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Chrysler LLC Viability Plan Submitted Today to The U.S. Treasury Department

- Chrysler LLC viability plan to be finalized by March 31 deadline
- Chrysler to complete its aggressive restructuring started in 2007 and 2008
- Chrysler viability plan is conservatively based and newly reflects an average annual 1.8 million-unit reduction in the Company's expected annual U.S. SAAR through 2012
- Chrysler's viability plan is built around a robust product plan, including 24 launches in 48 months and the introduction of electric vehicles to help meet current federal fuel economy standards
- The Company's submission demonstrates standalone viability which could be enhanced through a strategic alliance
- UAW, dealers, suppliers and 2nd lien lenders' concessions have been implemented or fundamentally agreed upon
- Due to unprecedented economic decline and a drop in current and forecasted U.S. SAAR, the Company adds \$2 billion to its original \$7 billion loan request
- Payback of Chrysler LLC's working capital loans with a premium would begin in 2012

Auburn Hills, Mich. , Feb 17, 2009 - Chrysler LLC today submitted its viability plan to the U.S. Treasury Department, outlining the Company's plans to: enhance its product lineup; complete its ongoing aggressive restructuring; and achieve cost reducing concessions from stakeholders. The Company's plan is required to be finalized by March 31. The submission outlines significant progress towards meeting the terms of the U.S. Treasury Department's loan agreement related to achieving competitive costs and increasing fuel economy.

"On behalf of the men and women of our extended family, we thank the Administration and the Congress for the opportunity to continue the process of requesting federal loans to assist Chrysler LLC in the restructuring necessary to achieve long-term viability," Chrysler LLC Chairman and CEO Robert L. Nardelli said. "We fully understand the need to adapt to significantly reduced annual U.S. sales and to national concerns over energy security and climate change.

"We believe that Chrysler LLC will be viable based on the updated assumptions contained in this submission, and that an orderly restructuring outside of bankruptcy, together with the completion of our standalone viability plan, enhanced by a strategic alliance with Fiat, is the best option for Chrysler employees, our unions, dealers, suppliers and customers. Today, our people are eager to re-establish Chrysler as an iconic American company and, in the

We believe the requested working capital loan is the least-costly alternative and will help provide an important stimulus to the U.S. economy and deliver positive results for American taxpayers. This plan will ensure the continued provision of health care and pension benefits to our active employees and retirees, while continuing to protect hundreds of thousands of middle class, quality American jobs at Chrysler, our dealer network and our suppliers.”

To help meet customer needs and increased federal fuel economy standards, Chrysler plans 24 vehicle launches in 48 months, and announced electric technology as a primary strategy for developing fuel-efficient, low emission vehicles, including an electric-drive vehicle in 2010. The viability plan shows compliance with current federal fuel economy requirements as set forth in the Energy Independence and Security Act of 2007. Going forward, Chrysler supports the development of a uniform national standard that reflects the input of all constituents.

To reduce costs, UAW, dealers, suppliers and 2nd lien lenders’ concessions have been implemented or fundamentally agreed upon. The signed term sheets for the Labor Modifications and VEBA modifications fundamentally comply with the requirements set forth in the U.S. Treasury Loan and once realized would provide Chrysler with a work force cost structure that is competitive with the transplant automotive manufacturers.

Since Chrysler LLC’s original \$7 billion submission, there has been an unprecedented decline in the automotive sector. The continued lack of available credit affects consumers and dealers, leading to reduced wholesale orders for Chrysler. Due to this continued lack of consumer credit, we are revising our Seasonally Adjusted Annual Rate (SAAR) forecast in the plan submitted today, which is conservatively based and reflects the reality of a declining automotive industry. We are now projecting a SAAR level of 10.1 million units for this year, (which is a 40-year low for our industry) and an average SAAR level of 10.8 million units for 2009-2012. This is a reduction from our original December submission of 7.2 million units, or an average 1.8 million units annually during the four years. For Chrysler, this represents a sales decline of approximately 720,000 units, (or an average 180,000 units per year) assuming a 10 percent market share. For Chrysler, this results in approximately \$18 billion in lost revenue and a \$3.6 billion decline in cash inflows during the four years.

Based on this, we will require incremental financial support to continue our orderly and effective restructuring and are therefore now seeking an incremental \$2 billion in addition to the remaining \$3 billion that was within the scope of our original December 2 plan submission.

