



FIAT CHRYSLER AUTOMOBILES

PRESS RELEASE

FCA employees in Italy to participate in operating results

During a meeting with trade unions today, Fiat Chrysler Automobiles CEO, Sergio Marchionne, and COO for the EMEA region, Alfredo Altavilla, presented FCA's new compensation arrangement for Italy, which directly incentivizes all employees toward achievement of the productivity, quality and profitability targets established in the 2015-2018 business plan.

This new scheme adds two additional elements to base pay.

The first is an annual bonus calculated on the basis of production efficiencies achieved at the employee's plant together with a coefficient reflecting the plant's World Class Manufacturing level. Following the close of each financial year, employees will receive a bonus equivalent to 5% of their base salary. In the event of over performance, the bonus could reach a maximum of 7.2%.

The second variable component is linked to achievement of the financial targets established in the 2015-18 business plan for the EMEA region, including the activities of the premium brands Alfa Romeo and Maserati. For the four-year period, employees will receive a total bonus equivalent to 12% of base pay. In the event of over performance, that bonus could reach 20%. In consideration of the length of the plan period, employees will be given a portion of the bonus (6% of base pay) on a quarterly basis beginning in 2015. At the beginning of 2019, once results have been certified, employees will receive the balance which, assuming plan targets are fully met, could reach 14% of base pay.

For employees in the middle category, for example a skilled hourly employee, if performance is in line with targets, the bonus received would be €1,400 a year for 2015-2017 and €2,800 in 2018. If performance exceeds targets, those amounts would be €1,900 a year for 2015-2017 and €5,000 in 2018. If all targets are not reached, a minimum bonus of €330 a year would be paid. Therefore, for the entire four-year period, employees would receive an aggregate of more than €7,000 if targets are reached or €10,700 if targets are exceeded.

The maximum cost to FCA over the four-year period will be just over €600 million.



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This scheme will apply for all employees in the automobiles business. It is intended that a similar arrangement will be adopted for the components business.

Significant progress in implementation of the strategic plan has enabled definition of a new compensation scheme to the direct benefit of FCA employees.

Today's announcement represents a further step forward in the modernization of industrial relations in Italy, a process initiated with the establishment of the new FCA collective labor agreement in 2011.

"By incentivizing employees toward achievement of our strategic targets, the new compensation system represents a significant step forward," said CEO, Sergio Marchionne.

"With the introduction of these precise performance criteria, employees will be able to see the results of their efforts more concretely. If the final plan targets are met, and I am sure they will, all of our employees in Italy will receive significant economic benefits tied directly to their efforts and commitment.

In recent years, FCA has had to deal with the historical remnants of a stale labor relations model which pitched capital against labor. Those days are finally gone. What we are proposing today is a scheme which recognizes the central role that our workers play in the achievement of our 2015-18 strategic plan. Without them and their commitment, the plan is simply unachievable. Improvements in operating efficiency (WCM) and achievement of the financial targets, which reflect our global ambitions as a car maker, depend on the full commitment of our workforce. As such, they should receive substantial economic benefits from the achievement of these objectives."

Turin, 16 April 2015

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