CHRYSLER

Bob Nardelli
Chairman & CEO

February 17, 2009

The Honorable Timothy Geithner
Secretary of Treasury
United States Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Secretary Geithner:

Thank you for the opportunity to continue the process of requesting Federal loans to assist Chrysler LLC in the restructuring necessary to achieve long-term viability. In addition to the Federal loan support, there are two critical requirements for Chrysler's viability.

First, credit must become more readily available to our customers and dealers. As I stated in my testimony to Congress, the ongoing financial crisis has prevented interested customers from purchasing new vehicles, and has prevented dealers from securing financing necessary to support continued wholesale orders. Chrysler Financial received a U.S. Treasury loan of $1.5 billion in mid January, 2009 to support retail financing through March 31, 2009. However, this is not a long-term solution. Because of the continued lack of liquidity in the credit markets, several follow-on proposals have been submitted for a long-term solution to ensure financing capacity for Chrysler Financial. It is critical that these requests be resolved, as adequate retail and wholesale financing capacity for Chrysler Financial is a requirement for Chrysler's viability.

Second, it is absolutely critical that each of our constituents make significant sacrifice to accomplish our restructuring plan, including our creditor groups, shareholders, suppliers, dealers, the UAW, and of course our own employees. In addition, we require a restructuring of our liabilities to serviceable levels. We recognize without these shared sacrifices from all of our constituencies we will not be viable.

The 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 workforce cost structure that is competitive with the transplant automotive manufacturers. The VEBA modifications term sheet however, is conditioned on, among other things, further due diligence and satisfactory debt restructuring. Chrysler will continue to work diligently with its labor unions and retirees' class counsel in structuring and negotiating

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concessions necessary to the Company's continued viability and looks forward to the assistance of the U.S. Treasury in that effort.

The attached restructuring plan submission is a follow-up to our original request of December 2, 2008 for a $7 billion working capital loan. After thorough review and due diligence by the previous Administration, the U.S. Treasury loaned Chrysler $4 billion of the original $7 billion request on January 2, 2009. These funds have been essential to Chrysler's viability in the face of the continuing crisis in the credit markets, providing support for ongoing operations and payments to our suppliers, employees, health-care providers and for our continued investment in fuel-efficient technologies that support our country's energy security and environmental sustainability objectives.

We fully understand the need to adapt to new market realities and to the national concerns over energy security and climate change. Since becoming an independent U.S. auto company on August 3, 2007, Chrysler has:

- Aggressively restructured operations to significantly improve cost competitiveness while steadily improving quality and productivity. Through year end 2008, Chrysler has:
    - Reduced its workforce by 32,000 (a 37% reduction since January, 2007)
    - Eliminated 12 production shifts
    - Eliminated 1.2 million units (>30%) of production capacity
    - Discontinued 4 vehicle models
    - Disposed of $700 million in non-earning assets
    - Improved manufacturing productivity to equal that of 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
- Improved the fuel efficiency of 73% of Chrysler's 2009 model year products, and announced electric technology as a primary strategy for developing fuel-efficient, low emission vehicles, including an electric-drive vehicle in the U.S. market by 2010. Chrysler is committed to meeting current CAFE requirements. The viability plan shows compliance with 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.
- Reinvented its business model by developing strategic product alliances, including the potential global alliance with Fiat. An alliance with Fiat would enhance Chrysler's long-term viability through access to additional small vehicles, fuel-efficient engines and powertrain technologies, a global distribution network, and purchasing synergies.

Due to the continued lack of consumer credit as highlighted above, we are revising our SAAR forecast over the next four years. Our restructuring plan is conservatively based, and reflects the reality of a declining automotive industry. Therefore, we project, commencing in 2009, a SAAR level of 10.1 million units, and for years 2009 through 2012 an average SAAR level of 10.8 million units. This is a reduction from our original December submission of 7.2 million units, or on 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% market share, which results in approximately $18 billion in lost revenue and a $3.6 billion decline in cash inflows during the four years. To continue an orderly and effective restructuring, Chrysler will require incremental financial support.

In addition to the original $7 billion, $4 billion of which has been received, Chrysler is requesting an additional $2 billion, for a total of $9 billion, to support ongoing operations due to the continued deterioration in the economy, which has led to an unprecedented decline in the automotive sector since our December 2nd plan submission.

We believe that Chrysler can be viable and play a vital role in supporting the recovery of the U.S. economy while preserving American jobs. Our plan shows a positive net present value of $17.3 billion, and a cumulative EBITDA of $35.6 billion over eight years. We further believe that our continued orderly restructuring, together with the completion of our stand alone viability plan, enhanced by a strategic alliance with Fiat, is the best option for Chrysler employees, dealers, suppliers, customers and the U.S. taxpayers. Our viability plan demonstrates that Chrysler will repay the U.S. Government loans in full beginning in 2012.

We believe 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. This is why Chrysler is requesting $5 billion - $3 billion from the original submission, and an incremental $2 billion of additional support given the fall-off in the industry since December.

Chrysler is the quintessential American car company: 73% of our sales, 61% of vehicle production, 74% of employees, 78% of purchased materials and 62% of dealers are based in the U.S. During our 84-year history, Chrysler has been knocked down before but has always stood up to historical challenges, thanks to the incredible passion of our employees, the loyalty of our dealers, the commitment of our suppliers, and the encouragement of our customers. Today, the extended Chrysler family is eager to re-establish the Company as an iconic American company and in the process repay the U.S. Government and taxpayers for their faith in our future.

Given the current economic downturn, a failure of Chrysler would be a severe setback for the U.S. economy and hinder efforts to restore confidence and revive growth. We believe the requested working capital loan is the least-costly alternative available to us. It will help provide an important stimulus to the U.S. economy and will deliver positive results for American taxpayers.

Sincerely,

Robert L Nardelli

# CHRYSLER … is the Quintessential American Auto Company





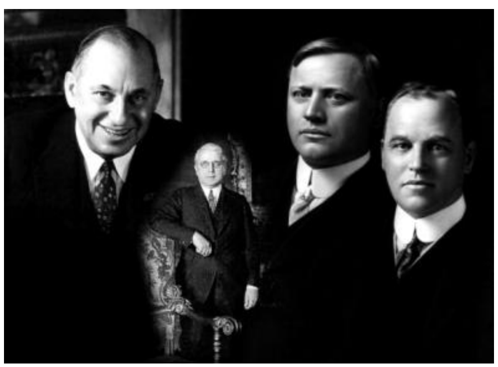
**73%** of our total Sales are within the U.S.

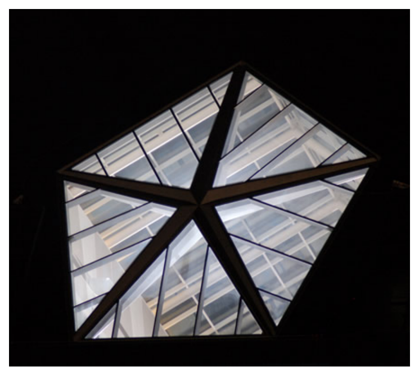
**61%** of our vehicle Production is in the U.S.

**74%** of our total Employees are U.S. based

**78%** of our Purchased Material is from U.S. based suppliers

**62%** of all our Dealers are based in the U.S.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# Chrysler Restructuring Plan for Long-Term Viability

February 17, 2009

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# Chrysler Restructuring Plan For Long-term Viability

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# List of Appendices

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# I. Summary of Strategic Alternatives and Management Recommendations

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# Chrysler LLC Alternatives

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**I. "Stand Alone"**

We believe

- Chrysler can be viable on a stand alone basis in the short/mid term with the following assumptions:
  1. The balance sheet is restructured to substantially reduce current debt and debt servicing requirements (Page U16-17)
  2. Targeted concessions are obtained from all constituents (Page 15)
  3. Additional U.S. Government funding of $5 billion and DOE 136 funding of $6 billion
  4. SAAR ≥ 10.1 million units
- To be viable on a longer term basis, we believe it is critical that Chrysler continues to pursue strategic partnerships / consolidation to be both operationally viable (*i.e.*, meet Energy and Environmental Regulations) and financially viable (*i.e.*, create an acceptable ROI to shareholders and positive NPV).
- In a sustained U.S. industry below 9.1M SAAR, we believe Chrysler LLC will struggle to be viable and will require an additional restructuring and funding as noted on Page 47.

**II. Strategic Partnership/Consolidation**

- In all industry scenarios (SAAR levels), Chrysler will be more viable, both operationally and financially, with a strategic partner.
- Chrysler has signed a non-binding MOU with Fiat that will significantly enhance its viability by creating additional free cash flow over the 2009-16 period, and leverage the advanced powertrain and small car technology that has made Fiat number one in Europe in "low" $CO_2$ emissions.
- Fiat's proposal is contingent upon Chrysler LLC restructuring its debt, obtaining concessions, and receiving adequate Government funding.
- In a sustained U.S. industry below 9.1M SAAR, we believe even with Fiat, Chrysler LLC will struggle to be viable and will require an additional restructuring and funding as noted on Page 47.
- Fiat Alliance would create incremental jobs in the U.S. during first 5 years compared with "Stand Alone".
- There exists further benefits from U.S. consolidation but no clear action path with GM (Pages U158-159).

**III. Orderly Wind Down**

- If Chrysler LLC is not able to successfully:
  1. Restructure its balance sheet to substantially reduce its liabilities,
  2. Negotiate targeted concessions from constituents,
  3. Receive an additional $5 billion capital infusion from the U.S. Government, as represented in the "Stand Alone" Alternative,

  then the only other alternative is for Chrysler to file for Chapter 11 as a first step in an orderly wind down.
- Chrysler LLC would seek debtor-in-possession financing from both private sector lenders and the U.S. Government. We believe the estimated size of the financing need is $24 billion over a two year period (Page 165).
- Without adequate DIP financing we estimate that the 1st lien lenders will only realize a 25% recovery, the US government 5%, while all other creditors will receive nothing. (Page 171-173)
- An Orderly Wind Down will result in significant social impact, with 300,000 jobs lost at Chrysler and its suppliers and over 3,300 dealers failing. 2-3 million jobs could be lost due to a follow-on collapse in the wider industry, resulting in a $150 billion reduction in U.S. Government revenue over 3 years (Page 163).

*Note: "SAAR" as used throughout this document stands for Seasonally Adjusted Annual Rate of Auto Industry Sales in the U.S.*

**Credit Availability for Customers/Dealers Is a Prerequisite for Viability Plan (Page 33)**

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# Management Recommendations

Strategic Choice: Continue "Stand Alone" plan while pursuing an alliance

Rationale:

1. The larger scale and international reach associated with a potential Fiat alliance will facilitate Chrysler's viability and preserve U.S. jobs
2. Chrysler has studied three potential partnerships over the past 18 months:
   - GM: Best option for U.S. Auto Industry from financial and operational perspective but they "took it off the table".
   - Nissan: Investigated alliance and not able to pursue.
   - Fiat: Submitted a formal non-binding term sheet conditioned upon Chrysler:
     1. Restructuring its liabilities
     2. Obtaining targeted concessions
     3. Receiving adequate government funding
   - Chrysler will continue to explore further alliance / partnership opportunities if necessary
3. If Chrysler is unable to restructure its liabilities and if further government funding is not forthcoming, the "Orderly Wind Down" alternative would be pursued, however it may have severe social and economic consequences for both Chrysler and the broader U.S. economy

*In any restructuring scenario we believe it is imperative that a percentage of new equity be retained in a trust (temporarily under control of the President's Designee) to contribute to a new future partner*

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# Status of Restructuring Plan / Concessions

| Constituent | Status | Comments |
|---|---|---|
| UAW | G | – Chrysler has a signed tentative agreement with the UAW with respect to competitive level compensation, work-rules and severance provisions with U.S. transplants. |
| UAW / VEBA | Y | – Chrysler has a signed term sheet agreeing to work towards a 50% reduction in Chrysler's VEBA Cash Payment Liability (conditioned on satisfactory debt restructuring)<br>– Chrysler has requested that the UAW continue to work with us on our request to fund the 2009 health care payments out of the existing VEBA, and to modify the terms of the settlement agreement incl. the pension pass-through revision and future payment streams. |
| Shareholders / 2nd Lien Debtholders | G | – Both shareholders (Cerberus and Daimler) have expressed willingness to (i) relinquish their equity, and (ii) convert 100% of their 2nd lien debt for equity<br>– These concessions are conditioned on a viable plan and overall restructuring |
| Management Actions* | G | – Reduced Fixed cost down by $3.8 billion (27%)<br>– Reduced unit capacity by 1.3 million (35%)<br>– Reduced headcount by 35,000 (41%)<br>– Completed asset sales of $1.0 billion<br>– Nameplate reduction by 7<br>– Eliminated retiree life insurance<br>– Suspended salary merits and bonuses<br>– Suspended 401(k) match<br>– Suspended tuition assistance program<br>– Fully compliant with all government executive compensation requirements |
| Dealers | G | – Reduced margins and reimbursement programs totaling $350 million annually, implemented February 2, 2009. Dealer rationalization under “Genesis” program merging all 3 brands under one umbrella |
| Suppliers | G | – Chrysler requested a 3% price reduction effective April 1. Negotiations are in process |
| Creditors** | R | – Impact of $5 billion of debt and debt service relief required<br>– Alternatives to be pursued (see Page 17) |

*Note: * 2008 - 2009 ** Creditors include the U.S. Government, the 1st lien-bank lenders and the UAW / VEBA*

# Current/Proposed Debt Structure

($Billions)

## Debt Composition:

| | Current Debt Structure | Tentative Concessions | Additional Loan Requests | Indebtedness as Projected in Stand Alone Plan |
|---|---|---|---|---|
| 1st Lien – Lenders / Secured | $6.9 | -- | -- | $6.9 |
| 2nd Lien – Cerberus/Daimler / Secured | $2.0 | $(2.0) | -- | -- |
| 3rd Lien – Government / Secured | $4.3 | -- | $5.3 | $9.6 |
| UAW – VEBA Loan / Unsecured | $10.6 | $(5.3) | -- | $5.3 |
| DOE/136 Loan – Government / Secured | -- | -- | $6.0 | $6.0 |
| TOTALS | $23.8 | $(7.3) | $11.3 | $27.8 |

| | |
|---|---|
| Required Debt and Debt Service Relief from above Creditor Groups (1),(2) | ($5.0) |
| Serviceable Debt TOTAL | $22.8 |

***Deleveraging Of Balance Sheet Is Critical For Viability***

*Note: 1 – Request of creditor groups could include amortization, maturity and interest rate*
*2 - Creditor groups include the U.S. Government, the 1st lien-bank lenders and the UAW / VEBA*

# Illustrative Alternatives To Achieving $5 Billion In Liability / Liability Service Reductions

- *Alternative 1 – Common Stock Conversion*
  - The three remaining creditor groups – one or more – could convert total $5 billion of existing liabilities into common equity
- *Alternative 2 – Preferred Stock Conversion*
  - The three remaining creditor groups – one or more – could convert total $5 billion of existing liabilities into preferred stock
  - The terms could include:
    - Long dated maturity with no mandatory prepayment
    - Dividends paid in-kind (PIK) (non-cash)
    - Optional redemption by company at discount to par plus PIK
    - Conversion into common stock at maturity at market valuations
- *Alternative 3 – Modified Debt Conversion*
  - The three remaining creditor groups – one or more – could restructure the $5 billion of liabilities as follows:
    - The legal priorities of the loans would stay as is currently structured
    - Interest would be paid-in-kind (PIK) at the non-default rates currently in place
    - Interest would PIK through a longer dated maturity
    - No principal amortization would be due until final maturity
    - Prepayment of principal outstanding upon change of control
- *Alternative 4 – Cash Out*
  - The three remaining creditor groups – one or more – could agree to extinguish the $5 billion of liabilities for a cash payment in lieu of equity conversion

The above alternatives, if implemented, would result in a viable plan to Chrysler. There may be other alternatives that would result in a viable Chrysler.

*Note: - The three remaining creditor groups are the U.S. Government, the 1st lien-bank lenders and the UAW / VEBA*
*- Alternatives 2 – 4 have not been discussed with the creditor groups*

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# Fiat Strategic Alliance Synergy And Benefits Overview

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| Area | Approach | Cash Flow Impact Total '09-16 $(Billions) | EBITDA Impact Total '09-16 $(Billions) |
|---|---|---|---|
| Products/ Platform Sharing | 2 million products localized or sold in NAFTA and exported to global markets | $1.4 | $2.1 |
| Distribution | New Chrysler markets adding 393,000 units, Alfa Romeo distributed in NAFTA | $1.3 | $1.3 |
| Purchasing | Integrate sourcing with Fiat Group | $3.2 | $2.8 |
| Other Opportunities | Powertrain, Technology, Logistics, SG&A Expense, other, Funding for NSCs provided by Fiat | $1.0 | $1.2 |
| TOTAL SYNERGIES * | | $6.9 | $7.4 |

| Alliance With Fiat Benefits ** | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|---|---|
| EBITDA Synergy Benefits | $0.0 | $0.0 | $0.3 | $1.2 | $1.3 | $1.5 | $1.6 | $1.5 |
| Cash Synergy Benefits (cumulative) | ($0.1) | ($0.1) | ($0.2) | $1.0 | $2.4 | $3.9 | $5.5 | $6.9 |

The negative cash impact in the first three years is due to spending approx $1B in new platforms and powertrain technology offset by synergy savings

***Adds 7 New Small Vehicles/Platforms And 6 New Powertrain Combinations To Enhance U.S. Energy Independence And Environmentally Sustainable Product Offerings***

* *Synergies Incremental to Chrysler Only as Calculated by Chrysler*

** *A strategic alliance could reduce Chrysler's overall capital requirements and could create additional jobs in the U.S. Additionally the alliance would have the potential for better efficiency spending of DOE funds.*

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## Next Steps

- Begin discussions with the President's Designee on terms and conditions to an overall restructuring.
- We will seek a response in the near term from creditor groups on their willingness to provide the $5B in concessions via a liability for equity swap, interest holiday, and/or equivalent liability service relief.
- We must find a long term financing solution for our customers and dealers.
- If an additional $5B of government funding is received and creditors agree to liability restructuring, we will seek Fiat's concurrence and willingness to continue participation in an alliance (management believes it will be decided based upon level of liability reduction). Additionally, Chrysler will work diligently to finalize negotiations with all other constituents and pursue a simultaneous closing with Fiat, U.S. Treasury, Daimler, Cerberus, the UAW and our creditors by March 31, 2009.
- If our liabilities are not restructured and U.S. Treasury additional funding is not received by March 31, 2009, Chrysler LLC will not have ample liquidity to operate and will therefore move forward with Alternative III "Orderly Wind Down" only after appropriate board approval and notification to U.S. Treasury.

