (in millions of dollars):

	2012			2011		
	Current	Non-Current	Total	Current	Non-Current	Total
Pension and postretirement benefits (see Note 17)	$188	$11,864	$12,052	$185	$9,198	$9,383
Product warranty costs	1,142	2,372	3,514	1,196	2,122	3,318
Sales incentives	3,031	—	3,031	2,431	—	2,431
Personnel costs	711	413	1,124	585	391	976
Amounts due to related parties (see Note 18) *(1)*	562	—	562	381	—	381
Income and other taxes	256	106	362	287	118	405
Accrued interest *(2)*	342	—	342	330	—	330
Workers' compensation	46	275	321	43	284	327
Vehicle residual value guarantees, excluding Gold Key Lease vehicle portfolio	238	—	238	438	—	438
Restructuring actions (see Note 20)	69	—	69	150	—	150
Other	1,933	507	2,440	1,681	645	2,326
Total	$8,518	$15,537	$24,055	$7,707	$12,758	$20,465

(1) Excludes amounts due to related parties for interest separately discussed in (2) below.
(2) Includes $222 million and $220 million of accrued interest due to related parties as of December 31, 2012 and 2011, respectively. Refer to Note 18, Other Transactions with Related Parties, for additional information.

We issue various types of product warranties under which we generally guarantee the performance of products delivered for a certain period or term. The reserve for product warranties includes the expected costs of warranty obligations imposed by law or contract, as well as the expected costs for mandatory or voluntary actions to recall and repair vehicles and for buyback commitments. Estimates are principally based on assumptions regarding the lifetime warranty costs of each vehicle line and each model year of that vehicle line, as well as historical claims experience for our vehicles.

The changes in accrued product warranty costs (excluding deferred revenue from extended warranty and service contracts described below, as well as supplier recoveries) were as follows (in millions of dollars):

	Years Ended December 31,		
	2012	2011	2010
Balance at beginning of period	$3,318	$3,171	$3,176
Provision for current period warranties	1,735	1,686	1,342
Net adjustments to pre-existing warranties	(158)	(106)	123
Net warranty settlements	(1,414)	(1,452)	(1,497)
Interest accretion, translation and other adjustments	33	19	27
Balance at end of period	$3,514	$3,318	$3,171

During the years ended December 31, 2012, 2011 and 2010, we recognized recoveries from suppliers related to warranty claims of $105 million, $115 million and $120 million, respectively, which are excluded from the change in warranty costs above.

We also offer customers the opportunity to purchase separately-priced extended warranty and service contracts. In addition, from time to time we sell certain vehicles with a service contract included in the sales price of the vehicle. The service contract and vehicle qualified as separate units of accounting in accordance with the accounting guidance for multiple-element arrangements. Refer to Note 2, *Basis of Presentation and Significant Accounting Policies,* for additional information. The revenue from these contracts, as well as our separately-priced extended warranty and service contracts, is recorded as a component of Deferred Revenue in the accompanying Consolidated Balance Sheets at the inception of the contract and is recognized as revenue over the contract period in proportion to the costs expected to be incurred based on historical information.

The following summarizes the changes in deferred revenue from these contracts (in millions of dollars):

	Years Ended December 31,		
	2012	2011	2010
Balance at beginning of period	$926	$829	$779
Deferred revenues for current period service contracts	600	545	433
Earned revenues in current period	(446)	(446)	(444)
Refunds of cancelled contracts	(54)	(53)	(47)
Interest accretion, translation and other adjustments	49	51	108
Balance at end of period	$1,075	$926	$829

Accrued Expenses and Other Liabilities - Changes in Deferred Revenue (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Deferred Revenue Arrangement [Line Items]			
Balance at beginning of period	$ 926	$ 829	$ 779
Deferred revenues for current period service contracts	600	545	433
Earned revenues in current period	(446)	(446)	(444)
Refunds of cancelled contracts	(54)	(53)	(47)
Interest accretion, translation and other adjustments	49	51	108
Balance at end of period	$ 1,075	$ 926	$ 829

Income Taxes - Components of Deferred Tax Expense (Benefit) (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Components Of Deferred Income Tax Assets And Liabilities [Line Items]			
Deferred tax expense (benefit) (exclusive of the items below)	$ 15	$ (13)	$ 81
Benefits of operating loss carryforwards	(12)	(7)	(21)
Adjustment due to changes in enacted tax rates or laws	(3)	3	(5)
Income tax expense (benefit), deferred		$ (17)	$ 55

Consolidated Statements of Comprehensive Loss (Parenthetical) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Loss on derivatives recorded in accumulated other comprehensive loss, tax	$ 0	$ 0	$ 0
Loss on derivatives reclassified from accumulated other comprehensive loss to income, tax	0	0	0
Foreign currency translation adjustments, tax	0	0	0
Actuarial loss, tax	5		
Prior service (cost) credit, tax	$ 0	$ 0	$ 0

Interest Expense	**12 Months Ended Dec. 31, 2012**

Interest Expense

Note 4. Interest Expense

Interest expense included the following (in millions of dollars):

	Years Ended December 31,		
	2012	2011	2010
Financial interest expense:			
Related parties (see Note 18)	$440	$635	$934
Other	651	506	220
Interest accretion, primarily related to debt discounts, debt issuance costs and fair value adjustments	119	170	229
Payable-in-kind interest —related party (see Note 18)	—	27	68
Capitalized interest related to capital expenditures	(116)	(100)	(175)
Total	$1,094	$1,238	$1,276

In addition to the interest amounts included in Interest Expense in the accompanying Consolidated Statements of Operations, we recorded financial interest expense related to Gold Key Lease financing activities of $1 million, $13 million and $67 million in Cost of Sales for the years ended December 31, 2012, 2011 and 2010, respectively. Gold Key Lease financial interest expense included the effects of interest rate swaps for the years ended December 31, 2011 and 2010. We also recorded $8 million and $23 million of net interest accretion related to Gold Key Lease financing activities in Cost of Sales in the accompanying Consolidated Statements of Operations for the years ended December 31, 2011 and 2010, respectively. No such interest accretion was recorded for the year ended December 31, 2012. Refer to Note 11, *Financial Liabilities*, for additional information related to Gold Key Lease.

Related party amounts above include activities with the U.S. Treasury through July 21, 2011. Refer to Note 18, *Other Transactions with Related Parties*, for additional information.

Variable Interest Entities

Variable Interest Entities

12 Months Ended Dec. 31, 2012

Note 3. Variable Interest Entities

Consolidated VIEs

Gold Key Lease

We previously used special purpose entities to securitize future lease payments and vehicle residual values for the portfolio of vehicles under our Gold Key Lease financing program. As of December 31, 2011, we were the sole beneficiary of the consolidated assets from these VIEs and accordingly, we were considered to be the primary beneficiary. In June 2012, we repaid the remaining outstanding balance of the asset-backed note payable. We are currently winding down the Gold Key Lease financing program and no vehicles were added to the vehicle lease portfolio during the years ended December 31, 2012 and 2011.

The following amounts were included in the respective financial statement captions in the accompanying Consolidated Balance Sheets related to the Gold Key Lease vehicle lease portfolio as of December 31 (in millions of dollars):

	2012	2011
Restricted cash	$—	$3
Equipment and other assets on operating leases, net	1	59
Financial liabilities	—	41

Refer to Note 4, *Interest Expense,* and Note 11, *Financial Liabilities,* for additional information related to our Gold Key Lease program and financing arrangements.

Chrysler Receivables SPV LLC

In connection with the 363 Transaction, we purchased the equity of Chrysler Receivables SPV LLC ("Receivables SPV") and assumed the terms of the Auto Supplier Support Program, which was established by the U.S. Treasury in 2009 to ensure the payment of qualified automotive receivables to certain automotive suppliers of Old Carco. Receivables SPV was formed on April 7, 2009 to facilitate the Auto Supplier Support Program and was a wholly-owned subsidiary of Old Carco. In addition, we assumed a $1.5 billion loan facility that was previously provided by the U.S. Treasury to Receivables SPV to finance this program, which was subsequently reduced to $1.0 billion.

Receivables SPV was determined to be a VIE as its total equity investment at risk was not sufficient to permit the entity to finance its activities without additional subordinated financial support, in the form of additional equity contributions from us. We were also the primary beneficiary, as we absorbed the majority of the losses and received the majority of the benefits of Receivables SPV.

During March 2010, we repaid the $123 million outstanding on the facility and all accrued and unpaid interest. In April 2010, the Auto Supplier Support Program expired and, in accordance with the terms of the agreement, we paid the U.S. Treasury a $40 million exit fee associated with the program, as well as $5 million, which represented 50 percent of the residual equity of Receivables SPV. Receivables SPV was dissolved in December 2010.

Nonconsolidated VIEs

ZF Marysville, LLC

We have a commercial agreement with ZF Marysville, LLC ("ZFM") in which ZFM produces lightweight axles at one of our facilities. ZFM was determined to be a VIE as it does not have sufficient equity at risk to finance its activities. We hold no equity interests in ZFM and we do not have the power to direct the activities of ZFM which most significantly affect its economic performance. Therefore, we have determined we are not the primary beneficiary of ZFM.

ZFM began production in July 2010. Upon the start of operations, we recorded capital lease assets and capital lease obligations resulting from an embedded capital lease related to the equipment used to produce the lightweight axles. In July 2011, a second embedded capital lease was recorded related to equipment used to produce axle components. As of December 31, 2012 and 2011, we had $108 million and $123 million, respectively, of capital lease assets and $115 million and $127 million, respectively, of capital lease obligations, which are included in Property, Plant and Equipment, Net and Financial Liabilities, respectively, in the accompanying Consolidated Balance Sheets. Our maximum exposure to loss is approximately $12 million through our contractual commitments to ZFM through 2020.

U.S. Dealer Automotive Receivables Transition LLC

Prior to May 2011, we were a party to the Ally Master Transaction Agreement ("Ally MTA") between the U.S. Treasury, Ally Financial Inc. ("Ally") and U.S. Dealer Automotive Receivables Transition LLC ("USDART"). The Ally MTA provided for a risk sharing arrangement, in which USDART would reimburse Ally for qualifying losses on loans with third party Chrysler Group dealerships issued prior to November 21, 2009. In May 2011, all parties mutually agreed to terminate the Ally MTA.

Prior to May 2011, USDART was determined to be a VIE as it did not have sufficient equity at risk to finance its activities. At December 31, 2010, we had a variable interest in USDART in the form of a $100 million advance to USDART. However, we did not have the power to direct the activities of USDART that most significantly affected its economic performance, therefore, we determined we were not the primary beneficiary of USDART.

In May 2011, and under the terms of the U.S. Treasury first lien credit agreement, amounts outstanding under that agreement were reduced by $4 million, the amount of qualifying losses incurred by Ally through April 2011. In addition, under the terms of the Ally MTA, $96 million, which represented the remaining balance of the advance to USDART, was transferred to us. Refer to Note 13, *Commitments, Contingencies and Concentrations*, for additional information related to USDART.

Derivative Financial Instruments and Risk Management	12 Months Ended Dec. 31, 2012
Derivative Financial Instruments and Risk Management	

Note 15. Derivative Financial Instruments and Risk Management

All derivative instruments are recognized in the accompanying Consolidated Balance Sheets at fair value. The fair values of our derivative financial instruments are based on pricing models or formulas using current estimated cash flow and discount rate assumptions. We include an adjustment for non-performance risk in the recognized measure of fair value of derivative instruments. The adjustment is estimated based on the net exposure by counterparty. We use an estimate of the counterparty's non-performance risk when we are in a net asset position and an estimate of our own non-performance risk when we are in a net liability position. As of December 31, 2012 and 2011, the adjustment for non-performance risk did not materially impact the fair value of derivative instruments.

The use of derivatives exposes us to the risk that a counterparty may default on a derivative contract. We establish exposure limits for each counterparty to minimize this risk and provide counterparty diversification. Substantially all of our derivative exposures are with counterparties that have long-term credit ratings of single–A or better. The aggregate fair value of derivative instruments in asset positions as of December 31, 2012 and 2011 was approximately $36 million and $68 million, respectively, representing the maximum loss that we would recognize at that date if all counterparties failed to perform as contracted. We enter into master agreements with counterparties that generally allow for netting of certain exposures; therefore, the actual loss that we would recognize if all counterparties failed to perform as contracted could be significantly lower.

The terms of the agreements with our counterparties for foreign currency exchange and commodity hedge contracts require us to post collateral when derivative instruments are in a liability position, subject to posting thresholds. In addition, these agreements contain cross-default provisions that, if triggered, would permit the counterparty to declare a default and require settlement of the outstanding net asset or liability positions. These cross-default provisions could be triggered if there was a non-performance event under certain debt obligations. The fair value of the related gross liability positions as of December 31, 2012 and 2011, which represent our maximum potential exposure, were $55 million and $130 million, respectively. As of December 31, 2012 and 2011, we posted $24 million and $96 million, respectively, as collateral for foreign exchange and commodity hedge contracts that were outstanding at the respective year ends. The cash collateral is included in Restricted Cash in the accompanying Consolidated Balance Sheets. After giving consideration to offsetting asset positions for each counterparty, if cross-default provisions were triggered, there would have been an additional settlement liability of $7 million and $1 million due to the counterparties as of December 31, 2012 and 2011, respectively.

The notional amounts of the derivative financial instruments do not necessarily represent amounts exchanged by the parties and, therefore, are not a direct measure of our exposure to the financial risks described above. The amounts exchanged are calculated by reference to the notional amounts and by other terms of the derivative instruments, such as foreign currency exchange rates or commodity volumes and prices.

Cash Flow Hedges

We use financial instruments designated as cash flow hedges to hedge exposure to foreign currency exchange risk associated with transactions in currencies other than the functional currency in which we operate. We also use financial instruments designated as cash flow hedges to hedge our exposure to commodity price risk associated with buying certain commodities used in the ordinary course of our operations.

Changes in the fair value of designated derivatives that are highly effective as cash flow hedges are recorded in AOCI, net of estimated income taxes. These changes in the fair value are then released into earnings contemporaneously with the earnings effects of the hedged items. Cash flows associated with cash flow hedges are reported in Net Cash Provided by Operating Activities in the accompanying Consolidated Statements of Cash Flows. The ineffective portions of the fair value changes are recognized in the results of operations immediately. The amount of ineffectiveness recorded for the years ended December 31, 2012 and 2011 was immaterial. Our cash flow hedges mature within 18 months.

We discontinue hedge accounting prospectively and hold amounts in AOCI with future changes in fair value recorded directly in earnings when (i) it is determined that a derivative is no longer highly effective in offsetting changes in cash flows of a hedged item; (ii) the derivative is discontinued as a hedge instrument because it is not probable that a forecasted transaction will occur or (iii) the derivative expires or is sold, terminated or exercised. Those amounts held in AOCI are subsequently reclassified into income over the same period or periods during which the forecasted transaction affects income. When hedge accounting is discontinued because it is determined that the forecasted transactions will not occur, the derivative continues to be carried on the balance sheet at fair value, and gains and losses that were recorded in AOCI are recognized immediately in earnings. The hedged item may be designated prospectively into a new hedging relationship with another derivative instrument.

The following summarizes the fair values of derivative instruments designated as cash flow hedges which were outstanding as of December 31 (in millions of dollars):

	2012		
	Notional Amounts	Derivative Assets *(1)*	Derivative Liabilities *(2)*
Currency forwards and swaps	$ 3,369	$ 4	$ (43)
Commodity swaps	223	13	(8)
Total	$ 3,592	$ 17	$ (51)

	2011		
	Notional Amounts	Derivative Assets *(1)*	Derivative Liabilities *(2)*
Currency forwards and swaps	$ 2,597	$ 63	$ (4)
Commodity swaps	313	1	(50)
Total	$ 2,910	$ 64	$ (54)

(1) The related derivative instruments are recognized in Prepaid Expenses and Other Assets and Advances to Related Parties and Other Financial Assets in the accompanying Consolidated Balance Sheets.

(2) The related derivative instruments are recognized in Accrued Expenses and Other Liabilities in the accompanying Consolidated Balance Sheets.

The following summarizes the gains (losses) recorded in other comprehensive income (loss) and reclassified from AOCI to income (in millions of dollars):

	Year Ended December 31, 2012			
	AOCI as of January 1, 2012	Gain (Loss) Recorded in OCI	Gain (Loss) reclassified from AOCI to Income	AOCI as of December 31, 2012
Currency forwards and swaps	$ 57	$ (103)	$ (6)	$ (40)
Commodity swaps	(51)	11	(44)	4

Total	$ 6	$ (92)	$ (50)	$ (36)

	Year Ended December 31, 2011			
	AOCI as of January 1, 2011	Gain (Loss) Recorded in OCI	Gain (Loss) reclassified from AOCI to Income	AOCI as of December 31, 2011
Currency forwards and swaps	$ (74)	$ 35	$ (96)	$ 57
Commodity swaps	42	(62)	31	(51)
Total	$ (32)	$ (27)	$ (65)	$ 6

	Year Ended December 31, 2010			
	AOCI as of January 1, 2010	Gain (Loss) Recorded in OCI	Gain (Loss) reclassified from AOCI to Income	AOCI as of December 31, 2010
Currency forwards and swaps	$ —	$ (74)	$ —	$ (74)
Commodity swaps	—	41	(1)	42
Total	$ —	$ (33)	$ (1)	$ (32)

We expect to reclassify existing net losses of $42 million from AOCI to income within the next 12 months**.**

Derivatives Not Designated as Hedges

Some derivatives do not qualify for hedge accounting; for others, we elect not to apply hedge accounting. We use derivatives to economically hedge our financial and operational exposures. Unrealized and realized gains and losses related to derivatives that are not designated as accounting hedges are included in Revenues, Net or Cost of Sales in the accompanying Consolidated Statements of Operations as appropriate depending on the nature of the risk being hedged. Cash flows associated with derivatives that are not designated as hedges are reported in Net Cash Provided by Operating Activities in the accompanying Consolidated Statements of Cash Flows.

The following summarizes the fair values of derivative instruments not designated as hedges as of December 31 (in millions of dollars):

	2012		
	Notional Amounts	Derivative Assets *(1)*	Derivative Liabilities *(2)*
Currency forwards and swaps	$ 324	$ 2	$ (1)
Commodity swaps	399	17	(3)
Total	$ 723	$ 19	$ (4)

	2011		
	Notional Amounts	Derivative Assets *(1)*	Derivative Liabilities *(2)*
Currency forwards and swaps	$ 341	$ 4	$ (2)
Commodity swaps	465	—	(74)
Total	$ 806	$ 4	$ (76)

(1) The related derivative instruments are recognized in Prepaid Expenses and Other Assets and Advances to Related Parties and Other Financial Assets in the accompanying Consolidated Balance Sheets.
(2) The related derivative instruments are recognized in Accrued Expenses and Other Liabilities in the accompanying Consolidated Balance Sheets.

