

March 5, 2009

Neil M. Barofsky
Special Inspector General – TARP
1500 Pennsylvania Avenue, NW
Suite 1064
Washington, D.C. 20220

Re: Response to Letter of Inquiry

Dear Mr. Barofsky:

This is in response to your letter of inquiry to Chrysler LLC dated February 5, 2009 regarding the use of funds received under the Trouble Asset Relief Program (TARP) established under the Emergency Economic Stabilization Act of 2008 (EESA). Your information requests and the Company's responses are set forth below.

- 1. A narrative response specifically outlining (a) your anticipated use of TARP funds; (b) whether the TARP funds were segregated from other institutional funds; (c) your actual use of TARP funds to date; and (d) your expected use of unspent TARP funds. In your response, please take into consideration your anticipated use of TARP funds at the time that you applied for such funds, or any actions that have been taken that you would not have been able to take absent the infusion of TARP funds.**

Response:

- (a) Chrysler requested assistance from the United States Congress in November and December 2008 to address an impending liquidity crisis created in large part by a crisis in the credit markets that rapidly reduced the level of available financing for automotive dealers and consumers. On January 2, 2009, the Company received the proceeds of a \$4 billion loan made by the United States Department of the Treasury under a Loan and Security Agreement (LSA). The LSA provides that such funds are to be used for general corporate and working capital purposes.
- (b) Loan proceeds have not been segregated. Such segregation is not a customary practice in the case of industrial companies and the LSA does not require general segregation of loan proceeds. The LSA does, however, require segregation of funds in certain instances in connection with the disposition of collateral and Chrysler has established two cash collateral accounts with JP Morgan Chase Bank, N.A.:
 - a cash collateral account relating to the balance of Chrysler's spare parts inventory, which inventory is pledged as collateral for the loan, and
 - a cash collateral account relating to the disposition of certain other property that is also pledged as collateral for the loan.

(c) Chrysler's actual use of loan proceeds to date has been for general corporate and working capital purposes, including expenditures for:

- hourly and salary employee payroll, including payroll taxes and benefits
- retiree health benefits
- material and parts suppliers
- sales incentives
- dealer warranty services
- advertising and marketing
- utilities, capital projects and other expenses related to factory operations

(d) The Company expects to continue to use loan proceeds for general corporate and working capital purposes, including, among other things, the categories noted above and in the 13-week cash forecasts provided on a weekly basis to the U.S. Department of Treasury. A copy of a recent forecast is attached for your information.

2. Your specific plans, and the status of implementation of those plans, for addressing executive compensation requirements associated with the funding. Information provided regarding executive compensation should also include any assessments made of loan risks and their relationship to executive compensation; how limitations on executive compensation will be implemented in line with Department of Treasury guidelines; and whether any such limitations may be offset by other changes to other, longer-term or deferred forms of executive compensation.

Response:

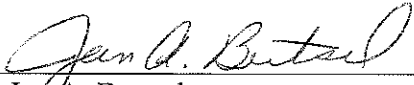
Prior to receiving TARP funds, Chrysler obtained compensation-related waivers from each of its twenty-five (25) most highly compensated employees in the form prescribed by the LSA. The Company intends to obtain a similar waiver from anyone who becomes one of the top 25 executives at any time during the term of the LSA.

The Company's Compensation & Organization Department oversees compensation actions company-wide, is aware of the executive compensation restrictions under the LSA, and is responsible for implementing compensation actions consistent with such restrictions.

The Company has not made changes to longer-term or deferred forms of executive compensation to offset the executive compensation limitations imposed by the LSA.

I certify that the information provided above is accurate to the best of my knowledge.

CHRYSLER LLC

By: 

Name: Jan A. Bertsch

Title: Senior Vice President, Treasurer and
Chief Information Officer