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# Government Requirement Checklist

| Restructuring Plan Requirements in Loan and Security Agreement dated Dec 31, 2008 | Chrysler Execution Status of Restructuring Plan Requirements | Ref. Page |
|---|---|---|
| Submit a Restructuring Plan by Feb 17, 2009 for Chrysler to achieve and sustain: | The Restructuring Plan in this document describes Chrysler's progress and objectives for: | |
| • long-term viability | • growth and profitability | 45-79 |
| • international competitiveness | • partnering to penetrate offshore markets | 91 |
| • energy efficient vehicles | • powertrain fuel efficiencies | 113–119 |
| The Plan includes specific actions intended to result in: | Chrysler has been executing a restructuring strategy since Feb 2007 that is: | |
| • rationalized costs, capacity, and capitalization with respect to manufacturing workforce, suppliers, and dealers | • lowering variable and fixed costs through workforce reductions, supplier concessions, and dealer concessions | 15,29,149 |
| • competitive product mix and cost structures | • creating a vibrant new product pipeline | 101-135 |
| • achievement of a positive NPV | • met positive NPV test | U54 |
| • achievement of certain milestones | • have proposed specific milestones | 51, 57,67, 71, 73, 77 |
| • repayment of government financing | • expanding debt service capacity | Executive Summary |
| • compliance with CAFE and emissions standards | • meeting efficiency and emissions standards | 117 |
| • production of advanced technology vehicles | • producing electric and electrified vehicles | 119 |
| Demonstrate Chrysler is undertaking best efforts to: | Chrysler has been exercising best efforts and has completed: | |
| • reduce hourly employee compensation to levels competitive with U.S. transplants and apply U.S. transplant work rules to employees by Dec 31, 2009 | • A commitment from the UAW to restructure the VEBA<br>• Wage and benefit reductions and work rule modifications that are competitive with the U.S. transplant levels | 15, Appendix 2<br>15, Appendix 2 |
| • eliminate non-customary severance pay | • Severance benefit reductions , incl. elimination of "Jobs Bank" | 15, Appendix 2 |
| • pay at least ½ of VEBA contributions with stock | • Cerberus and Daimler have agreed to convert their 2nd lien debt | 15, Executive Summary |
| • Reduce unsecured public debt by at least 2/3 | • Chrysler has no public bonds. We have requested the three creditor groups set forth on page 15 participate in reducing our debt and debt service by $5B. | 15,17, Exec. Summary |

***Chrysler Is Complying With All Aspects Of The Restructuring Plan Requirements***

*Note: The three remaining creditor groups are the U.S. Government, the 1st lien-bank lenders and the UAW / VEBA*

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# II. Background and Current State of Industry

# Original Request for Chrysler's $7 Billion Federal Bridge Loan was Based Upon the Following Assumptions

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- Chrysler based its initial Viability Plan on reasonable assumptions at the time of the December submission, including the following :
  - SAAR levels of 11.1 million and 12.1 million in 2009 and 2010, respectively, and 13.7 million units in 2011 and 2012. *(assumptions no longer valid)*
  - U.S. market share for retail and fleet sales of 10.4% in 2009, increasing to 10.7% in 2010 through 2012.
  - Worldwide sales of 1.79 million units in 2009, 1.86 million in 2010, 2.15 million in 2011 and 2.15 million in 2012. *(assumptions no longer valid)*
  - Chrysler to be awarded $6 billion of the $8 billion requested through 2011, from the DOE 136 funds designated for development of increased fuel-efficient vehicle technology.
- Chrysler assumed that Chrysler Financial would be viable and could have adequate financial capacity to support our wholesale shipments and retail sales assumptions (*we need a financial company solution to be viable).*
- The Viability Plan demonstrated that Chrysler was viable with the requested $7 billion Federal loan at the assumed SAAR levels.
- Based on the Viability Plan submission, the Treasury Department approved the loan request and funded $4 billion of the $7 billion requested.

# Chrysler Viability Plan Submitted Dec 2, 2008

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## Key Metrics and Assumptions

| | 2008 Unaudited Actuals | 2009 Plan | 2010 Plan | 2011 Plan | 2012 Plan |
|---|---|---|---|---|---|
| • **U.S. Industry SAAR (Millions)** *Light Duty Only* | 13.2 | 11.1 | 12.1 | 13.7 | 13.7 |
| • **Worldwide Shipments (000 units)** | 2,065 | 1,727 | 1,938 | 2,362 | 2,344 |
| • **U.S. Market Share (Retail & Fleet)** | 10.8% | 10.4% | 10.7% | 10.7% | 10.7% |
| • **U.S. Dealer Inventory (000 units)** | 398 | 355 | 312 | 306 | 306 |
| • **U.S. Days Supply** | 157 | 121 | 98 | 85 | 85 |
| • **MCM Savings** | (1.1%) | 0.25% | 0.25% | 0.25% | 0.25% |
| • **Net Pricing** | (1.0%) | (0.5%) | (0.5%) | (0.5%) | (0.5%) |
| • **Capex (Bils)** | $2.3 | $2.3 | $2.3 | $2.6 | $2.6 |
| • **Fixed Cost including VEBA (Bils)**[1)] | $10.9 | $9.2 | $8.1 | $10.2 | $10.2 |
| • **EBITDA (Bils)**[1)] | $0.3 | $3.3 | $5.6 | $4.9 | $4.7 |
| • **Cash - Year End Balance (Bils)** | 2.5[2)] | 7.5[3)] | 9.8[3)] | 11.4[3)] | 12.5[4)] |
| *Timing of Targeted Concessions by year ($4.55 Bil)* | | *$1.25* | *$1.1* | *$1.1* | *$1.1* |

1) *Viability Plan concessions have been reflected in Fixed Costs, EBITDA and Cash Flow (2008 actual does not include impact of VEBA).*
2) *Cash year-end balance for 2008 was ($0.6 B) lower due to Mexico wholesale issue and Daimler payment issue (which we believe to be a timing issue)*
3) *Includes $7.0 billion of Government funding in January 2009*
4) *Includes $1.0 billion principal payment to the U.S. Government at 12/31/2012*

# Aggressive Restructuring Will Reduce Chrysler's Fixed Costs by $3.8 Billion by 2009

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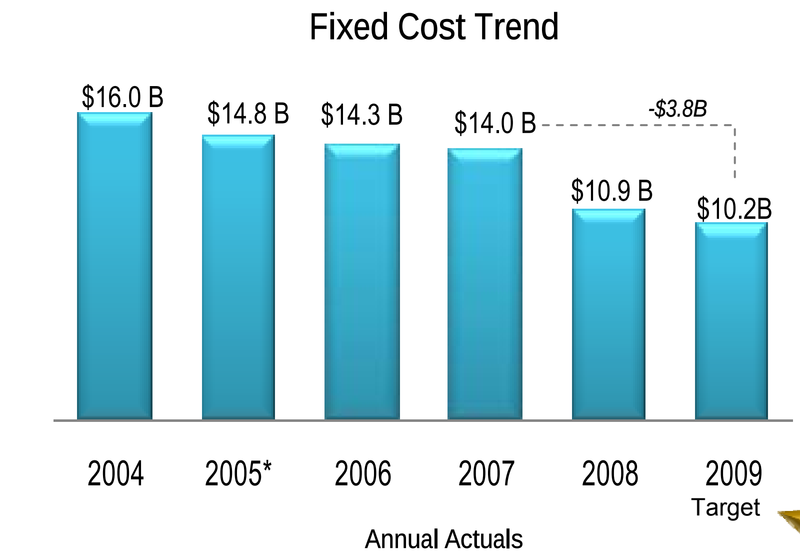
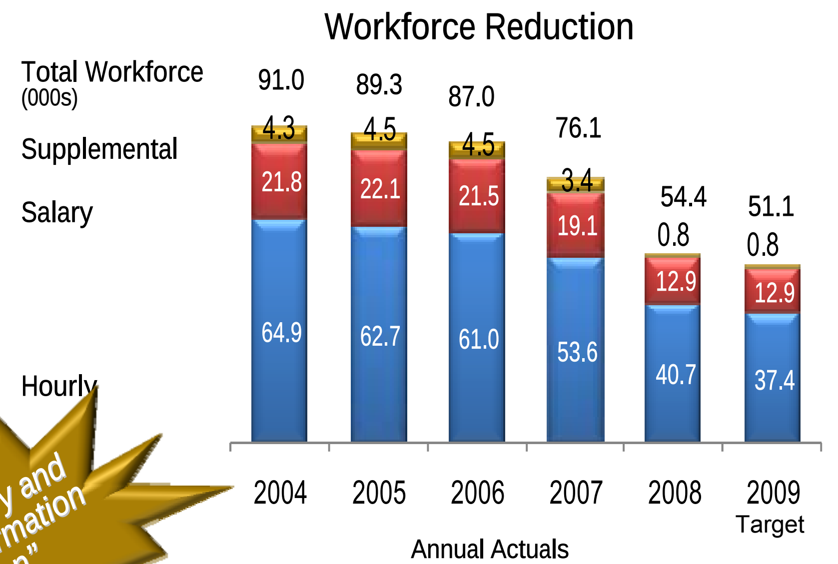
- Significant restructuring actions have already been initiated and cash savings are currently being realized. Beginning in 2007, Chrysler acted swiftly to reduce fixed costs. Today, the Company's fixed cost are at the lowest level since 1994.
- Further restructuring actions continue, and through 2009 fixed costs will have been reduced by $3.8 billion. Chrysler has eliminated more than 1.3 million units (over 30%) of production capacity, reduced total manpower by 35,000 people, and discontinued 7 vehicle models.
- In addition to reducing overall manpower, Chrysler reduced fixed costs through:
    - overtime reduction;
    - plant closures;
    - improved asset utilization;
    - program deferrals and cancellations;
    - organization restructuring and right-sizing;
    - healthcare actions related to active and retired employees;
    - greater information technology efficiencies; and G&A/manpower improvements.
- Despite challenging market conditions, Chrysler met or exceeded its operating plan through the first half of 2008, and increased manufacturing productivity to become the most efficient auto manufacturer in North America.
- Chrysler also continued to invest in product including four major production launches and the introduction of three all new electric vehicle prototypes in 2008.

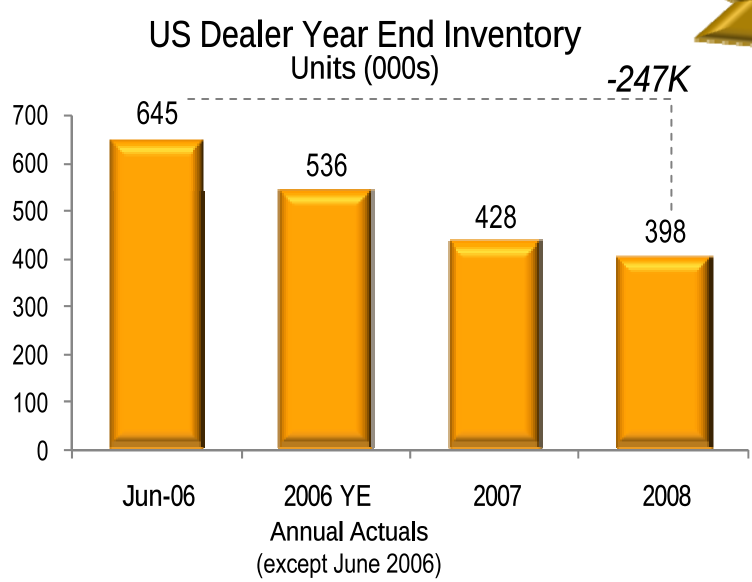
# Chrysler's Transformation Effort Had Already Begun Prior To The Current Industry Crisis

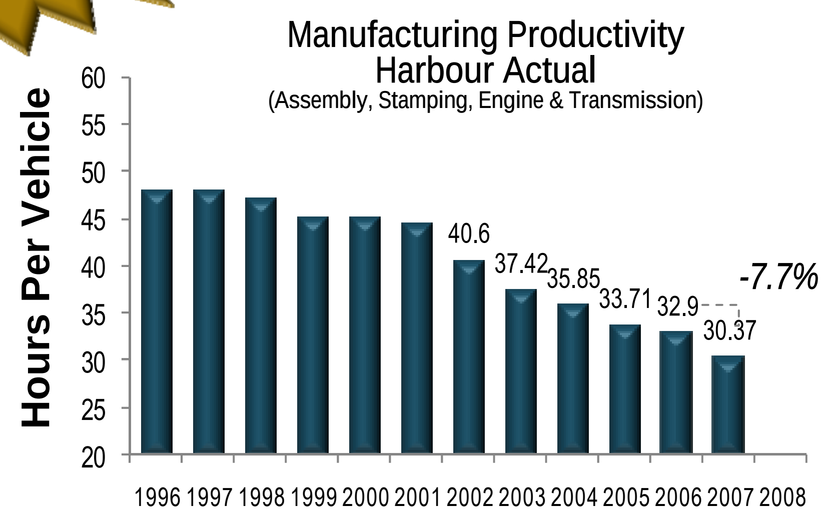



* 2005 excludes impact from sale of Arizona Proving Grounds







# Broad Economic Decline Has Negatively Affected Business And Consumer Spending

- Since our submission on December 2, 2008, the U.S. and worldwide economy has continued an unprecedented meltdown.
- Personal Wealth, as measured by stock prices and home values, has declined significantly .
  - The DJIA declined 11.1% from December 8, 2008 through February 11, 2009.
  - Average home prices/values declined 6% from August 2008 through November 2008 (most recent reported data).
- Unemployment rates have continued to increase as companies announced layoffs at historically high levels: January job loss of 598,000 and U.S. unemployment of 7.6% represent the highest since 1992.
- These factors have driven consumer confidence to levels never seen before.
- Credit markets continue to be locked down – both to the consumer and business credit customer.
- As a result of the continued decline in SAAR levels in December and the continued lack of credit availability, the financial health of the dealer network and supply chain has continued to decline.
  - The number of financially troubled dealers has increased 5% in the past 2 months.
  - The number of potentially troubled suppliers has also risen 11.6% since October 2008. Suppliers that provide nearly 22% of our materials are identified as troubled.

# Extremely Depressed Economic Fundamentals Continued To Deteriorate At Increasing Rate Over Last 2 Months

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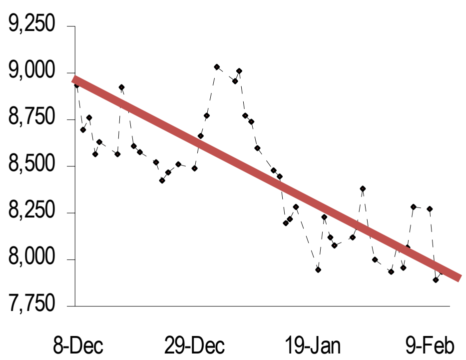
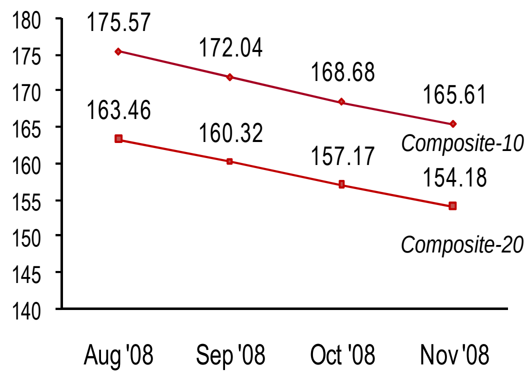
## DJIA Closing Value



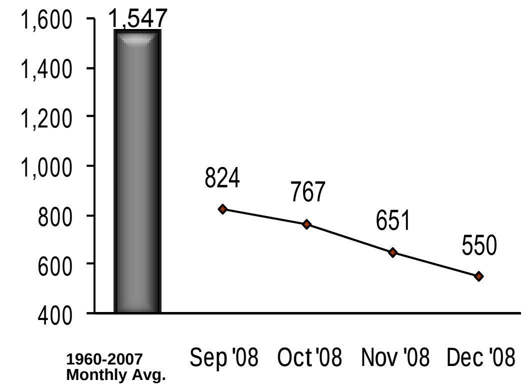

11.1% Decline in 2 Months

## S&P/Case-Shiller Home Price Index



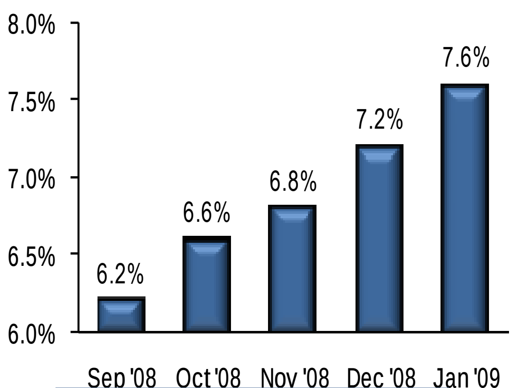

Steady Drop since 2Q '06

## U.S. Housing Starts *(000's – SAAR)*




Rate is ~1/3 of Long-Term Avg.

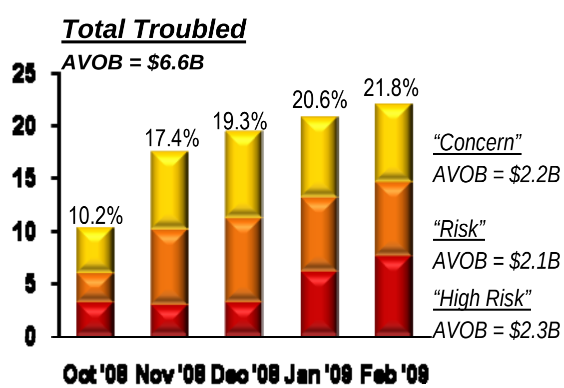
## U.S. Unemployment Rate




Highest Rate in Nearly 17 Years

## Chrysler Suppliers in Trouble

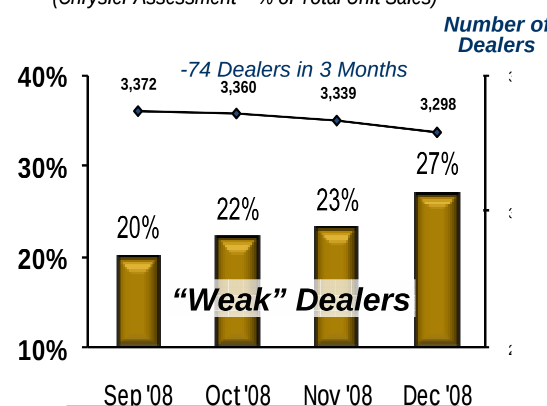
*(Chrysler Assessment – % of Total AVOB)*




Exposure Up; Risk Profile Worse

## Chrysler Dealers in Trouble

*(Chrysler Assessment -- % of Total Unit Sales)*




Fundamentals Weakening as Network Shrinks

*Due to Decreasing Consumer Confidence, Intent to Purchase Has Taken a Severe Hit …*

***"SAAR" = Seasonally Adjusted Annual Rate***
***"AVOB" = Annual Volume of Business* (i.e., purchases)**

# Financial Market Woes Infect Auto Financing System

- Vehicle financing is generally syndicated through asset backed security ("ABS") transactions which provide liquidity to the automotive financing companies.
- Market conditions have caused credit markets to seize up and there has been a sharp decline in ABS deals.
    - Auto related ABS issuances have declined to nearly zero by the $2^{nd}$ half of 2008
    - Auto leasing essentially ended over-night resulting in lost sales volume of 20%- 25%.
- Additionally, the lack of financing availability has affected automotive dealers in two ways:
    - Lack of retail financing availability has directly reduced their consumer sales.
    - Lack of floor plan financing has reduced all dealers' ability to order new cars to hold in inventory.
- Both of these factors combine to lower Chrysler's sales.