The following summarizes the effect of derivative instruments not designated as hedges in the respective financial statement captions of the accompanying Consolidated Statements of Operations (in millions of dollars):

	Financial Statement Caption	Years Ended December 31, 2012 Gain (Loss)	2011 Gain (Loss)	2010 Gain (Loss)
Currency forwards and swaps	Revenues, Net	$ (13)	$ 4	$ (5)
Commodity swaps	Cost of Sales	7	(105)	68
Interest rate swaps	Cost of Sales	—	1	27
	Total	$ (6)	$ (100)	$ 90

Financial Liabilities

Financial Liabilities

12 Months Ended
Dec. 31, 2012

Note 11. Financial Liabilities

The components of financial liabilities as of December 31 were as follows (in millions of dollars):

	2012		
	Interest Rate	Face Value	Carrying Value
Financial Liabilities Payable Within One Year:			
	Effective		
VEBA Trust Note	11.71%	$159	$ 159
Tranche B Term Loan	6.46% (1)	30	30
Canadian Health Care Trust Notes:			
Tranche A	7.98% (2)	79	79
Tranche B	9.21% (2)	23	23
Total Canadian Health Care Trust Notes		102	102
Mexican development banks credit facility due 2025	9.62% (3)	30	30
	Weighted Average		
Other:			
Capital lease obligations	11.50%	36	27
Other financial obligations	11.09%	115	108
Total other financial liabilities		151	135
Total financial liabilities payable within one year		$472	$ 456

	Maturity	Interest Rate	Face Value	Carrying Value
Financial Liabilities Payable After One Year:				
		Effective		
VEBA Trust Note	7/15/2023	11.71%	$4,715	$4,129
Tranche B Term Loan	5/24/2017	6.46% (1)	2,925	2,874
Secured Senior Notes due 2019	6/15/2019	8.21% (4)	1,500	1,484
Secured Senior Notes due 2021	6/15/2021	8.44% (5)	1,700	1,681
Canadian Health Care Trust Notes:				
Tranche A	6/30/2017	7.98% (2)	402	426
Tranche B	6/30/2024	9.21% (2)	456	467
Tranche C	6/30/2024	9.68% (6)	109	92
Total Canadian Health Care Trust Notes			967	985
Mexican development banks credit facilities:				
Credit facility due 2021	12/23/2021	8.54% (7)	231	231
Credit facility due 2025	7/19/2025	9.62% (3)	350	350
Total Mexican development banks credit facilities			581	581
		Weighted Average		
Other:				
Capital lease obligations	2014-2020	12.43%	251	214
Other financial obligations	2014-2024	13.43%	218	199
Total other financial liabilities			469	413
Total financial liabilities payable after one year			12,857	12,147
Total			$13,329	$12,603

	2011		
	Interest Rate	Face Value	Carrying Value
Financial Liabilities Payable Within One Year:			
	Effective		
Tranche B Term Loan	6.46% (1)	$30	$ 30
Canadian Health Care Trust Note —Tranche D	5.50% (8)	24	23

Mexican development banks credit facility due 2025		9.60% *(3)*	14	14
		Weighted Average		
Other:				
Asset-backed note payable —Gold Key Lease		4.46%	41	41
Capital lease obligations		11.01%	38	28
Other financial obligations		10.37%	104	94
Total other financial liabilities			183	163
Total financial liabilities payable within one year			$251	$ 230

	Maturity	Interest Rate	Face Value	Carrying Value
Financial Liabilities Payable After One Year:				
		Effective		
VEBA Trust Note	7/15/2023	11.71%	$4,836	$4,193
Tranche B Term Loan	5/24/2017	6.46% *(1)*	2,955	2,893
Secured Senior Notes due 2019	6/15/2019	8.21% *(4)*	1,500	1,482
Secured Senior Notes due 2021	6/15/2021	8.44% *(5)*	1,700	1,680
Canadian Health Care Trust Notes:				
Tranche A	6/30/2017	7.98% *(2)*	434	465
Tranche B	6/30/2024	9.21% *(2)*	433	445
Tranche C	6/30/2024	9.68% *(6)*	98	81
Total Canadian Health Care Trust Notes			965	991
Mexican development banks credit facilities:				
Credit facility due 2021	12/23/2021	8.49% *(7)*	214	214
Credit facility due 2025	7/19/2025	9.60% *(3)*	353	353
Total Mexican development banks credit facilities			567	567
		Weighted Average		
Other:				
Capital lease obligations	2013-2020	12.42%	282	237
Other financial obligations	2013-2024	12.81%	326	301
Total other financial liabilities			608	538
Total financial liabilities payable after one year			13,131	12,344
Total			$13,382	$12,574

(1) Loan bears interest at LIBOR (subject to a 1.25 percent floor) + 4.75 percent. Commencing in July 2011, interest has been reset every three months. Stated interest rate as of both December 31, 2012 and 2011 was 6.00 percent.
(2) Note bears interest at a stated rate of 9.00 percent.
(3) Represents the stated interest rate. Loan bears interest at the 28 day Interbank Equilibrium Interest Rate ("TIIE") + 4.80 percent subject to a quarterly reset of TIIE.
(4) Notes bear interest at a stated rate of 8.00 percent.
(5) Notes bear interest at a stated rate of 8.25 percent.
(6) Note bears interest at a stated rate of 7.50 percent.
(7) Represents the stated interest rate. Loan bears interest at the 28 day TIIE + 3.70 percent subject to a monthly reset of TIIE.
(8) Note was non-interest bearing.

As of December 31, 2012, the carrying amounts of our financial obligations were net of fair value adjustments, discounts, premiums and loan origination fees totaling $726 million related to the following obligations (in millions of dollars):

VEBA Trust Note	$586
Tranche B Term Loan	51
Secured Senior Notes due 2019	16
Secured Senior Notes due 2021	19
Canadian Health Care Trust Notes	(18)
Liabilities from capital leases and other financial obligations	72
Total	$726

As of December 31, 2012, the aggregate annual contractual maturities of our financial liabilities at face value were as follows (in millions of dollars):

2013		$472
2014		469
2015		501
2016		532
2017		3,414
2018 and thereafter		7,941
	Total	$13,329

Repayment of U.S. Treasury and Export Development Canada Credit Facilities

On May 24, 2011, we repaid all amounts outstanding under the U.S. Treasury and Export Development Canada ("EDC") credit facilities. Refer to *U.S. Treasury Credit Facilities* and *Export Development Canada Credit Facilities* below for additional information related to these agreements.

Payments were made as follows (in millions of dollars):

	Principal	Accrued Interest	Total Payment
U.S. Treasury first lien credit facilities:			
Tranche B	$2,080 *(1)*	$ 22	$ 2,102
Tranche C	3,675 *(2)*	65	3,740
Zero Coupon Note	100	—	100
Total U.S Treasury first lien credit facilities	5,855	87	5,942
EDC credit facilities:			
Tranche X	1,319	14	1,333
Tranche X-2	404	4	408
Total EDC credit facilities	1,723	18	1,741
Total U.S Treasury and EDC credit facilities	$7,578	$ 105	$ 7,683

(1) Includes $80 million of payable-in-kind ("PIK") interest previously capitalized. The payment of PIK interest is included as a component of Net Cash Provided by Operating Activities in the accompanying Consolidated Statements of Cash Flows.

(2) Includes $315 million of PIK interest previously capitalized. The payment of PIK interest is included as a component of Net Cash Provided by Operating Activities in the accompanying Consolidated Statements of Cash Flows. In addition, as a result of the termination of the Ally MTA and in accordance with the U.S. Treasury first lien credit agreement, amounts outstanding under that agreement were reduced by $4 million, the amount of qualifying losses incurred by Ally through April 2011. Refer to Note 13, Commitments, Contingencies and Concentrations, for additional information related to the Ally MTA.

In connection with the repayment of our outstanding obligations under the U.S. Treasury and EDC credit facilities, we recognized a $551 million loss on extinguishment of debt, which consisted of the write off of $136 million of unamortized discounts and $34 million of unamortized debt issuance costs associated with the U.S. Treasury credit facilities and $367 million of unamortized discounts and $14 million of unamortized debt issuance costs associated with the EDC credit facilities. These charges are included in Loss on Extinguishment of Debt in the accompanying Consolidated Statements of Operations.

Senior Credit Facilities and Secured Senior Notes

On May 24, 2011, we and certain of our U.S. subsidiaries as guarantors entered into the following arrangements:

- Senior Credit Facilities — a $3.0 billion Tranche B Term Loan maturing on May 24, 2017, which was fully drawn on May 24, 2011 and a $1.3 billion revolving credit facility that matures on May 24, 2016 ("Revolving Facility") and remains undrawn;

- Secured Senior Notes due 2019 — issuance of $1.5 billion of 8 percent secured senior notes due June 15, 2019 ("Original 2019 Notes"); and

- Secured Senior Notes due 2021 — issuance of $1.7 billion of 8 ¼ percent secured senior notes due June 15, 2021 ("Original 2021 Notes").

Senior Credit Facilities

Our Senior Credit Facilities with a syndicate of private sector lenders provide for borrowings of up to $4.3 billion and include, the Revolving Facility which may be borrowed and repaid from time to time until the maturity date. Up to $200 million of the Revolving Facility may be used for the issuance of letters of credit. Prior to the final maturity date of each of the facilities, we have the option to extend the maturity date of all or a portion of these facilities with the consent of the lenders whose loans or commitments are being extended. We also have the option to increase the amount of these facilities in an aggregate principal amount not to exceed $1.2 billion, either through an additional term loan, an increase in the Revolving Facility or a combination of both, subject to certain conditions.

The outstanding principal amount of the Tranche B Term Loan is payable in equal quarterly installments of $7.5 million, with the remaining balance due at maturity. No scheduled principal payments are required on amounts drawn on the Revolving Facility until the maturity date of the facility.

All amounts outstanding under the Tranche B Term Loan and Revolving Facility bear interest at our option of either a base rate plus 3.75 percent per annum or at LIBOR plus 4.75 percent per annum. For the Tranche B Term Loan, a base rate floor of 2.25 percent per annum or a LIBOR floor of 1.25 percent per annum applies. We currently accrue interest based on LIBOR. Commencing in July 2011, interest has been reset every three months and is payable quarterly in January, April, July and October of each year.

We are required to pay commitment fees equal to 0.75 percent per annum, which may be reduced to 0.50 percent per annum if we achieve a specified consolidated leverage ratio, multiplied by the daily average undrawn portion of the Revolving Facility. Commitment fees are payable quarterly in arrears.

If we voluntarily prepay all or any portion of the Tranche B Term Loan on or before May 24, 2014, we will be obligated to pay a call premium. Prior to May 24, 2013, the call premium will be 2.00 percent of the principal amount of such loans prepaid or repriced, and after May 24, 2013 but on or prior to May 24, 2014, the call premium will be 1.00 percent of the principal amount of such loans prepaid or repriced. After May 24, 2014, we may make voluntary prepayments under the Tranche B Term Loan without premium or penalty, except for normal breakage costs.

Mandatory prepayments are required, subject to certain exceptions, from the net cash proceeds of asset sales, incurrence of additional indebtedness, insurance or condemnation proceeds and excess cash flow. In the case of excess cash flow, the mandatory prepayments are subject to a leverage-based step-down and only to the extent our liquidity exceeds a certain threshold. Certain mandatory prepayments are subject to call premiums consistent with the voluntary prepayments.

The Senior Credit Facilities are secured by a senior priority security interest in substantially all of Chrysler Group LLC's assets and the assets of its U.S. subsidiary guarantors, subject to certain exceptions. The collateral includes 100 percent of the equity interests in our domestic subsidiaries and 65 percent of the equity interests in foreign subsidiaries held directly by Chrysler Group LLC and its U.S. subsidiary guarantors.

The senior secured credit agreement includes a number of affirmative covenants, many of which are customary, including, but not limited to, the reporting of financial results and other developments, compliance with laws, payment of taxes, maintenance of insurance and similar requirements. The senior secured credit agreement also contains several negative covenants, including but not limited to, (i) limitations on incurrence, repayment and prepayment of indebtedness; (ii) limitations on incurrence of liens; (iii) limitations on making restricted payments, including a limit on declaring dividends or making distributions to our members; (iv) limitations on transactions with affiliates, swap agreements and sale and leaseback transactions; (v) limitations on fundamental changes, including certain asset sales and (vi) restrictions on certain subsidiary distributions. In addition, the senior secured credit agreement requires us to maintain a minimum ratio of borrowing base to covered debt, as well as a minimum liquidity of $3.0 billion, which includes any undrawn amounts on the Revolving Facility.

The senior secured credit agreement contains a number of events of default related to, (i) failure to make payments when due; (ii) failure to comply with covenants; (iii) breaches of representations and warranties;

(iv) certain changes of control; (v) cross-default with certain other debt and hedging agreements and (vi) the failure to pay certain material judgments. As of December 31, 2012, we were in compliance with all covenants under the senior secured credit agreement.

Secured Senior Notes

We entered into an indenture with CG Co-Issuer Inc. ("CG Co-Issuer"), our wholly-owned special purpose finance subsidiary, certain of our wholly-owned U.S. subsidiaries ("Guarantors") and Wilmington Trust FSB, as trustee and Citibank, N.A. as collateral agent, paying agent, registrar and authenticating agent, pursuant to which we issued the Original 2019 Notes and the Original 2021 Notes, collectively referred to as the "Original Notes." The Original Notes were issued at par and were sold in a private placement to (i) qualified institutional buyers in reliance on Rule 144A under the Securities Act of 1933, as amended (the "Securities Act") and (ii) outside the United States to persons who are not U.S. persons (as defined in Rule 902 of Regulation S under the Securities Act) in compliance with Regulation S under the Securities Act.

In connection with the offering of the Original Notes, we entered into a registration rights agreement with the initial purchasers of the Original Notes. Under the terms of the registration rights agreement, we agreed to register notes having substantially identical terms as the Original Notes with the SEC as part of an offer to exchange freely tradable exchange notes for the Original Notes. On December 29, 2011, and subject to the terms and conditions set forth in our prospectus, we commenced an offer to exchange our new 8 percent secured senior notes due 2019 ("2019 Notes") for the outstanding Original 2019 Notes and our new 8 ¼ percent secured senior notes due 2021 ("2021 Notes") for the outstanding Original 2021 Notes. The 2019 Notes and 2021 Notes are collectively referred to as the "Notes."

On February 1, 2012, our offers to exchange the Original 2019 Notes and Original 2021 Notes expired. Substantially all of the Original Notes were tendered for the Notes. The holders of the Notes received an equal principal amount of 2019 Notes for the Original 2019 Notes and an equal principal amount of 2021 Notes for the Original 2021 Notes. The form and terms of the Notes are identical in all material respects to the Original Notes, except that the Notes do not contain restrictions on transfer.

Beginning December 15, 2011, interest on each series of the Original Notes is payable semi-annually in June and December of each year, to the holders of record of such Original Notes at the close of business on June 1 or December 1, respectively, preceding such interest payment date.

We may redeem, at any time, all or any portion of the 2019 Notes on not less than 30 and not more than 60 days' prior notice mailed to the holders of the 2019 Notes to be redeemed. Prior to June 15, 2015, the 2019 Notes will be redeemable at a price equal to the principal amount of the 2019 Notes being redeemed, plus accrued and unpaid interest to the date of redemption and a "make-whole" premium calculated under the indenture. At any time prior to June 15, 2014, we may also redeem up to 35 percent of the aggregate principal amount of the 2019 Notes, at a redemption price equal to 108 percent of the principal amount of the 2019 Notes being redeemed, plus accrued and unpaid interest to the date of redemption with the net cash proceeds from certain equity offerings. On and after June 15, 2015, the 2019 Notes are redeemable at redemption prices specified in the indenture, plus accrued and unpaid interest to the date of redemption. The redemption price is initially 104 percent of the principal amount of the 2019 Notes being redeemed for the twelve months beginning June 15, 2015, decreasing to 102 percent for the year beginning June 15, 2016 and to par on and after June 15, 2017.

We may redeem, at any time, all or any portion of the 2021 Notes on not less than 30 and not more than 60 days' prior notice mailed to the holders of the 2021 Notes to be redeemed. Prior to June 15, 2016, the 2021 Notes will be redeemable at a price equal to the principal amount of the 2021 Notes being redeemed, plus accrued and unpaid interest to the date of redemption and a "make-whole" premium calculated under the indenture. At any time prior to June 15, 2014, we may also redeem up to 35 percent of the aggregate principal amount of the 2021 Notes, at a redemption price equal to 108.25 percent of the principal amount of the 2021 Notes being redeemed, plus accrued and unpaid interest to the date of redemption with the net cash proceeds from certain equity offerings. On and after June 15, 2016, the 2021 Notes are redeemable at redemption prices specified in the indenture, plus accrued and unpaid interest to the date of redemption. The redemption price is initially 104.125 percent of the principal amount of the 2021 Notes being redeemed for the twelve months beginning June 15, 2016, decreasing to 102.75 percent for the year beginning June 15, 2017, to 101.375 percent for the year beginning June 15, 2018 and to par on and after June 15, 2019.

The indenture includes affirmative covenants, including the reporting of financial results and other developments. The indenture also contains negative covenants related to our ability and, in certain instances, the ability of certain of our subsidiaries to, (i) pay dividends or make distributions on the Company's capital stock or repurchase the Company's capital stock; (ii) make restricted payments; (iii) create certain liens to secure indebtedness; (iv) enter into sale and leaseback transactions; (v) engage in transactions with affiliates; (vi) merge or consolidate with certain companies and (vii) transfer and sell assets.

The indenture provides for customary events of default, including but not limited to, (i) nonpayment; (ii) breach of covenants in the indenture; (iii) payment defaults or acceleration of other indebtedness; (iv) a failure to pay certain judgments and (v) certain events of bankruptcy, insolvency and reorganization. If certain events of default occur and are continuing, the trustee or the holders of at least 25 percent in aggregate of the principal amount of the Notes outstanding under one of the series may declare all of the Notes of that series to be due and payable immediately, together with accrued interest, if any. As of December 31, 2012, we were in compliance with all covenants under the indenture.

VEBA Trust Note

On June 10, 2009, and in accordance with the terms of a settlement agreement between us and the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America ("UAW") (the "VEBA Settlement Agreement"), we issued a senior unsecured note with a face value of $4,587 million to the VEBA Trust ("VEBA Trust Note"). Refer to Note 17, *Employee Retirement and Other Benefits*, for additional information related to the VEBA Settlement Agreement.

The VEBA Trust Note has an implied interest rate of 9.0 percent per annum and requires annual payments of principal and interest on July 15. Scheduled VEBA Trust Note payments through 2012 did not fully satisfy the interest accrued at the implied rate. In accordance with the agreement, the difference between a scheduled payment and the accrued interest through June 30 of the payment year was capitalized as additional debt on an annual basis. In July 2012, 2011 and 2010, we made scheduled payments of $400 million, $300 million and $315 million, respectively, on the VEBA Trust Note and accrued interest of $38 million, $126 million and $123 million, respectively, was capitalized as additional debt.

Canadian Health Care Trust Notes

On December 31, 2010, Chrysler Canada issued four unsecured promissory notes to an independent Canadian Health Care Trust in an initial aggregate face value of $976 million ($974 million CAD) ("Canadian Health Care Trust Notes") as part of the settlement of its obligations with respect to retiree health care benefits for National Automobile, Aerospace, Transportation and General Workers Union of Canada ("CAW") represented employees, retirees and dependents ("Covered Group"). In addition, the Canadian Health Care Trust Notes had accrued interest from January 1, 2010 through December 31, 2010 of $80 million ($80 million CAD) and a $31 million ($31 million CAD) net premium. Refer to Note 17, *Employee Retirement and Other Benefits*, for additional information related to the Canadian Health Care Trust Settlement Agreement ("Canadian HCT Settlement Agreement").

Payments on the Canadian Health Care Trust Notes are due on June 30 of each year unless that day is not a business day in Canada, in which case payments are due on the next business day. The scheduled Tranche A and Tranche B note payments through 2012 did not fully satisfy the interest accrued at the stated rate of 9.0 percent per annum. Accordingly, on the payment date, the difference between the scheduled payment and the interest accrued through the payment date was capitalized as additional debt. We are not required to make a payment on the Tranche C note until 2020. However, interest accrued at the stated rate of 7.5 percent per annum on the Tranche C note will be capitalized as additional debt on the payment date of the Tranche B note through 2019. In July 2012 and June 2011, $74 million ($76 million CAD) and $27 million ($26 million CAD), respectively, of interest accrued in excess of the scheduled payments was capitalized as additional debt.

The terms of each of the notes are substantially similar and provide that each note will rank *pari passu* with all existing and future unsecured and unsubordinated indebtedness for borrowed money of Chrysler Canada, and that Chrysler Canada will not incur indebtedness for borrowed money that is senior in any respect in right of payment to the notes.

Mexico Development Banks Credit Facilities

In July 2010, Chrysler de Mexico, S.A. de C.V. ("Chrysler de Mexico"), our principal operating subsidiary in Mexico, entered into a financing arrangement with certain Mexican development banks which provides for a 15 year amortizing term loan facility equal to the Mexican peso equivalent of $400 million. The facility was fully drawn during July 2010 and was funded in Mexican pesos. Any amounts repaid on the facility cannot be re-borrowed.

In December 2011, Chrysler de Mexico entered into a financing arrangement with certain Mexican development banks which provides for a ten year amortizing term loan facility of 3.0 billion Mexican pesos. The facility was fully drawn during December 2011 and was funded in Mexican pesos. Principal payments on the loan are not required until 2016, and any amounts repaid cannot be re-borrowed.

The terms of these loans are similar. Chrysler de Mexico placed certain of its assets in special purpose trusts to secure repayment of the loans, including certain receivables and property, plant and equipment. As of December 31, 2012 and 2011, Chrysler de Mexico had $66 million and $56 million of cash on deposit with the trusts, which is included in Prepaid Expenses and Other Assets in the accompanying Consolidated Balance Sheets. The loans require compliance with certain covenants, including, but not limited to, limitations on liens, incurrence of debt and asset sales. As of December 31, 2012, we were in compliance with all covenants under the facilities.

Gold Key Lease

Chrysler Canada maintains our Gold Key Lease vehicle lease portfolio. The related vehicles are leased to Canadian consumers and were financed by asset-backed securitization facilities, as well as a $5.0 billion ($5.0 billion CAD) secured revolving credit facility. In June 2012, we repaid the remaining outstanding balance of the asset-backed note payable. These obligations were primarily repaid out of collections from the operating leases and proceeds from the sales of the related vehicles. We are currently winding down the Gold Key Lease program, therefore, no additional funding will be required. No vehicles were added to the portfolio during the years ended December 31, 2012 and 2011.

U.S. Treasury Credit Facilities

On June 10, 2009, and in connection with the 363 Transaction, we entered into a first lien credit agreement with the U.S. Treasury, which included a $2.0 billion term loan ("Tranche B Loan") used to acquire substantially all of the net operating assets of Old Carco. The credit agreement also made various term loans available to us for future working capital needs in an amount not to exceed $4.6 billion ("Tranche C Commitment"). In addition, we provided the U.S. Treasury a $288 million note and assumed $500 million of U.S. Treasury loans originally provided to Chrysler Holding for the benefit of Old Carco. We collectively refer to these loans, as well as the amounts drawn on the Tranche C Commitment as "Tranche C Loans". We also provided the U.S. Treasury a $100 million zero coupon note.

The Tranche C Commitment was scheduled to accrue quarterly payable-in-kind ("PIK") interest of a maximum of $17 million through June 10, 2017, and the PIK interest was to be capitalized on a quarterly basis. Accordingly, $17 million and $68 million of PIK interest was capitalized as additional debt during the three months ended March 31, 2011 and the year ended December 31, 2010, respectively.

On May 24, 2011, we repaid all amounts owed under the U.S. Treasury first lien credit agreement and terminated all lending commitments thereunder. See *Repayment of U.S. Treasury and Export Development Canada Credit Facilities* above for additional information.