Chrysler LLC Viability Plan Highlights

Strategic Alliance

Chrysler has signed a non-binding agreement to pursue a strategic alliance with Fiat that represents significant strategic and financial benefits to stakeholders. The written and oral testimony Chrysler submitted to the U.S. House and Senate in 2008 stated the Company’s intent to seek the benefits of global partnerships and alliances. The proposed Fiat Alliance would enhance Chrysler’s viability plan and would provide the Company with access to competitive fuel-efficient vehicle platforms, distribution capabilities in key growth markets and substantial cost-saving opportunities.

Products

Chrysler’s product line is a key component of its Viability Plan. In 2010, the Company will launch four highly successful platforms: a new Jeep Grand Cherokee, a new Dodge Charger, a new Dodge Durango and a new Chrysler 300 (the most awarded car in automotive history since its launch in 2005). The

Chrysler 300 launch will be followed by a new, bolder Dodge Charger and an all-new unibody Dodge Durango.

In 2008, Chrysler offered six vehicles with highway fuel economy of 28 miles per gallon or better. For 2009, 73 percent of Chrysler LLC's vehicles show improved fuel economy compared with the prior year's model. Fuel economy will continue to improve in 2010 with the introduction of the all-new Phoenix V-6 engine, which will provide fuel efficiency improvements of between 6 to 8 percent over the engines it replaces. A two-mode hybrid version of the Company's best-selling vehicle, the Dodge Ram is scheduled for 2010. The first Chrysler electric-drive vehicle is also scheduled to reach the market in 2010. It will be followed by other electric-drive vehicles, including Range-extended Electric Vehicles, in the following years in order to further reduce fuel consumption.

The proposed Fiat alliance would further help the Company achieve these standards as Chrysler gains access to Fiat's smaller, fuel-efficient platforms and powertrain technologies. The alliance would enable Chrysler to reduce its capital expenditures while supporting the company's commitment to develop a portfolio of vehicles that support the country's energy security and environmental objectives.

Restructuring Actions

Chrysler LLC has aggressively restructured operations to significantly improve cost competitiveness while improving quality and productivity. Through year end 2008, Chrysler has:

- Reduced fixed costs by \$3.1 billion
- Reduced its work force by 32,000 (a 37 percent reduction since January 2007)
- Eliminated 12 production shifts
- Eliminated 1.2 million units (more than 30 percent) of production capacity
- Discontinued four vehicle models
- Disposed of \$700 million in non-earning assets
- Improved manufacturing productivity to equal Toyota as the best in the industry as measured by assembly hours per vehicle according to the Harbour Report
- Achieved lowest warranty claim rate in Chrysler's history
- Recorded the fewest product recalls among leading automakers in 2008

The following additional restructuring actions are planned in 2009:

- Reduce fixed costs by \$700 million
- Reduce one shift of manufacturing
- Reduce total manpower by 3,000 people
- Discontinue three vehicle models
- Take out 100,000 units of capacity
- Sell \$300 million additional non-earning assets

Management Concessions

Chrysler will fully comply with the restrictions established under section 111 of EESA relative to executive privileges and compensation. In addition, the Company has suspended the 401k match, incentive bonuses, merit increases and has eliminated retiree life insurance benefits.

Dealer Concessions

Chrysler will achieve cost savings/improved cash flow through a number of initiatives including: reduced dealer margins, elimination of fuel fill, reduction of service contract margins.

Union Concessions

The signed term sheets for the UAW Labor Modifications and VEBA modifications fundamentally comply with the requirements set forth in the U.S. Treasury Loan and once realized would provide Chrysler with a work force cost structure that is competitive with the transplant automotive manufacturers.

Supplier Concessions

The Company has initiated the dialogue with its suppliers and believes that it will be able to obtain substantial cost reductions from suppliers that will result in achieving targeted savings. Chrysler supports the supplier associations' proposals, which would provide a government guarantee of OEM accounts payables.

2nd Lien Debt Holders Concessions

Chrysler anticipates that the holders of the 2nd Lien Debt will agree to convert 100 percent of their debt to equity. Chrysler's Viability Plan includes expectations to further reduce its outstanding debt by \$5 billion. In addition to strengthening the Company's balance sheet for the long term, this reduction will also provide immediate cash flow via interest savings of between \$350 million and \$400 million annually.

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Additional information and news from Chrysler LLC is available at: <http://www.media.chrysler.com>