# Credit Crisis Strangling U.S. Auto Industry

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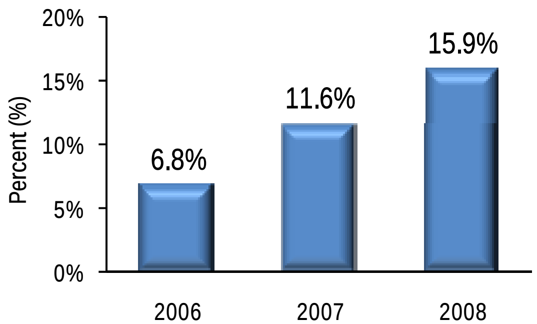
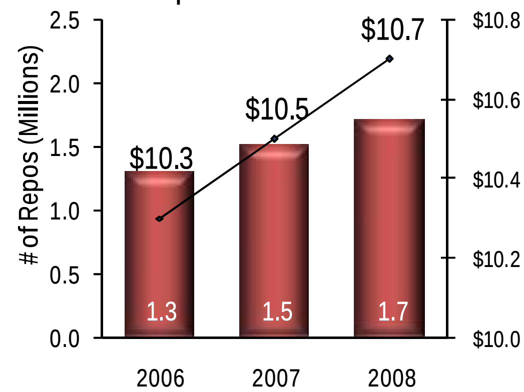
## Delinquency Rates




Delinquency Rates are Soaring …

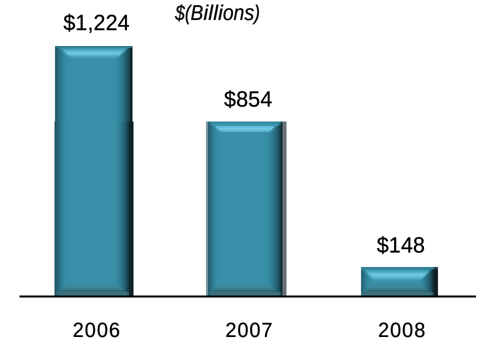
## Repossessions




… and Increasing Repos Hurt Lenders …

## Issuance of Auto Asset Backed Securities

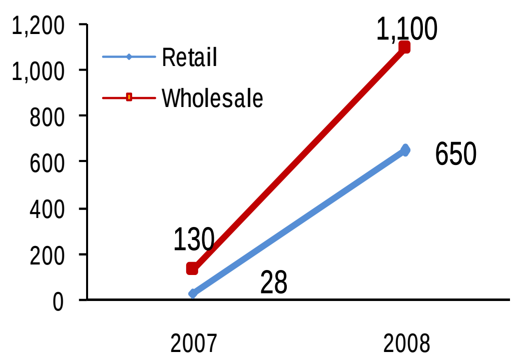
*$(Billions)*




… which Shrinks Available Capital for Auto Loans …

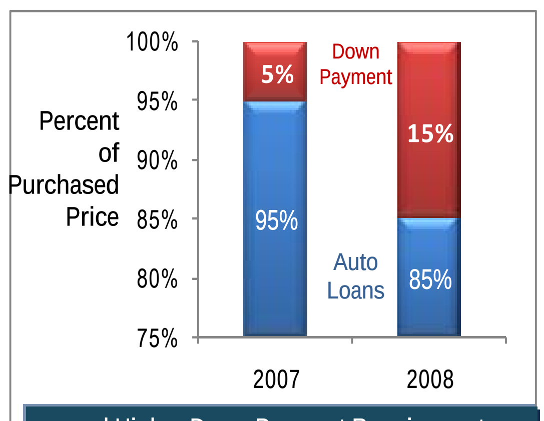
## Auto Loan Interest Spread Over Commercial Paper Rate

*Basis Points*



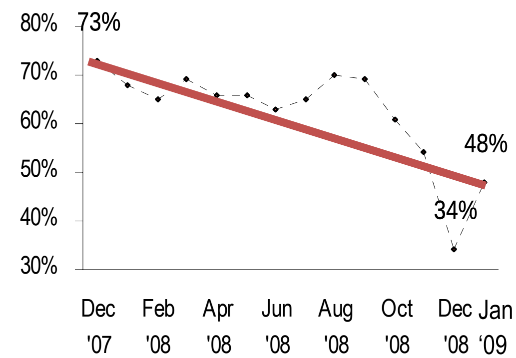

… Leading to Higher Borrowing Costs …

## Auto Loan-% of Down Payment




…and Higher Down Payment Requirements ..

## Chrysler Financial Consumer Financing Approval Rates




… and therefore Credit Approval Rates are Down 25% Points from the End of 2007

***… And Credit Is Difficult To Secure For Those Who Want To Purchase***

# Auto Sales Declined Globally for all Major Automakers

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- Automotive sales have continued to decline to levels not seen in over 40 years.
- As shown below, the decline in SAAR levels in 2008 has been at an unprecedented pace – dropping 5.8 million units from 15.6 million in January 2008 to a 9.8 million monthly annualized rate in January 2009.
- For Chrysler, this equates to a 580,000 unit decline (at a 10% market share) and approximately $14 billion in lost revenue in less than 12 months.
- This unprecedented decline in revenue created a near-term liquidity trough.

**The Detroit News**

**Toyota not immune to industry downturn**

...expects $3.85-billion loss – the company's first net loss since 1950.

**Automotive News**

**Dealer's last resort: Whack the work force**

Over 50,000 dealership jobs disappeared in 2008

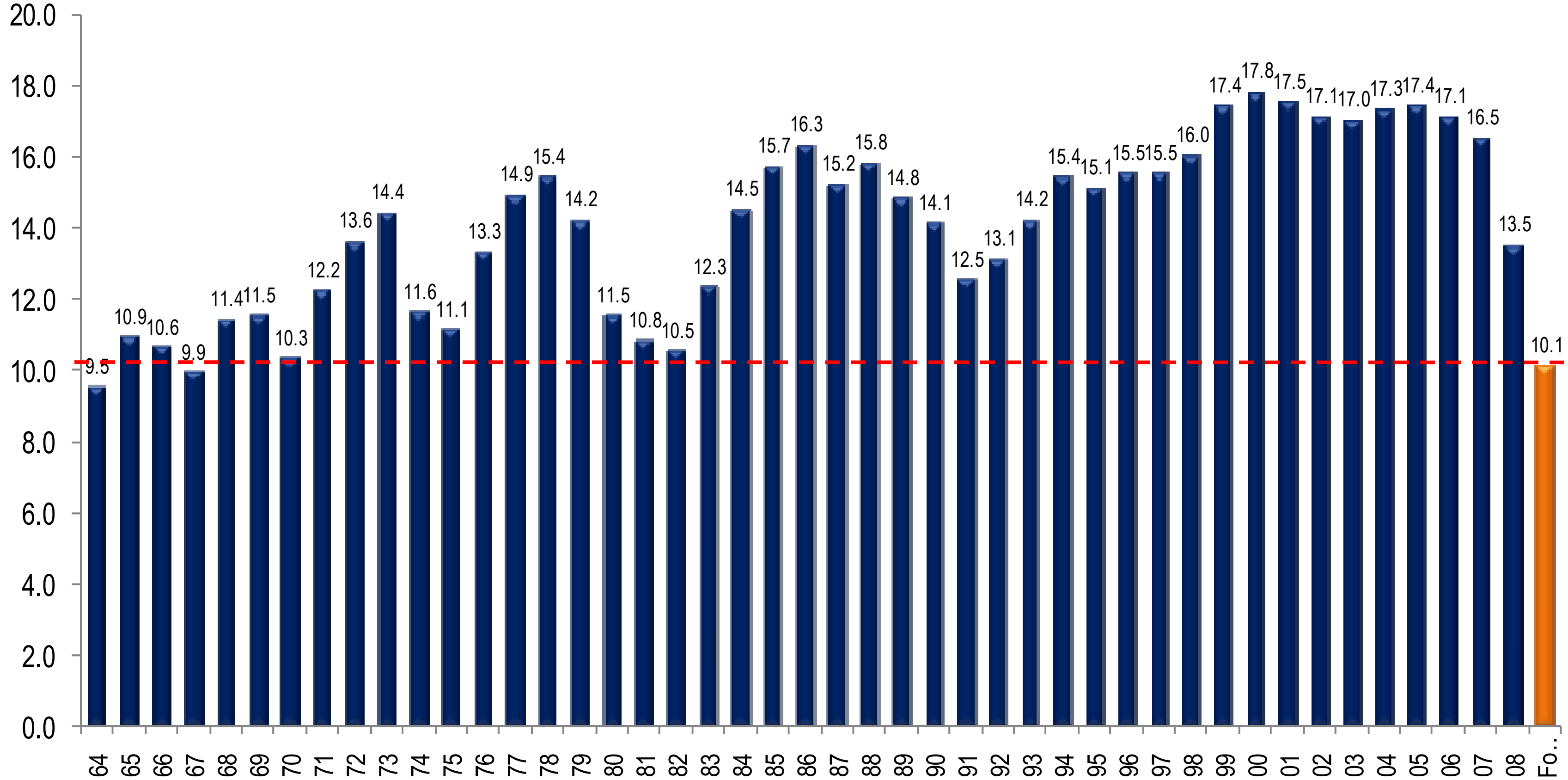
**Bloomberg.com**

## Big 3 Pension Plans may require additional cash

Ford and GM's pension liabilities also are putting stress on the government. The Pension Benefit Guaranty Corp., which bails out failed retirement programs, estimated that the U.S. plans had a collective $47 billion deficit last year. Almost half of that shortfall came from manufacturers including automakers and parts suppliers. The PBGC said it has worked with 13 bankrupt auto-parts companies since 2005 to keep their plans from failing, and took control of the retirement program at partsmaker Collins & Aikman Corp. after it went bankrupt in 2007.

# U.S. Auto Industry Sales History

Units (Millions)

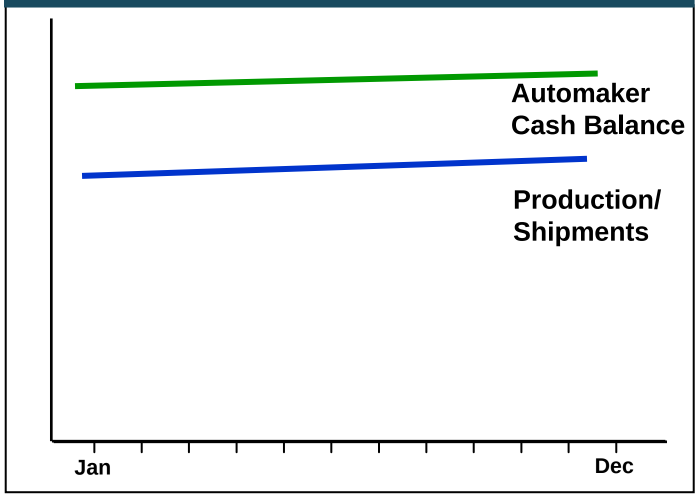



*2009 Forecast Is Lowest Level In Over 40 Years*

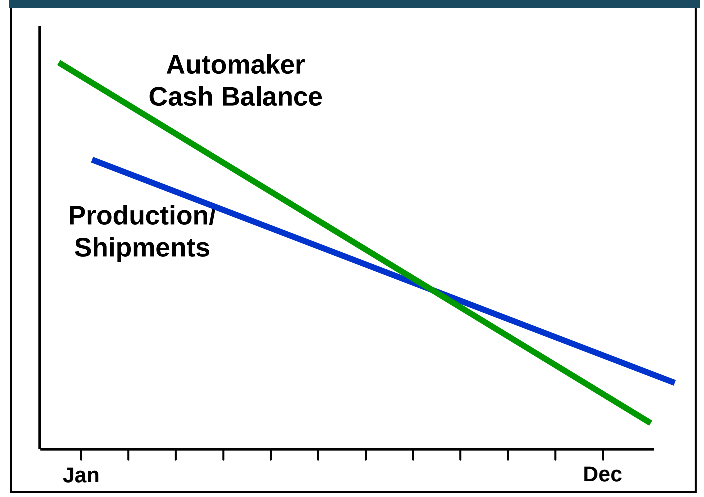
# Automakers Historically Operate With Negative Working Capital

- Automakers are paid immediately after vehicles are shipped from their plants (financial institution draft)
- Automakers typically have 45 – 50 days to pay suppliers for materials
- Therefore:

Normal Environment




Current Environment




*A Total Of ~$50B Cash Drain For The Detroit Three In 2008*

# Dramatic Drop in SAAR
# (Includes Light, Medium and Heavy Duty)

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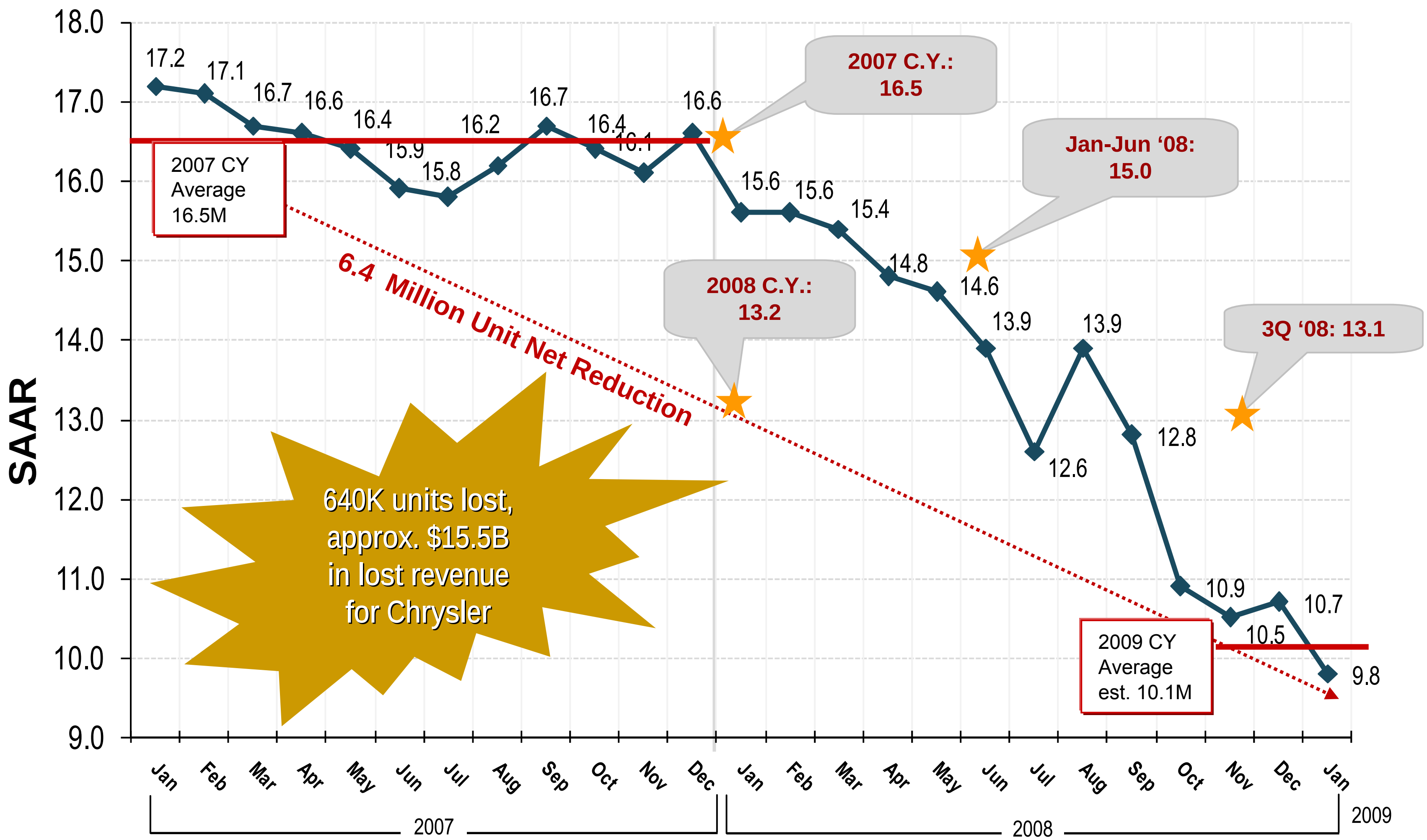
Units (Millions)



# With Government Support, A "Stand Alone" Chrysler Can Be Viable

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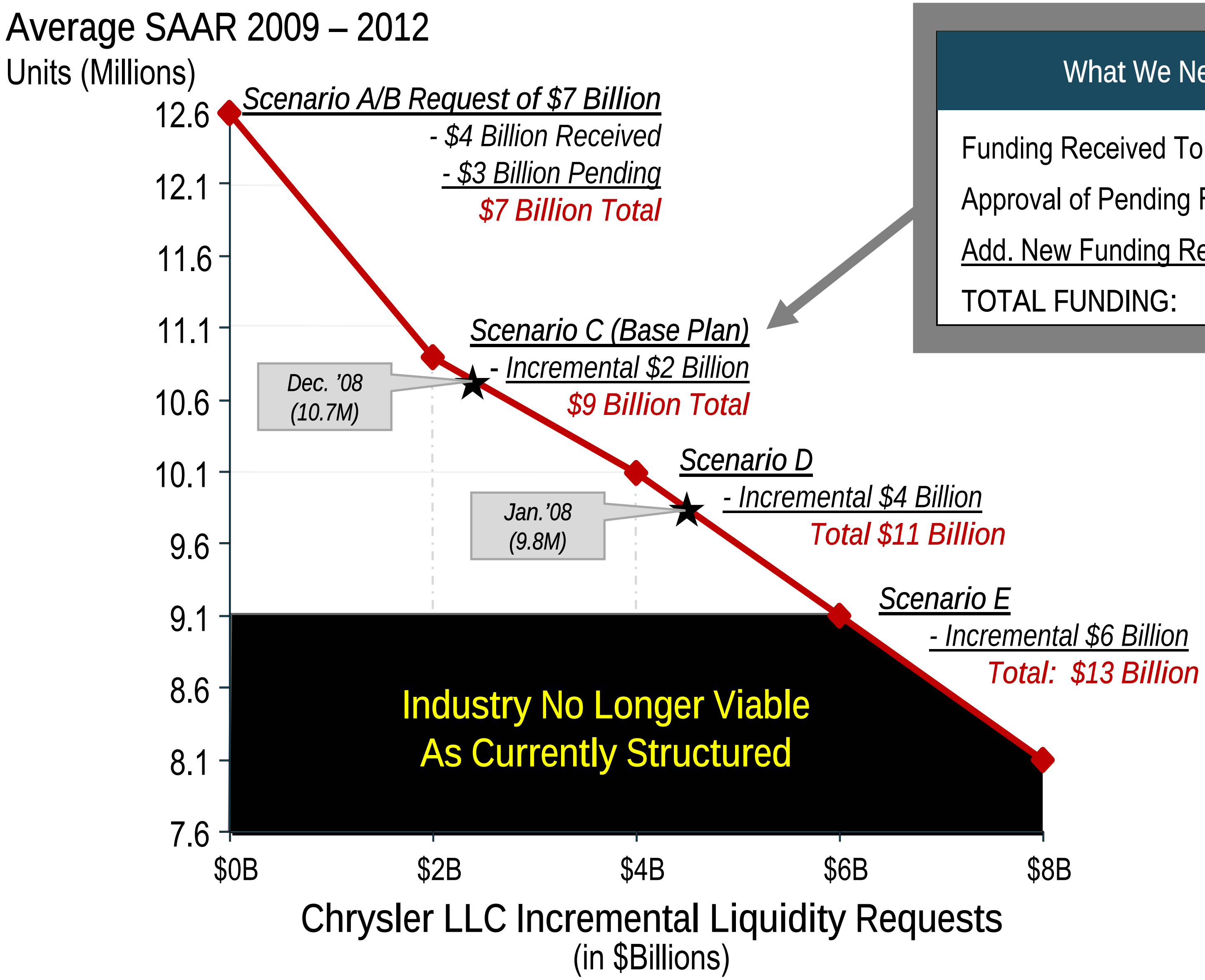
- The weakened economy and lack of financing to customers and dealers has significantly reduced SAAR levels to unprecedented levels not seen since 1963. In preparing its restructuring plan Chrysler evaluated 5 potential SAAR levels

| | U.S. Seasonally Adjusted Annual Car and Light Truck Production | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Scenario | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| *Original Request* | A | 11.1 | 12.1 | 13.7 | 13.7 | 13.7 | 13.7 | 13.7 | 13.7 |
| | B | 10.1 | 11.1 | 12.7 | 12.7 | 12.7 | 12.7 | 12.7 | 12.7 |
| Current Request | C | 10.1 | 10.6 | 11.1 | 11.6 | 12.1 | 12.6 | 13.1 | 13.7 |
| | D | 10.1 | 10.1 | 10.1 | 10.1 | 11.1 | 12.1 | 13.1 | 13.7 |
| | E | 9.1 | 9.1 | 9.1 | 9.1 | 11.1 | 12.1 | 13.1 | 13.7 |