Export Development Canada Credit Facilities

Chrysler Canada entered into a loan and security agreement with the EDC on March 30, 2009, which was subsequently amended on April 29, 2009, pursuant to which the EDC provided a $1,238 million ($1,209 million Canadian dollar ("CAD")) secured term loan facility known as "Tranche X". On June 10, 2009, the EDC loan agreement was amended and restated to increase the secured term loan facility by a CAD equivalent of $909 million USD, up to a maximum of $1,116 million CAD. The increase in the loan facility was known as "Tranche X-2". In addition to the Tranche X and Tranche X-2 loans, Chrysler Canada provided the EDC additional notes of $81 million ($80 million CAD). The additional notes are included in the Tranche X facility.

On May 24, 2011, we repaid all amounts owed under the EDC loan and security agreement and terminated all lending commitments thereunder. See *Repayment of U.S. Treasury and Export Development Canada Credit Facilities* above for additional information.

Amounts Available for Borrowing under Credit Facilities

As of December 31, 2012, our $1.3 billion Revolving Facility remains undrawn and the Tranche B Term Loan and Mexican development banks credit facilities remain fully drawn. Our $5.0 billion ($5.0 billion CAD) Gold Key Lease secured revolving credit facility remains undrawn as of December 31, 2012, however, no additional funding will be provided due to winding down the Gold Key Lease program.

Financial Liabilities - Aggregate Annual Contractual Maturities of Financial Liabilities (Detail) (USD $) In Millions, unless otherwise specified	Dec. 31, 2012	Dec. 31, 2011
Debt Instrument [Line Items]		
2013	$ 472	
2014	469	
2015	501	
2016	532	
2017	3,414	
2018 and thereafter	7,941	
Long-term Debt, Total	$ 13,329	$ 13,382

Equipment and Other Assets on Operating Leases, Net	12 Months Ended Dec. 31, 2012
Equipment and Other Assets on Operating Leases, Net	**Note 7. Equipment and Other Assets on Operating Leases, Net**

The components of equipment and other assets on operating leases as of December 31 were as follows (in millions of dollars):

	Range of Service Lives (years)	2012	2011
Leased vehicles —Guaranteed Depreciation Program	5 - 15	$601	$1,116
Leased vehicles —Gold Key Lease	5 - 15	6	94
Other leased assets	12 - 40	453	348
		1,060	1,558
Accumulated depreciation		(84)	(137)
	Total	$976	$1,421

Included in *Leased vehicles —Guaranteed Depreciation Program* above are vehicles sold to daily rental car companies which are subject to guaranteed minimum resale values.

Included in *Leased vehicles —Gold Key Lease* above is a portfolio of vehicles that was originated in connection with a vehicle lease financing program in Canada. We previously had securitizations of future lease payments on certain of these operating leases and the related vehicles' residual values. The securitizations were accounted for as secured borrowings. We used special purpose entities which were considered VIEs for most of the securitizations. As of December 31, 2011, we were the sole beneficiary of the consolidated assets from these VIEs. Refer to Note 3, *Variable Interest Entities*, for additional information.

As of December 31, 2011, the debt associated with the on-balance sheet lease securitizations was $41 million, and is included in Financial Liabilites in the accompanying Consolidated Balance Sheets. In June 2012, we repaid the remaining outstanding balance of the asset-backed note payable. These obligations were primarily repaid out of collections from the operating lease and proceeds from the sales of the related vehicles. We are currently winding down the Gold Key Lease program, therefore, no additional funding will be required. No vehicles were added to the portfolio during the years ended December 31, 2012 and 2011.

Included in *Other Leased Assets* above are buildings, warehouses, sales offices as well as dealership and vehicle storage properties that we lease to our dealers and others.

Depreciation of equipment and other assets on operating leases was $170 million, $117 million and $359 million for the years ended December 31, 2012, 2011 and 2010, respectively, and is included in Cost of Sales in the accompanying Consolidated Statements of Operations.

Future minimum lease payments due from customers for equipment and other assets on operating leases as of December 31, 2012 were as follows (in millions of dollars):

2013	$ 17
2014	15
2015	14
2016	9
2017	5
2018 and thereafter	16

Basis of Presentation and Significant Accounting Policies - Summary of Net Foreign Currency Transaction Gains (Losses) (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Foreign Currency Translation [Line Items]			
Net foreign currency transaction gains (losses)	$ (144)	$ 91	$ (30)

Derivative Financial Instruments and Risk Management - Derivative Instruments not Designated as Hedges by Statements of Operations Location (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Derivative Instruments, Gain (Loss) [Line Items]			
Total, Gain (Loss)	$ (6)	$ (100)	$ 90
Not Designated as Hedging Instrument [Member] | Revenues, Net [Member] | Currency forwards and swaps [Member]			
Derivative Instruments, Gain (Loss) [Line Items]			
Total, Gain (Loss)	(13)	4	(5)
Not Designated as Hedging Instrument [Member] | Cost of Sales [Member] | Commodity swaps [Member]			
Derivative Instruments, Gain (Loss) [Line Items]			
Total, Gain (Loss)	7	(105)	68
Not Designated as Hedging Instrument [Member] | Cost of Sales [Member] | Interest rate swaps [Member]			
Derivative Instruments, Gain (Loss) [Line Items]			
Total, Gain (Loss)		$ 1	$ 27

Inventories	12 Months Ended Dec. 31, 2012

Inventories

Note 5. Inventories

The components of inventories as of December 31 were as follows (in millions of dollars):

	2012	2011
Finished products, including service parts	$3,255	$2,655
Work in process	1,560	1,544
Raw materials and manufacturing supplies	183	167
Total	$4,998	$4,366

Property, Plant and Equipment, Net

Property, Plant and Equipment, Net

12 Months Ended Dec. 31, 2012

Note 6. Property, Plant and Equipment, Net

The components of property, plant and equipment as of December 31 were as follows (in millions of dollars):

	Range of Useful Lives (years)	2012	2011
Land	–	$257	$251
Leasehold improvements and buildings	12 - 40	2,929	2,694
Technical equipment and machinery	3 - 30	8,103	6,987
Factory, office and other equipment	3 - 19	1,640	1,435
Special tooling	3 - 12	7,526	6,634
Construction in progress, including advance payments related to plant and equipment	–	3,125	2,073
		23,580	20,074
Accumulated depreciation and amortization		(8,089)	(6,109)
	Total	$15,491	$13,965

Depreciation and amortization of property, plant and equipment was $2,352 million, $2,575 million and $2,558 million for the years ended December 31, 2012, 2011 and 2010, respectively.

Supplemental Parent and Guarantor Condensed Consolidating Financial Statements - Condensed Consolidating Balance Sheets (Detail) (USD $) In Millions, unless otherwise specified	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2009
Condensed Financial Statements, Captions [Line Items]				
Cash and cash equivalents	$ 11,614	$ 9,601	$ 7,347	$ 5,862
Restricted cash	28	106		
Trade receivables, net	1,179	845		
Inventories	4,998	4,366		
Other	1,108	1,603		
Deferred taxes	23	25		
TOTAL CURRENT ASSETS	18,950	16,546		
Property, plant and equipment, net	15,491	13,965		
Equipment and other assets on operating leases, net	976	1,421		
TOTAL PROPERTY AND EQUIPMENT	16,467	15,386		
Other	47	56		
Restricted cash	343	355		
Goodwill	1,361	1,361		
Other intangible assets, net	3,360	3,371		
Prepaid expenses and other assets	403	421		
Deferred taxes	40	47		
TOTAL OTHER ASSETS	5,554	5,611		
TOTAL ASSETS	40,971	37,543		
Trade liabilities	9,734	8,566		
Other	8,518	7,707		
Other	456	230		
Deferred revenue	862	1,171		
Deferred taxes	71	73		
TOTAL CURRENT LIABILITIES	19,641	17,747		
Accrued expenses and other liabilities	15,537	12,758		
Other	12,147	12,344		
Deferred revenue	822	653		
Deferred taxes	83	76		
TOTAL LONG-TERM LIABILITIES	28,589	25,831		
Contributed capital	2,647	2,657		
Accumulated income (losses)	(2,586)	(4,254)		
Accumulated other comprehensive (loss)	(7,320)	(4,438)		
TOTAL MEMBERS' DEFICIT	(7,259)	(6,035)	(4,489)	(4,230)
TOTAL LIABILITIES AND MEMBERS' DEFICIT	40,971	37,543		

Parent [Member]				
Condensed Financial Statements, Captions [Line Items]				
Cash and cash equivalents	9,110	7,405	4,871	3,148
Restricted cash	28	102		
Trade receivables, net	473	321		
Inventories	2,621	2,812		
Other	323	318		
TOTAL CURRENT ASSETS	12,555	10,958		
Property, plant and equipment, net	10,596	9,177		
Equipment and other assets on operating leases, net	468	893		
TOTAL PROPERTY AND EQUIPMENT	11,064	10,070		
Due from subsidiaries	1,085	852		
Other	47	47		
Investment in subsidiaries	2,328	1,956		
Restricted cash	329	343		
Goodwill	1,361	1,361		
Other intangible assets, net	3,254	3,258		
Prepaid expenses and other assets	278	297		
TOTAL OTHER ASSETS	8,682	8,114		
TOTAL ASSETS	32,301	29,142		
Trade liabilities	7,171	6,177		
Due to subsidiaries	1,428	1,167		
Other	5,847	5,280		
Due to subsidiaries	26	26		
Other	266	91		
Deferred revenue	730	998		
TOTAL CURRENT LIABILITIES	15,468	13,739		
Accrued expenses and other liabilities	12,951	10,260		
Other	10,564	10,711		
Deferred revenue	534	439		
Deferred taxes	43	28		
TOTAL LONG-TERM LIABILITIES	24,092	21,438		
Contributed capital	2,647	2,657		
Accumulated income (losses)	(2,586)	(4,254)		
Accumulated other comprehensive (loss)	(7,320)	(4,438)		
TOTAL MEMBERS' DEFICIT	(7,259)	(6,035)		
TOTAL LIABILITIES AND MEMBERS' DEFICIT	32,301	29,142		
Guarantors [Member]				
Condensed Financial Statements, Captions [Line Items]				
Cash and cash equivalents	125	322	81	131
Trade receivables, net	354	253		
Inventories	139	60		

Other	398	893		
TOTAL CURRENT ASSETS	1,016	1,528		
Property, plant and equipment, net	580	619		
Equipment and other assets on operating leases, net	264	274		
TOTAL PROPERTY AND EQUIPMENT	844	893		
Investment in subsidiaries	127	97		
Other intangible assets, net	25	27		
Prepaid expenses and other assets	9	6		
TOTAL OTHER ASSETS	161	130		
TOTAL ASSETS	2,021	2,551		
Trade liabilities	182	167		
Due to subsidiaries	147	623		
Other	38	155		
Deferred revenue	52	76		
TOTAL CURRENT LIABILITIES	419	1,021		
Accrued expenses and other liabilities	217	185		
Due to subsidiaries	258	230		
Deferred revenue	97	58		
TOTAL LONG-TERM LIABILITIES	572	473		
Contributed capital	1,643	1,643		
Accumulated income (losses)	(613)	(586)		
TOTAL MEMBERS' DEFICIT	1,030	1,057		
TOTAL LIABILITIES AND MEMBERS' DEFICIT	2,021	2,551		
Non-Guarantors [Member]				
Condensed Financial Statements, Captions [Line Items]				
Cash and cash equivalents	2,379	1,874	2,395	2,583
Restricted cash		4		
Trade receivables, net	352	271		
Inventories	2,457	1,685		
Due from subsidiaries	462	826		
Other	387	392		
Deferred taxes	21	23		
TOTAL CURRENT ASSETS	6,058	5,075		
Property, plant and equipment, net	4,451	4,313		
Equipment and other assets on operating leases, net	277	254		
TOTAL PROPERTY AND EQUIPMENT	4,728	4,567		
Due from subsidiaries	71	33		
Other		9		
Restricted cash	14	12		
Other intangible assets, net	1,065	1,042		
Prepaid expenses and other assets	116	118		
Deferred taxes	40	47		
TOTAL OTHER ASSETS	1,306	1,261		

TOTAL ASSETS	12,092	10,903
Trade liabilities	2,381	2,222
Other	2,633	2,272
Due to subsidiaries	65	
Other	190	139
Deferred revenue	80	97
Deferred taxes	71	73
TOTAL CURRENT LIABILITIES	5,420	4,803
Accrued expenses and other liabilities	2,369	2,313
Other	1,583	1,633
Deferred revenue	191	156
Deferred taxes	36	44
TOTAL LONG-TERM LIABILITIES	4,179	4,146
Membership interests	409	409
Contributed capital	1,827	1,927
Accumulated income (losses)	1,327	557
Accumulated other comprehensive (loss)	(1,070)	(939)
TOTAL MEMBERS' DEFICIT	2,493	1,954
TOTAL LIABILITIES AND MEMBERS' DEFICIT	12,092	10,903
Consolidating Adjustments [Member]		
Condensed Financial Statements, Captions [Line Items]		
Inventories	(219)	(191)
Due from subsidiaries	(462)	(826)
Deferred taxes	2	2
TOTAL CURRENT ASSETS	(679)	(1,015)
Property, plant and equipment, net	(136)	(144)
Equipment and other assets on operating leases, net	(33)	
TOTAL PROPERTY AND EQUIPMENT	(169)	(144)
Due from subsidiaries	(1,156)	(885)
Investment in subsidiaries	(2,455)	(2,053)
Other intangible assets, net	(984)	(956)
TOTAL OTHER ASSETS	(4,595)	(3,894)
TOTAL ASSETS	(5,443)	(5,053)
Due to subsidiaries	(1,575)	(1,790)
Due to subsidiaries	(91)	(26)
TOTAL CURRENT LIABILITIES	(1,666)	(1,816)
Due to subsidiaries	(258)	(230)
Deferred taxes	4	4
TOTAL LONG-TERM LIABILITIES	(254)	(226)
Membership interests	(409)	(409)
Contributed capital	(3,470)	(3,570)
Accumulated income (losses)	(714)	29
Accumulated other comprehensive (loss)	1,070	939

TOTAL MEMBERS' DEFICIT	(3,523)	(3,011)
TOTAL LIABILITIES AND MEMBERS' DEFICIT	$ (5,443)	$ (5,053)

Goodwill and Other Intangible Assets

12 Months Ended Dec. 31, 2012

Goodwill and Other Intangible Assets

Note 8. Goodwill and Other Intangible Assets

As of December 31, 2012 and 2011, we had goodwill of $1,361 million. No adjustments to the carrying amount of goodwill were recorded during the years ended December 31, 2012 and 2011. We have one operating segment, which is also our only reporting unit.

The components of other intangible assets as of December 31 were as follows (in millions of dollars):

		2012		
	Range of Useful Lives (years)	Gross Carrying Amount	Accumulated Amortization	Net Intangible Assets
Brand names	Indefinite	$ 2,210	$ —	$ 2,210
Dealer networks	20	392	70	322
Fiat contributed intellectual property rights	10	320	114	206
Other intellectual property rights	3 - 12	263	37	226
Patented and unpatented technology	4 - 10	208	120	88
Favorable operating lease contracts	1 - 16	19	13	6
Software and other	2 - 5	489	187	302
	Total	$ 3,901	$ 541	$ 3,360

		2011		
	Range of Useful Lives (years)	Gross Carrying Amount	Accumulated Amortization	Net Intangible Assets
Brand names	Indefinite	$ 2,210	$ —	$ 2,210
Dealer networks	20	390	50	340
Fiat contributed intellectual property rights	10	320	82	238
Other intellectual property rights	3 - 12	263	19	244
Patented and unpatented technology	4 - 10	208	87	121
Favorable operating lease contracts	1 - 16	29	19	10
Software and other	2 - 5	352	144	208
	Total	$ 3,772	$ 401	$ 3,371

During the years ended December 31, 2012 and 2011, additions of $172 million and $95 million, respectively, were recorded with a weighted-average amortization period of 4 years and 6 years, respectively.

The following summarizes the amount of intangible asset amortization expense included in the respective financial statement captions of the accompanying Consolidated Statements of Operations (in millions of dollars):

	Financial Statement Caption	Years Ended December 31, 2012	2011	2010
Favorable operating lease contracts	Revenues, Net	$1	$18	$71
Patented and unpatented technology, intellectual property, software and other	Cost of Sales	159	164	115
Dealer networks and other	Selling, Administrative and Other Expenses	23	43	24
	Total	$183	$225	$210

Based on the gross carrying amount of other intangible assets as of December 31, 2012, the estimated future amortization expense for the next five years was as follows (in millions of dollars):

2013	$ 172
2014	178
2015	141
2016	133
2017	99

Interest Expense - Additional Information (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Schedule Of Interest Expenses [Line Items]			
Financial interest expense related to Gold Key Lease financing activities	$ 1	$ 13	$ 67
Net interest accretion related to Gold Key Lease financing activities	$ 0	$ 8	$ 23

Employee Retirement and Other Benefits - Canadian HCT Settlement Agreement (Detail) (Canadian HCT [Member], USD $) In Millions, unless otherwise specified	12 Months Ended
	Dec. 31, 2010
Canadian HCT [Member]	
Pension Plans, Postretirement and Other Employee Benefits [Line Items]	
OPEB obligation settled	$ 1,213
Recognition of actuarial losses included in AOCI	(46)
Fair value of Canadian Health Care Trust Notes issued to HCT	(1,087)
Cash contribution to HCT	(104)
Tax obligations associated with the Canadian HCT Settlement Agreement	(22)
Net loss on Settlement Agreement	$ (46)

Financial Liabilities - Repayment of U.S. Treasury and Export Development Canada Credit Facilities (Detail) (USD $) In Millions, unless otherwise specified	May 24, 2011
Debt Instrument [Line Items]	
Principal	$ 7,578
Accrued Interest	105
Total Payment	7,683.0
Tranche B [Member]	
Debt Instrument [Line Items]	
Principal	2,080
Accrued Interest	22
Total Payment	2,102.0
Tranche C [Member]	
Debt Instrument [Line Items]	
Principal	3,675
Accrued Interest	65
Total Payment	3,740.0
Zero Coupon Note [Member]	
Debt Instrument [Line Items]	
Principal	100
Total Payment	100.0
U.S. Treasury first lien credit agreement [Member]	
Debt Instrument [Line Items]	
Principal	5,855
Accrued Interest	87
Total Payment	5,942.0
Tranche X [Member]	
Debt Instrument [Line Items]	
Principal	1,319
Accrued Interest	14
Total Payment	1,333.0
Tranche X-2 [Member]	
Debt Instrument [Line Items]	
Principal	404
Accrued Interest	4
Total Payment	408.0
Edc Credit Facility [Member]	
Debt Instrument [Line Items]	
Principal	1,723
Accrued Interest	18

Total Payment	$ 1,741.0

Property, Plant and Equipment, Net - Components of Property, Plant and Equipment (Detail) (USD $) In Millions, unless otherwise specified	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012 Land [Member]	Dec. 31, 2011 Land [Member]	Dec. 31, 2012 Leasehold Improvements and Building [Member]	Dec. 31, 2011 Leasehold Improvements and Building [Member]	12 Months Ended Dec. 31, 2012 Leasehold Improvements and Building [Member] Minimum [Member]	12 Months Ended Dec. 31, 2012 Leasehold Improvements and Building [Member] Maximum [Member]	Dec. 31, 2012 Technical Equipment and Machinery [Member]	Dec. 31, 2011 Technical Equipment and Machinery [Member]	12 Months Ended Dec. 31, 2012 Technical Equipment and Machinery [Member] Minimum [Member]	12 Months Ended Dec. 31, 2012 Technical Equipment and Machinery [Member] Maximum [Member]	Dec. 31, 2012 Factory, Office and Other Equipment [Member]	Dec. 31, 2011 Factory, Office and Other Equipment [Member]	12 Months Ended Dec. 31, 2012 Factory, Office and Other Equipment [Member] Minimum [Member]	12 Months Ended Dec. 31, 2012 Factory, Office and Other Equipment [Member] Maximum [Member]	Dec. 31, 2012 Special Tooling [Member]	Dec. 31, 2011 Special Tooling [Member]	12 Months Ended Dec. 31, 2012 Special Tooling [Member] Minimum [Member]	12 Months Ended Dec. 31, 2012 Special Tooling [Member] Maximum [Member]	Dec. 31, 2012 Construction in Progress [Member]	Dec. 31, 2011 Construction in Progress [Member]
Property, Plant and Equipment [Line Items]																						
Useful Lives (years)							12 years	40 years			3 years	30 years			3 years	19 years			3 years	12 years		
Property plant and equipment, gross	$ 23,580	$ 20,074	$ 257	$ 251	$ 2,929	$ 2,694			$ 8,103	$ 6,987			$ 1,640	$ 1,435			$ 7,526	$ 6,634			$ 3,125	$ 2,073
Accumulated depreciation and amortization	(8,089)	(6,109)																				
Property plant and equipment, net	$ 15,491	$ 13,965																				

Fair Value Measurements - Changes in Level 3 Items Measured at Fair Value on Recurring Basis (Parenthetical) (Detail) (USD $)	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Fair Value, Assets Measured on Recurring Basis, Unobservable Input Reconciliation [Line Items]			
Purchases (assets and liabilities, net)	$ 0	$ 0	$ 0
Issues (assets and liabilities, net)	0	0	0
Sales (assets and liabilities, net)	$ 0	$ 0	$ 0

