

Chrysler's CEO affirms recovery is taking shape

By JEFF BENNETT
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Chrysler Group LLC broke even in September and finished the month with more cash than it had at the end of June, the company's chief executive said Wednesday.

The auto maker had \$5.7 billion at the end of September, up from \$4 billion at the end of June, when it exited from bankruptcy protection, Chief Executive Sergio Marchionne said at a daylong event where Chrysler planned to lay out a five-year recovery plan.

"All expectations both internally and externally will be met," Mr. Marchionne said at Chrysler's headquarters in Auburn Hills, Mich.

Chrysler's recovery plan was hammered out in cooperation with its new alliance partner, Fiat SpA, and spells out a slew of new vehicles it aims to launch over the next five years.

In opening remarks, the company's new chairman, C. Robert Kilder, said he and other directors are confident Chrysler will re-emerge stronger than ever.

The company's finance chief, Richard Palmer, said Chrysler generated cash in the last few months, despite declining vehicle sales, and believes it won't burn cash in the months ahead as it increases spending on new models.

"Going forward, we don't expect to consume cash," he said at a lunch with reporters.

Mr. Palmer, who moved to Chrysler this summer from Fiat, also said the company plans to focus on boosting sales to fuel its turnaround.

"The priority is to sell more cars," he said. "The way to generate cash is selling more cars."

Chrysler kicked off its six-hour meeting by discussing Dodge. The Dodge portfolio will include a new compact model along with a subcompact hatchback and a midsize sedan.

These cars will be introduced in 2012 and 2013. A midsize truck is under consideration for introduction in 2011.

"We are going to take some risks going forward," said Dodge-brand Chief Executive Ralph Gilles. He added that the auto maker will refresh all its current models through the end of the quarter to be ready for next year.

Chrysler plans to update the interiors, replace the engines and improve the driving of four of its existing vehicles by the fourth quarter of 2010, according to Mr. Gilles. A new, seven-passenger crossover vehicle will be added to the lineup in a year, Mr. Gilles said.

"It is the beginning of a new era at Dodge," Mr. Gilles told the audience of financial analysts, media and executives. "Every car that we have will have a soul."

The vehicles to be refreshed by the end of next year are the Avenger sedan, the Journey sport-utility vehicle, the Caravan minivan and the Charger sedan. Chrysler will begin producing Dodge Caliber compact cars with refreshed interiors at the end of this month. The Nitro SUV will also be repositioned to be more of a lifestyle vehicle.

The company will phase out the Viper sports car in July next year but aims to bring it back with the help of Fiat's expertise in 2012.

Chrysler also vowed to improve the quality of its vehicles, which have often scored poorly in customer-satisfaction surveys.

"We get it, we are not in denial," said Doug Betts, Chrysler's top quality executive. "We've got an issue to deal with both in terms of what people think of our quality and the reasons behind what they think. We have changed and are changing a lot."

Mr. Betts said Chrysler has completely overhauled the way it identifies and fixes quality problems.

—Neal E. Boudette contributed to this article.