Other assumptions include the following:

- Additional $5.0 billion in liability and interest relief.
- 100% of 2nd lien debt converted to equity
- $5.3 billion of union VEBA restructured / $5.3 billion converted to equity

# Chrysler's Short-term Cash Needs Accelerate as the SAAR Declines




| What We Need Now | |
|---|---|
| Funding Received To Date: | $4B |
| Approval of Pending Funding: | $3B |
| Add. New Funding Requested: | $2B |
| TOTAL FUNDING: | $9B |

Blank

# III. Restructuring Plan Assumptions and Risks

# Additional Cash Required to Address Risks to Restructuring Plan

- Deteriorating economic conditions, including liquidity crisis in the credit markets and declining consumer confidence in the Company's primary markets, present significant risks to its Restructuring Plan.

- In addition to the major risks of credit availability, supplier solvency, talent attrition, and industry instability – the following risk factors are constantly being addressed to ensure the Company's long-term viability:

  - Price Erosion – requires increases in vehicle discounts in response to competitive pressures

  - Product Mix – accelerated shift in demand away from trucks and SUV's

  - Market Share – potential erosion of Chrysler's domestic market share position to competitors

  - Compliance Costs – increased operating costs due to increasing regulations

  - Dealer Insolvency – increases in dealer bankruptcies limiting new vehicle distribution

# Risks to Key Assumptions in Restructuring Plan

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- Erosion of consumer confidence and buying power
- Credit unavailability / lack of affordable financing for dealers and consumers
- Supplier insolvencies / Supply chain disruptions / Demand for upfront payments
- Departure of key management talent and recruitment of critical skill workers (due to compensation limitations)
- Industry instability due to failure of major domestic competitor
- Going concern opinion from outside auditors

*Mitigating These Risks Are Essential to the Achievement of Restructuring Plan*

CHRYSLER

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# IV. Financial Business Plan

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# Chrysler "Stand Alone" Business Plan
# SAAR Sensitivities

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($ Billions)

| | 2009 | 2010 | 2011 | 2012 | Sub Total 2009-2012 | 2013 | 2014 | 2015 | 2016 | Total 2009-2016 | Gov't Request: Original Received | Gov't Request: Remaining Request: Original | Gov't Request: Remaining Request: Revised | Gov't Request: Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **A — Original Viability Plan SAAR Volumes** | | | | | | | | | | | $ 4.0 | $ 3.0 | $ 3.0 | $ 7.0 |
| SAAR (Mils) - Light Duty Only | 11.1 | 12.1 | 13.7 | 13.7 | | 13.7 | 13.7 | 13.7 | 13.7 | | | | | |
| EBITDA (Bils) | $ 3.3 | $ 5.6 | $ 4.9 | $ 4.7 | $ 18.6 | $ 5.0 | $ 5.1 | $ 5.4 | $ 5.6 | $ 39.8 | | | | |
| Cash - Year-end Balance (Bils) | $ 8.0 | $ 10.5 | $ 12.3 | $ 13.6 | $ 13.6 | $ 14.0 | $ 14.5 | $ 15.4 | $ 16.5 | $ 16.5 | | | | |
| Ending Debt Balance | $ 14.8 | $ 16.3 | $ 17.9 | $ 17.9 | | $ 16.4 | $ 14.9 | $ 13.3 | $ 11.6 | | | | | |
| **B — Original Viability Plan with 1.0 million SAAR Reduction** | | | | | | | | | | | $ 4.0 | $ 3.0 | $ 3.0 | $ 7.0 |
| SAAR (Mils) - Light Duty Only | 10.1 | 11.1 | 12.7 | 12.7 | | 12.7 | 12.7 | 12.7 | 12.7 | | | | | |
| EBITDA (Bils) | $ 2.9 | $ 5.2 | $ 4.5 | $ 4.3 | $ 17.0 | $ 4.6 | $ 4.7 | $ 5.0 | $ 5.2 | $ 36.6 | | | | |
| Cash - Year-end Balance (Bils) | $ 7.1 | $ 9.3 | $ 10.7 | $ 11.6 | $ 11.6 | $ 11.6 | $ 11.7 | $ 12.2 | $ 12.9 | $ 12.9 | | | | |
| Ending Debt Balance | $ 14.8 | $ 16.3 | $ 17.9 | $ 17.9 | | $ 16.4 | $ 14.9 | $ 13.3 | $ 11.6 | | | | | |
| **C — 10.1 SAAR Washington Plan Sensitivity With 0.5 Million Units Growth** (CURRENT REQUEST) | | | | | | | | | | | $ 4.0 | $ 3.0 | $ 5.0 | $ 9.0 |
| SAAR (Mils) - Light Duty Only | 10.1 | 10.6 | 11.1 | 11.6 | | 12.1 | 12.6 | 13.1 | 13.7 | | | | | |
| EBITDA (Bils) | $ 2.9 | $ 5.0 | $ 3.9 | $ 3.9 | $ 15.7 | $ 4.4 | $ 4.7 | $ 5.2 | $ 5.6 | $ 35.6 | | | | |
| Cash - Year-end Balance (Bils) | $ 9.0 | $ 10.6 | $ 10.8 | $ 11.4 | $ 11.4 | $ 11.3 | $ 11.4 | $ 12.2 | $ 13.4 | $ 13.4 | | | | |
| Ending Debt Balance | $ 16.9 | $ 18.4 | $ 20.0 | $ 20.0 | | $ 18.5 | $ 17.0 | $ 15.4 | $ 13.7 | | | | | |
| **D — 10.1 SAAR Washington Plan Sensitivity Through 2012** | | | | | | | | | | | $ 4.0 | $ 3.0 | $ 7.0 | $ 11.0 |
| SAAR (Mils) - Light Duty Only | 10.1 | 10.1 | 10.1 | 10.1 | | 11.1 | 12.1 | 13.1 | 13.7 | | | | | |
| EBITDA (Bils) | $ 2.9 | $ 4.8 | $ 3.5 | $ 3.3 | $ 14.6 | $ 4.0 | $ 4.5 | $ 5.2 | $ 5.6 | $ 34.0 | | | | |
| Cash - Year-end Balance (Bils) | $ 10.9 | $ 12.0 | $ 11.6 | $ 11.3 | $ 11.3 | $ 10.9 | $ 10.9 | $ 11.8 | $ 12.9 | $ 12.9 | | | | |
| Ending Debt Balance | $ 19.0 | $ 20.5 | $ 22.1 | $ 22.1 | | $ 20.6 | $ 19.1 | $ 17.5 | $ 15.8 | | | | | |
| **E — 9.1 SAAR Washington Plan Sensitivity Through 2012** | | | | | | | | | | | $ 4.0 | $ 3.0 | $ 9.0 | $ 13.0 |
| SAAR (Mils) - Light Duty Only | 9.1 | 9.1 | 9.1 | 9.1 | | 11.1 | 12.1 | 13.1 | 13.7 | | | | | |
| EBITDA (Bils) | $ 2.5 | $ 4.4 | $ 3.1 | $ 2.9 | $ 13.0 | $ 4.0 | $ 4.5 | $ 5.2 | $ 5.6 | $ 32.4 | | | | |
| Cash - Year-end Balance (Bils) | $ 12.0 | $ 12.6 | $ 11.7 | $ 10.8 | $ 10.8 | $ 10.8 | $ 10.7 | $ 11.5 | $ 12.4 | $ 12.4 | | | | |
| Ending Debt Balance | $ 21.2 | $ 22.7 | $ 24.3 | $ 24.3 | | $ 22.8 | $ 21.3 | $ 19.7 | $ 18.0 | | | | | |

*Diminishing SAAR Increases Liquidity Needs*

*Notes:*
- *Year-end cash balance reflects the impact of VEBA conversion to equity and lower First Lien debt balance, and also revised loan request of U.S. Treasury of $5.0 B in baseline scenario (in green), $7.0 B in scenario highlighted in purple, and $9.0 B in scenario highlighted in pink.*
- *Excludes Canadian leasing debt and other financial liabilities, and assumes no Pension Fund contributions after 2011*
- *Numbers may not add due to rounding*

# Chrysler "Stand Alone" Business Plan
# Core Assumptions

($ Billions)

These are the assumptions included as a part of our Plan that still need to be resolved:

- $5 billion of additional liability relief from creditor groups
- A permanent funding solution for Chrysler Financial
- UAW retiree health care payments paid out of existing VEBA in 2009 ($0.9 in 2009, Full Liability Transfers to UAW in 2010)
- Deferral of VEBA lump-sum repayment currently scheduled in 2010 until 2011 and beyond (assumes 50%, or $5.3, converted to debt)
- Renegotiate UAW VEBA Pension Plan amendment ($0.8 reduction)
- Assumes Government Funding of $9.0 ($4 billion received today)
- DOE Advanced Technology Funding* received in:
  - 2010 - $2.5
  - 2011 - $2.0
  - 2012 - $1.5

** Represents 70% of requested amount*

# Chrysler "Stand Alone" Business Plan
# Key Metrics and Assumptions

CHRYSLER

| | 2008 Unaudited Actuals | 2009 Plan | 2010 Plan | 2011 Plan | 2012 Plan | 2013 Plan | 2014 Plan | 2015 Plan | 2016 Plan |
|---|---|---|---|---|---|---|---|---|---|
| • U.S. Industry SAAR (Millions) *Light Duty Only* | 13.2 | 10.1 | 10.6 | 11.1 | 11.6 | 12.1 | 12.6 | 13.1 | 13.7 |
| • Worldwide Shipments (000 units) | 2,065 | 1,618 | 1,775 | 2,085 | 2,120 | 2,175 | 2,227 | 2,281 | 2,345 |
| • U.S. Market Share (Retail & Fleet) | 10.8% | 10.4% | 10.7% | 10.7% | 10.7% | 10.7% | 10.7% | 10.7% | 10.7% |
| • U.S. Dealer Inventory (000 units) | 398 | 355 | 312 | 306 | 306 | 306 | 306 | 306 | 306 |
| • MCM Savings | (1.1%) | 0.25% | 0.25% | 0.25% | 0.25% | 0.50% | 0.50% | 0.50% | 0.50% |
| • Net Pricing | (1.0%) | (0.5%) | (0.5%) | (0.5%) | (0.5%) | (0.25%) | (0.25%) | (0.25%) | (0.25%) |
| • Capex (Bils) | \$2.3 | \$2.3 | \$2.3 | \$2.6 | \$2.6 | \$2.6 | \$2.5 | \$2.5 | \$2.5 |
| • Fixed Cost excluding VEBA (Bils) [1)] | \$10.9 | \$10.2 | \$10.2 | \$10.2 | \$10.2 | \$10.1 | \$10.1 | \$10.1 | \$10.1 |
| • EBITDA (Bils) [1)] | \$0.3 | \$2.9 | \$5.0 | \$3.9 | \$3.9 | \$4.4 | \$4.7 | \$5.2 | \$5.6 |
| • Cash - Year End Balance (Bils) | 2.5 [2)] | 9.0[3)] | \$10.6 | \$10.8 | 11.4 [4)] | 11.3 [4)] | 11.4 [4)] | 12.2 [4)] | 13.4 [4)] |

**Chrysler NPV = \$17.3B**

1) *Viability Plan concessions have been reflected in Fixed Costs, EBITDA and Cash Flow*
2) *Cash year-end balance for 2008 was (\$0.6 B) lower due to Mexico wholesale issue and Daimler payment issue (which we believe to be a timing issue)*
3) *Includes Government funding in January and April 2009*
4) *Includes principal payments to the U.S. Government beginning in 2012*

*Note: Numbers may not add due to rounding*

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# Chrysler "Stand Alone" Business Plan
# Income Statement

CHRYSLER

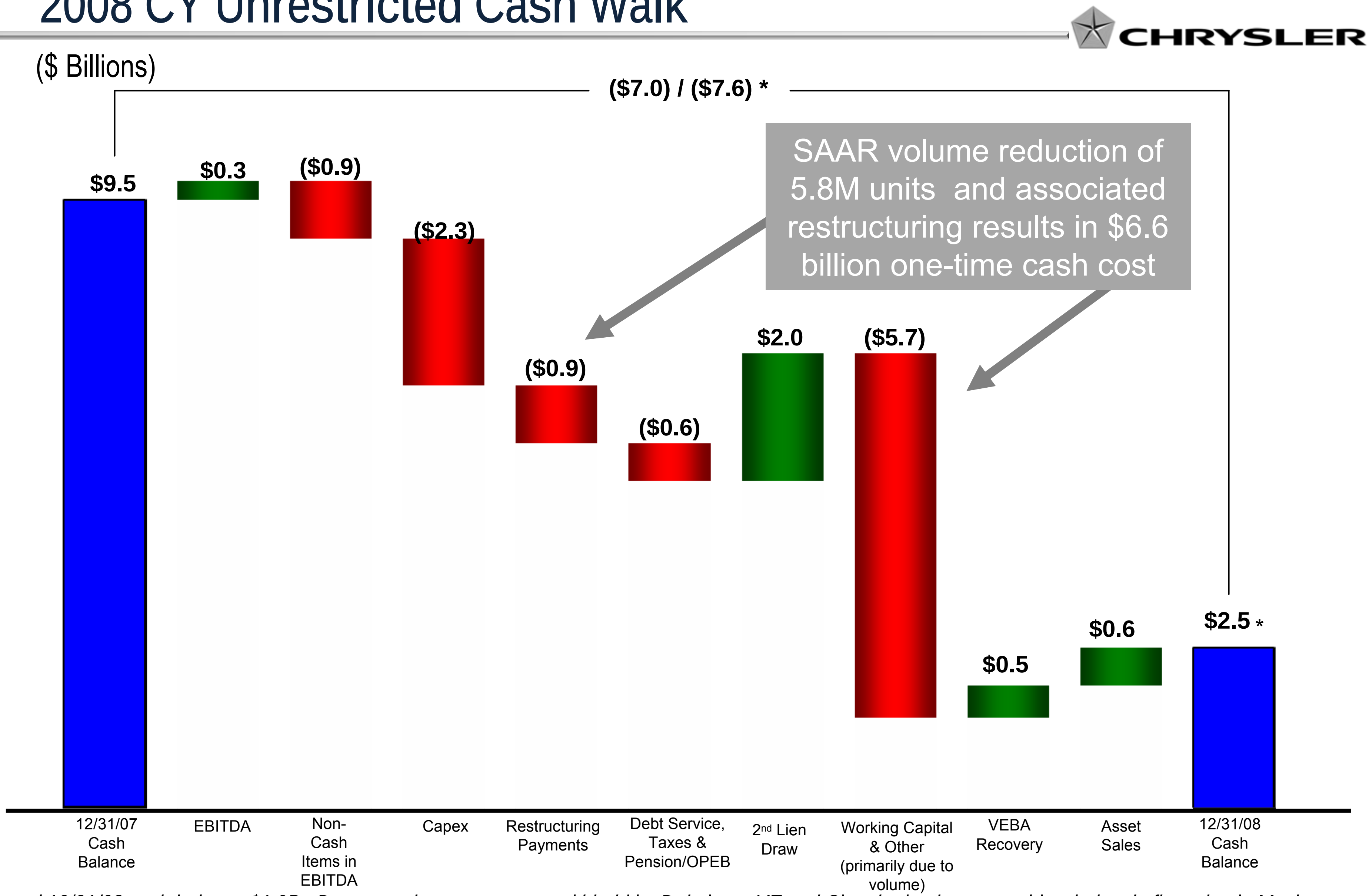
($ Billions)

| | Actuals Unaudited 2008 | Plan 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|---|---|---|
| Gross Revenue | 55.9 | 45.2 | 48.4 | 54.6 | 55.3 | 56.5 | 57.6 | 58.7 | 60.1 |
| Incentives | (8.3) | (6.1) | (6.5) | (7.3) | (7.4) | (7.6) | (7.7) | (7.8) | (8.0) |
| **Net Revenue** | **$47.6** | **$39.1** | **$41.9** | **$47.3** | **$47.9** | **$48.9** | **$49.9** | **$50.9** | **$52.1** |
| Variable Cost | (39.4) | (29.9) | (31.9) | (36.1) | (36.6) | (37.3) | (38.0) | (38.5) | (39.3) |
| Variable Profit | $8.2 | $9.2 | $10.0 | $11.2 | $11.3 | $11.6 | $11.9 | $12.4 | $12.8 |
| Fixed Cost | (10.5) * | (9.2) * | (8.1) * | (10.2) | (10.2) | (10.1) | (10.1) | (10.1) | (10.1) |
| **Operating Profit** | **($2.3)** | **$0.0** | **$2.0** | **$1.0** | **$1.0** | **$1.5** | **$1.8** | **$2.3** | **$2.7** |
| Pension-OPEB Non-operating/Other | (0.4) | (0.3) | (0.2) | (0.2) | (0.2) | (0.2) | (0.2) | (0.2) | (0.2) |
| **Earnings/(Loss) Before Interest & Taxes** | **($2.7)** | **($0.3)** | **$1.8** | **$0.8** | **$0.8** | **$1.3** | **$1.6** | **$2.1** | **$2.5** |
| Depreciation & Amortization (D&A) | 3.0 | 3.2 | 3.2 | 3.1 | 3.1 | 3.1 | 3.1 | 3.1 | 3.1 |
| **EBITDA including VEBA impact** | **$0.3** | **$2.9** | **$5.0** | **$3.9** | **$3.9** | **$4.4** | **$4.7** | **$5.2** | **$5.6** |
| Depreciation & Amortization (D&A) | (3.0) | (3.2) | (3.2) | (3.1) | (3.1) | (3.1) | (3.1) | (3.1) | (3.1) |
| Restructuring & Other Adjustments | (4.2) | - | - | - | - | - | - | - | - |
| Net Interest Income/Expense | (0.9) | (0.6) | (1.0) | (1.1) | (1.1) | (1.0) | (0.9) | (0.8) | (0.7) |
| **Earnings/(Loss) Before Taxes** | **($7.8)** | **($0.9)** | **$0.8** | **($0.3)** | **($0.3)** | **$0.3** | **$0.7** | **$1.3** | **$1.8** |
| Taxes | (0.2) | (0.2) | (0.2) | (0.3) | (0.3) | (0.3) | (0.3) | (0.3) | (0.3) |
| **Net Income/(Loss)** | **($8.0)** | **($1.1)** | **$0.6** | **($0.6)** | **($0.6)** | **$0.0** | **$0.4** | **$1.0** | **$1.5** |