Interest Expense - Interest Expense (Detail) (USD $) In Millions, unless otherwise specified	3 Months Ended								12 Months Ended		
	Dec. 31, 2012	Sep. 30, 2012	Jun. 30, 2012	Mar. 31, 2012	Dec. 31, 2011	Sep. 30, 2011	Jun. 30, 2011	Mar. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Interest Expense [Line Items]											
Related parties									$ 440	$ 635	$ 934
Other									651	506	220
Interest accretion, primarily related to debt discounts, debt issuance costs and fair value adjustments									119	170	229
Payable-in-kind interest - related party (see Note 18)										27	68
Capitalized interest related to capital expenditures									(116)	(100)	(175)
Total	$ 266	$ 273	$ 278	$ 277	$ 280	$ 282	$ 328	$ 348	$ 1,094	$ 1,238	$ 1,276

Income Taxes - Reconciliation of Income Tax Expense (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Income Tax Expense (Benefit), Continuing Operations, Income Tax Reconciliation			
Tax expense (benefit) at U.S. federal statutory tax rate	$ 680	$ 135	$ (180)
Limited liability company (income)/losses not subject to federal or state taxes	(296)	79	278
Adjustment to taxes receivable	2	(20)	(165)
Valuation allowances	(77)	6	100
Income tax reserves	4	(6)	61
Foreign statutory rate difference	(83)	(31)	(12)
Non-deductible expenses	9	(6)	48
Tax rate change	(3)	1	11
Withholding taxes	27	10	3
Foreign currency translation	10	(26)	(12)
Prior year tax return adjustments	4	61	
Other	(3)	(5)	7
Income tax expense	$ 274	$ 198	$ 139
Effective income tax rate	14.00%	52.00%	(27.00%)

Other Transactions with Related Parties - Transaction with Fiat (Detail) (Fiat [Member], USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Fiat [Member]			
Related Party Transaction [Line Items]			
Sales of vehicles, parts and services provided to Fiat	$ 2,689	$ 2,162	$ 449
Purchases of vehicles, parts and services from Fiat	1,504	800	293
Amounts capitalized in property, plant and equipment, net and other intangible assets, net	236	116	110
Reimbursements to Fiat recognized	45	25	17
Reimbursements from Fiat recognized	51	78	36
Royalty fees incurred for intellectual property contributed by Fiat	3	2	
Interest income on financial resources provided to Fiat	$ 2		

Basis of Presentation and Significant Accounting Policies (Policies)	12 Months Ended Dec. 31, 2012
Basis of Presentation	***Basis of Presentation*** The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). All inter-company transactions have been eliminated in consolidation.
Consolidation and Financial Statement Presentation	***Consolidation and Financial Statement Presentation*** The consolidated financial statements include the accounts of our subsidiaries, certain variable interest entities ("VIEs") where we are the primary beneficiary and other entities controlled by us. Related parties that are 20 percent to 50 percent owned and subsidiaries where control is expected to be temporary are accounted for under the equity method. We continually evaluate our involvement with VIEs to determine whether we have variable interests and are the primary beneficiary of the VIE. Based on our evaluation, we identified transactions with, or variable interests in, certain VIEs. The financial results of the VIEs in which we are the primary beneficiary are included in the accompanying consolidated financial statements in accordance with the accounting guidance for consolidations. Refer to Note 3, *Variable Interest Entities*, for additional information regarding our VIEs.
Recent Accounting Pronouncements	***Recent Accounting Pronouncements*** In March 2013, the Financial Accounting Standards Board ("FASB") issued updated guidance to clarify the applicable guidance for a parent company's accounting for the release of the cumulative translation adjustment into net income upon derecognition of certain subsidiaries or groups of assets within a foreign entity or of an investment in a foreign entity. This guidance is effective for fiscal periods beginning after December 15, 2013, and is to be applied prospectively to derecognition events occurring after the effective date. We will comply with this guidance as of January 1, 2014, and we are evaluating the potential impact on our consolidated financial statements. In February 2013, the FASB issued updated guidance in relation to the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation is fixed at the reporting date. This guidance is effective for fiscal periods beginning after December 15, 2013, and is to be applied retrospectively for all periods presented for those obligations resulting from joint and several liability arrangements that exist at the beginning of the fiscal year of adoption. We will comply with this guidance as of January 1, 2014, and we are evaluating the potential impact to our consolidated financial statements. In February 2013, the FASB issued updated guidance that amends the reporting of amounts reclassified out of accumulated other comprehensive income ("AOCI"). These amendments do not change the current requirements for reporting net income or other comprehensive income in the financial statements. However, the guidance requires an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component, either on the face of the financial statement where net income is presented or in the notes to the financial statements. This guidance is effective for fiscal periods beginning after December 15, 2012, and is to be applied prospectively. We will comply with this guidance as of January 1, 2013, and the adoption of the guidance will not have a material impact on our consolidated financial statements.

In October 2012, the FASB issued updated guidance on technical corrections and other revisions to various FASB codification topics. The guidance represents changes to clarify the codification, correct unintended application of the guidance or make minor improvements to the codification. The guidance also amends various codification topics to reflect the measurement and disclosure requirements of Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures*. Certain amendments in this guidance are effective for fiscal periods beginning after December 15, 2012, while the remainder of the amendments are effective immediately. We previously adopted the guidance that was effective immediately and it did not have a material impact on our consolidated financial statements. We will comply with the remainder of the guidance as of January 1, 2013, and it will not have a material impact on our consolidated financial statements.

In August 2012, the FASB issued updated guidance on technical corrections to the U.S. Securities and Exchange Commission ("SEC") guidance in the U.S. GAAP hierarchy. The SEC guidance was updated to make it more consistent with U.S. GAAP issued by the FASB. The principal changes of the guidance involve revision or removal of accounting guidance references and other conforming changes to ensure consistent referencing throughout the SEC's Staff Accounting Bulletins. This guidance was effective immediately and it did not have a material impact on our consolidated financial statements.

In July 2012, the FASB issued updated guidance on the annual testing of indefinite-lived intangible assets for impairment. The amendments allow an entity to first assess qualitative factors to determine whether it is more likely than not that the indefinite-lived intangible asset is impaired. If, based on its qualitative assessment, an entity concludes it is more likely than not that the fair value of the indefinite-lived intangible asset is less than its carrying amount, quantitative impairment testing is required. However, if an entity concludes otherwise, quantitative impairment testing is not required. This guidance is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012, with early adoption permitted. We elected to early adopt the updated guidance as of October 1, 2012, and it did not have a material impact on our consolidated financial statements.

In December 2011, the FASB issued updated guidance which amends the disclosure requirements regarding the nature of an entity's rights of offset and related arrangements associated with its financial instruments and derivative instruments. Under the guidance, an entity must disclose both gross and net information about instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting arrangement. In January 2013, the FASB issued updated guidance which clarified that the 2011 amendment to the balance sheet offsetting standard does not cover transactions that are not considered part of the guidance for derivatives and hedge accounting. This guidance is effective for fiscal periods beginning on or after January 1, 2013. We will comply with this guidance as of January 1, 2013, and we are evaluating the potential impact to our consolidated financial statements.

In May 2011, the FASB issued updated guidance to achieve common fair value measurement and disclosure requirements between International Financial Reporting Standards and U.S. GAAP. The amendments clarify the FASB's intent about the application of existing requirements and provides for changes in measuring the fair value of financial instruments that are managed within a portfolio and the application of premiums or discounts. This guidance will require us to, among other things, expand existing disclosures for recurring Level 3 fair value measurements and for those assets and liabilities not measured at fair value on the balance sheet, but for which fair value is disclosed. This guidance was effective for fiscal periods beginning after December 15, 2011, and was to be applied prospectively. We adopted this guidance as of January 1, 2012, and it did not have a material impact on our consolidated financial statements.

Use of Estimates

Use of Estimates

The preparation of our consolidated financial statements in conformity with U.S. GAAP requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include, but are not limited to, goodwill, long-lived asset and indefinite-lived intangible asset impairment analyses, recoverability of investments in equipment and other assets on operating leases, warranty obligations, product liability accruals, sales incentive obligations, restructuring accruals, valuation of derivative instruments, valuation of deferred tax assets, obligations related to income taxes, employee benefit related obligations and the useful lives of property and equipment.

Actual results could differ from those estimates. Future changes in economic conditions may have a significant effect on such estimates made by management. Management believes the following significant accounting policies affect its more significant estimates, judgments and assumptions used in the preparation of the consolidated financial statements.

Revenue Recognition

Revenue Recognition

Revenue for sales of vehicles and service parts is recognized when persuasive evidence of an arrangement exists, the risks and rewards of ownership have transferred to the customer, delivery has occurred or services have been rendered, the price of the transaction is fixed and determinable and collectability is reasonably assured. For vehicles, this is generally when the vehicle is released to the carrier responsible for transporting vehicles to dealers. Revenues are recognized net of discounts, including but not limited to, cash sales incentives, customer bonuses and rebates granted. Shipping and handling costs are recorded as cost of sales in the period incurred. Operating lease revenue is recognized over the contractual term of the lease on a straight-line basis.

We use price discounts to adjust vehicle pricing in response to a number of market and product factors, including: pricing actions and incentives offered by competitors, economic conditions, the amount of excess industry production capacity, the intensity of market competition, consumer demand for the product and the need to support promotional campaigns. We may offer a variety of sales incentive programs at any given point in time, including: cash offers to dealers and retail customers and subvention programs offered to retail customers or lease subsidies, which reduce the retail customer's monthly lease payment or cash due at the inception of the financing arrangement, or both. Incentive programs are generally brand, model and region specific for a defined period of time, which may be extended.

We record the estimated cost of sales incentive programs offered to dealers and retail customers as a reduction to revenue at the time of sale to the dealer. This estimated cost represents the incentive programs offered to dealers and retail customers, as well as the expected modifications to these programs in order to facilitate sales of the dealer inventory. Subsequent adjustments to incentive programs related to vehicles previously sold to dealers are recognized as an adjustment to revenue in the period the adjustment is determinable. For the years ended December 31, 2012, 2011 and 2010, incentive expense was $8.8 billion, $7.2 billion and $7.0 billion, respectively, and is included as a reduction to Revenues, Net in the accompanying Consolidated Statements of Operations.

Vehicle sales through our Guaranteed Depreciation Program ("GDP"), under which we guarantee the residual value or otherwise assume responsibility for the minimum resale value of the vehicle, are accounted for similar to an operating lease and rental income is recognized over the contractual term of the lease on a straight-line basis. At the end of the lease term, we recognize revenue for the portion of the vehicle sales price which had not been previously recognized as rental income and recognize, in cost of sales, the remainder of the cost of the vehicle which had not been previously recognized as depreciation expense over the lease term. Cash flows associated with this program are included within Cash Flows from Operating Activities in the accompanying Consolidated Statements of Cash Flows.

Chrysler Canada Inc. ("Chrysler Canada"), our principal operating subsidiary in Canada, maintains our Gold Key Lease vehicle lease portfolio. The related vehicles are leased to Canadian consumers and are accounted for as operating leases. Operating lease revenue is recognized over the contractual term of the lease on a straight-line basis. Initial direct costs are recorded as an adjustment to the carrying value of the leased assets and are amortized over the term of the lease on a straight-line basis.

We are currently winding down our Gold Key Lease vehicle lease program, and do not anticipate adding any additional vehicles to the portfolio. No vehicles were added to the portfolio during the years ended December 31, 2012, 2011 and 2010. Refer to Note 11, *Financial Liabilities*, for additional information related to this portfolio.

We offer customers the opportunity to purchase separately-priced extended warranty and service contracts. In addition, from time to time we sell certain vehicles with a service contract included in the sales price of the vehicle. The service contract and vehicle qualified as separate units of accounting in accordance with the accounting guidance for multiple-element arrangements. The revenue from these contracts, as well as our separately-priced extended warranty and service contracts, is recorded as a component of Deferred Revenue in the accompanying Consolidated Balance Sheets at the inception of the contract and is recognized as revenue over the contract period in proportion to the costs expected to be incurred based on historical information. A loss on these contracts is recognized if the sum of the expected costs for services under the contract exceeds unearned revenue.

Cost of Sales

Cost of Sales

Cost of sales is comprised of a number of expenses incurred in the manufacturing and distribution of vehicles and parts, the most significant of which is the cost of materials and components. The remaining costs principally include labor costs, consisting of direct and indirect wages and fringe benefits, depreciation and amortization, and transportation costs. Cost of sales also includes product-related costs, which are described below under *Product-Related Costs*, along with depreciation expense related to our GDP vehicles, as well as interest, depreciation and amortization expense related to the Gold Key Lease portfolio.

Share-Based Compensation

Share-Based Compensation

We have various compensation plans that provide for the granting of share-based compensation to certain employees and directors. We account for share-based compensation plans in accordance with the accounting guidance set forth for share-based payments, which requires us to recognize share-based compensation expense based on fair value. Compensation expense for equity-classified awards is measured at the grant date based on the fair value of the award using a discounted cash flow methodology. For those awards with post-vesting contingencies, we apply an adjustment to account for the probability of meeting the contingencies. Liability-classified awards are remeasured to fair value at each balance sheet date until the award is settled. Compensation expense is recognized over the employee service period with an offsetting increase to contributed capital or accrued expenses and other liabilities depending on the nature of the award. If awards contain certain performance conditions in order to vest, we recognize the cost of the award when achievement of the performance condition is probable. Costs related to plans with graded vesting are generally recognized using the graded vesting method. We record share-based compensation expense in Selling, Administrative and Other Expenses in the accompanying Consolidated Statements of Operations.

Product-Related Costs

Product-Related Costs

Expenditures for research and development include material and personnel costs and are expensed as incurred. Research and development expenses, net were $2,324 million, $1,674 million and $1,500 million for the years ended December 31, 2012, 2011 and 2010, respectively. Advertising, sales promotion and other product-related costs are also expensed as incurred. For the years ended December 31, 2012, 2011 and 2010, advertising expense was $2,742 million, $2,560 million and $1,721 million, respectively, and is included in Selling, Administrative and Other Expenses in the accompanying Consolidated Statements of Operations.

We periodically initiate voluntary service and recall actions to address various customer satisfaction, safety and emissions issues related to vehicles we sell. We establish reserves for product warranty obligations, including the estimated cost of these service and recall actions, when the related sale is recognized. Refer to Note 10, *Accrued Expenses and Other Liabilities,* for additional information related to warranty reserves. The estimated future costs of these actions are principally based on assumptions regarding the lifetime warranty costs of each vehicle line and each model year of that vehicle line, as well as historical claims experience for our vehicles. Costs associated with these actions are recorded in Cost of Sales in the accompanying Consolidated Statements of Operations.

We reserve for estimated product liability costs arising from personal injuries alleged to be the result of product defects. The valuation of the reserve is actuarially determined on an annual basis based on, among other factors, the number of vehicles sold and product liability claims incurred. The product liability reserve is included in Accrued Expenses and Other Liabilities in the accompanying Consolidated Balance Sheets. Costs associated with this reserve are recorded in Cost of Sales in the accompanying Consolidated Statements of Operations and any subsequent adjustments to the product liability reserve are recorded in the period in which the adjustment is determinable.

Restructuring Actions -Exit and Disposal Activities

Restructuring Actions —Exit and Disposal Activities

We account for employee separation, exit and disposal activities in accordance with the relevant accounting guidance on these topics. Actions associated with restructuring plans include, but are not limited to, workforce reductions, capacity adjustments (plant or facility closures or permanent shift eliminations), product cancellations and international distribution network realignments. Costs associated with these actions may include, but are not limited to, employee severance, accelerated post-employment benefits, relocations, contract terminations, plant deactivations and legal claims.

Post-employment benefits accrued for workforce reductions related to restructuring activities are recorded in the period when it is probable that employees will be terminated, which generally occurs when a plan meets the following criteria and is communicated to employees:
(i) management, having authority to approve the action, commits to a plan of termination, (ii) the plan identifies the number of employees to be terminated, their location and job classifications or functions, as well as the expected completion date, (iii) the plan establishes the terms of the benefit arrangement, including the benefits that employees will receive upon termination, in sufficient detail to enable employees to determine the type and amount of benefits they will receive if they are involuntarily terminated and (iv) the actions required to complete the plan indicate that it is unlikely that significant changes to the plan will occur or that the plan will be withdrawn. Other associated costs such as relocations, contract terminations and plant deactivations are recorded when the costs are incurred. Costs associated with actions that will exceed one year are reflected on a discounted basis. Restructuring reserves are included in Accrued Expenses and Other Liabilities in the accompanying Consolidated Balance Sheets and are reviewed at least quarterly for adequacy and any necessary adjustments are recorded in the period the adjustment is determinable.

Income Taxes

Income Taxes

We are a limited liability company classified as a partnership entity for U.S. federal income tax purposes. As such, we are not a taxable entity for U.S. federal income tax purposes. Rather, federal taxable income or loss is included in the respective federal income tax returns of our members. However, our provision for income taxes includes foreign taxes for our corporate subsidiaries, as well as for certain U.S. states which impose income taxes upon non-corporate legal entities.

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for net operating loss and tax credit carryforwards and the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and the respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances on deferred tax assets are recognized if it is more likely than not that the benefit from the deferred tax asset will not be realized. In addition, current income taxes include adjustments to accruals for uncertain tax positions and related interest expense or income.

Cash and Cash Equivalents

Cash and Cash Equivalents

Highly liquid investments with original maturities of three months or less at the date of purchase are classified as cash equivalent

Marketable Securities

Marketable Securities

Investments in marketable securities are classified as available-for-sale based upon management's intent and are accounted for at fair value. Unrealized gains and losses on available-for-sale securities are included as a component of AOCI, net of applicable income taxes, until realized. A decline in value of any available-for-sale security below cost, that is deemed to be other than temporary, results in an impairment charge to earnings that reduces the carrying amount of the security to fair value, establishing a new cost basis. Realized gains or losses are determined on a specific identification basis.

Allowance for Doubtful Accounts

We maintain an allowance for doubtful accounts as a contra asset to our accounts receivable balances. A provision for probable losses is charged against selling, administrative and other expenses to maintain the allowance for doubtful accounts at an amount management believes represents the best estimate of probable losses related to specifically identified receivables, as well as probable losses inherent in all other receivables as of the balance sheet date. Management periodically and systematically evaluates the adequacy of the allowance for doubtful accounts by reviewing historical loss experience, delinquency statistics and other factors in the economy that are expected to have an impact on the losses incurred, in addition to specifically identified probable losses.

Inventories

Inventories

Inventories are stated at the lower of cost or market. The cost for a substantial portion of finished product inventories was determined primarily on a specific identification basis. The cost of other inventories is determined on a first-in, first-out basis. The measurement of inventories includes the direct costs of materials, labor, inbound transportation and indirect manufacturing costs.

Property, Plant and Equipment, Net and

Property, Plant and Equipment, Net and Equipment and Other Assets on Operating Leases, Net

Equipment and Other Assets on Operating Leases, Net

Property, plant and equipment and equipment and other assets on operating leases are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are generally provided using the straight-line method over the estimated useful lives of the assets. Gains and losses upon disposal of leased vehicles and adjustments to reflect impairment of the vehicles' residual values are also included in depreciation expense. Under the terms of certain of our GDP agreements, leased vehicles are repurchased by us prior to being sold at auction. Upon our repurchase, the leased vehicle is reclassified from equipment and other assets on operating leases, net to inventory at the lower of cost or estimated fair value. Routine maintenance costs are expensed as incurred.

Residual Values

Residual Values

We have significant investments in the residual values of our vehicle lease portfolios, which are included in Equipment and Other Assets on Operating Leases, Net in the accompanying Consolidated Balance Sheets. These residual values represent estimates of the fair value of the leased assets at the end of the contract terms and are initially recorded based on industry estimates. Realization of the residual values is dependent on our future ability to market the vehicles for sale under the prevailing market conditions. Throughout the lease term, residual values are reviewed at least quarterly to determine whether the estimates of the fair value of the assets at the end of the lease terms are appropriate. To the extent the expected value of the vehicle at lease termination changes, we record adjustments to the expected residual value. Changes in the expected residual values are adjusted through additional or reduced depreciation or recognition of an impairment loss. These costs are included in Cost of Sales in the accompanying Consolidated Statements of Operations. These assumptions and related additional or reduced depreciation may change based on market conditions.

Impairment of Long-Lived Assets

Long-lived assets held and used (such as property, plant and equipment, and equipment and other assets on operating leases) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. Recoverability of an asset or asset group to be held and used is measured by a comparison of the carrying amount of an asset or asset group to the estimated undiscounted future cash flows expected to be generated by the asset or group of assets. If the carrying amount of an asset or asset group exceeds its estimated undiscounted future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset or group of assets exceeds the fair value of the asset or group of assets. No impairment indicators were identified during the years ended December 31, 2012, 2011 and 2010. As such, no impairment charges were recognized during the respective periods. When long-lived assets are considered held for sale, they are recorded at the lower of carrying amount or fair value less costs to sell, and depreciation ceases.

Goodwill and Other Intangible Assets

Goodwill and Other Intangible Assets

We account for goodwill in accordance with the accounting guidance related to intangibles and goodwill, which requires us to test goodwill for impairment at the reporting unit level at least annually and when significant events occur or there are changes in circumstances that indicate the fair value is less than the carrying value. Such events could include, among others, a significant adverse change in the business climate, an unanticipated change in the competitive environment and a decision to change the operations of the Company. We have one operating segment, which is also our only reporting unit.

Goodwill is evaluated for impairment annually as of October 1. In September 2011, the FASB issued updated guidance on annual goodwill impairment testing. The amendment allows an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If we elect the qualitative assessment and we conclude it is more likely than not that the fair value of a reporting unit is less than its carrying amount, quantitative impairment testing is required. However, if we conclude otherwise, quantitative impairment testing is not required.

