

April 30, 2009

Contact: Lori McTavish  
(248) 512-2642 (office)  
(248) 202-9908 (cell)  
[lm7@chrysler.com](mailto:lm7@chrysler.com)

Shawn Morgan  
(248) 512-2692 (office)  
(248) 760-2621 (cell)  
[sm718@chrysler.com](mailto:sm718@chrysler.com)

Todd Goyer  
(248) 512-0041 (office)  
(248) 761-0805 (cell)  
[trg32@chrysler.com](mailto:trg32@chrysler.com)

### **Chrysler LLC and Fiat Group Announce Global Strategic Alliance to Form a Vibrant New Company**

Auburn Hills, Mich. , Apr 30, 2009 - Chrysler LLC today announced that, as a result of the comprehensive restructuring plan agreed to by many of its stakeholders, it has reached an agreement in principle to establish a global strategic alliance with Fiat SpA to form a vibrant new company. It will allow Chrysler and Fiat to fully optimize their respective manufacturing footprints and the global supplier base, while providing each with access to additional markets. Fiat powertrains and components will also be produced at Chrysler manufacturing sites.

"This partnership transforms Chrysler into a vibrant new company with a wealth of strategic advantages," said Bob Nardelli, Chairman and CEO of Chrysler. "It enables us to better serve our customers and dealers with a broader and more competitive line-up of environmentally friendly, fuel-efficient high-quality vehicles. Benefits to the new company include access to exciting products that complement our current portfolio, technology cooperation and stronger global distribution."

Chrysler initiated discussions with Fiat more than a year ago to develop plans for a global product alliance. Over the past several months, these discussions have evolved and expanded. Chrysler and many of its stakeholders worked tirelessly to agree upon concessions that will result in a significantly lower cost base and enable fulfillment of a broader strategic alliance.

"We want to personally assure everyone that the new company will produce and support quality vehicles under the Jeep®, Dodge and Chrysler brands as well as parts under the Mopar® brand. Chrysler employees will become employees of the new company. Chrysler dealerships remain open for business serving our customers. All vehicle warranties will be honored without interruption and consumers can continue to purchase our vehicles with complete confidence," explained Nardelli.

Despite substantial progress on many fronts, Chrysler was not able to obtain the necessary concessions from all of its lenders, which would have avoided the need for a bankruptcy proceeding. As a result, under the direction of the U. S. Treasury, Chrysler LLC and 24 of its wholly owned U.S. subsidiaries today

filed voluntary petitions under Chapter 11 of the U.S. Bankruptcy Code in U.S. Bankruptcy Court for the Southern District of New York.

“Even though total agreement was not possible, I am truly grateful for all that has been sacrificed, on the part of many of Chrysler’s stakeholders to reach an agreement in principle with Fiat,” said Nardelli. “My number one priority has been to preserve Chrysler and the thousands of people who depend on its success. While I am excited about the creation of the global alliance, I am personally disappointed that today Chrysler has filed for Chapter 11. This was not my first choice. “

Chrysler also will file a motion under Section 363 of the Bankruptcy Code requesting the swift approval by the Court of the agreement with Fiat and the sale of Chrysler’s principal assets to the new company. The benefit of this type of filing is speed. It should allow a leaner new company to emerge in a matter of 30 to 60 days, well positioned for long-term viability.

Nardelli, who has been leading Chrysler since August 2007, also announced to Chrysler LLC’s Board of Management and the U.S. Treasury his plan to leave the company following the emergence of the new company from Chapter 11 and the completion of the alliance with Fiat. He will return to Cerberus Capital Management LP as an advisor. “Now is an appropriate time to let others take the lead in the transformation of Chrysler with Fiat,” said Nardelli. “I will work closely with all of our stakeholders to see that this new company swiftly emerges with a successful closing of the alliance.”

During the restructuring process, the government will provide sufficient debtor-in-possession (DIP) financing to allow continuation of “business as usual.” The company will seamlessly honor warranty claims, pay suppliers and keep our dealer body operating to continue to serve our valued customers.

“To create this vibrant new company, we are using this structured bankruptcy to rapidly implement tough but necessary changes, including: the agreed upon wage and benefit structure for active and retired employees that is competitive with those of transplant manufacturers; a reduction of debt and interest expense; the disposition of idle assets; a rationalized and more efficient dealer network; and sound agreements with our suppliers,” said Nardelli.

Chrysler’s Mexican, Canadian and other international operations are not part of any bankruptcy filing.

As part of the restructuring and with the backing of the U.S. Treasury, we have reached an agreement in principle with GMAC to become the preferred lender for Chrysler dealer and consumer business. GMAC will be able to offer the best long-term finance options for Chrysler dealers and customers with standard rate installment products.

When the transaction is completed, the Voluntary Employee Beneficiary Association (VEBA) will own 55 percent of the new company and the U.S. and Canadian governments will own proportionate shares of a 10 percent stake. Fiat will initially hold a 20 percent ownership stake in Chrysler. Fiat will have the right to increase its ownership stake an additional 15 percent in three increments as it meets the following criteria: 5 percent for bringing a 40 mpg vehicle platform to Chrysler to be produced in the U.S.; 5 percent for providing a fuel-efficient engine family to be produced in the U.S. for use in Chrysler vehicles; and 5 percent for providing Chrysler access to its vast global distribution network to facilitate the export of Chrysler vehicles. Fiat cannot become a majority owner until after all U.S. government loans have been completely repaid.

As a part of the restructuring, most manufacturing operations will be temporarily idled effective Monday, May 4, 2009. Normal production schedules will resume when the transaction is completed, which is anticipated within 30

to 60 days.

"We want to recognize the Administration, the U.S. Treasury, President's Auto Task Force, as well as Members of Congress and representatives at the state and community level and Canadian Federal and Ontario Provincial governments for their energy and efforts in helping to move this new company forward," Nardelli said. "It is also important to acknowledge Cerberus and Daimler, which provided the foundation for the alliance as well as Chrysler's many other stakeholders including the UAW and CAW leadership, employees, dealers and suppliers. Without their deep sacrifices, unstinting loyalty and enduring belief in Chrysler, the alliance would not have been possible. We look forward to our new partnership with Fiat. To be sure, there will be many changes as we move forward to implement our plans. But today, from many great parts, we begin to build a vibrant new company with less debt, a stronger balance sheet, richer product portfolio, supported by a well-positioned finance company."

More information will be available soon regarding Chrysler LLC's restructuring announcement at [www.chryslerrestructuring.com](http://www.chryslerrestructuring.com) or the following hotlines:

U.S./Canada toll-free phone number: 877-271-1568

International phone number: 503-597-770

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