** Includes non-cash accounting gain from VEBA settlement as part of 2007 UAW agreement*

*Note: - The company is proposing an EBITDA milestone to be tested on a monthly basis through 2010 and on a yearly basis through maturity*
*- Numbers may not add due to rounding*

# Chrysler "Stand Alone" Business Plan
# 2008 CY Unrestricted Cash Walk




** Actual 12/31/08 cash balance $1.9B. Decrease due to payments withheld by Daimler at YE and Chrysler having to provide wholesale financing in Mexico.*

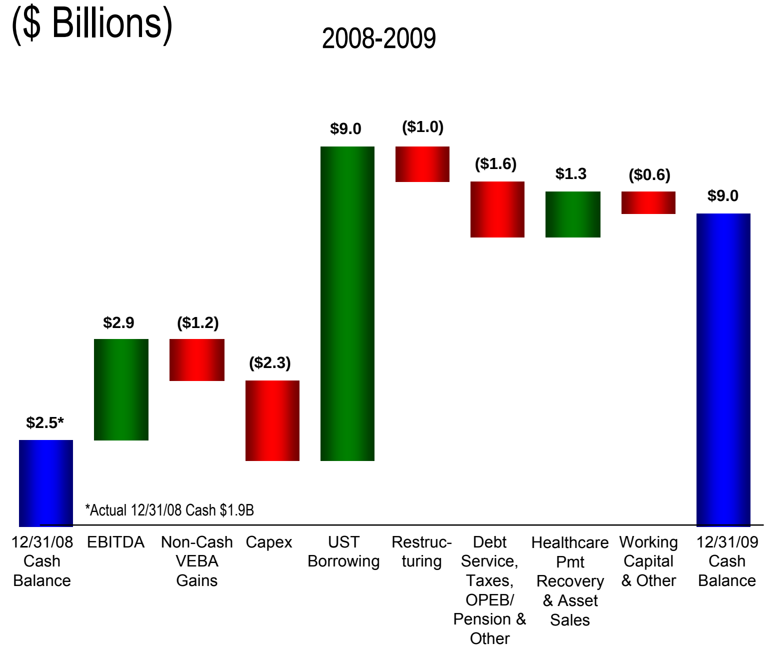
*Note: - In November 2007 repaid first lien creditors $3 billion*

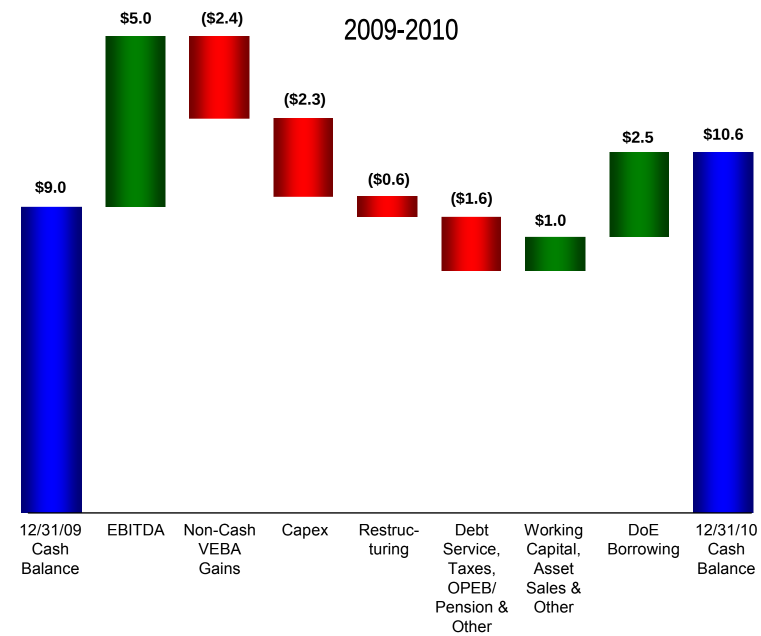
*- Numbers may not add due to rounding*

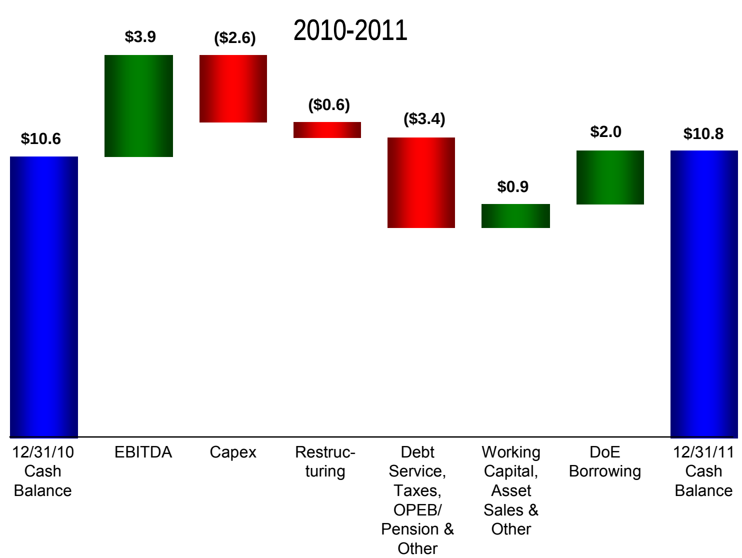
# Chrysler "Stand Alone" Business Plan
# 2008 – 2012 CY Unrestricted Cash Walk

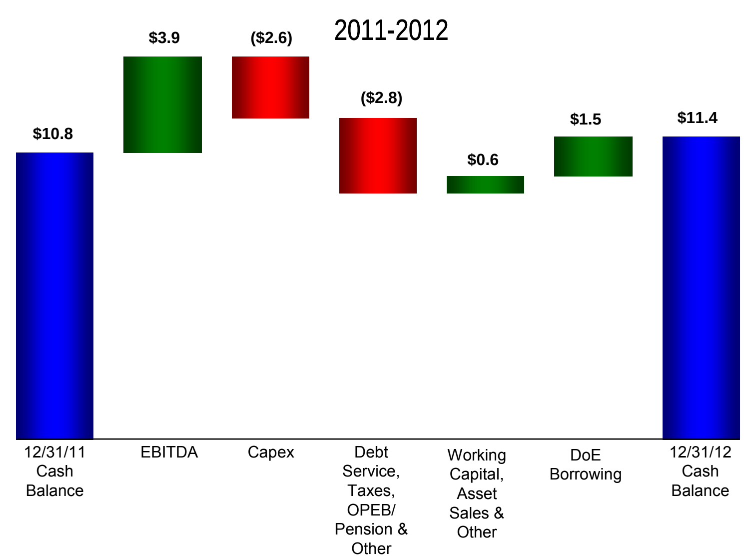
CHRYSLER

($ Billions)



# Chrysler "Stand Alone" Business Plan
# NPV Summary

($ Billions)

| | | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|---|---|---|
| **Free Cash Flows to Equity** | | $ 6.5 | $ 1.7 | $ 0.1 | $ 0.6 | $ (0.1) | $ 0.1 | $ 0.8 | $ 1.2 |

| | | NPV Discount Rates | | | |
|---|---|---|---|---|---|
| **Terminal Value** | | 5% | 10% | 15% | 20% |
| EBITDA at 2016 | $ 5.6 | | | | |
| Multiple | 5.0 | | | | |
| Terminal Value (Before Debt) | $ 28.0 | | | | |
| Less Debt: | (13.7) | | | | |
| Terminal Value (Net of Debt) | $ 14.3 | $ 9.7 | $ 6.7 | $ 4.7 | $ 3.3 |
| NPV of Free Cash Flows at 1/1/2009 | | 9.7 | 8.7 | 8.0 | 7.5 |
| NPV of Net Terminal Value | | 9.7 | 6.7 | 4.7 | 3.3 |
| NPV of Chrysler Cash Flows | | $ 19.4 | $ 15.4 | $ 12.7 | $ 10.8 |
| Plus: Cash at 1/1/2009 | | 1.9 | 1.9 | 1.9 | 1.9 |
| **NPV per Section 7.20 of UST Loan** | | **$ 21.3** | **$ 17.3** | **$ 14.6** | **$ 12.7** |

**Methodology Used in Calculating Net Present Value:**

Net Present Value as of January 1, 2009, is calculated as the discounted sum of a) the free cash flows through 2016 after payment of all expenditures for debt, interest, taxes, and capital investments and b) the terminal value cash flow in 2016, net of debts outstanding, plus c) the unrestricted cash in the company on January 1, 2009. The discount rate applied to a) and b) is the required return for this investment for an eight year term.

*Note: - Numbers may not add due to rounding*

# Chrysler "Stand Alone" Business Plan
# Cash Flow Statement

CHRYSLER

($ Billions)

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|---|---|
| **Beginning Cash** | **$2.5 *** | **$9.0** | **$10.6** | **$10.8** | **$11.4** | **$11.3** | **$11.4** | **$12.2** |
| **Cash Flows from Operating Activities** | | | | | | | | |
| Net Income | ($1.1) | $0.6 | ($0.6) | ($0.6) | ($0.0) | $0.4 | $1.0 | $1.5 |
| Depreciation & Amortization | 3.2 | 3.2 | 3.1 | 3.1 | 3.1 | 3.1 | 3.1 | 3.1 |
| Non-cash Write-down of Goodwill & Intangibles | | | | | | | | |
| Non-cash VEBA Gains | (1.2) | (2.4) | - | - | - | - | - | - |
| Change in Net Working Capital | (0.7) | 0.9 | 0.9 | 0.4 | 0.6 | 0.3 | 0.4 | 0.3 |
| Change in Net Other Operating Assets / Liabilities | (1.4) | (10.4) | (2.4) | 0.0 | (0.1) | - | 0.0 | 0.0 |
| **Cash (Used) / Provided by Operations** | ($1.2) | ($8.1) | $1.0 | $2.9 | $3.6 | $3.8 | $4.5 | $5.0 |
| **Cash Flows from Investing Activities** | | | | | | | | |
| Capital Expenditures (excl DOE) | ($2.3) | ($2.3) | ($2.6) | ($2.6) | ($2.6) | ($2.5) | ($2.5) | ($2.5) |
| DOE related Capital Expenditures | - | - | - | - | - | - | - | - |
| Asset Sales | 0.4 | 0.2 | 0.2 | 0.2 | 0.4 | 0.4 | 0.4 | 0.4 |
| **Cash (Used) / Provided from Investing** | ($1.9) | ($2.1) | ($2.4) | ($2.4) | ($2.2) | ($2.1) | ($2.1) | ($2.1) |
| **Cash Flows from Financing Activities** | | | | | | | | |
| Principal Changes | ($0.0) | $0.0 | $0.0 | ($1.0) | ($1.0) | ($1.0) | ($1.0) | ($1.0) |
| Liability Conversion | (6.9) | - | - | - | - | - | - | - |
| Equity Contributions | 6.9 | 5.1 | - | - | - | - | - | - |
| U.S. Treasury / DOE Sec.136 Funding | 9.6 | 2.5 | 2.0 | 1.5 | - | - | - | - |
| VEBA Note / (Principal Payments) | - | 4.3 | (0.4) | (0.5) | (0.5) | (0.6) | (0.6) | (0.7) |
| **Cash (Used) / Provided from Financing** | $9.6 | $11.9 | $1.6 | $0.0 | ($1.5) | ($1.6) | ($1.6) | ($1.7) |
| **Net Increase / (Decrease) in Cash** | **$6.5** | **$1.7** | **$0.1** | **$0.6** | **($0.1)** | **$0.1** | **$0.8** | **$1.2** |
| **Ending Cash** | **$9.0** | **$10.6** | **$10.8** | **$11.4** | **$11.3** | **$11.4** | **$12.2** | **$13.4** |

** Actual 12/31/08 Cash $1.9B. Decrease due to payments withheld by Daimler at YE and Chrysler having to provide wholesale financing in Mexico.*
*** Plan includes pension fund contributions of $2.4B through 2012. No contributions are included for the 2013 through 2016 period. If required by capital market conditions, potential additional contributions could range from $1B to $5B.*

*Note: - Numbers may not add due to rounding*
*- Assumptions with respect to the 1st Lien Debt, Government Loans, and UAW/VEBA obligation are that they are either refinanced at existing maturity dates or their maturity dates are consensually extended*

# Chrysler "Stand Alone" Business Plan
# Balance Sheet

($ Billions)

| | 2009 Plan | 2010 Plan | 2011 Plan | 2012 Plan | 2013 Plan | 2014 Plan | 2015 Plan | 2016 Plan |
|---|---|---|---|---|---|---|---|---|
| U.S. SAAR (Millions) | 10.1 | 10.6 | 11.1 | 11.6 | 12.1 | 12.6 | 13.1 | 13.7 |
| EBITDA | $ 2.9 | $ 5.0 | $ 3.9 | $ 3.9 | $ 4.4 | $ 4.7 | $ 5.2 | $ 5.6 |
| **Debt** | | | | | | | | |
| 1st Lien Debt (a) | $ 6.9 | $ 6.9 | $ 6.9 | $ 6.9 | $ 6.9 | $ 6.9 | $ 6.9 | $ 6.9 |
| U.S. Treasury & DOE sec. 136 (a) | 9.6 | 12.1 | 14.1 | 15.6 | 15.6 | 15.6 | 15.6 | 15.6 |
| Principal Amortizations | | | | (1.0) | (2.0) | (3.0) | (4.0) | (5.0) |
| VEBA Note (a) | 5.3 | 4.3 | 3.9 | 3.4 | 2.9 | 2.4 | 1.8 | 1.1 |
| Sub total Debt | 21.8 | 23.3 | 24.9 | 24.9 | 23.4 | 21.9 | 20.3 | 18.6 |
| Liability Conversion | (4.9) | (4.9) | (4.9) | (4.9) | (4.9) | (4.9) | (4.9) | (4.9) |
| Total Debt | $ 16.9 | $ 18.4 | $ 20.0 | $ 20.0 | $ 18.5 | $ 17.0 | $ 15.4 | $ 13.7 |
| **Net Debt (Debt - Cash)** | | | | | | | | |
| Total Debt - before Liability Conversion | $ 21.8 | $ 23.3 | $ 24.9 | $ 24.9 | $ 23.4 | $ 21.9 | $ 20.3 | $ 18.6 |
| Cash - Year-end Balance (b) | 1.0 | 2.6 | 2.8 | 3.4 | 3.3 | 3.4 | 4.2 | 5.4 |
| Net Debt - before Liability Conversion | $ 20.8 | $ 20.7 | $ 22.1 | $ 21.5 | $ 20.1 | $ 18.5 | $ 16.1 | $ 13.2 |
| **Net Debt - after Liability Conversion** | | | | | | | | |
| Total Debt - after Liability Conversion | $ 16.9 | $ 18.4 | $ 20.0 | $ 20.0 | $ 18.5 | $ 17.0 | $ 15.4 | $ 13.7 |
| Cash - Year-end Balance (b) | 1.0 | 2.6 | 2.8 | 3.4 | 3.3 | 3.4 | 4.2 | 5.4 |
| Net Debt - after Liability Conversion | $ 15.9 | $ 15.8 | $ 17.2 | $ 16.6 | $ 15.2 | $ 13.6 | $ 11.2 | $ 8.3 |
| **Leverage (Debt/EBITDA)** | | | | | | | | |
| Before Liability Conversion | 7.5 x | 4.7 x | 6.4 x | 6.4 x | 5.3 x | 4.7 x | 3.9 x | 3.3 x |
| After Liability Conversion | 5.8 x | 3.7 x | 5.1 x | 5.1 x | 4.2 x | 3.6 x | 3.0 x | 2.4 x |
| **Net Leverage (Net Debt/EBITDA)** | | | | | | | | |
| Before Liability Conversion | 7.2 x | 4.1 x | 5.7 x | 5.5 x | 4.6 x | 3.9 x | 3.1 x | 2.4 x |
| After Liability Conversion | 5.5 x | 3.2 x | 4.4 x | 4.3 x | 3.5 x | 2.9 x | 2.2 x | 1.5 x |

(a) Assumptions with respect to the 1st Lien Debt, Government Loans, and UAW/VEBA obligation are that they are either refinanced at existing maturity dates or their maturity dates are consensually extended

(b) Reflects projected year-end cash in excess of $8 billion assumed needed for operations.