When quantitative impairment testing is required, goodwill is reviewed for impairment utilizing a two-step process. The first step of the impairment test is to compare the fair value of our reporting unit to its carrying value. The fair value is determined by estimating the present value of expected future cash flows for the reporting unit. If the fair value of the reporting unit is greater than its carrying amount, no impairment exists and the second step of the test is not performed. If the carrying amount of the reporting unit is greater than the fair value, there is an indication that an impairment may exist and the second step of the test must be completed to measure the amount of the impairment. The second step of the test calculates the implied fair value of goodwill by assigning the fair value of the reporting unit to all of the assets and liabilities of that unit as if the reporting unit had been acquired in a business combination. The implied fair value of goodwill is then compared to the carrying value. If the implied fair value of goodwill is less than the carrying value, an impairment loss is recognized equal to the difference. No impairment losses have been recognized for the years ended December 31, 2012, 2011 and 2010.

Intangible assets that have a finite useful life are amortized over their respective estimated useful lives, which are reviewed by management each reporting period and whenever changes in circumstances indicate that the carrying value of the assets may not be recoverable. Other intangible assets determined to have an indefinite useful life are not amortized, but are instead tested for impairment annually. In July 2012, the FASB issued updated guidance on the annual testing of indefinite-lived intangible assets for impairment. The amendments allow an entity to first assess qualitative factors to determine whether it is more likely than not that the indefinite-lived intangible asset is impaired. If we elect the qualitative assessment and we conclude it is more likely than not that the fair value of the indefinite-lived intangible assets is less than its carrying amount, quantitative impairment testing is required. However, if we conclude otherwise, quantitative impairment testing is not required. An impairment loss is recognized to the extent that the carrying amount exceeds the asset's fair value. Management estimates fair value through various techniques including discounted cash flow models, which incorporate market based inputs, and third party independent appraisals, as considered appropriate. Management also considers current and estimated economic trends and outlook. No impairment losses have been recognized for the years ended December 31, 2012, 2011 and 2010.

Foreign Currency

Foreign Currency

The functional currency of certain of our subsidiaries, notably Mexico and Venezuela, is the U.S. Dollar ("USD"). The functional currency of our other international operations, notably our Canadian subsidiaries and international distribution centers, is the respective subsidiary's local currency. The assets and liabilities of our foreign operations, where the functional currency is the respective subsidiary's local currency, are translated into USD using the exchange rate in effect as of the balance sheet date. Income statement amounts are translated at the average exchange rate prevailing during the period. The resulting translation adjustments are recorded as a component of AOCI. Foreign currency exchange gains and losses arising from fluctuations in currency exchange rates on transactions and balances denominated in currencies other than the functional currency are recorded in earnings as incurred and are included in Revenues, Net in the accompanying Consolidated Statements of Operations. Refer to Note 21, *Venezuelan Currency Regulations and Devaluation* and Note 24, *Subsequent Events*, for additional information related to currency devaluations in Venezuela.

The following summarizes changes in AOCI resulting from translation adjustments (in millions of dollars):

	Years Ended December 31,		
	2012	2011	2010
Balance at beginning of period	$(31)	$(49)	$58
Foreign currency translation adjustments *(1)*	(63)	18	(107)
Balance at end of period	$(94)	$(31)	$(49)

(1) Net of $0 of taxes

The following table summarizes net foreign currency transaction gains (losses) as follows (in millions of dollars):

	Years Ended December 31,		
	2012	2011	2010
Net foreign currency transaction gains (losses)	$ (144)	$ 91	$ (30)

Fair Value Measurements

Fair Value Measurements

The measurement of fair value is based on a three-tier hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follows:

Level1 —Quoted prices are available in active markets for identical assets or liabilities as of the balance sheet date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 primarily consists of financial instruments such as cash and cash equivalents, restricted cash and marketable securities.

Level2 —Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the balance sheet date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument and can be derived from observable data. Instruments in this category include commercial paper and non-exchange-traded derivatives such as over-the-counter currency and commodity forwards and swap contracts.

Level3 —Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. At each balance sheet date, we perform an analysis of all instruments subject to fair value measurement and include in Level 3 all of those whose fair value is based on significant unobservable inputs. Instruments in this category include non-exchange traded derivatives such as over-the-counter commodity option and swap contracts.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy. Transfers into and out of fair value hierarchy levels are recognized as of the balance sheet date.

Refer to Note 14, *Fair Value Measurements*, for a detailed discussion of the use of observable and unobservable inputs.

As part of the process of measuring the fair value of liabilities, we considered the non-performance risk related to that liability, which includes our credit risk. The effect of our credit risk on the fair value of the liability may differ depending on whether the liability is an obligation to deliver cash versus goods or services, as well as the terms of the credit enhancements related to the liability.

Other Transactions with Related Parties (Tables)	**12 Months Ended Dec. 31, 2012**

[Transaction with Fiat]

The following summarizes our transactions with Fiat (in millions of dollars):

	Years Ended December 31,		
	2012	2011	2010
Sales of vehicles, parts and services provided to Fiat	$2,689	$2,162	$449
Purchases of vehicles, parts and services from Fiat	1,504	800	293
Amounts capitalized in property, plant and equipment, net and other intangible assets, net	236	116	110
Reimbursements to Fiat recognized *(1)*	45	25	17
Reimbursements from Fiat recognized *(1)*	51	78	36
Royalty fees incurred for intellectual property contributed by Fiat *(2)*	3	2	—
Interest income on financial resources provided to Fiat	2	—	—

(1) Includes reimbursements recognized for costs related to shared engineering and development activities performed under the product and platform sharing arrangements that are part of our industrial alliance.

(2) Production utilizing the intellectual property began in December 2010.

[Amounts Due from and to Related Parties]

Related Party Summary

Amounts due from and to related parties as of December 31 were as follows (in millions of dollars):

	2012			
	VEBA Trust	Fiat	Other	Total
Amounts due from related parties (included in Prepaid Expenses and Other Assets and Advances to Related Parties and Other Financial Assets)	$—	$500	$ 15	$515
Amounts due to related parties (included in Accrued Expenses and Other Liabilities)	$222	$558	$ 4	$784
Financial liabilities to related parties (included in Financial Liabilities)	4,288*(1)*	—	5	4,293
Total due to related parties	$4,510	$558	$ 9	$5,077

	2011			
	VEBA Trust	Fiat	Other	Total
Amounts due from related parties (included in Prepaid Expenses and Other Assets and Advances to Related Parties and Other Financial Assets)	$—	$978	$ 12	$990
Amounts due to related parties (included in Accrued Expenses and Other Liabilities)	$220	$374	$ 7	$601

Financial liabilities to related parties (included in Financial Liabilities)	4,193(1)	—	5	4,198
Total due to related parties	$4,413	$374	$ 12	$4,799

(1) Amounts are net of discounts of $586 million and $643 million as of December 31, 2012 and 2011, respectively. Refer to Note 11, Financial Liabilities, for additional information.

Commitments, Contingencies and Concentrations	12 Months Ended Dec. 31, 2012
Commitments, Contingencies and Concentrations	**Note 13. Commitments, Contingencies and Concentrations**

Litigation

Various legal proceedings, claims and governmental investigations are pending against us on a wide range of topics, including vehicle safety; emissions and fuel economy; dealer, supplier and other contractual relationships; intellectual property rights; product warranties and environmental matters. Some of these proceedings allege defects in specific component parts or systems (including airbags, seats, seat belts, brakes, ball joints, transmissions, engines and fuel systems) in various vehicle models or allege general design defects relating to vehicle handling and stability, sudden unintended movement or crashworthiness. These proceedings seek recovery for damage to property, personal injuries or wrongful death and in some cases include a claim for exemplary or punitive damages. Adverse decisions in one or more of these proceedings could require us to pay substantial damages, or undertake service actions, recall campaigns or other costly actions.

Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. We establish an accrual in connection with pending or threatened litigation if a loss is probable and can be reasonably estimated. Since these accruals represent estimates, it is reasonably possible that the resolution of some of these matters could require us to make payments in excess of the amounts accrued. It is also reasonably possible that the resolution of some of the matters for which accruals could not be made may require us to make payments in an amount or range of amounts that could not be reasonably estimated at December 31, 2012.

The term “reasonably possible” is used herein to mean that the chance of a future transaction or event occurring is more than remote but less than likely. Although the final resolution of any such matters could have a material effect on our operating results for the particular reporting period in which an adjustment of the estimated reserve is recorded, we believe that any resulting adjustment would not materially affect our consolidated financial position or cash flows.

Environmental Matters

We are subject to potential liability under government regulations and various claims and legal actions that are pending or may be asserted against us concerning environmental matters. Estimates of future costs of such environmental matters are inevitably imprecise due to numerous uncertainties, including the enactment of new laws and regulations, the development and application of new technologies, the identification of new sites for which we may have remediation responsibility and the apportionment and collectability of remediation costs among responsible parties. We establish reserves for these environmental matters when a loss is probable and reasonably estimable. It is reasonably possible that the final resolution of some of these matters may require us to make expenditures, in excess of established reserves, over an extended period of time and in a range of amounts that cannot be reasonably estimated. Although the final resolution of any such matters could have a material effect on our operating results for the particular reporting period in which an adjustment to the estimated reserve is recorded, we believe that any resulting adjustment would not materially affect our consolidated financial position or cash flows.

Voluntary Service Actions and Recall Actions

We periodically initiate voluntary service and recall actions to address various customer satisfaction, safety and emissions issues related to vehicles we sell. We establish reserves for product warranty obligations, including the estimated cost of these service and recall actions, when the related sale is recognized. Refer to Note 10, *Accrued Expenses and Other Liabilities,* for additional information. The estimated future costs of these actions are based primarily on historical claims experience for our vehicles. Estimates of the future costs of these actions are inevitably imprecise due to numerous uncertainties, including the enactment of new laws and regulations, the number of vehicles affected by a service or recall action and the nature of the corrective action that may result in adjustments to the established reserves. It is reasonably possible that the ultimate cost of these service and recall actions may require us to make expenditures in excess of established reserves, over an extended period of time and in a range of amounts that cannot be reasonably estimated. Although the ultimate cost of these service and recall actions could have a material effect on our operating results for the particular reporting period in which an adjustment to the estimated reserve is recorded, we believe that any such adjustment would not materially affect our consolidated financial position or cash flows.

Commercial Commitments

Several major tier one and other automotive suppliers have short-term liquidity constraints due to the lack of available credit. In certain circumstances, we have provided financial support to such suppliers to avoid prolonged interruptions in the supply of components to us. Financial support includes, but is not limited to, parts re-pricing, debtor-in-possession loans, bridge loans, inventory financing and capital expenditure advances. In addition to parts re-pricing actions, we have recorded net charges of approximately $19 million, $41 million and $65 million for financing support to suppliers for the years ended December 31, 2012, 2011 and 2010, respectively, which are included in Cost of Sales in the accompanying Consolidated Statements of Operations.

Restricted Cash

Restricted cash, which includes cash equivalents, was $371 million at December 31, 2012. Restricted cash included $259 million held on deposit or otherwise pledged to secure our obligations under various commercial agreements guaranteed by a subsidiary of Daimler, $24 million of collateral for foreign currency exchange and commodity hedge contracts, and $88 million of collateral for other contractual agreements.

Concentrations

Suppliers

Although we have not experienced any significant deterioration in our annual production volumes as a result of materials or parts shortages, we have from time to time experienced short term interruptions and variability in quarterly production schedules as a result of temporary supply constraints or disruptions in the availability of raw materials, parts and components as a result of natural disasters and other unexpected events. Additionally, we regularly source systems, components, parts, equipment and tooling from a sole provider or limited number of providers. Therefore, we are at risk for production delays and losses should any supplier fail to deliver goods and services on time. We continuously work with our suppliers to monitor potential supply constraints and to mitigate the effects of any emerging shortages on our production volumes and revenues. We also maintain insurance coverage for losses we might incur due to shortages or other supplier disruptions. During the year ended December 31, 2012, we recognized insurance recoveries totaling $76 million related to losses sustained in 2011 due to supply disruptions. These recoveries were recognized as a reduction to Cost of Sales in the accompanying Consolidated Statements of Operations. The proceeds from these recoveries were fully collected as of December 31, 2012. There were no similar insurance recoveries during the years ended December 31, 2011 and 2010.

Employees

In the U.S. and Canada combined, substantially all of our hourly employees and approximately one-quarter of our salaried employees were represented by unions under collective bargaining agreements, which represented approximately 64 percent of our worldwide workforce as of December 31, 2012. The UAW and CAW represent substantially all of these represented employees in the U.S. and Canada, respectively.

In September 2012, the CAW ratified a new four-year collective bargaining agreement. The provisions of this new agreement provide for a lump sum payment to eligible CAW employees in each of the four years. In addition, the agreement maintains the current wage rates through September 2016 for employees hired prior to September 24, 2012 ("traditional employees") and starts employees hired on or after September 24, 2012 at a lower wage rate that can increase to the current maximum wage rate of traditional employees at the end of ten years. The new agreement expires in September 2016.

Other Matters

Ally MTA

Prior to May 2011, we were a party to the Ally MTA between the U.S. Treasury, Ally and USDART. The Ally MTA provided for a risk sharing arrangement, in which USDART would reimburse Ally for qualifying losses on loans with third party Chrysler Group dealerships issued prior to November 21, 2009. In May 2011, all parties mutually agreed to terminate the Ally MTA. Under the terms of the agreement, $96 million, which represented the remaining balance of a previous advance to USDART, was transferred to us. In addition, under the terms of the U.S. Treasury first lien credit agreement, amounts outstanding under that agreement were reduced by $4 million, the amount of qualifying losses incurred by Ally through April 2011.

Ally Auto Finance Operating Agreement and Repurchase Obligations

In accordance with the terms of the Ally Auto Finance Operating Agreement ("Ally Agreement"), Ally provides wholesale and retail financing to our dealers and retail customers in the U.S. and Canada in accordance with its usual and customary lending standards. Our agreement with Ally is not exclusive. Ally provides consumer and dealer financing to other manufacturers. Our dealers and retail customers also obtain financing from other financing sources.

From time to time, we work with Ally and certain other lenders to subsidize interest rates or cash payments at the inception of a financing arrangement to incentivize customers to purchase our vehicles, a practice known as "subvention". Under the Ally Agreement, we must first offer all subvention programs to Ally, and we are required to ensure that Ally finances a specified minimum percentage of the vehicles we sell in North America under rate subvention programs in which it elects to participate. We may, from time to time, offer lease products to retail customers through Ally, but Ally is not obligated to offer lease products.

Under the Ally Agreement, we are required to repurchase Ally-financed dealer inventory, upon certain triggering events and with certain exceptions, in the event of an actual or constructive termination of a dealer's franchise agreement, including in certain circumstances when Ally forecloses on all assets of a dealer securing financing provided by Ally. These obligations exclude vehicles that have been damaged or altered, that are missing equipment or that have excessive mileage or an original invoice date that is more than one year prior to the repurchase date.

As of December 31, 2012, the maximum potential amount of future payments required to be made to Ally under this guarantee was approximately $8.1 billion and was based on the aggregate repurchase value of eligible vehicles financed by Ally in our U.S. and Canadian dealer stock. If vehicles are required to be repurchased under this arrangement, the total exposure would be reduced to the extent the vehicles can be resold to another dealer. The fair value of the guarantee was less than $0.1 million at December 31, 2012, which considers both the likelihood that the triggering events will occur and the estimated payment that would be made net of the estimated value of inventory that would be reacquired upon the occurrence of such events. The estimates are based on historical experience.

The Ally Agreement is effective through April 30, 2013, with automatic one-year renewals unless either party elects not to renew. We have notified Ally of our election not to renew the Ally Agreement for an additional term.

Refer to Note 24, *Subsequent Events,* for information regarding our new financing agreement.

Other Repurchase Obligations

In accordance with the terms of other wholesale financing arrangements in Mexico, we are required to repurchase dealer inventory financed under these arrangements, upon certain triggering events and with certain exceptions, including in the event of an actual or constructive termination of a dealer's franchise agreement. These obligations exclude certain vehicles including, but not limited to, vehicles that have been damaged or altered, that are missing equipment or that have excessive mileage.

As of December 31, 2012, the maximum potential amount of future payments required to be made in accordance with these other wholesale financing arrangements was approximately $325 million and was based on the aggregate repurchase value of eligible vehicles financed through such arrangements in the respective dealer's stock. If vehicles are required to be repurchased through such arrangements, the total exposure would be reduced to the extent the vehicles can be resold to another dealer. The fair value of the guarantee was less than $0.1 million at December 31, 2012, which considers both the likelihood that the triggering events will occur and the estimated payment that would be made net of the estimated value of inventory that would be reacquired upon the occurrence of such events. The estimates are based on historical experience.

Arrangements with Key Suppliers

From time to time, in the ordinary course of our business, we enter into various arrangements with key suppliers in order to establish strategic and technological advantages. A limited number of these arrangements contain unconditional purchase obligations to purchase a fixed or minimum quantity of goods and/or services with fixed and determinable price provisions. Purchases under these arrangements from third parties were $437 million, $674 million and $295 million for the years ended December 31, 2012, 2011 and 2010, respectively. Future minimum purchase obligations under these arrangements as of December 31, 2012 were as follows (in millions of dollars):

2013	$ 290
2014	273
2015	121
2016	90
2017	68
2018 and thereafter	—

In addition, certain of the arrangements we have entered into with Fiat contain unconditional purchase obligations to purchase a fixed or minimum quantity of goods and/or services with fixed and determinable price provisions. Purchases under these arrangements were $383 million and $305 million for the year ended December 31, 2012 and 2011, respectively. We did not have any purchases under these arrangements for the year ended December 31, 2010. Future minimum purchase obligations under these arrangements as of December 31, 2012 were as follows (in millions of dollars):

2013	$ 4
2014	7
2015	2
2016	2
2017	2
2018 and thereafter	—

We also enter into similar arrangements containing unconditional purchase obligations to purchase a minimum quantity of goods for which pricing is variable, and therefore do not have fixed and determinable future payment streams. Under these arrangements we are obligated to make payments or receive reimbursements if our purchase volumes are outside a specified range of values. Purchases from third parties under these arrangements were $441 million, $346 million and $116 million for the years ended December 31, 2012, 2011 and 2010, respectively. We did not have any purchases from unconsolidated related companies under these arrangements.

Lease Commitments

The majority of our lease payments are for operating leases. As of December 31, 2012, the future minimum rental commitments under operating leases with non-cancelable lease terms in excess of one year were as follows (in millions of dollars):

2013	$ 135
2014	109
2015	84
2016	69
2017	57
2018 and thereafter	195

Future minimum lease commitments have not been reduced by minimum sublease rental income of $55 million due in the future under non-cancelable subleases. Rental expense under operating leases was $174 million, $175 million and $168 million for the years ended December 31, 2012, 2011 and 2010, respectively. We received sublease rentals of $20 million, $24 million and $28 million during the years ended December 31, 2012, 2011 and 2010, respectively.

Share-Based Compensation - Effect of Changes on Calculation of Total Number of Chrysler Group Units Feature Two (Parenthetical) (Detail) (Conversion Features Two [Member])	Aug. 31, 2011
Schedule Of Share Based Compensation Arrangements [Line Items]	
Membership Interests authorized, issued and outstanding after conversion of Membership Interests	1,632,654
Value of Class A Membership Interests to total unit value	600
Class A Membership Interests [Member]	
Schedule Of Share Based Compensation Arrangements [Line Items]	
Membership Interests authorized, issued and outstanding prior to conversion of Membership Interests	1,061,225
Percentage Ownership Interest prior to conversion	65.00%
Membership Interests authorized, issued and outstanding after conversion of Membership Interests	1,632,654

Other Transactions with Related Parties	12 Months Ended Dec. 31, 2012
Other Transactions with Related Parties	

Note 18. Other Transactions with Related Parties

We engage in transactions with unconsolidated subsidiaries, associated companies and other related parties on commercial terms that are normal in the respective markets, considering the characteristics of the goods or services involved.

VEBA Trust

As of December 31, 2012, the VEBA Trust had a 41.5 percent ownership interest in the Company, which takes into account the dilutive effect that resulted from our achievement of the third and final Class B Event in January 2012, as discussed below. Interest expense on the VEBA Trust Note totaled $440 million, $432 million and $420 million for the years ended December 31, 2012, 2011 and 2010, respectively.

Fiat

Ownership Interest

As of December 31, 2012, Fiat had a 58.5 percent ownership interest in the Company. Through a series of transactions in 2011 and early 2012, which included our achievement of the three Class B Events described in our governance documents and Fiat's exercise of its incremental equity call option in May 2011, Fiat increased its ownership interest in the Company from 20.0 percent to 58.5 percent.

In May 2011, and concurrent with the repayment of our U.S. Treasury and EDC credit facilities, Fiat exercised its incremental equity call option and acquired an additional 16 percent fully-diluted ownership interest in the Company. We received the entire exercise price of $1,268 million in cash, increasing our contributed capital by the proceeds received, and we issued 261,225 new Class A Membership Interests to Fiat. Refer to Note 11, *Financial Liabilities*, for information related to our refinancing transaction and the repayment of our U.S. Treasury and EDC credit facilities.

