

December 2, 2008

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Highlights of Chrysler LLC Plan Submitted Today to the Senate Committee on Banking, Housing and Urban Affairs and the House Committee on Financial Services

- Chairman and CEO Robert Nardelli looks forward to testifying before the committees later this week
- Chrysler will urge the immediate adoption of legislation that will allow domestic automakers to weather the current national economic crisis and continue to invest in industry-leading products, technologies and vehicles of the future
- Full plan attached as pdf file

Washington, D.C. , Dec 2, 2008 -

- The first question is, what changes has Chrysler made to help itself? Since Chrysler became an independent company in 2007:
 - We eliminated over 1.2 million units of capacity, or 30 percent;
 - We reduced fixed costs by \$2.4 billion and, separated over 32,000 employees – including 5,000 on the Wednesday before Thanksgiving. And at the same time ...
 - We invested in product improvements – over half a billion dollars in our first 60 days;
 - We improved our latest JD Power quality scores, and reduced our warranty claims by 29 percent;Part of our business model transformation includes alliances and partnerships – for example – the agreements to produce vehicles for VW and for Nissan. As a result, through the first six months of the year, Chrysler met or exceeded our operating plan, ending the first half with \$9.4 billion unrestricted cash.
- Why does Chrysler need the funding? We need to address the unprecedented drop in vehicle sales caused by the financial crisis. U.S. sales are down from a 17 million unit selling rate in early 2007, to an estimated 11 million unit selling rate for the fourth quarter of 2008 – a 38 percent decline. We lost 20 percent of our sales virtually overnight when the financial market crisis forced us out of the consumer lease business. With customers not buying ... with dealers not ordering ... with our plants not producing ... Chrysler's cash inflow has suffered.
- So how will the bridge loan be used? Cash will support ongoing operations as we continue to restructure the business, including in the first quarter alone:

- \$8.0 billion in payments to parts suppliers
- \$1.2 billion for other vendors
- \$900 million in wages
- \$500 million in healthcare and legacy costs
- \$500 million in capital expenditures

Without an immediate working capital bridge, Chrysler's liquidity could fall below the level appropriate to ensure operations in the ordinary course by the first quarter of 2009.

- So, who is contributing to saving Chrysler? First and foremost, Chrysler and its extended enterprise will. That starts with me. I receive a salary of \$1 a year. I have no employment contract, no change of control agreement, no "golden parachute," and receive no health care or life insurance benefits from the company. We are committed to negotiate concessions from all of our constituents.
- The next question - Does Chrysler plan to build cars and trucks that consumers want to buy, and that support the country's energy security and environmental goals? Our product plan features 24 major launches from 2009 through 2012. For the 2009 model year, 73 percent of our products will offer improved fuel economy compared to 2008 models. We plan on launching additional small, fuel-efficient vehicles. ENVI is our breakthrough family of all-electric ... and range - extended electric vehicles – similar to the one parked outside. Chrysler's product plan includes the introduction of the Ram Hybrid and our first electric-drive vehicle in 2010 with three additional models by 2013.
- Does Chrysler have a viable plan? With our requested bridge loan – absolutely! I also believe that further partnership, restructuring and consolidation would make the U.S. auto industry even more viable and competitive in the long run. Further opportunities for technology sharing would provide fuel-efficient cars and trucks more cost effectively and faster to market. The three-company alliance that developed the dual-mode hybrid is a good example. As a Country, we should not trade our current dependence on foreign oil for a future dependence on foreign technologies.
- The final question is, when will Chrysler pay back this loan? We believe we will be well positioned to begin repayment of the federal loans -- in 2012. I recognize that this is a significant amount of public money. However, we believe this is the least costly alternative considering the depth of the economic crisis and the options we face.

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