***The Liability Concessions Significantly Reduce The Company's Leverage, Improving The Near Term And Long Term Viability***

# Chrysler "Stand Alone" Business Plan
# Balance Sheet

## ($ Billions)

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | |
| Cash | $9.0 | $10.6 | $10.8 | $11.4 | $11.3 | $11.4 | $12.2 | $13.4 |
| Restricted Cash / Investments | 2.3 | 2.3 | 2.1 | 2.1 | 2.1 | 2.1 | 2.1 | 2.1 |
| Trade Receivables | 1.3 | 1.3 | 1.4 | 1.3 | 1.3 | 1.2 | 1.2 | 1.2 |
| Inventory | 3.8 | 4.0 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.6 |
| Other Current Assets | 2.9 | 3.0 | 3.2 | 3.2 | 3.2 | 3.2 | 3.2 | 3.2 |
| Subtotal Current Assets | 19.3 | 21.2 | 22.0 | 22.5 | 22.4 | 22.4 | 23.2 | 24.5 |
| Operating Leases | 1.1 | 1.2 | 1.5 | 1.5 | 1.5 | 1.6 | 1.6 | 1.7 |
| Gold Key Lease Assets | 2.3 | 0.3 | - | - | - | - | - | - |
| Deferred Tax Assets | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Property, Plant & Equipment | 14.5 | 13.4 | 12.7 | 12.0 | 11.1 | 10.1 | 9.1 | 8.1 |
| Goodwill & Intangibles | 11.3 | 11.3 | 11.3 | 11.3 | 11.3 | 11.3 | 11.3 | 11.3 |
| Prepaid Pension | 0.9 | 0.2 | - | (0.2) | (0.2) | (0.2) | (0.2) | (0.2) |
| Other Long-Term Assets | 1.0 | 1.1 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 |
| Subtotal Long-Term Assets | 32.1 | 28.5 | 27.7 | 26.8 | 25.9 | 25.0 | 24.0 | 23.1 |
| **Total Assets** | **$51.4** | **$49.7** | **$49.7** | **$49.3** | **$48.3** | **$47.4** | **$47.2** | **$47.6** |
| **Liabilities & Member's Interest** | | | | | | | | |
| Trade Payables | $6.0 | $6.3 | $7.2 | $7.4 | $7.8 | $7.9 | $8.1 | $8.3 |
| Other Current Liabilities | 4.1 | 5.0 | 5.8 | 5.9 | 6.1 | 6.2 | 6.4 | 6.6 |
| Subtotal Current Liabilities | 10.1 | 11.3 | 13.0 | 13.3 | 13.9 | 14.1 | 14.5 | 14.9 |
| OPEB Liability | 7.9 | 3.8 | 3.8 | 3.8 | 3.8 | 3.9 | 3.9 | 3.9 |
| Pension Liability | 2.8 | 2.5 | 1.0 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 |
| Deferred Tax Liabilities | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| Restructuring Accruals | 1.5 | 0.9 | 0.3 | 0.3 | 0.2 | 0.2 | 0.2 | 0.2 |
| Other Long-Term Liabilities | 8.0 | 8.5 | 8.7 | 8.7 | 8.7 | 8.7 | 8.7 | 8.9 |
| Subtotal Long-Term Liabilities | 20.5 | 16.0 | 14.1 | 13.9 | 13.8 | 13.9 | 13.9 | 14.1 |
| 1st & 2nd Lien Debt | 6.9 | 6.9 | 6.9 | 6.9 | 6.9 | 6.9 | 6.9 | 6.9 |
| U.S. Treasury & DOE Sec.136 | 9.6 | 12.1 | 14.1 | 15.6 | 15.6 | 15.6 | 15.6 | 15.6 |
| Principal Amortizations | - | - | - | (1.0) | (2.0) | (3.0) | (4.0) | (5.0) |
| VEBA Note | 5.3 | 4.3 | 3.9 | 3.4 | 2.9 | 2.4 | 1.8 | 1.1 |
| Subtotal Debt | 21.8 | 23.3 | 24.9 | 24.9 | 23.4 | 21.9 | 20.3 | 18.6 |
| Liability Conversion | (4.9) | (4.9) | (4.9) | (4.9) | (4.9) | (4.9) | (4.9) | (4.9) |
| Net Debt | 16.9 | 18.4 | 20.0 | 20.0 | 18.5 | 17.0 | 15.4 | 13.7 |
| Gold Key Lease Debt | 2.6 | 0.5 | - | - | - | - | - | - |
| Other Financial Liabilities | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 |
| Member's Interest | - | 2.2 | 1.3 | 0.7 | 0.7 | 1.1 | 2.1 | 3.6 |
| **Total Liabilities & Member's Interest** | **$51.4** | **$49.7** | **$49.7** | **$49.3** | **$48.3** | **$47.4** | **$47.2** | **$47.6** |

*Note:*
- *All subject to final 2008 audit*
- *The company will propose balance sheet related milestones in connection with the final restructuring plan*
- *Numbers may not add due to rounding*
- *Assumptions with respect to the 1st Lien Debt, Government Loans, and UAW/VEBA obligation are that they are either refinanced at existing maturity dates or their maturity dates are consensually extended*

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# Chrysler "Stand Alone" Business Plan
# Sales by Market

CHRYSLER

(000's units)

| | 2009 Plan | | 2010 Plan | | 2011 Plan | | 2012 Plan | |
|---|---|---|---|---|---|---|---|---|
| | Units | % | Units | % | Units | % | Units | % |
| **U.S. Retail** (excl. Contract) | **817.0** | *51%* | **859.8** | *50%* | **897.8** | *48%* | **938.6** | *49%* |
| **U.S. Fleet** | **265.0** | *17%* | **306.6** | *18%* | **322.1** | *17%* | **334.7** | *17%* |
| **Canada** | **206.0** | *13%* | **196.0** | *12%* | **196.8** | *10%* | **191.2** | *10%* |
| **Mexico** | **120.0** | *7%* | **122.2** | *7%* | **126.9** | *7%* | **124.6** | *6%* |
| **International** | **189.3** | *12%* | **212.8** | *13%* | **326.2** | *17%* | **328.8** | *17%* |
| **Overseas Military Sales Corp.** | **5.7** | *0%* | **5.4** | *0%* | **5.3** | *0%* | **4.2** | *0%* |
| **Contract Manufacturing** | **-** | *0%* | **-** | *0%* | **-** | *0%* | **-** | *0%* |
| **Total Worldwide Sales** | **1,603.0** | *100%* | **1,702.7** | *100%* | **1,874.9** | *100%* | **1,922.0** | *100%* |

*Note: Numbers may not add due to rounding*

CHRYSLER

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# Chrysler "Stand Alone" Business Plan
# Shipments by Market

(000's units)

| | 2009 Plan | | 2010 Plan | | 2011 Plan | | 2012 Plan | |
|---|---|---|---|---|---|---|---|---|
| | Units | % | Units | % | Units | % | Units | % |
| **U.S. Retail** (excl. Contract) | **767.0** | *47%* | **816.4** | *46%* | **892.2** | *43%* | **938.6** | *44%* |
| **U.S. Fleet** | **265.0** | *16%* | **306.6** | *17%* | **322.1** | *15%* | **334.7** | *16%* |
| **Canada** | **196.7** | *12%* | **188.2** | *11%* | **191.1** | *9%* | **184.6** | *9%* |
| **Mexico** | **122.0** | *8%* | **122.3** | *7%* | **124.7** | *6%* | **120.5** | *6%* |
| **International** | **184.1** | *11%* | **220.0** | *12%* | **331.8** | *16%* | **322.6** | *15%* |
| **Overseas Military Sales Corp.** | **5.7** | *0%* | **5.4** | *0%* | **5.3** | *0%* | **4.2** | *0%* |
| **Contract Manufacturing** | **77.7** | *5%* | **116.4** | *7%* | **217.4** | *10%* | **214.9** | *10%* |
| **Total Worldwide Shipments** | **1,618.2** | *100%* | **1,775.3** | *100%* | **2,084.6** | *100%* | **2,120.1** | *100%* |

*Note: Numbers may not add due to rounding*

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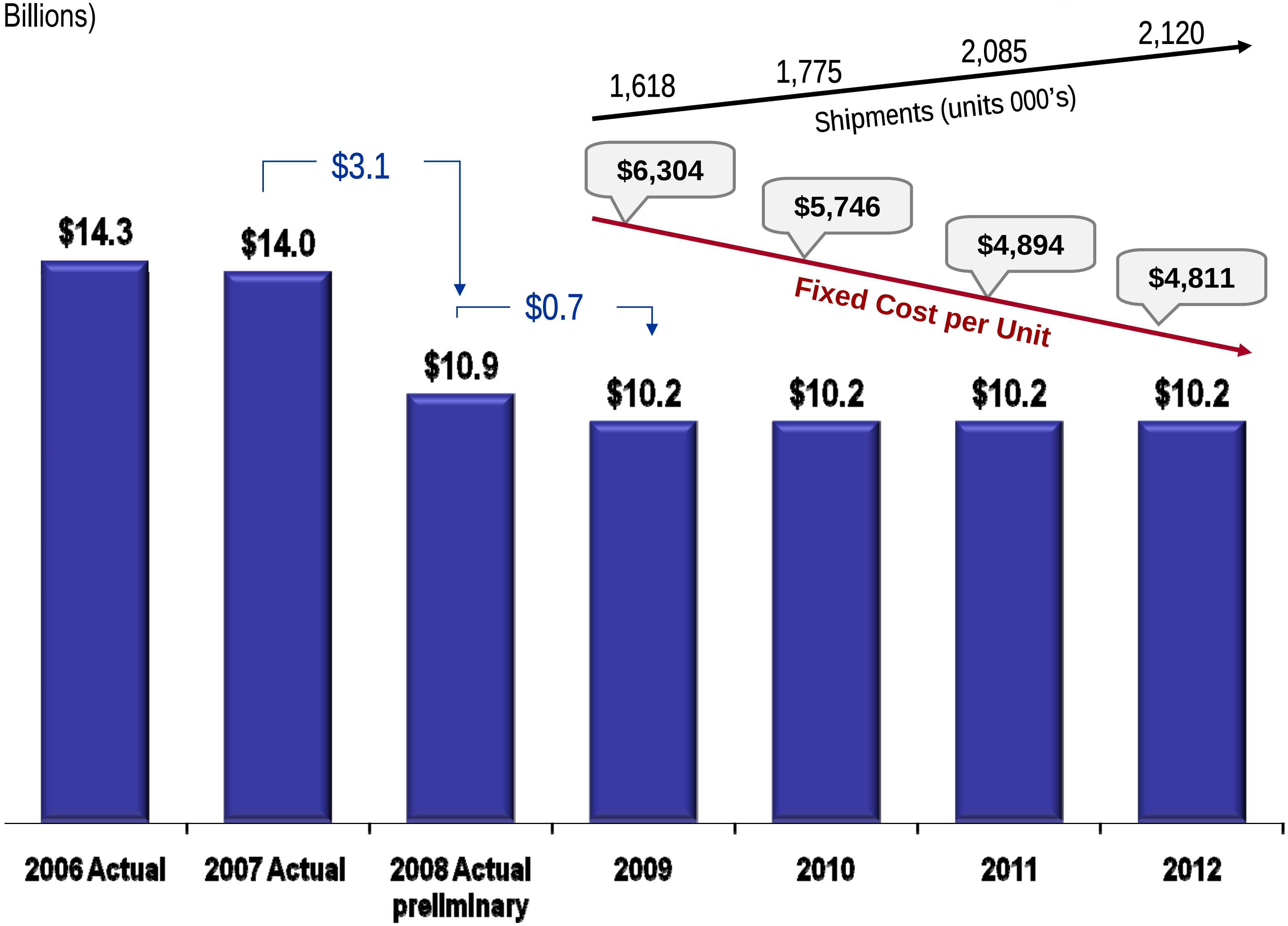
# Chrysler "Stand Alone" Fixed Cost Reduction Trend 2006 - 2012 CY (Before VEBA Impact)

CHRYSLER

($ Billions)



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# 2009 CY and 2010 CY Chrysler “Stand Alone” Business Plan

# Calendar Year Details

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# Chrysler 2009 CY "Stand Alone" Business Plan
# Monthly Income Statement

($Billions)

| | Jan | Feb | Mar | 1Q | Apr | May | Jun | 2Q | Jul | Aug | Sep | 3Q | Oct | Nov | Dec | 4Q | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Gross Revenue | 1.1 | 3.6 | 4.4 | 9.1 | 4.0 | 4.0 | 3.9 | 11.8 | 3.7 | 4.2 | 4.3 | 12.2 | 4.3 | 3.8 | 4.0 | 12.0 | 45.2 |
| Incentives | (0.2) | (0.5) | (0.6) | (1.2) | (0.5) | (0.5) | (0.5) | (1.6) | (0.5) | (0.6) | (0.6) | (1.7) | (0.6) | (0.5) | (0.5) | (1.6) | (6.1) |
| **Net Revenue** | **$1.0** | **$3.1** | **$3.8** | **$7.9** | **$3.4** | **$3.4** | **$3.4** | **$10.2** | **$3.2** | **$3.6** | **$3.7** | **$10.6** | **$3.7** | **$3.3** | **$3.5** | **$10.4** | **$39.1** |
| Variable Cost | (0.6) | (2.4) | (2.9) | (5.9) | (2.7) | (2.6) | (2.6) | (7.9) | (2.5) | (2.8) | (2.9) | (8.2) | (2.9) | (2.5) | (2.7) | (8.0) | (29.9) |
| Variable Profit | $0.3 | $0.7 | $0.9 | $1.9 | $0.8 | $0.8 | $0.8 | $2.4 | $0.8 | $0.8 | $0.9 | $2.4 | $0.8 | $0.8 | $0.8 | $2.4 | $9.2 |
| Fixed Cost * | (0.8) | (0.8) | (0.8) | (2.3) | (0.8) | (0.8) | (0.8) | (2.3) | (0.8) | (0.8) | (0.8) | (2.3) | (0.8) | (0.8) | (0.8) | (2.3) | (9.2) |
| **Operating Profit** | **($0.4)** | **($0.0)** | **$0.1** | **($0.4)** | **$0.0** | **$0.0** | **$0.0** | **$0.1** | **($0.0)** | **$0.1** | **$0.1** | **$0.1** | **$0.1** | **($0.0)** | **$0.0** | **$0.1** | **($0.0)** |
| Pension-OPEB Non-operating/Other | (0.0) | (0.0) | (0.0) | (0.1) | (0.0) | (0.0) | (0.0) | (0.1) | (0.0) | (0.0) | (0.0) | (0.1) | (0.0) | (0.0) | (0.0) | (0.1) | (0.3) |
| **Earnings/(Loss) Before Interest & Taxes** | **($0.4)** | **($0.1)** | **$0.1** | **($0.4)** | **$0.0** | **$0.0** | **($0.0)** | **($0.0)** | **($0.0)** | **$0.0** | **$0.1** | **$0.1** | **$0.1** | **($0.0)** | **$0.0** | **$0.0** | **($0.3)** |
| Deprec & Amortization (D&A) | 0.3 | 0.3 | 0.3 | 0.8 | 0.3 | 0.3 | 0.3 | 0.8 | 0.3 | 0.3 | 0.3 | 0.8 | 0.3 | 0.3 | 0.3 | 0.8 | 3.2 |
| **EBITDA including VEBA impact** | **($0.2)** | **$0.2** | **$0.3** | **$0.4** | **$0.3** | **$0.3** | **$0.3** | **$0.8** | **$0.2** | **$0.3** | **$0.3** | **$0.9** | **$0.3** | **$0.2** | **$0.3** | **$0.8** | **$2.9** |
| Depreciation & Amortization (D&A) | (0.3) | (0.3) | (0.3) | (0.8) | (0.3) | (0.3) | (0.3) | (0.8) | (0.3) | (0.3) | (0.3) | (0.8) | (0.3) | (0.3) | (0.3) | (0.8) | (3.2) |
| Restructuring & Other Adjustments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Net Interest Income/Expense | (0.07) | (0.06) | (0.06) | (0.19) | (0.04) | (0.04) | (0.04) | (0.13) | (0.04) | (0.04) | (0.04) | (0.13) | (0.04) | (0.04) | (0.04) | (0.13) | (0.6) |
| **Earnings/(Loss) Before Taxes** | **($0.5)** | **($0.1)** | **$0.0** | **($0.6)** | **($0.0)** | **($0.0)** | **($0.1)** | **($0.1)** | **($0.1)** | **($0.0)** | **$0.0** | **($0.1)** | **$0.0** | **($0.1)** | **($0.0)** | **($0.1)** | **($0.9)** |
| Taxes | (0.02) | (0.02) | (0.02) | (0.05) | (0.02) | (0.02) | (0.02) | (0.05) | (0.02) | (0.02) | (0.02) | (0.05) | (0.02) | (0.02) | (0.02) | (0.05) | (0.2) |
| **Net Income/(Loss)** | **($0.5)** | **($0.1)** | **($0.0)** | **($0.7)** | **($0.1)** | **($0.1)** | **($0.1)** | **($0.2)** | **($0.1)** | **($0.0)** | **$0.0** | **($0.1)** | **($0.0)** | **($0.1)** | **($0.1)** | **($0.1)** | **($1.1)** |

** Includes non-cash accounting gain from VEBA settlement as part of 2007 UAW agreement*

*Note: - The company is proposing an EBITDA milestone to be tested on a monthly basis through 2010 and on a yearly basis through maturity*

*- Numbers may not add due to rounding*

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# Chrysler 2009 CY "Stand Alone" Business Plan
# Monthly Cash Flow Statement

CHRYSLER

($Billions)

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Beginning Cash** | **$2.5** | **$4.1** | **$2.4** | **$3.5** | **$9.0** | **$8.9** | **$8.8** | **$8.9** | **$8.6** | **$8.6** | **$9.0** | **$8.9** | **$2.5** |
| **Cash Flows from Operating Activities** | | | | | | | | | | | | | |
| Net Income | ($0.5) | ($0.1) | $0.0 | ($0.1) | ($0.1) | ($0.1) | ($0.1) | $0.0 | $0.0 | $0.0 | ($0.1) | $0.0 | ($1.1) |
| Depreciation & Amortization | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.2 | 0.3 | 0.2 | 0.3 | 0.2 | 0.3 | 0.2 | 3.2 |
| Non-cash VEBA Gains | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (1.2) |
| Change in Net Working Capital | (1.8) | (1.0) | 1.1 | 0.7 | - | (0.1) | 0.1 | (0.2) | - | 0.3 | (0.1) | 0.3 | (0.7) |
| Change in Net Other Operating Assets / Liabilities | (0.4) | (0.6) | (0.1) | (0.5) | - | 0.1 | 0.1 | - | (0.1) | 0.2 | 0.1 | (0.2) | (1.4) |
| **Cash (Used) / Provided by Operations** | ($2.5) | ($1.5) | $1.2 | $0.3 | $0.1 | $0.0 | $0.3 | ($0.1) | $0.1 | $0.6 | $0.1 | $0.2 | ($1.2) |
| **Cash Flows from Investing Activities** | | | | | | | | | | | | | |
| Capital Expenditures | ($0.2) | ($0.2) | ($0.2) | ($0.1) | ($0.2) | ($0.2) | ($0.2) | ($0.2) | ($0.2) | ($0.2) | ($0.2) | ($0.2) | ($2.3) |
| Asset Sales | - | - | 0.1 | - | - | 0.1 | - | - | 0.1 | - | - | 0.1 | 0.4 |
| **Cash (Used) / Provided from Investing** | ($0.2) | ($0.2) | ($0.1) | ($0.1) | ($0.2) | ($0.1) | ($0.2) | ($0.2) | ($0.1) | ($0.2) | ($0.2) | ($0.1) | ($1.9) |
| **Cash Flows from Financing Activities** | | | | | | | | | | | | | |
| Principal Changes | $0.0 | $0.0 | ($0.0) | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | ($0.0) |
| Liability Conversion | - | - | - | (6.9) | - | - | - | - | - | - | - | - | (6.9) |
| Equity Contributions | - | - | - | 6.9 | - | - | - | - | - | - | - | - | 6.9 |
| U.S. Treasury / DOE Sec.136 Funding | 4.3 | - | - | 5.3 | - | - | - | - | - | - | - | - | 9.6 |
| VEBA Note / (Principal Payments) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Cash (Used) / Provided from Financing** | $4.3 | $0.0 | ($0.0) | $5.3 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $9.6 |
| **Net Increase / (Decrease) in Cash** | **$1.6** | **($1.7)** | **$1.1** | **$5.5** | **($0.1)** | **($0.1)** | **$0.1** | **($0.3)** | **($0.0)** | **$0.4** | **($0.1)** | **$0.1** | **$6.5** |
| **Ending Cash** | **$4.1** | **$2.4** | **$3.5** | **$9.0** | **$8.9** | **$8.8** | **$8.9** | **$8.6** | **$8.6** | **$9.0** | **$8.9** | **$9.0** | **$9.0** |
| Ending Cash Actual/ 13 week forecast | $2.7 | $1.9 | $2.4 | | | | | | | | | | |
| Risk at 9.5 SAAR | | $1.8 | $1.9 | | | | | | | | | | |