In January 2012, we notified the U.S. Treasury that we irrevocably committed to begin assembly of a vehicle based on a Fiat platform or vehicle technology that has a verified unadjusted combined fuel economy of at least 40 miles per gallon in commercial quantities in a production facility in the U.S. As a result, we achieved our third and final Class B Event and Fiat's ownership interest in the Company increased from 53.5 percent on a fully-diluted basis to 58.5 percent. We achieved the first and second Class B Events during 2011.

In addition, in July 2012, Fiat exercised its option to acquire a portion of the VEBA Trust's membership interests in the Company. Refer to Note 24, *Subsequent Events*, for additional information regarding Fiat's exercise of its option to acquire additional portions of the VEBA Trusts membership interests in Chrysler Group.

Industrial Alliance and Other Transactions

Pursuant to our master industrial agreement with Fiat, we established an industrial alliance through which we collaborate with Fiat on a number of fronts, including product and platform sharing and development, global distribution, procurement, information technology infrastructure and process improvement. The alliance is comprised of various commercial arrangements entered into pursuant to the master industrial agreement. As part of the alliance, we manufacture vehicles for Fiat to distribute and sell in countries outside North America. We have also taken on the distribution of Fiat vehicles outside North America in those regions where our dealer networks are better established. In addition, as part of the alliance, we also have access to certain of Fiat's platforms, vehicles, products and technology. We are obligated to make royalty payments to Fiat related to certain of the intellectual property that was contributed to us by Fiat. These royalty payments are calculated based on a percentage of the material cost of the vehicle, or portion of the vehicle or component, in which we utilize the Fiat intellectual property. In May 2012, and pursuant to a 2011 definitive technology license agreement with Fiat, we recorded a $37 million license fee, which is included in Deferred Revenue in the accompanying Consolidated Balance Sheets. Royalty income on the license fee will be amortized over a seven year period when production utilizing the technology begins. In addition, we have agreed to share costs with Fiat related to joint engineering and development activities and will reimburse each other based upon costs agreed to under the respective cost sharing arrangements. We have also entered into other transactions with Fiat for the purchase and supply of goods and services, including transactions in the ordinary course of business.

In October 2012, we sold three wholly-owned international dealerships to Fiat for approximately $24 million, receiving approximately $20 million in cash. We also recorded a receivable of approximately $4 million which will be payable to us in the fourth quarter of 2013 upon final settlement of the transaction. Additionally, Fiat received approximately $9 million of cash held by these entities. There was no gain or loss on this transaction.

In June 2011, Fiat became the general distributor of our vehicles and service parts in Europe, selling our products through a network of newly appointed dealers, and we are the exclusive distributor of Fiat brand vehicles and service parts throughout North America.

The following summarizes our transactions with Fiat (in millions of dollars):

	Years Ended December 31,		
	2012	2011	2010
Sales of vehicles, parts and services provided to Fiat	$2,689	$2,162	$449
Purchases of vehicles, parts and services from Fiat	1,504	800	293
Amounts capitalized in property, plant and equipment, net and other intangible assets, net	236	116	110
Reimbursements to Fiat recognized *(1)*	45	25	17
Reimbursements from Fiat recognized *(1)*	51	78	36
Royalty fees incurred for intellectual property contributed by Fiat *(2)*	3	2	—
Interest income on financial resources provided to Fiat	2	—	—

(1) Includes reimbursements recognized for costs related to shared engineering and development activities performed under the product and platform sharing arrangements that are part of our industrial alliance.

(2) Production utilizing the intellectual property began in December 2010.

U.S. Treasury

Effective July 21, 2011, the U.S. Treasury is no longer deemed to be a related party as a result of Fiat acquiring beneficial ownership of all of the membership interests in the Company held by the U.S. Treasury.

Related party transactions with the U.S. Treasury disclosed below are related to transactions through July 21, 2011, and are limited to activities related to individual contractual agreements and not statutory requirements, such as taxes.

In March 2010, we repaid, in full, the $123 million outstanding on a loan facility provided by the U.S. Treasury to Receivables SPV related to the Auto Supplier Support Program. In April 2010, the Auto Supplier Support Program expired and, in accordance with the terms of the agreement, we paid the U.S. Treasury a $40 million exit fee associated with the program, as well as $5 million, which represented 50 percent of the residual equity of Receivables SPV. Refer to Note 3, *Variable Interest Entities*, for additional information related to Receivables SPV.

Interest expense on financial resources provided by the U.S. Treasury totaled $229 million and $582 million for the years ended December 31, 2011 and 2010, respectively. Interest expense included PIK interest of $27 million and $68 million for the years ended December 31, 2011 and 2010, respectively, of which $17 million and $68 million, respectively, was capitalized as additional debt in accordance with the loan agreements. Refer to Note 11, *Financial Liabilities*, for additional information.

Related Party Summary

Amounts due from and to related parties as of December 31 were as follows (in millions of dollars):

	2012			
	VEBA Trust	Fiat	Other	Total
Amounts due from related parties (included in Prepaid Expenses and Other Assets and Advances to Related Parties and Other Financial Assets)	$—	$500	$ 15	$515
Amounts due to related parties (included in Accrued Expenses and Other Liabilities)	$222	$558	$ 4	$784
Financial liabilities to related parties (included in Financial Liabilities)	4,288*(1)*	—	5	4,293
Total due to related parties	$4,510	$558	$ 9	$5,077

	2011			
	VEBA Trust	Fiat	Other	Total
Amounts due from related parties (included in Prepaid Expenses and Other Assets and Advances to Related Parties and Other Financial Assets)	$—	$978	$ 12	$990
Amounts due to related parties (included in Accrued Expenses and Other Liabilities)	$220	$374	$ 7	$601
Financial liabilities to related parties (included in Financial Liabilities)	4,193*(1)*	—	5	4,198
Total due to related parties	$4,413	$374	$ 12	$4,799

(1) Amounts are net of discounts of $586 million and $643 million as of December 31, 2012 and 2011, respectively. Refer to Note 11, Financial Liabilities, for additional information.

Amounts included in “Other” above relate to balances with related unconsolidated companies as a result of transactions in the ordinary course of business.

Income Taxes - Tax Credit and NOL Carryforwards Included in Deferred Tax Assets (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended	
	Dec. 31, 2012	Dec. 31, 2011
Summary Of Tax Credit Carry Forward And Operating Loss Carry Forwards [Line Items]		
Deferred tax assets, tax credit carryforwards	92	73
Deferred tax assets, net operating loss carryforwards	119	165
Deferred tax assets, tax credit carryforwards - valuation allowance	(88)	(62)
Deferred tax assets, net operating loss carryforwards - valuation allowance	(119)	(165)
CANADA [Member]		
Summary Of Tax Credit Carry Forward And Operating Loss Carry Forwards [Line Items]		
Deferred tax assets, tax credit carryforwards	26	6
Deferred tax assets, net operating loss carryforwards		32
Deferred tax assets, tax credit carryforwards - valuation allowance	(26)	(6)
Deferred tax assets, net operating loss carryforwards - valuation allowance		(32)
CANADA [Member] | Minimum [Member]		
Summary Of Tax Credit Carry Forward And Operating Loss Carry Forwards [Line Items]		
Tax Credit Expiration Date	2014	2014
NOL Expiration Date	2012	2012
CANADA [Member] | Maximum [Member]		
Summary Of Tax Credit Carry Forward And Operating Loss Carry Forwards [Line Items]		
Tax Credit Expiration Date	2029	2029
NOL Expiration Date	2031	2031
MEXICO [Member]		
Summary Of Tax Credit Carry Forward And Operating Loss Carry Forwards [Line Items]		
Deferred tax assets, tax credit carryforwards	56	44
Deferred tax assets, net operating loss carryforwards	31	24
Deferred tax assets, tax credit carryforwards - valuation allowance	(52)	(33)
Deferred tax assets, net operating loss carryforwards - valuation allowance	(31)	(24)
MEXICO [Member] | Minimum [Member]		
Summary Of Tax Credit Carry Forward And Operating Loss Carry Forwards [Line Items]		
Tax Credit Expiration Date	2012	2012
NOL Expiration Date	2017	2017
MEXICO [Member] | Maximum [Member]		
Summary Of Tax Credit Carry Forward And Operating Loss Carry Forwards [Line Items]		

Tax Credit Expiration Date	2018	2018
NOL Expiration Date	2023	2023
Other Foreign [Member]		
Summary Of Tax Credit Carry Forward And Operating Loss Carry Forwards [Line Items]		
Deferred tax assets, tax credit carryforwards	10	23
Deferred tax assets, net operating loss carryforwards	9	8
Deferred tax assets, tax credit carryforwards - valuation allowance	(10)	(23)
Deferred tax assets, net operating loss carryforwards - valuation allowance	(9)	(8)
Other Foreign [Member] | Minimum [Member]		
Summary Of Tax Credit Carry Forward And Operating Loss Carry Forwards [Line Items]		
Tax Credit Expiration Date	2012	2012
NOL Expiration Date	2012	2012
Other Foreign [Member] | Maximum [Member]		
Summary Of Tax Credit Carry Forward And Operating Loss Carry Forwards [Line Items]		
Tax Credit Expiration Date	2018	2018
NOL Expiration Date	2027	2027
UNITED STATES [Member]		
Summary Of Tax Credit Carry Forward And Operating Loss Carry Forwards [Line Items]		
Deferred tax assets, net operating loss carryforwards	18	25
Deferred tax assets, net operating loss carryforwards - valuation allowance	(18)	(25)
UNITED STATES [Member] | Minimum [Member]		
Summary Of Tax Credit Carry Forward And Operating Loss Carry Forwards [Line Items]		
NOL Expiration Date	2030	2030
UNITED STATES [Member] | Maximum [Member]		
Summary Of Tax Credit Carry Forward And Operating Loss Carry Forwards [Line Items]		
NOL Expiration Date	2031	2031
Other Country [Member]		
Summary Of Tax Credit Carry Forward And Operating Loss Carry Forwards [Line Items]		
NOL Expiration Date	Indefinite	Indefinite
Deferred tax assets, net operating loss carryforwards	61	76
Deferred tax assets, net operating loss carryforwards - valuation allowance	(61)	(76)

Share-Based Compensation (Tables)	12 Months Ended Dec. 31, 2012
Summary of Activity Related to LTIP Shares Issued to Our Employees	The following summarizes the activity related to the 2012 LTIP Plan awards issued to our employees:

	Year Ended December 31, 2012			
	LTIP RSU	Weighted Average Grant Date Fair Value	LTIP PSU	Weighted Average Grant Date Fair Value
Non-vested at beginning of period	—	—	—	—
Granted	1,835,833	7.63	8,450,275	7.63
Vested	(20,123)	7.63		—
Forfeited	(10,587)	7.63	(30,591)	7.63
Non-vested at end of period	1,805,123	7.63	8,419,684	7.63

Activity Related to RSUs Issued to Our Employees and Non-employee Directors

The following summarizes the activity related to RSUs issued to our employees and non-employee directors:

	Years Ended December 31,					
	2012		2011		2010	
	Restricted Stock Units	Weighted Average Grant Date Fair Value	Restricted Stock Units	Weighted Average Grant Date Fair Value	Restricted Stock Units	Weighted Average Grant Date Fair Value
Non-vested at beginning of period	5,952,331	$ 3.25	5,220,692	$ 1.20	5,720,566	$ 1.20
Granted	1,466,523	7.68	2,799,836	5.76	832,069	1.20
Vested	(2,586,060)	1.22	(1,331,943)	1.20	(1,331,943)	1.20
Forfeited	(97,352)	6.14	(736,254)	1.99	—	—
Non-vested at end of period	4,735,442	5.73	5,952,331	3.25	5,220,692	1.20

Summary of Activity Related to Phantom Shares Issued to Our Employees

The following summarizes the activity related to the Phantom Shares issued:

	Years Ended December 31,					
	2012		2011		2010	
	Deferred Phantom Shares	Weighted Average Grant Date Fair Value	Deferred Phantom Shares	Weighted Average Grant Date Fair Value	Deferred Phantom Shares	Weighted Average Grant Date Fair Value
Outstanding at beginning of period	4,944,476	$ 2.37	3,988,292	$ 1.44	874,830	$ 1.20
Granted and vested	—	—	956,184	6.23	3,113,462	1.51
Settled	(3,435,691)	1.85	—	—	—	—
Outstanding at end of period	1,508,785	3.54	4,944,476	2.37	3,988,292	1.44

Conversion Features One [Member]

Effect of Changes on Calculation of Total Number of Chrysler Group Units

The calculated number of Chrysler Group Units was originally determined by converting the Class B Membership Interests into Class A Membership Interests assuming they represented a 20 percent aggregate ownership interest in the Company. The following details the original conversion calculation:

Membership Interests	Authorized, issued and outstanding as of June 10, 2009 (prior to conversion)	Percentage Ownership Interest as of June 10, 2009 (prior to conversion)	Calculated authorized, issued and outstanding (post conversion)
Class A	800,000	80%	1,000,000 *(1)*
Class B	200,000	20%	—
		Total Class A Membership Interests	1,000,000
		Total Chrysler Group Units (Class A * 600)	600,000,000

(1) 800,000 / 80% = 1,000,000

Conversion Features Two [Member]

Effect of Changes on Calculation of Total Number of Chrysler Group Units

The following details the effect of these changes on the calculation of the total number of Chrysler Group Units:

Membership Interests	Authorized, issued and outstanding as of August 31, 2011 (prior to conversion)	Percentage Ownership Interest as of August 31, 2011 (prior to conversion)	Calculated authorized, issued and outstanding (post conversion)
Class A	1,061,225	65%	1,632,654 *(1)*
Class B	200,000	35%	—
		Total Class A Membership Interests	1,632,654
		Total Chrysler Group Units (Class A * 600)	979,592,400

(1) 1,061,225 / 65% = 1,632,654

Fair Value Measurements - Carrying Amount and Estimated Fair Value of Financial Instruments (Parenthetical) (Detail) (USD $) In Billions, unless otherwise specified	Dec. 31, 2012
Fair Value, Balance Sheet Grouping, Financial Statement Captions [Line Items]	
Fair value of financial liabilities measured utilizing Level 2 included in fair value	$ 6.5
Fair value of financial liabilities measured utilizing Level 3 included in fair value	$ 7.1

Goodwill and Other Intangible Assets (Tables)	12 Months Ended Dec. 31, 2012

Components of Other Intangible Assets

The components of other intangible assets as of December 31 were as follows (in millions of dollars):

		2012		
	Range of Useful Lives (years)	Gross Carrying Amount	Accumulated Amortization	Net Intangible Assets
Brand names	Indefinite	$ 2,210	$ —	$ 2,210
Dealer networks	20	392	70	322
Fiat contributed intellectual property rights	10	320	114	206
Other intellectual property rights	3 - 12	263	37	226
Patented and unpatented technology	4 - 10	208	120	88
Favorable operating lease contracts	1 - 16	19	13	6
Software and other	2 - 5	489	187	302
	Total	$ 3,901	$ 541	$ 3,360

		2011		
	Range of Useful Lives (years)	Gross Carrying Amount	Accumulated Amortization	Net Intangible Assets
Brand names	Indefinite	$ 2,210	$ —	$ 2,210
Dealer networks	20	390	50	340
Fiat contributed intellectual property rights	10	320	82	238
Other intellectual property rights	3 - 12	263	19	244
Patented and unpatented technology	4 - 10	208	87	121
Favorable operating lease contracts	1 - 16	29	19	10
Software and other	2 - 5	352	144	208
	Total	$ 3,772	$ 401	$ 3,371

Summarizes Amount of Intangible Asset Amortization Expense

The following summarizes the amount of intangible asset amortization expense included in the respective financial statement captions of the accompanying Consolidated Statements of Operations (in millions of dollars):

		Years Ended December 31,		
	Financial Statement Caption	2012	2011	2010
Favorable operating lease contracts	Revenues, Net	$1	$18	$71
Patented and unpatented technology, intellectual property, software and other	Cost of Sales	159	164	115

Dealer networks and other	Selling, Administrative and Other Expenses	23	43	24
	Total	$183	$225	$210

Estimated Future Amortization Expense for Next Five Years

Based on the gross carrying amount of other intangible assets as of December 31, 2012, the estimated future amortization expense for the next five years was as follows (in millions of dollars):

2013	$ 172
2014	178
2015	141
2016	133
2017	99

Derivative Financial Instruments and Risk Management - Fair Values of Derivative Instruments Designated as Cash Flow Hedges (Detail) (Cash Flow Hedging [Member], USD $) In Millions, unless otherwise specified	Dec. 31, 2012	Dec. 31, 2011
Derivatives, Fair Value [Line Items]		
Notional Amounts	$ 3,592	$ 2,910
Derivative Assets	17	64
Derivative Liabilities	(51)	(54)
Currency forwards and swaps [Member]		
Derivatives, Fair Value [Line Items]		
Notional Amounts	3,369	2,597
Derivative Assets	4	63
Derivative Liabilities	(43)	(4)
Commodity swaps [Member]		
Derivatives, Fair Value [Line Items]		
Notional Amounts	223	313
Derivative Assets	13	1
Derivative Liabilities	$ (8)	$ (50)

Consolidated Balance Sheets (USD $) In Millions, unless otherwise specified	Dec. 31, 2012	Dec. 31, 2011
CURRENT ASSETS:		
Cash and cash equivalents	$ 11,614	$ 9,601
Restricted cash	28	106
Trade receivables, net of allowance for doubtful accounts of $56 and $68, respectively	1,179	845
Inventories	4,998	4,366
Prepaid expenses and other assets	1,108	1,603
Deferred taxes	23	25
TOTAL CURRENT ASSETS	18,950	16,546
PROPERTY AND EQUIPMENT:		
Property, plant and equipment, net	15,491	13,965
Equipment and other assets on operating leases, net	976	1,421
TOTAL PROPERTY AND EQUIPMENT	16,467	15,386
OTHER ASSETS:		
Advances to related parties and other financial assets	47	56
Restricted cash	343	355
Goodwill	1,361	1,361
Other intangible assets, net	3,360	3,371
Prepaid expenses and other assets	403	421
Deferred taxes	40	47
TOTAL OTHER ASSETS	5,554	5,611
TOTAL ASSETS	40,971	37,543
CURRENT LIABILITIES:		
Trade liabilities	9,734	8,566
Accrued expenses and other liabilities	8,518	7,707
Current maturities of financial liabilities	456	230
Deferred revenue	862	1,171
Deferred taxes	71	73
TOTAL CURRENT LIABILITIES	19,641	17,747
LONG-TERM LIABILITIES:		
Accrued expenses and other liabilities	15,537	12,758
Financial liabilities	12,147	12,344
Deferred revenue	822	653
Deferred taxes	83	76
TOTAL LONG-TERM LIABILITIES	28,589	25,831
Commitments and contingencies		
Membership Interests		
Contributed capital	2,647	2,657
Accumulated losses	(2,586)	(4,254)
Accumulated other comprehensive loss	(7,320)	(4,438)

TOTAL MEMBERS' DEFICIT	(7,259)	(6,035)
TOTAL LIABILITIES AND MEMBERS' DEFICIT	40,971	37,543
Class A Membership Interests [Member]		
Membership Interests		
Membership interests		
Class B Membership Interests [Member]		
Membership Interests		
Membership interests		

Income Taxes - Income (Loss) Before Income Taxes by Jurisdiction (Detail) (USD $) In Millions, unless otherwise specified	3 Months Ended								12 Months Ended		
	Dec. 31, 2012	Sep. 30, 2012	Jun. 30, 2012	Mar. 31, 2012	Dec. 31, 2011	Sep. 30, 2011	Jun. 30, 2011	Mar. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Income Loss From Continuing Operations Before Income Taxes Minority Interest And Income Loss From Equity Method Investments [Line Items]											
United States									$ 971	$ (15)	$ (731)
Foreign									971	396	218
INCOME (LOSS) BEFORE INCOME TAXES	$ 458	$ 437	$ 541	$ 506	$ 275	$ 259	$ (313)	$ 160	$ 1,942	$ 381	$ (513)

Basis of Presentation and Significant Accounting Policies	12 Months Ended Dec. 31, 2012

Basis of Presentation and Significant Accounting Policies

Note 2. Basis of Presentation and Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). All inter-company transactions have been eliminated in consolidation.

Consolidation and Financial Statement Presentation

The consolidated financial statements include the accounts of our subsidiaries, certain variable interest entities ("VIEs") where we are the primary beneficiary and other entities controlled by us. Related parties that are 20 percent to 50 percent owned and subsidiaries where control is expected to be temporary are accounted for under the equity method.

We continually evaluate our involvement with VIEs to determine whether we have variable interests and are the primary beneficiary of the VIE. Based on our evaluation, we identified transactions with, or variable interests in, certain VIEs. The financial results of the VIEs in which we are the primary beneficiary are included in the accompanying consolidated financial statements in accordance with the accounting guidance for consolidations. Refer to Note 3, *Variable Interest Entities*, for additional information regarding our VIEs.

Recent Accounting Pronouncements

In March 2013, the Financial Accounting Standards Board ("FASB") issued updated guidance to clarify the applicable guidance for a parent company's accounting for the release of the cumulative translation adjustment into net income upon derecognition of certain subsidiaries or groups of assets within a foreign entity or of an investment in a foreign entity. This guidance is effective for fiscal periods beginning after December 15, 2013, and is to be applied prospectively to derecognition events occurring after the effective date. We will comply with this guidance as of January 1, 2014, and we are evaluating the potential impact on our consolidated financial statements.

In February 2013, the FASB issued updated guidance in relation to the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation is fixed at the reporting date. This guidance is effective for fiscal periods beginning after December 15, 2013, and is to be applied retrospectively for all periods presented for those obligations resulting from joint and several liability arrangements that exist at the beginning of the fiscal year of adoption. We will comply with this guidance as of January 1, 2014, and we are evaluating the potential impact to our consolidated financial statements.

In February 2013, the FASB issued updated guidance that amends the reporting of amounts reclassified out of accumulated other comprehensive income ("AOCI"). These amendments do not change the current requirements for reporting net income or other comprehensive income in the financial statements. However, the guidance requires an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component, either on the face of the financial statement where net income is presented or in the notes to the financial statements. This guidance is effective for fiscal periods beginning after December 15, 2012, and is to be applied prospectively. We will comply with this guidance as of January 1, 2013, and the adoption of the guidance will not have a material impact on our consolidated financial statements.

In October 2012, the FASB issued updated guidance on technical corrections and other revisions to various FASB codification topics. The guidance represents changes to clarify the codification, correct unintended application of the guidance or make minor improvements to the codification. The guidance also amends various codification topics to reflect the measurement and disclosure requirements of Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures*. Certain amendments in this guidance are effective for fiscal periods beginning after December 15, 2012, while the remainder of the amendments are effective immediately. We previously adopted the guidance that was effective immediately and it did not have a material impact on our consolidated financial statements. We will comply with the remainder of the guidance as of January 1, 2013, and it will not have a material impact on our consolidated financial statements.

In August 2012, the FASB issued updated guidance on technical corrections to the U.S. Securities and Exchange Commission ("SEC") guidance in the U.S. GAAP hierarchy. The SEC guidance was updated to make it more consistent with U.S. GAAP issued by the FASB. The principal changes of the guidance involve revision or removal of accounting guidance references and other conforming changes to ensure consistent referencing throughout the SEC's Staff Accounting Bulletins. This guidance was effective immediately and it did not have a material impact on our consolidated financial statements.

In July 2012, the FASB issued updated guidance on the annual testing of indefinite-lived intangible assets for impairment. The amendments allow an entity to first assess qualitative factors to determine whether it is more likely than not that the indefinite-lived intangible asset is impaired. If, based on its qualitative assessment, an entity concludes it is more likely than not that the fair value of the indefinite-lived intangible asset is less than its carrying amount, quantitative impairment testing is required. However, if an entity concludes otherwise, quantitative impairment testing is not required. This guidance is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012, with early adoption permitted. We elected to early adopt the updated guidance as of October 1, 2012, and it did not have a material impact on our consolidated financial statements.

In December 2011, the FASB issued updated guidance which amends the disclosure requirements regarding the nature of an entity's rights of offset and related arrangements associated with its financial instruments and derivative instruments. Under the guidance, an entity must disclose both gross and net information about instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting arrangement. In January 2013, the FASB issued updated guidance which clarified that the 2011 amendment to the balance sheet offsetting standard does not cover transactions that are not considered part of the guidance for derivatives and hedge accounting. This guidance is effective for fiscal periods beginning on or after January 1, 2013. We will comply with this guidance as of January 1, 2013, and we are evaluating the potential impact to our consolidated financial statements.

In May 2011, the FASB issued updated guidance to achieve common fair value measurement and disclosure requirements between International Financial Reporting Standards and U.S. GAAP. The amendments clarify the FASB's intent about the application of existing requirements and provides for changes in measuring the fair value of financial instruments that are managed within a portfolio and the application of premiums or discounts. This guidance will require us to, among other things, expand existing disclosures for recurring Level 3 fair value measurements and for those assets and liabilities not measured at fair value on the balance sheet, but for which fair value is disclosed. This guidance was effective for fiscal periods beginning after December 15, 2011, and was to be applied prospectively. We adopted this guidance as of January 1, 2012, and it did not have a material impact on our consolidated financial statements.

Significant Accounting Policies

Use of Estimates

The preparation of our consolidated financial statements in conformity with U.S. GAAP requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include, but are not limited to, goodwill, long-lived asset and indefinite-lived intangible asset impairment analyses, recoverability of investments in equipment and other assets on operating leases, warranty obligations, product liability accruals, sales incentive obligations, restructuring accruals, valuation of derivative instruments, valuation of deferred tax assets, obligations related to income taxes, employee benefit related obligations and the useful lives of property and equipment.

Actual results could differ from those estimates. Future changes in economic conditions may have a significant effect on such estimates made by management. Management believes the following significant accounting policies affect its more significant estimates, judgments and assumptions used in the preparation of the consolidated financial statements.

Revenue Recognition

Revenue for sales of vehicles and service parts is recognized when persuasive evidence of an arrangement exists, the risks and rewards of ownership have transferred to the customer, delivery has occurred or services have been rendered, the price of the transaction is fixed and determinable and collectability is reasonably assured. For vehicles, this is generally when the vehicle is released to the carrier responsible for transporting vehicles to dealers. Revenues are recognized net of discounts, including but not limited to, cash sales incentives, customer bonuses and rebates granted. Shipping and handling costs are recorded as cost of sales in the period incurred. Operating lease revenue is recognized over the contractual term of the lease on a straight-line basis.

We use price discounts to adjust vehicle pricing in response to a number of market and product factors, including: pricing actions and incentives offered by competitors, economic conditions, the amount of excess industry production capacity, the intensity of market competition, consumer demand for the product and the need to support promotional campaigns. We may offer a variety of sales incentive programs at any given point in time, including: cash offers to dealers and retail customers and subvention programs offered to retail customers or lease subsidies, which reduce the retail customer’s monthly lease payment or cash due at the inception of the financing arrangement, or both. Incentive programs are generally brand, model and region specific for a defined period of time, which may be extended.

We record the estimated cost of sales incentive programs offered to dealers and retail customers as a reduction to revenue at the time of sale to the dealer. This estimated cost represents the incentive programs offered to dealers and retail customers, as well as the expected modifications to these programs in order to facilitate sales of the dealer inventory. Subsequent adjustments to incentive programs related to vehicles previously sold to dealers are recognized as an adjustment to revenue in the period the adjustment is determinable. For the years ended December 31, 2012, 2011 and 2010, incentive expense was $8.8 billion, $7.2 billion and $7.0 billion, respectively, and is included as a reduction to Revenues, Net in the accompanying Consolidated Statements of Operations.

Vehicle sales through our Guaranteed Depreciation Program (“GDP”), under which we guarantee the residual value or otherwise assume responsibility for the minimum resale value of the vehicle, are accounted for similar to an operating lease and rental income is recognized over the contractual term of the lease on a straight-line basis. At the end of the lease term, we recognize revenue for the portion of the vehicle sales price which had not been previously recognized as rental income and recognize, in cost of sales, the remainder of the cost of the vehicle which had not been previously recognized as depreciation expense over the lease term. Cash flows associated with this program are included within Cash Flows from Operating Activities in the accompanying Consolidated Statements of Cash Flows.

Chrysler Canada Inc. (“Chrysler Canada”), our principal operating subsidiary in Canada, maintains our Gold Key Lease vehicle lease portfolio. The related vehicles are leased to Canadian consumers and are accounted for as operating leases. Operating lease revenue is recognized over the contractual term of the lease on a straight-line basis. Initial direct costs are recorded as an adjustment to the carrying value of the leased assets and are amortized over the term of the lease on a straight-line basis.

We are currently winding down our Gold Key Lease vehicle lease program, and do not anticipate adding any additional vehicles to the portfolio. No vehicles were added to the portfolio during the years ended December 31, 2012, 2011 and 2010. Refer to Note 11, *Financial Liabilities*, for additional information related to this portfolio.

We offer customers the opportunity to purchase separately-priced extended warranty and service contracts. In addition, from time to time we sell certain vehicles with a service contract included in the sales price of the vehicle. The service contract and vehicle qualified as separate units of accounting in accordance with the accounting guidance for multiple-element arrangements. The revenue from these contracts, as well as our separately-priced extended warranty and service contracts, is recorded as a component of Deferred Revenue in the accompanying Consolidated Balance Sheets at the inception of the contract and is recognized as revenue over the contract period in proportion to the costs expected to be incurred based on historical information. A loss on these contracts is recognized if the sum of the expected costs for services under the contract exceeds unearned revenue.

Cost of Sales

Cost of sales is comprised of a number of expenses incurred in the manufacturing and distribution of vehicles and parts, the most significant of which is the cost of materials and components. The remaining costs principally include labor costs, consisting of direct and indirect wages and fringe benefits, depreciation and amortization, and transportation costs. Cost of sales also includes product-related costs, which are described below under *Product-Related Costs*, along with depreciation expense related to our GDP vehicles, as well as interest, depreciation and amortization expense related to the Gold Key Lease portfolio.

Share-Based Compensation

We have various compensation plans that provide for the granting of share-based compensation to certain employees and directors. We account for share-based compensation plans in accordance with the accounting guidance set forth for share-based payments, which requires us to recognize share-based compensation expense based on fair value. Compensation expense for equity-classified awards is measured at the grant date based on the fair value of the award using a discounted cash flow methodology. For those awards with post-vesting contingencies, we apply an adjustment to account for the probability of meeting the contingencies. Liability-classified awards are remeasured to fair value at each balance sheet date until the award is settled. Compensation expense is recognized over the employee service period with an offsetting increase to contributed capital or accrued expenses and other liabilities depending on the nature of the award. If awards contain certain performance conditions in order to vest, we recognize the cost of the award when achievement of the performance condition is probable. Costs related to plans with graded vesting are generally recognized using the graded vesting method. We record share-based compensation expense in Selling, Administrative and Other Expenses in the accompanying Consolidated Statements of Operations.

Product-Related Costs

Expenditures for research and development include material and personnel costs and are expensed as incurred. Research and development expenses, net were $2,324 million, $1,674 million and $1,500 million for the years ended December 31, 2012, 2011 and 2010, respectively. Advertising, sales promotion and other product-related costs are also expensed as incurred. For the years ended December 31, 2012, 2011 and 2010, advertising expense was $2,742 million, $2,560 million and $1,721 million, respectively, and is included in Selling, Administrative and Other Expenses in the accompanying Consolidated Statements of Operations.

We periodically initiate voluntary service and recall actions to address various customer satisfaction, safety and emissions issues related to vehicles we sell. We establish reserves for product warranty obligations, including the estimated cost of these service and recall actions, when the related sale is recognized. Refer to Note 10, *Accrued Expenses and Other Liabilities,* for additional information related to warranty reserves. The estimated future costs of these actions are principally based on assumptions regarding the lifetime warranty costs of each vehicle line and each model year of that vehicle line, as well as historical claims experience for our vehicles. Costs associated with these actions are recorded in Cost of Sales in the accompanying Consolidated Statements of Operations.

We reserve for estimated product liability costs arising from personal injuries alleged to be the result of product defects. The valuation of the reserve is actuarially determined on an annual basis based on, among other factors, the number of vehicles sold and product liability claims incurred. The product liability reserve is included in Accrued Expenses and Other Liabilities in the accompanying Consolidated Balance Sheets. Costs associated with this reserve are recorded in Cost of Sales in the accompanying Consolidated Statements of Operations and any subsequent adjustments to the product liability reserve are recorded in the period in which the adjustment is determinable.

Restructuring Actions —Exit and Disposal Activities

We account for employee separation, exit and disposal activities in accordance with the relevant accounting guidance on these topics. Actions associated with restructuring plans include, but are not limited to, workforce reductions, capacity adjustments (plant or facility closures or permanent shift eliminations), product cancellations and international distribution network realignments. Costs associated with these actions may include, but are not limited to, employee severance, accelerated post-employment benefits, relocations, contract terminations, plant deactivations and legal claims.

Post-employment benefits accrued for workforce reductions related to restructuring activities are recorded in the period when it is probable that employees will be terminated, which generally occurs when a plan meets the following criteria and is communicated to employees:
(i) management, having authority to approve the action, commits to a plan of termination, (ii) the plan identifies the number of employees to be terminated, their location and job classifications or functions, as well as the expected completion date, (iii) the plan establishes the terms of the benefit arrangement, including the benefits that employees will receive upon termination, in sufficient detail to enable employees to determine the type and amount of benefits they will receive if they are involuntarily terminated and (iv) the actions required to complete the plan indicate that it is unlikely that significant changes to the plan will occur or that the plan will be withdrawn. Other associated costs such as relocations, contract terminations and plant deactivations are recorded when the costs are incurred. Costs associated with actions that will exceed one year are reflected on a discounted basis. Restructuring reserves are included in Accrued Expenses and Other Liabilities in the accompanying Consolidated Balance Sheets and are reviewed at least quarterly for adequacy and any necessary adjustments are recorded in the period the adjustment is determinable.

Income Taxes

We are a limited liability company classified as a partnership entity for U.S. federal income tax purposes. As such, we are not a taxable entity for U.S. federal income tax purposes. Rather, federal taxable income or loss is included in the respective federal income tax returns of our members. However, our provision for income taxes includes foreign taxes for our corporate subsidiaries, as well as for certain U.S. states which impose income taxes upon non-corporate legal entities.

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for net operating loss and tax credit carryforwards and the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and the respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances on deferred tax assets are recognized if it is more likely than not that the benefit from the deferred tax asset will not be realized. In addition, current income taxes include adjustments to accruals for uncertain tax positions and related interest expense or income.

Cash and Cash Equivalents

Highly liquid investments with original maturities of three months or less at the date of purchase are classified as cash equivalents.

Marketable Securities

Investments in marketable securities are classified as available-for-sale based upon management's intent and are accounted for at fair value. Unrealized gains and losses on available-for-sale securities are included as a component of AOCI, net of applicable income taxes, until realized. A decline in value of any available-for-sale security below cost, that is deemed to be other than temporary, results in an impairment charge to earnings that reduces the carrying amount of the security to fair value, establishing a new cost basis. Realized gains or losses are determined on a specific identification basis.

We maintain an allowance for doubtful accounts as a contra asset to our accounts receivable balances. A provision for probable losses is charged against selling, administrative and other expenses to maintain the allowance for doubtful accounts at an amount management believes represents the best estimate of probable losses related to specifically identified receivables, as well as probable losses inherent in all other receivables as of the balance sheet date. Management periodically and systematically evaluates the adequacy of the allowance for doubtful accounts by reviewing historical loss experience, delinquency statistics and other factors in the economy that are expected to have an impact on the losses incurred, in addition to specifically identified probable losses.

Inventories

Inventories are stated at the lower of cost or market. The cost for a substantial portion of finished product inventories was determined primarily on a specific identification basis. The cost of other inventories is determined on a first-in, first-out basis. The measurement of inventories includes the direct costs of materials, labor, inbound transportation and indirect manufacturing costs.

Property, Plant and Equipment, Net and Equipment and Other Assets on Operating Leases, Net

Property, plant and equipment and equipment and other assets on operating leases are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are generally provided using the straight-line method over the estimated useful lives of the assets. Gains and losses upon disposal of leased vehicles and adjustments to reflect impairment of the vehicles' residual values are also included in depreciation expense. Under the terms of certain of our GDP agreements, leased vehicles are repurchased by us prior to being sold at auction. Upon our repurchase, the leased vehicle is reclassified from equipment and other assets on operating leases, net to inventory at the lower of cost or estimated fair value. Routine maintenance costs are expensed as incurred.

Residual Values

We have significant investments in the residual values of our vehicle lease portfolios, which are included in Equipment and Other Assets on Operating Leases, Net in the accompanying Consolidated Balance Sheets. These residual values represent estimates of the fair value of the leased assets at the end of the contract terms and are initially recorded based on industry estimates. Realization of the residual values is dependent on our future ability to market the vehicles for sale under the prevailing market conditions. Throughout the lease term, residual values are reviewed at least quarterly to determine whether the estimates of the fair value of the assets at the end of the lease terms are appropriate. To the extent the expected value of the vehicle at lease termination changes, we record adjustments to the expected residual value. Changes in the expected residual values are adjusted through additional or reduced depreciation or recognition of an impairment loss. These costs are included in Cost of Sales in the accompanying Consolidated Statements of Operations. These assumptions and related additional or reduced depreciation may change based on market conditions.

Long-lived assets held and used (such as property, plant and equipment, and equipment and other assets on operating leases) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. Recoverability of an asset or asset group to be held and used is measured by a comparison of the carrying amount of an asset or asset group to the estimated undiscounted future cash flows expected to be generated by the asset or group of assets. If the carrying amount of an asset or asset group exceeds its estimated undiscounted future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset or group of assets exceeds the fair value of the asset or group of assets. No impairment indicators were identified during the years ended December 31, 2012, 2011 and 2010. As such, no impairment charges were recognized during the respective periods. When long-lived assets are considered held for sale, they are recorded at the lower of carrying amount or fair value less costs to sell, and depreciation ceases.

Goodwill and Other Intangible Assets

We account for goodwill in accordance with the accounting guidance related to intangibles and goodwill, which requires us to test goodwill for impairment at the reporting unit level at least annually and when significant events occur or there are changes in circumstances that indicate the fair value is less than the carrying value. Such events could include, among others, a significant adverse change in the business climate, an unanticipated change in the competitive environment and a decision to change the operations of the Company. We have one operating segment, which is also our only reporting unit.

Goodwill is evaluated for impairment annually as of October 1. In September 2011, the FASB issued updated guidance on annual goodwill impairment testing. The amendment allows an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If we elect the qualitative assessment and we conclude it is more likely than not that the fair value of a reporting unit is less than its carrying amount, quantitative impairment testing is required. However, if we conclude otherwise, quantitative impairment testing is not required.

When quantitative impairment testing is required, goodwill is reviewed for impairment utilizing a two-step process. The first step of the impairment test is to compare the fair value of our reporting unit to its carrying value. The fair value is determined by estimating the present value of expected future cash flows for the reporting unit. If the fair value of the reporting unit is greater than its carrying amount, no impairment exists and the second step of the test is not performed. If the carrying amount of the reporting unit is greater than the fair value, there is an indication that an impairment may exist and the second step of the test must be completed to measure the amount of the impairment. The second step of the test calculates the implied fair value of goodwill by assigning the fair value of the reporting unit to all of the assets and liabilities of that unit as if the reporting unit had been acquired in a business combination. The implied fair value of goodwill is then compared to the carrying value. If the implied fair value of goodwill is less than the carrying value, an impairment loss is recognized equal to the difference. No impairment losses have been recognized for the years ended December 31, 2012, 2011 and 2010.

Intangible assets that have a finite useful life are amortized over their respective estimated useful lives, which are reviewed by management each reporting period and whenever changes in circumstances indicate that the carrying value of the assets may not be recoverable. Other intangible assets determined to have an indefinite useful life are not amortized, but are instead tested for impairment annually. In July 2012, the FASB issued updated guidance on the annual testing of indefinite-lived intangible assets for impairment. The amendments allow an entity to first assess qualitative factors to determine whether it is more likely than not that the indefinite-lived intangible asset is impaired. If we elect the qualitative assessment and we conclude it is more likely than not that the fair value of the indefinite-lived intangible assets is less than its carrying amount, quantitative impairment testing is required. However, if we conclude otherwise, quantitative impairment testing is not required. An impairment loss is recognized to the extent that the carrying amount exceeds the asset's fair value. Management estimates fair value through various techniques including discounted cash flow models, which incorporate market based inputs, and third party independent appraisals, as considered appropriate. Management also considers current and estimated economic trends and outlook. No impairment losses have been recognized for the years ended December 31, 2012, 2011 and 2010.

Foreign Currency

The functional currency of certain of our subsidiaries, notably Mexico and Venezuela, is the U.S. Dollar ("USD"). The functional currency of our other international operations, notably our Canadian subsidiaries and international distribution centers, is the respective subsidiary's local currency. The assets and liabilities of our foreign operations, where the functional currency is the respective subsidiary's local currency, are translated into USD using the exchange rate in effect as of the balance sheet date. Income statement amounts are translated at the average exchange rate prevailing during the period. The resulting translation adjustments are recorded as a component of AOCI. Foreign currency exchange gains and losses arising from fluctuations in currency exchange rates on transactions and balances denominated in currencies other than the functional currency are recorded in earnings as incurred and are included in Revenues, Net in the accompanying Consolidated Statements of Operations. Refer to Note 21, *Venezuelan Currency Regulations and Devaluation* and Note 24, *Subsequent Events*, for additional information related to currency devaluations in Venezuela.

The following summarizes changes in AOCI resulting from translation adjustments (in millions of dollars):

	Years Ended December 31,		
	2012	2011	2010
Balance at beginning of period	$(31)	$(49)	$58
Foreign currency translation adjustments *(1)*	(63)	18	(107)
Balance at end of period	$(94)	$(31)	$(49)

(1) Net of $0 of taxes

The following table summarizes net foreign currency transaction gains (losses) as follows (in millions of dollars):

	Years Ended December 31,		
	2012	2011	2010
Net foreign currency transaction gains (losses)	$ (144)	$ 91	$ (30)

Fair Value Measurements

The measurement of fair value is based on a three-tier hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follows:

Level1 —Quoted prices are available in active markets for identical assets or liabilities as of the balance sheet date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 primarily consists of financial instruments such as cash and cash equivalents, restricted cash and marketable securities.

Level2 —Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the balance sheet date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument and can be derived from observable data. Instruments in this category include commercial paper and non-exchange-traded derivatives such as over-the-counter currency and commodity forwards and swap contracts.

Level3 —Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. At each balance sheet date, we perform an analysis of all instruments subject to fair value measurement and include in Level 3 all of those whose fair value is based on significant unobservable inputs. Instruments in this category include non-exchange traded derivatives such as over-the-counter commodity option and swap contracts.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy. Transfers into and out of fair value hierarchy levels are recognized as of the balance sheet date.