** Actual 12/31/08 Cash $1.9B. Decrease due to payments withheld by Daimler at YE and Chrysler having to provide wholesale financing in Mexico.*

*Note: - Numbers may not add due to rounding*

*- Assumptions with respect to the 1st Lien Debt, Government Loans, and UAW/VEBA obligation are that they are either refinanced at existing maturity dates or their maturity dates are consensually extended*

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# Chrysler 2009 CY "Stand Alone" Business Plan
# Monthly Balance Sheet

CHRYSLER

($Billions)

| | Jan | Feb | 1Q Mar | Apr | May | 2Q Jun | Jul | Aug | 3Q Sep | Oct | Nov | 4Q Dec |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | | | | | |
| Cash | $4.1 | $2.4 | $3.5 | $9.0 | $8.9 | $8.8 | $8.9 | $8.6 | $8.6 | $9.0 | $8.9 | $9.0 |
| Restricted Cash / Investments | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 |
| Trade Receivables | 1.1 | 1.3 | 1.4 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.4 | 1.3 | 1.3 | 1.3 |
| Inventory | 4.3 | 4.9 | 5.4 | 5.0 | 4.9 | 4.8 | 4.5 | 4.8 | 4.8 | 4.7 | 4.2 | 3.8 |
| Other Current Assets | 3.5 | 3.4 | 3.4 | 3.3 | 3.3 | 3.2 | 3.2 | 3.1 | 3.1 | 3.0 | 3.0 | 2.9 |
| Subtotal Current Assets | 15.3 | 14.3 | 16.0 | 20.9 | 20.7 | 20.4 | 20.2 | 20.1 | 20.2 | 20.3 | 19.7 | 19.3 |
| Operating Leases | 1.6 | 1.5 | 1.5 | 1.4 | 1.4 | 1.4 | 1.3 | 1.3 | 1.2 | 1.2 | 1.2 | 1.1 |
| Gold Key Lease Assets | 4.0 | 3.9 | 3.7 | 3.6 | 3.4 | 3.3 | 3.1 | 2.9 | 2.8 | 2.6 | 2.5 | 2.3 |
| Deferred Tax Assets | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Property, Plant & Equipment | 15.7 | 15.6 | 15.4 | 15.3 | 15.3 | 15.1 | 15.0 | 15.0 | 14.8 | 14.7 | 14.7 | 14.5 |
| Goodwill & Intangibles | 11.3 | 11.3 | 11.3 | 11.3 | 11.3 | 11.3 | 11.3 | 11.3 | 11.3 | 11.3 | 11.3 | 11.3 |
| Prepaid Pension | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 |
| Other Long-Term Assets | 0.5 | 0.5 | 0.6 | 0.6 | 0.6 | 0.6 | 0.7 | 0.7 | 0.8 | 0.9 | 0.9 | 1.0 |
| Subtotal Long-Term Assets | 35.0 | 34.7 | 34.4 | 34.1 | 33.9 | 33.6 | 33.3 | 33.1 | 32.8 | 32.6 | 32.5 | 32.1 |
| **Total Assets** | **$50.3** | **$49.0** | **$50.4** | **$55.0** | **$54.6** | **$54.0** | **$53.5** | **$53.2** | **$53.0** | **$52.9** | **$52.2** | **$51.4** |
| **Liabilities & Member's Interest** | | | | | | | | | | | | |
| Accounts Payables | $4.1 | $4.5 | $6.1 | $6.5 | $6.4 | $6.2 | $6.2 | $6.3 | $6.4 | $6.6 | $6.1 | $6.0 |
| Other Current Liabilities | 5.7 | 5.0 | 5.0 | 4.9 | 4.8 | 4.7 | 4.5 | 4.5 | 4.4 | 4.3 | 4.2 | 4.1 |
| Subtotal Current Liabilities | 9.8 | 9.5 | 11.1 | 11.4 | 11.2 | 10.9 | 10.7 | 10.8 | 10.8 | 10.9 | 10.3 | 10.1 |
| OPEB Liability | 6.9 | 7.0 | 7.1 | 7.2 | 7.3 | 7.4 | 7.4 | 7.5 | 7.6 | 7.7 | 7.8 | 7.9 |
| Pension Liability | 1.4 | 1.5 | 1.7 | 1.8 | 1.9 | 2.0 | 2.1 | 2.3 | 2.4 | 2.5 | 2.6 | 2.8 |
| Deferred Tax Liabilities | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| Restructuring Accruals | 2.2 | 2.1 | 2.0 | 1.8 | 1.8 | 1.7 | 1.7 | 1.7 | 1.6 | 1.6 | 1.6 | 1.5 |
| Other Long-Term Liabilities | 8.9 | 8.4 | 8.4 | 7.8 | 7.8 | 8.0 | 7.9 | 7.7 | 7.8 | 7.7 | 7.9 | 8.0 |
| Subtotal Long-Term Liabilities | 19.7 | 19.3 | 19.5 | 18.9 | 19.1 | 19.4 | 19.4 | 19.5 | 19.7 | 19.8 | 20.2 | 20.5 |
| 1st & 2nd Lien Debt | 8.9 | 8.9 | 8.9 | 6.9 | 6.9 | 6.9 | 6.9 | 6.9 | 6.9 | 6.9 | 6.9 | 6.9 |
| U.S. Treasury & DOE Sec.136 | 4.3 | 4.3 | 4.3 | 9.6 | 9.6 | 9.6 | 9.6 | 9.6 | 9.6 | 9.6 | 9.6 | 9.6 |
| VEBA Note | 5.0 | 5.0 | 5.0 | 5.1 | 5.1 | 5.1 | 5.2 | 5.2 | 5.2 | 5.3 | 5.3 | 5.3 |
| Subtotal Debt | 18.2 | 18.2 | 18.2 | 21.6 | 21.6 | 21.6 | 21.7 | 21.7 | 21.7 | 21.8 | 21.8 | 21.8 |
| Liability Conversion | - | - | - | (4.9) | (4.9) | (4.9) | (4.9) | (4.9) | (4.9) | (4.9) | (4.9) | (4.9) |
| Net Debt | 18.2 | 18.2 | 18.2 | 16.7 | 16.7 | 16.7 | 16.8 | 16.8 | 16.8 | 16.9 | 16.9 | 16.9 |
| Gold Key Lease Debt | 4.3 | 4.1 | 4.0 | 3.8 | 3.7 | 3.5 | 3.4 | 3.2 | 3.1 | 2.9 | 2.8 | 2.6 |
| Other Financial Liabilities | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 |
| Member's Interest | (3.0) | (3.4) | (3.7) | 2.9 | 2.6 | 2.2 | 1.9 | 1.6 | 1.3 | 1.1 | 0.7 | - |
| **Total Liabilities & Member's Interest** | **$50.3** | **$49.0** | **$50.4** | **$55.0** | **$54.6** | **$54.0** | **$53.5** | **$53.2** | **$53.0** | **$52.9** | **$52.2** | **$51.4** |

*Note:* 
- *All subject to final 2008 audit*
- *The company will propose balance sheet related milestones in connection with the final restructuring plan*
- *Numbers may not add due to rounding*
- *Assumptions with respect to the 1st Lien Debt, Government Loans, and UAW/VEBA obligation are that they are either refinanced at existing maturity dates or their maturity dates are consensually extended*

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# Chrysler 2010 CY "Stand Alone" Business Plan
# Monthly Income Statement

($Billions)

Note: Numbers may not add due to rounding

| | Jan | Feb | Mar | 1Q | Apr | May | Jun | 2Q | Jul | Aug | Sep | 3Q | Oct | Nov | Dec | 4Q | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Gross Revenue | 3.5 | 3.9 | 4.6 | 12.1 | 4.3 | 4.6 | 4.4 | 13.2 | 4.0 | 3.9 | 3.8 | 11.7 | 3.6 | 3.6 | 4.2 | 11.4 | 48.4 |
| Incentives | (0.5) | (0.5) | (0.6) | (1.6) | (0.6) | (0.6) | (0.6) | (1.8) | (0.5) | (0.5) | (0.5) | (1.6) | (0.5) | (0.5) | (0.6) | (1.5) | (6.5) |
| **Net Revenue** | **$3.1** | **$3.4** | **$4.0** | **$10.5** | **$3.7** | **$3.9** | **$3.8** | **$11.5** | **$3.4** | **$3.3** | **$3.3** | **$10.1** | **$3.1** | **$3.2** | **$3.6** | **$9.9** | **$41.9** |
| Variable Cost | (2.3) | (2.6) | (3.1) | (7.9) | (2.8) | (3.0) | (2.9) | (8.8) | (2.6) | (2.5) | (2.5) | (7.7) | (2.4) | (2.4) | (2.7) | (7.5) | (31.9) |
| Variable Profit | $0.8 | $0.8 | $0.9 | $2.5 | $0.9 | $0.9 | $0.9 | $2.7 | $0.8 | $0.8 | $0.8 | $2.4 | $0.8 | $0.8 | $0.9 | $2.4 | $10.0 |
| Fixed Cost * | (0.7) | (0.7) | (0.7) | (2.0) | (0.7) | (0.7) | (0.7) | (2.0) | (0.7) | (0.7) | (0.7) | (2.0) | (0.7) | (0.7) | (0.7) | (2.0) | (8.1) |
| **Operating Profit** | **$0.1** | **$0.1** | **$0.3** | **$0.5** | **$0.2** | **$0.2** | **$0.2** | **$0.7** | **$0.2** | **$0.1** | **$0.1** | **$0.4** | **$0.1** | **$0.1** | **$0.2** | **$0.4** | **$2.0** |
| Pension-OPEB Non-operating/Other | (0.0) | (0.0) | (0.0) | (0.1) | (0.0) | (0.0) | (0.0) | (0.1) | (0.0) | (0.0) | (0.0) | (0.1) | (0.0) | (0.0) | (0.0) | (0.1) | (0.2) |
| **Earnings/(Loss) Before Interest & Taxes** | **$0.1** | **$0.1** | **$0.2** | **$0.4** | **$0.2** | **$0.2** | **$0.2** | **$0.6** | **$0.1** | **$0.1** | **$0.1** | **$0.4** | **$0.1** | **$0.1** | **$0.2** | **$0.3** | **$1.8** |
| Deprec & Amortization (D&A) | 0.3 | 0.3 | 0.3 | 0.8 | 0.3 | 0.3 | 0.3 | 0.8 | 0.3 | 0.3 | 0.3 | 0.8 | 0.3 | 0.3 | 0.3 | 0.8 | 3.2 |
| **EBITDA including VEBA impact** | **$0.3** | **$0.4** | **$0.5** | **$1.2** | **$0.5** | **$0.5** | **$0.5** | **$1.4** | **$0.4** | **$0.4** | **$0.4** | **$1.2** | **$0.3** | **$0.3** | **$0.4** | **$1.1** | **$5.0** |
| Depreciation & Amortization (D&A) | (0.3) | (0.3) | (0.3) | (0.8) | (0.3) | (0.3) | (0.3) | (0.8) | (0.3) | (0.3) | (0.3) | (0.8) | (0.3) | (0.3) | (0.3) | (0.8) | (3.2) |
| Restructuring & Other Adjustments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Net Interest Income/Expense | (0.08) | (0.08) | (0.08) | (0.25) | (0.08) | (0.08) | (0.08) | (0.25) | (0.08) | (0.08) | (0.08) | (0.25) | (0.08) | (0.08) | (0.08) | (0.25) | (1.0) |
| **Earnings/(Loss) Before Taxes** | **($0.0)** | **$0.0** | **$0.2** | **$0.2** | **$0.1** | **$0.1** | **$0.1** | **$0.4** | **$0.1** | **$0.0** | **$0.0** | **$0.1** | **($0.0)** | **($0.0)** | **$0.1** | **$0.1** | **$0.8** |
| Taxes | (0.02) | (0.02) | (0.02) | (0.05) | (0.02) | (0.02) | (0.02) | (0.05) | (0.02) | (0.02) | (0.02) | (0.05) | (0.02) | (0.02) | (0.02) | (0.05) | (0.2) |
| **Net Income/(Loss)** | **($0.0)** | **$0.0** | **$0.1** | **$0.1** | **$0.1** | **$0.1** | **$0.1** | **$0.3** | **$0.0** | **$0.0** | **$0.0** | **$0.1** | **($0.0)** | **($0.0)** | **$0.1** | **$0.0** | **$0.6** |

** Includes non-cash accounting gain from VEBA settlement as part of 2007 UAW agreement*

*Note: - The company is proposing an EBITDA milestone to be tested on a monthly basis through 2010 and on a yearly basis through maturity*

*- Numbers may not add due to rounding*

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# Chrysler 2010 CY "Stand Alone" Business Plan
# Monthly Cash Flow Statement

($Billions)

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Beginning Cash** | **$9.0** | **$12.0** | **$11.7** | **$11.5** | **$11.9** | **$11.6** | **$11.6** | **$11.4** | **$11.1** | **$10.3** | **$10.4** | **$10.5** | **$9.0** |
| **Cash Flows from Operating Activities** | | | | | | | | | | | | | |
| Net Income | $0.0 | $0.1 | $0.1 | $0.1 | $0.2 | $0.0 | $0.1 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.6 |
| Depreciation & Amortization | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.2 | 0.3 | 0.2 | 0.3 | 0.2 | 0.3 | 0.2 | 3.2 |
| Non-cash VEBA Gains | (0.2) | (0.2) | (0.2) | (0.2) | (0.2) | (0.2) | (0.2) | (0.2) | (0.2) | (0.2) | (0.2) | (0.2) | (2.4) |
| Change in Net Working Capital | 0.7 | (0.2) | - | 0.4 | (0.3) | 0.1 | (0.1) | (0.1) | (0.3) | 0.3 | 0.1 | 0.3 | 0.9 |
| Change in Net Other Operating Assets / Liabilities | (9.5) | (0.1) | (0.2) | (0.1) | (0.1) | - | (0.1) | - | (0.4) | - | 0.1 | (0.1) | (10.4) |
| **Cash (Used) / Provided by Operations** | ($8.7) | ($0.1) | $0.0 | $0.5 | ($0.1) | $0.1 | $0.0 | ($0.1) | ($0.6) | $0.3 | $0.3 | $0.2 | ($8.1) |
| **Cash Flows from Investing Activities** | | | | | | | | | | | | | |
| Capital Expenditures | ($0.2) | ($0.2) | ($0.2) | ($0.1) | ($0.2) | ($0.2) | ($0.2) | ($0.2) | ($0.2) | ($0.2) | ($0.2) | ($0.2) | ($2.3) |
| Asset Sales | - | - | - | - | - | 0.1 | - | - | - | - | - | 0.1 | 0.2 |
| **Cash (Used) / Provided from Investing** | ($0.2) | ($0.2) | ($0.2) | ($0.1) | ($0.2) | ($0.1) | ($0.2) | ($0.2) | ($0.2) | ($0.2) | ($0.2) | ($0.1) | ($2.1) |
| **Cash Flows from Financing Activities** | | | | | | | | | | | | | |
| Principal Changes | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 |
| Liability Conversion | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Equity Contributions | 5.1 | - | - | - | - | - | - | - | - | - | - | - | 5.1 |
| U.S. Treasury / DOE Sec.136 Funding | 2.5 | - | - | - | - | - | - | - | - | - | - | - | 2.5 |
| VEBA Note / (Principal Payments) | 4.3 | - | - | - | - | - | - | - | - | - | - | - | 4.3 |
| **Cash (Used) / Provided from Financing** | $11.9 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $11.9 |
| **Net Increase / (Decrease) in Cash** | **$3.0** | **($0.3)** | **($0.2)** | **$0.4** | **($0.3)** | **($0.0)** | **($0.2)** | **($0.3)** | **($0.8)** | **$0.1** | **$0.1** | **$0.1** | **$1.7** |
| **Ending Cash** | **$12.0** | **$11.7** | **$11.5** | **$11.9** | **$11.6** | **$11.6** | **$11.4** | **$11.1** | **$10.3** | **$10.4** | **$10.5** | **$10.6** | **$10.6** |

*Note:* - *Numbers may not add due to rounding*
- *Assumptions with respect to the 1st Lien Debt, Government Loans, and UAW/VEBA obligation are that they are either refinanced at existing maturity dates or their maturity dates are consensually extended*