Refer to Note 14, *Fair Value Measurements*, for a detailed discussion of the use of observable and unobservable inputs.

As part of the process of measuring the fair value of liabilities, we considered the non-performance risk related to that liability, which includes our credit risk. The effect of our credit risk on the fair value of the liability may differ depending on whether the liability is an obligation to deliver cash versus goods or services, as well as the terms of the credit enhancements related to the liability.

Basis of Presentation and Significant Accounting Policies - Summary of Changes in AOCI (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Accumulated Comprehensive Income Loss [Line Items]			
Balance at beginning of period	$ (31)	$ (49)	$ 58
Foreign currency translation adjustments	(63)	18	(107)
Balance at end of period	$ (94)	$ (31)	$ (49)

Financial Liabilities - Components of Financial Liabilities (Parenthetical) (Detail)	12 Months Ended								12 Months Ended									12 Months Ended	
	Dec. 31, 2012 Tranche B Term Loan [Member]	Dec. 31, 2011 Tranche B Term Loan [Member]	Dec. 31, 2012 Canadian Health Care Trust Note Tranche A [Member]	Dec. 31, 2011 Canadian Health Care Trust Note Tranche A [Member]	Dec. 31, 2010 Canadian Health Care Trust Note Tranche A [Member]	Dec. 31, 2012 Canadian Health Care Trust Note Tranche B [Member]	Dec. 31, 2011 Canadian Health Care Trust Note Tranche B [Member]	Dec. 31, 2010 Canadian Health Care Trust Note Tranche B [Member]	Dec. 31, 2012 Mexican Development Banks Credit Facility Due 2025 [Member]	Dec. 31, 2011 Mexican Development Banks Credit Facility Due 2025 [Member]	Dec. 31, 2012 Secured Senior Notes Due 2019 [Member]	Dec. 31, 2011 Secured Senior Notes Due 2019 [Member]	Dec. 31, 2012 Secured Senior Notes Due 2021 [Member]	Dec. 31, 2011 Secured Senior Notes Due 2021 [Member]	Dec. 31, 2012 Canadian Health Care Trust Note Tranche C [Member]	Dec. 31, 2011 Canadian Health Care Trust Note Tranche C [Member]	Dec. 31, 2010 Canadian Health Care Trust Note Tranche C [Member]	Dec. 31, 2012 Mexican Development Banks Credit Facility Due 2021 [Member]	Dec. 31, 2011 Mexican Development Banks Credit Facility Due 2021 [Member]
Debt Instrument [Line Items]																			
Stated interest rate	6.00%	6.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%			8.00%	8.00%	8.25%	8.25%	7.50%	7.50%	7.50%		
Floor rate	1.25%	1.25%																	
Variable rate description	LIBOR + 4.75	LIBOR + 4.75							28 day Interbank Equilibrium Interest Rate ("TIIE") + 4.80%	28 day Interbank Equilibrium Interest Rate ("TIIE") + 4.80%								28 day Interbank Equilibrium Interest Rate ("TIIE") + 3.70%	28 day Interbank Equilibrium Interest Rate ("TIIE") + 3.70%
Basis spread on variable rate	4.75%	4.75%							4.80%	4.80%								3.70%	3.70%
Variable rate basis	LIBOR	LIBOR							28 day Interbank Equilibrium Interest Rate ("TIIE")	28 day Interbank Equilibrium Interest Rate ("TIIE")								28 day Interbank Equilibrium Interest Rate ("TIIE")	28 day Interbank Equilibrium Interest Rate ("TIIE")

Derivative Financial Instruments and Risk Management - Additional Information (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended	
	Dec. 31, 2012	Dec. 31, 2011
Derivatives, Fair Value [Line Items]		
Aggregate fair value of derivative instruments in asset positions	$ 36	$ 68
Aggregate fair value of derivative instruments in liability positions	55	130
Amount posted of collateral for foreign exchange and commodity hedge contracts	24	96
Settlement Liability	7	1
Net losses reclassified from AOCI to Income	$ 42	
Cash Flow Hedging [Member]		
Derivatives, Fair Value [Line Items]		
Period of maturity	18 months	

Equipment and Other Assets on Operating Leases, Net - Additional Information (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Property Subject to or Available for Operating Lease [Line Items]			
Debt associated with the on-balance sheet lease securitizations		$ 41	
Depreciation of equipment and other assets on operating leases	$ 170	$ 117	$ 359

Geographic Information	12 Months Ended Dec. 31, 2012

Geographic Information

Note 19. Geographic Information

Revenues, net are allocated to geographic areas based on the customer location. Long-lived assets consist of property, plant and equipment (refer to Note 6) and equipment and other assets on operating leases (refer to Note 7), net of accumulated depreciation and amortization. Revenues, net and long-lived assets by geographic area were as follows (in millions of dollars):

Revenues, net:

	Years Ended December 31,		
	2012	2011	2010
North America:			
United States	$46,708	$37,972	$28,369
Canada	7,272	7,196	6,539
Mexico	1,892	1,881	1,634
Total North America	55,872	47,049	36,542
Rest of World	9,912	7,932	5,404
Total	$65,784	$54,981	$41,946

Long-lived assets:

	December 31, 2012	December 31, 2011
North America:		
United States	$ 11,932	$ 10,980
Canada	1,706	1,873
Mexico	2,632	2,421
Total North America	16,270	15,274
Rest of World	197	112
Total	$ 16,467	$ 15,386

Share-Based Compensation - Activity Related to RSUs Issued to Our Employees and Non-employee Directors (Detail) (Restricted Stock Units (RSUs) [Member], USD $)	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Restricted Stock Units (RSUs) [Member]			
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]			
Non-vested at beginning of period	5,952,331	5,220,692	5,720,566
Granted	1,466,523	2,799,836	832,069
Vested	(2,586,060)	(1,331,943)	(1,331,943)
Forfeited	(97,352)	(736,254)	
Non-vested at end of period	4,735,442	5,952,331	5,220,692
Non-vested at beginning of period, Weighted Average Grant Date	$ 3.25	$ 1.20	$ 1.20
Granted, Weighted Average Grant Date Fair value	$ 7.68	$ 5.76	$ 1.20
Vested, Weighted Average Grant Date	$ 1.22	$ 1.20	$ 1.20
Forfeited, Weighted Average Grant Date	$ 6.14	$ 1.99	
Non-vested at end of period, Weighted Average Grant Date	$ 5.73	$ 3.25	$ 1.20

Other Transactions with Related Parties - Amounts Due from and to Related Parties (Detail) (USD $) In Millions, unless otherwise specified	Dec. 31, 2012	Dec. 31, 2011
Related Party Transaction [Line Items]		
Amounts due from related parties (included in Prepaid Expenses and Other Assets and Advances to Related Parties and Other Financial Assets)	$ 515	$ 990
Amounts due to related parties (included in Accrued Expenses and Other Liabilities)	784	601
Financial liabilities to related parties (included in Financial Liabilities)	4,293	4,198
Total due to related parties	5,077	4,799
VEBA Trust [Member]		
Related Party Transaction [Line Items]		
Amounts due to related parties (included in Accrued Expenses and Other Liabilities)	222	220
Financial liabilities to related parties (included in Financial Liabilities)	4,288	4,193
Total due to related parties	4,510	4,413
Fiat [Member]		
Related Party Transaction [Line Items]		
Amounts due from related parties (included in Prepaid Expenses and Other Assets and Advances to Related Parties and Other Financial Assets)	500	978
Amounts due to related parties (included in Accrued Expenses and Other Liabilities)	558	374
Total due to related parties	558	374
Other [Member]		
Related Party Transaction [Line Items]		
Amounts due from related parties (included in Prepaid Expenses and Other Assets and Advances to Related Parties and Other Financial Assets)	15	12
Amounts due to related parties (included in Accrued Expenses and Other Liabilities)	4	7
Financial liabilities to related parties (included in Financial Liabilities)	5	5
Total due to related parties	$ 9	$ 12

Employee Retirement and Other Benefits - Reconciliation of Level 3 Pension Plan Assets (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended	
	Dec. 31, 2012	Dec. 31, 2011
Fair Value, Assets Measured on Recurring Basis, Unobservable Input Reconciliation [Line Items]		
Beginning Balance	$ 4,266	$ 4,492
Net Unrealized Gains (Losses)	(59)	(7)
Net Realized Gains (Losses)	(86)	
Net Purchases, Issuances and Settlements	(260)	(222)
Transfers Into (Out of) Level 3		3
Ending Balance	3,861	4,266
Equity Securities U.S. Companies [Member]		
Fair Value, Assets Measured on Recurring Basis, Unobservable Input Reconciliation [Line Items]		
Beginning Balance	1	
Net Unrealized Gains (Losses)	2	1
Net Realized Gains (Losses)	(3)	
Ending Balance		1
Corporate Bonds [Member]		
Fair Value, Assets Measured on Recurring Basis, Unobservable Input Reconciliation [Line Items]		
Net Unrealized Gains (Losses)	31	
Net Realized Gains (Losses)	(31)	
Private Equity Funds [Member]		
Fair Value, Assets Measured on Recurring Basis, Unobservable Input Reconciliation [Line Items]		
Beginning Balance	2,760	2,826
Net Unrealized Gains (Losses)	(177)	53
Net Realized Gains (Losses)	(25)	(30)
Net Purchases, Issuances and Settlements	(165)	(89)
Ending Balance	2,393	2,760
Real Estate Funds [Member]		
Fair Value, Assets Measured on Recurring Basis, Unobservable Input Reconciliation [Line Items]		
Beginning Balance	512	509
Net Unrealized Gains (Losses)	2	(14)
Net Realized Gains (Losses)	(19)	27
Net Purchases, Issuances and Settlements	(8)	(10)
Ending Balance	487	512
Hedge Funds [Member]		

Fair Value, Assets Measured on Recurring Basis, Unobservable Input Reconciliation [Line Items]		
Beginning Balance	976	1,141
Net Unrealized Gains (Losses)	84	(45)
Net Realized Gains (Losses)	(8)	5
Net Purchases, Issuances and Settlements	(87)	(125)
Ending Balance	965	976
Other [Member]		
Fair Value, Assets Measured on Recurring Basis, Unobservable Input Reconciliation [Line Items]		
Beginning Balance	17	16
Net Unrealized Gains (Losses)	(1)	(2)
Net Realized Gains (Losses)		(2)
Net Purchases, Issuances and Settlements		2
Transfers Into (Out of) Level 3		3
Ending Balance	$ 16	$ 17

Goodwill and Other Intangible Assets - Estimated Future Amortization Expense for Next Five Years (Detail) (USD $) In Millions, unless otherwise specified	Dec. 31, 2012
Schedule Of Estimated Future Amortization Expense [Line Items]	
2013	$ 172
2014	178
2015	141
2016	133
2017	$ 99

Inventories (Tables)	12 Months Ended Dec. 31, 2012
Components of Inventories	The components of inventories as of December 31 were as follows (in millions of dollars):

	2012	2011
Finished products, including service parts	$3,255	$2,655
Work in process	1,560	1,544
Raw materials and manufacturing supplies	183	167
Total	$4,998	$4,366

Income Taxes

12 Months Ended
Dec. 31, 2012

Income Taxes

Note 12. Income Taxes

Income (loss) before income taxes by jurisdiction was as follows (in millions of dollars):

	Years Ended December 31,		
	2012	2011	2010
United States	$971	$(15)	$(731)
Foreign	971	396	218
Total	$1,942	$381	$(513)

Income tax expense (benefit) consisted of the following (in millions of dollars):

	Years Ended December 31,		
	2012	2011	2010
Current:			
Foreign	$267	$210	$77
State and local	7	5	7
	274	215	84
Deferred:			
Foreign	8	(20)	60
State and local	(8)	3	(5)
	—	(17)	55
Total	$274	$198	$139

The significant components of deferred tax expense (benefit) were as follows (in millions of dollars):

	Years Ended December 31,		
	2012	2011	2010
Deferred tax expense (benefit) (exclusive of the items below)	$15	$(13)	$81
Benefits of operating loss carryforwards	(12)	(7)	(21)
Adjustment due to changes in enacted tax rates or laws	(3)	3	(5)
Total	$—	$(17)	$55

Provisions are made for estimated foreign income taxes, less available tax credits and deductions, which may be incurred on the future repatriation of our share of our subsidiaries' undistributed cumulative earnings which are not deemed to be permanently reinvested. There were no provisions recorded on temporary differences of approximately $1.5 billion for U.S. income taxes and approximately $1.8 billion for foreign withholding taxes because these differences are permanent in duration. This amount may become taxable upon a repatriation of assets from the subsidiaries or a sale or liquidation of the subsidiaries. There are no plans to repatriate the retained earnings from these subsidiaries, as the earnings are permanently reinvested. Quantification of the deferred tax liability, if any, associated with permanently reinvested earnings is not practicable.

A reconciliation of income tax expense provided using the U.S. federal statutory tax rate of 35 percent to actual income taxes was as follows (in millions of dollars):

	Years Ended December 31,		
	2012	2011	2010
Tax expense (benefit) at U.S. federal statutory tax rate	$680	$135	$(180)
Limited liability company (income)/ losses not subject to federal or state taxes	(296)	79	278
Adjustment to taxes receivable	2	(20)	(165)
Valuation allowances	(77)	6	100
Income tax reserves	4	(6)	61
Foreign statutory rate difference	(83)	(31)	(12)
Non-deductible expenses	9	(6)	48
Tax rate change	(3)	1	11
Withholding taxes	27	10	3
Foreign currency translation	10	(26)	(12)
Prior year tax return adjustments	4	61	—
Other	(3)	(5)	7
	$274	$198	$139
Effective income tax rate	14%	52%	(27)%

For the year ended December 31, 2012, the relationship between income tax expense and the expected U.S. federal statutory tax rate differs primarily due to income generated by us and certain of our wholly-owned U.S. subsidiaries as we are a limited liability company ("LLC") taxed as a partnership and substantially all of our wholly-owned U.S. subsidiaries are LLCs that are disregarded entities for U.S. federal tax purposes. The difference is also due to differences between foreign statutory tax rates and the U.S. federal statutory tax rate.

For the year ended December 31, 2011, the relationship between income tax expense and the expected U.S. federal statutory tax rate differs primarily due to losses generated by us and our LLC's. The difference is also due to adjustments made to prior year returns and differences between foreign statutory tax rates and the U.S. federal statutory tax rate.

For the year ended December 31, 2010, the relationship between income tax expense and the expected U.S. federal statutory tax rate differs primarily due to losses generated by us and our LLCs, the establishment of additional Canadian income tax receivables for prior year tax refunds and increases in valuation allowances in the U.S., Canada and other foreign jurisdictions.

As of December 31, 2012, we had approximately $101 million of total unrecognized tax benefits on uncertain tax positions. These are tax contingencies recorded, that if reversed due to a successful outcome, would favorably affect the income tax rate in future periods. Our practice is to recognize interest and penalties on uncertain tax positions in income tax expense. During the years ended December 31, 2012, 2011 and 2010, net interest expense of $3 million, $2 million and $3 million, respectively, was recognized in income tax expense. Accrued interest on uncertain tax positions was $15 million and $19 million as of December 31, 2012 and 2011, respectively.

A reconciliation of unrecognized tax benefits was as follows (in millions of dollars):

	Years Ended December 31,		
	2012	2011	2010
Unrecognized tax benefits at beginning of period	$140	$949	$838
Settlements with tax authorities	(34)	(783)	—
Gross increases for tax positions of prior years	32	30	84
Gross decreases for tax positions of prior years	(37)	(52)	(16)

Exchange rate differences	—	(4)	43
Unrecognized tax benefits at end of period	$101	$140	$949

For the year ended December 31, 2011, the settlements with tax authorities of $783 million related to tax payments made during 2011 by a subsidiary of Daimler AG ("Daimler") or by us in connection with the Chrysler Canada transfer pricing audit, which is described below.

In connection with the 363 Transaction, we acquired a majority of the equity investments of Old Carco's direct and indirect subsidiaries and assumed liabilities for uncertain tax positions related to those subsidiaries. We file income tax returns in multiple jurisdictions and are subject to examination by taxing authorities throughout the world. Examinations by tax authorities have been completed through 2006 in Mexico and 2007 in Canada.

Chrysler Canada was reassessed additional taxes for the years 1996 through August 3, 2007 by the Canada Revenue Agency ("CRA") and the Provincial Tax Authorities, collectively referred to as the "Canadian Tax Authorities," related to transfer pricing adjustments (the "Canadian Transfer Pricing Reassessment"). In accordance with the terms of the June 3, 2009 tax settlement agreement between CG Investment Group LLC, Chrysler Holding, Old Carco and Daimler, which was subsequently assigned to and assumed by us in connection with the 363 Transaction, Daimler agreed to reimburse us for any tax and related interest and penalties in respect of certain specific tax liabilities arising prior to August 3, 2007, including the Canadian Transfer Pricing Reassessment.

The final reassessment on the Canadian transfer pricing matter ("Final Reassessment") resulted in $1.5 billion of additional taxes and interest associated with this matter being owed to the Canadian Tax Authorities. The Canadian Tax Authorities applied $751 million of payments previously made by us against the amount owing under the Final Reassessment and as of December 31, 2011, Daimler had fully reimbursed us for these amounts. In addition, during 2011 Daimler made payments of $660 million to the Canadian Tax Authorities related to this matter and we fully settled the remainder of the obligation in 2012. We did not receive any additional reimbursements from Daimler related to this matter during 2012. As of December 31, 2012 and 2011, our tax receivable from Daimler associated with this matter was $63 million and $61 million, respectively, and is included in Prepaid Expenses and Other Assets in the accompanying Consolidated Balance Sheets. As of December 31, 2011, the $49 million associated obligation to the Canadian Tax Authorities, which was net of $12 million of payments previously approved against the Final Reassessment in 2011, was included in Accrued Expenses and Other Liabilities in the accompanying Consolidated Balance Sheets.

Deferred tax assets and liabilities result from differences between assets and liabilities measured for financial reporting purposes and those measured for income tax return purposes. The significant components of deferred tax assets and liabilities as of December 31 were as follows (in millions of dollars):

	2012		2011	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Accrued expenses	$ 542	$ —	$ 367	$ —
Postretirement health care and life insurance benefits	452	—	410	—
Property, plant and equipment	5	333	6	318
Pension liabilities and assets	222	—	270	1
Foreign NOL carryforwards	101	—	140	—

State and local taxes, including state NOL	103	20	60	28
Tax credit carryforwards	92	—	73	—
Lease transactions	—	3	—	6
Other	73	161	206	132
	1,590	517	1,532	485
Valuation allowance	(1,164)	—	(1,124)	—
Total	$ 426	$ 517	$ 408	$ 485

Deferred tax assets included the following tax credit and net operating loss ("NOL") carryforwards as of December 31 (in millions of dollars):

		2012		2011	
	Expiration	Deferred Tax Asset	Valuation Allowance	Deferred Tax Asset	Valuation Allowance
Tax credit carryforwards:					
Canada	2014 – 2029	$ 26	$ (26)	$ 6	$ (6)
Mexico	2012 – 2018	56	(52)	44	(33)
Other Foreign	2012 – 2018	10	(10)	23	(23)
Total		$ 92	$ (88)	$ 73	$ (62)
NOL carryforwards:					
U.S. NOLs, net	2030 – 2031	$ 18	$ (18)	$ 25	$ (25)
Foreign NOLs, net					
Canada	2012 – 2031	—	—	32	(32)
Mexico	2017 – 2023	31	(31)	24	(24)
Other	2012 – 2027	9	(9)	8	(8)
	Indefinite	61	(61)	76	(76)
Total		$ 119	$ (119)	$ 165	$ (165)

A valuation allowance on deferred tax assets is required if, based on the available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon our ability to generate sufficient taxable income during the carryback or carryforward periods applicable in each stated tax jurisdiction. In assessing the realizability of deferred tax assets, we consider both positive and negative evidence. The weight given to the positive and negative evidence is commensurate with the extent to which the evidence may be objectively verified. Concluding that a valuation allowance is not required is difficult when there is absence of objective and verifiable positive evidence and there is significant negative evidence which is objective and verifiable, such as cumulative losses in recent years.

Our deferred tax assets consist primarily of those of our subsidiaries in foreign jurisdictions. We have concluded that negative evidence, including the lack of sustained profitability, outweighs our positive evidence and that we are required to maintain our valuation allowances in respect of our net deferred tax assets as of December 31, 2012. As we have previously disclosed, our subsidiaries in foreign jurisdictions are highly dependent on our North American operations, which consists primarily of our U.S. operations. Despite our recent financial results, we have not yet reached a level of sustained profitability for our U.S. operations, as we have undergone significant changes in our capital structure, management and business strategies since the 363 Transaction, as well as implemented several new product development programs. Accordingly, at December 31, 2012, we continued to maintain valuation allowances on our net deferred tax assets of $1,164 million, an increase of $40 million from December 31, 2011.

Fair Value Measurements - Changes in Level 3 Items Measured at Fair Value on Recurring Basis (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Derivatives Assets (Liabilities):			
Balance at beginning of the period	$ (35)	$ 41	$ (28)
Total realized and unrealized gains (losses):			
Included in Net Income (Loss)	(30)	39	33
Included in Other Comprehensive Income (Loss)	45	(83)	46
Settlements	29	(32)	(10)
Transfers into Level 3			
Transfers out of Level 3			
Fair value at end of the period	9	(35)	41
Changes in unrealized losses relating to instruments held at end of period			$ 27