Blank

# Chrysler 2010 CY "Stand Alone" Business Plan
# Monthly Balance Sheet

CHRYSLER

($Billions)

| | 2009 | Jan | Feb | 1Q Mar | Apr | May | 2Q Jun | Jul | Aug | 3Q Sep | Oct | Nov | 4Q Dec |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | | | | | | |
| Cash | $9.0 | $12.0 | $11.7 | $11.5 | $11.9 | $11.6 | $11.6 | $11.4 | $11.1 | $10.3 | $10.4 | $10.5 | $10.6 |
| Restricted Cash / Investments | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 |
| Trade Receivables | 1.3 | 1.3 | 1.3 | 1.4 | 1.3 | 1.4 | 1.4 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 |
| Inventory | 3.8 | 3.8 | 4.1 | 4.8 | 4.5 | 4.7 | 4.6 | 4.3 | 4.1 | 4.3 | 3.9 | 3.7 | 4.0 |
| Other Current Assets | 2.9 | 2.9 | 2.9 | 2.9 | 2.9 | 2.9 | 2.9 | 2.9 | 2.9 | 2.9 | 3.0 | 3.0 | 3.0 |
| Subtotal Current Assets | 19.3 | 22.3 | 22.3 | 22.9 | 22.9 | 22.9 | 22.8 | 22.2 | 21.7 | 21.1 | 20.9 | 20.8 | 21.2 |
| Operating Leases | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 |
| Gold Key Lease Assets | 2.3 | 2.1 | 2.0 | 1.8 | 1.6 | 1.5 | 1.3 | 1.1 | 1.0 | 0.8 | 0.6 | 0.5 | 0.3 |
| Deferred Tax Assets | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Property, Plant & Equipment | 14.5 | 14.4 | 14.3 | 14.3 | 14.2 | 14.1 | 13.9 | 13.9 | 13.8 | 13.7 | 13.6 | 13.6 | 13.4 |
| Goodwill & Intangibles | 11.3 | 11.3 | 11.3 | 11.3 | 11.3 | 11.3 | 11.3 | 11.3 | 11.3 | 11.3 | 11.3 | 11.3 | 11.3 |
| Prepaid Pension | 0.9 | 0.8 | 0.8 | 0.7 | 0.7 | 0.6 | 0.6 | 0.5 | 0.5 | 0.4 | 0.3 | 0.3 | 0.2 |
| Other Long-Term Assets | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.1 |
| Subtotal Long-Term Assets | 32.1 | 31.7 | 31.5 | 31.2 | 30.9 | 30.6 | 30.3 | 30.0 | 29.8 | 29.4 | 29.0 | 28.9 | 28.5 |
| **Total Assets** | **$51.4** | **$54.0** | **$53.8** | **$54.1** | **$53.8** | **$53.5** | **$53.1** | **$52.2** | **$51.5** | **$50.5** | **$49.9** | **$49.7** | **$49.7** |
| **Liabilities & Member's Interest** | | | | | | | | | | | | | |
| Accounts Payables | $6.0 | $5.7 | $5.9 | $6.7 | $6.7 | $6.7 | $6.7 | $6.4 | $6.1 | $6.0 | $5.9 | $5.8 | $6.3 |
| Other Current Liabilities | 4.1 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 4.9 | 4.8 | 4.8 | 4.8 | 5.0 |
| Subtotal Current Liabilities | 10.1 | 10.7 | 10.9 | 11.7 | 11.7 | 11.7 | 11.7 | 11.4 | 11.0 | 10.8 | 10.7 | 10.6 | 11.3 |
| OPEB Liability | 7.9 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.8 | 3.8 | 3.8 | 3.8 | 3.8 | 3.8 |
| Pension Liability | 2.8 | 2.7 | 2.7 | 2.7 | 2.7 | 2.6 | 2.6 | 2.6 | 2.6 | 2.6 | 2.5 | 2.5 | 2.5 |
| Deferred Tax Liabilities | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| Restructuring Accruals | 1.5 | 1.5 | 1.5 | 1.3 | 1.3 | 1.3 | 1.2 | 1.2 | 1.2 | 1.0 | 1.0 | 1.0 | 0.9 |
| Other Long-Term Liabilities | 8.0 | 8.2 | 8.1 | 8.2 | 8.3 | 8.4 | 8.5 | 8.2 | 8.3 | 8.2 | 8.2 | 8.6 | 8.5 |
| Subtotal Long-Term Liabilities | 20.5 | 16.4 | 16.3 | 16.2 | 16.3 | 16.3 | 16.3 | 16.1 | 16.2 | 15.9 | 15.8 | 16.2 | 16.0 |
| 1st & 2nd Lien Debt | 6.9 | 6.9 | 6.9 | 6.9 | 6.9 | 6.9 | 6.9 | 6.9 | 6.9 | 6.9 | 6.9 | 6.9 | 6.9 |
| U.S. Treasury & DOE Sec.136 | 9.6 | 12.1 | 12.1 | 12.1 | 12.1 | 12.1 | 12.1 | 12.1 | 12.1 | 12.1 | 12.1 | 12.1 | 12.1 |
| VEBA Note | 5.3 | 4.3 | 4.3 | 4.3 | 4.3 | 4.3 | 4.3 | 4.3 | 4.3 | 4.3 | 4.3 | 4.3 | 4.3 |
| Subtotal Debt | 21.8 | 23.3 | 23.3 | 23.3 | 23.3 | 23.3 | 23.3 | 23.3 | 23.3 | 23.3 | 23.3 | 23.3 | 23.3 |
| Liability Conversion | (4.9) | (4.9) | (4.9) | (4.9) | (4.9) | (4.9) | (4.9) | (4.9) | (4.9) | (4.9) | (4.9) | (4.9) | (4.9) |
| Net Debt | 16.9 | 18.4 | 18.4 | 18.4 | 18.4 | 18.4 | 18.4 | 18.4 | 18.4 | 18.4 | 18.4 | 18.4 | 18.4 |
| Gold Key Lease Debt | 2.6 | 2.4 | 2.3 | 2.1 | 1.9 | 1.7 | 1.6 | 1.4 | 1.2 | 1.0 | 0.9 | 0.7 | 0.5 |
| Other Financial Liabilities | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 |
| Member's Interest | - | 4.8 | 4.6 | 4.4 | 4.2 | 4.1 | 3.8 | 3.6 | 3.4 | 3.1 | 2.8 | 2.5 | 2.2 |
| **Total Liabilities & Member's Interest** | **$51.4** | **$54.0** | **$53.8** | **$54.1** | **$53.8** | **$53.5** | **$53.1** | **$52.2** | **$51.5** | **$50.5** | **$49.9** | **$49.7** | **$49.7** |

*Note:* 
- *All subject to final 2008 audit*
- *The company will propose balance sheet related milestones in connection with the final restructuring plan*
- *Numbers may not add due to rounding*
- *Assumptions with respect to the 1st Lien Debt, Government Loans, and UAW/VEBA obligation are that they are either refinanced at existing maturity dates or their maturity dates are consensually extended*

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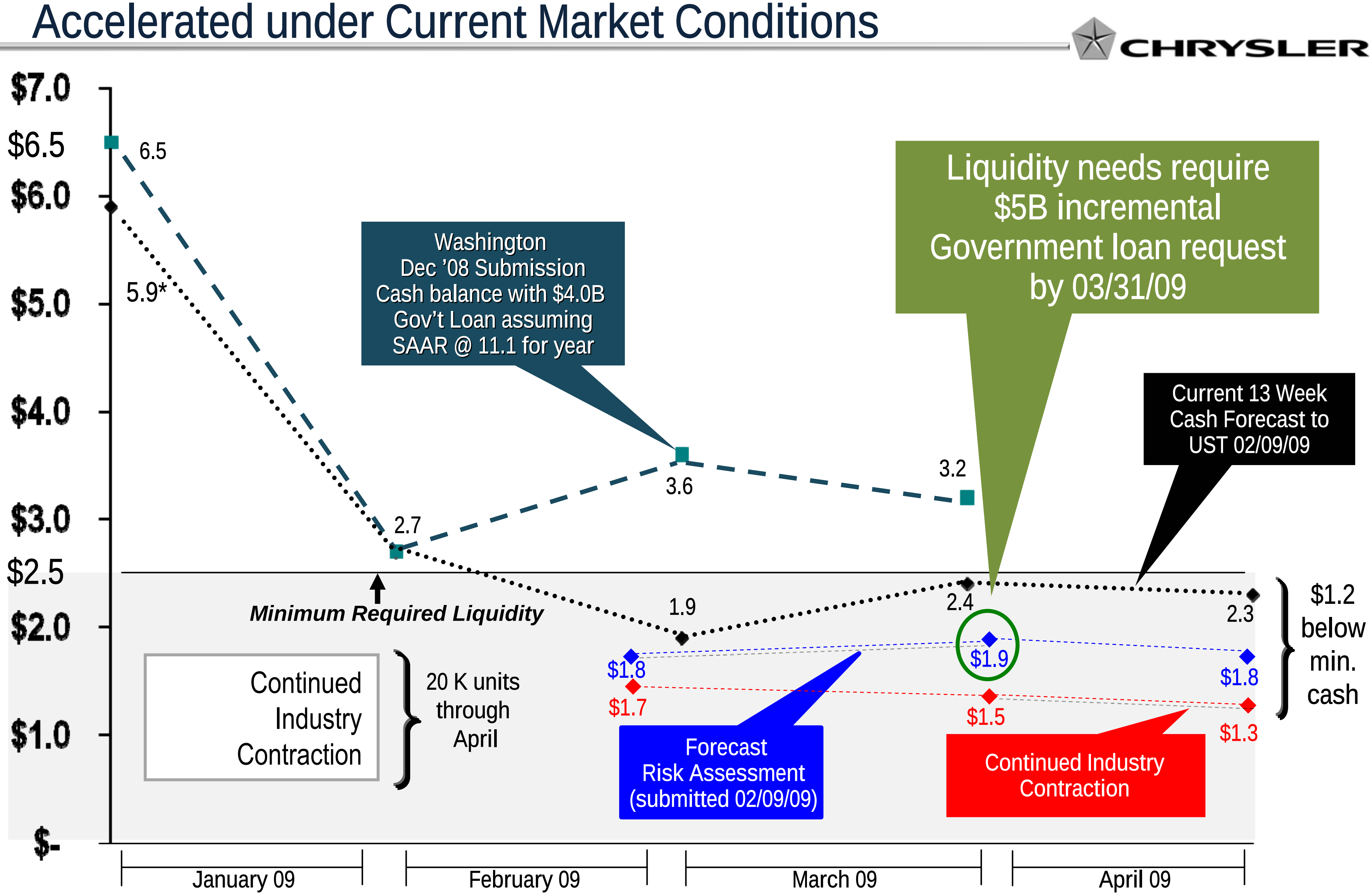
# Chrysler's Short-term Cash Needs Have Accelerated under Current Market Conditions




** 2008 YE actual cash $1.9B.  Received $4.0B 1/2/09 from UST*

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# V. Strategic Alliance Benefits

# Fiat Strategic Alliance Synergy and Benefits Overview

CHRYSLER

| Area | Approach | Cash Flow Impact<br>Total '09-16 $(Billions) | EBITDA Impact<br>Total '09-16 $(Billions) |
|---|---|---|---|
| Products/ Platform Sharing | 2 million products localized or sold in NAFTA and exported to global markets | $1.4 | $2.1 |
| Distribution | New Chrysler markets adding 393,000 units, Alfa Romeo distributed in NAFTA | $1.3 | $1.3 |
| Purchasing | Integrate sourcing with Fiat Group | $3.2 | $2.8 |
| Other Opportunities | Powertrain, Technology, Logistics, SG&A Expense, other, Funding for NSCs provided by Fiat | $1.0 | $1.2 |
| TOTAL SYNERGIES* | | $6.9 | $7.4 |

| Alliance With Fiat Benefits ** | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|---|---|
| **EBITDA Synergy Benefits** | **$0.0** | **$0.0** | **$0.3** | **$1.2** | **$1.3** | **$1.5** | **$1.6** | **$1.5** |
| **Cash Synergy Benefits (cumulative)** | **($0.1)** | **($0.1)** | **($0.2)** | **$1.0** | **$2.4** | **$3.9** | **$5.5** | **$6.9** |

The negative cash impact in the first three years is due to spending approx $1B in new platforms and powertrain technology offset by synergy savings

*Adds 7 New Small Vehicles/Platforms and 6 New Powertrain Combinations To Enhance U.S. Energy Independence And Environmentally Sustainable Product Offerings*

* *Synergies Incremental to Chrysler Only as Calculated by Chrysler*

** *A strategic alliance could reduce Chrysler's overall capital requirements and could create additional jobs in the U.S. Additionally the alliance would have the potential for better efficiency spending of DOE funds.*

# Strategic Alliance

CHRYSLER

| Chrysler Strategic Challenges | Benefits of Fiat Alliance |
|---|---|
| Minimal Scale Vs. Global Competitors | Alliance Creates #6 Global Automaker With Over 4 Million Vehicles Sold Annually |
| Lost International Footprint World-wide Outside Of NAFTA Due To Daimler Separation | Fiat To Help To Manage Distribution Internationally Providing Access to 3,800 Fiat Dealers |
| Historically Weighted Product Portfolio Toward Trucks, MPVs, And SUVs | Fills Product Line Gaps In Small And Fuel Efficient Vehicles |
| High Capital Investment And R&D Needed To Comply With Environmental Requirements | Obtain World-class Small Engines And Powertrain Technology |

*Increases Chrysler's and Fiat's Competitiveness*

# Fiat Overview

- One of the pioneers of the car industry, Fiat built its first car in 1899.
- Headquartered in Turin, Italy, Fiat is currently Italy's largest industrial concern and one of the largest auto manufacturers in Brazil and Russia.
- Fiat Group Automotive designs, produces and sells cars worldwide under the Fiat, Alfa Romeo, Lancia, Fiat Professional (light commercial vehicles) and Abarth brands.
- Fiat's small vehicle platform products (A, B and C segments) are highly regarded and the company is a recognized leader in developing technologies to reduce emissions and increase fuel efficiency.
- Among the top 10 selling brands in Europe, Fiat brand has the lowest level of $CO_2$ emissions.
- Fiat went through some difficult, unprofitable years at the beginning of the millennium but since 2003 has executed a tremendous turnaround in its own business.

# Fiat Overview

## Group Structure

**Fiat Group**

### Automakers
- Fiat Autos
- Maserati
- Ferrari

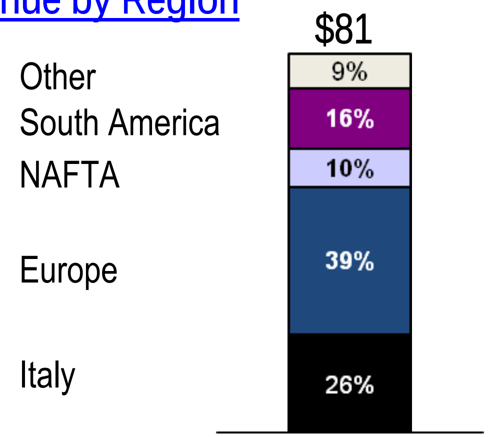
### Auto Components
- Fiat Power Train — *Powertrain Technologies*
- Magneti — *Components*

### Others
- Case New Holland — *Agri & Constr Equip*
- Iveco — *Commercial Veh*
- Teksid — *Metallurgical*
- Comau — *Production Sys*
- Itedi — *Publishing*

| 2008 Revenue $(Billions) | Automakers | Auto Components | Others |
|---|---|---|---|
| | $40 | $9 | $32 |

## Financial Summary – $(Billions)

### 2008 Revenue by Region




### Revenue & Profit History

| | FY '05 | FY '06 | FY '07 | FY '08 |
|---|---|---|---|---|
| Revenue | $64 | $71 | $80 | $81 |
| Gross Profit | 9.5 | 10.9 | 13.2 | 13.0 |
| *% Margin* | *15%* | *15%* | *16%* | *16%* |
| Net Profit | 1.8 | 1.5 | 2.7 | 2.4 |
| *% Margin* | *2.8%* | *2.1%* | *3.3%* | *3.0%* |

Source: '07 Annual Report, 4Q '08 Report, Bloomberg FX: €1= $1.37 (Jan '09). Including all subsidiaries.

# Restructuring Plan With Preferred Strategic Alliance

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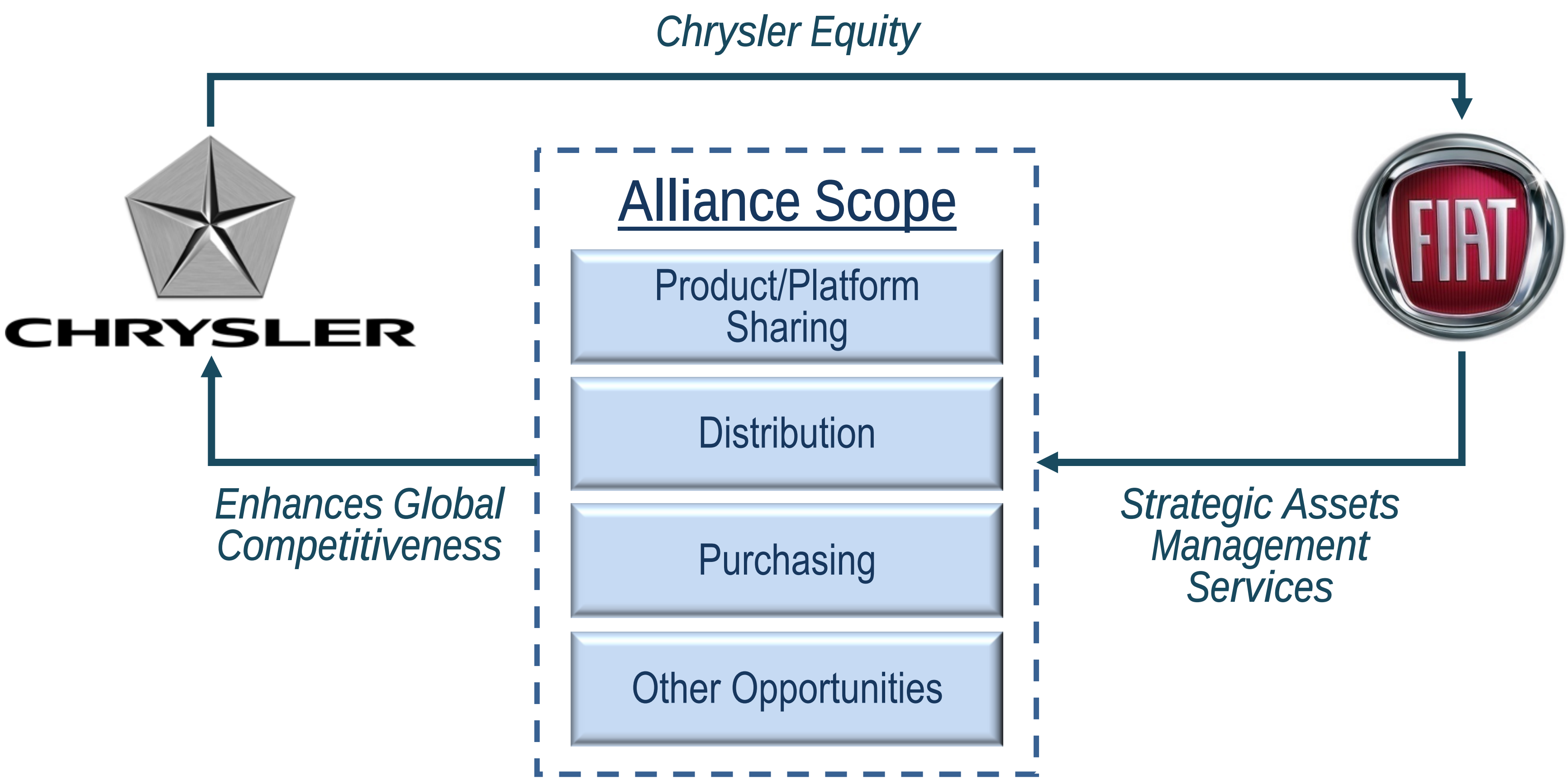
- An Alliance with Fiat would help Chrysler address some of its most pressing strategic challenges.
- Fiat would provide a strong partner to build the presence of the Chrysler, Dodge and Jeep® brands in important international growth markets, where Chrysler currently has a minimal footprint.
- Access to Fiat Group platforms would complement Chrysler's current product portfolio and would allow the Company to rapidly bring to market fuel-efficient, environmentally friendly small cars.
- Chrysler would obtain access to world-class small engines and powertrain technology without the need to spend significantly on capital investments and R&D.
- In return, Fiat would gain a 35% equity position in Chrysler.

# Chrysler – Fiat Alliance Proposed Transaction Structure: Non-Binding



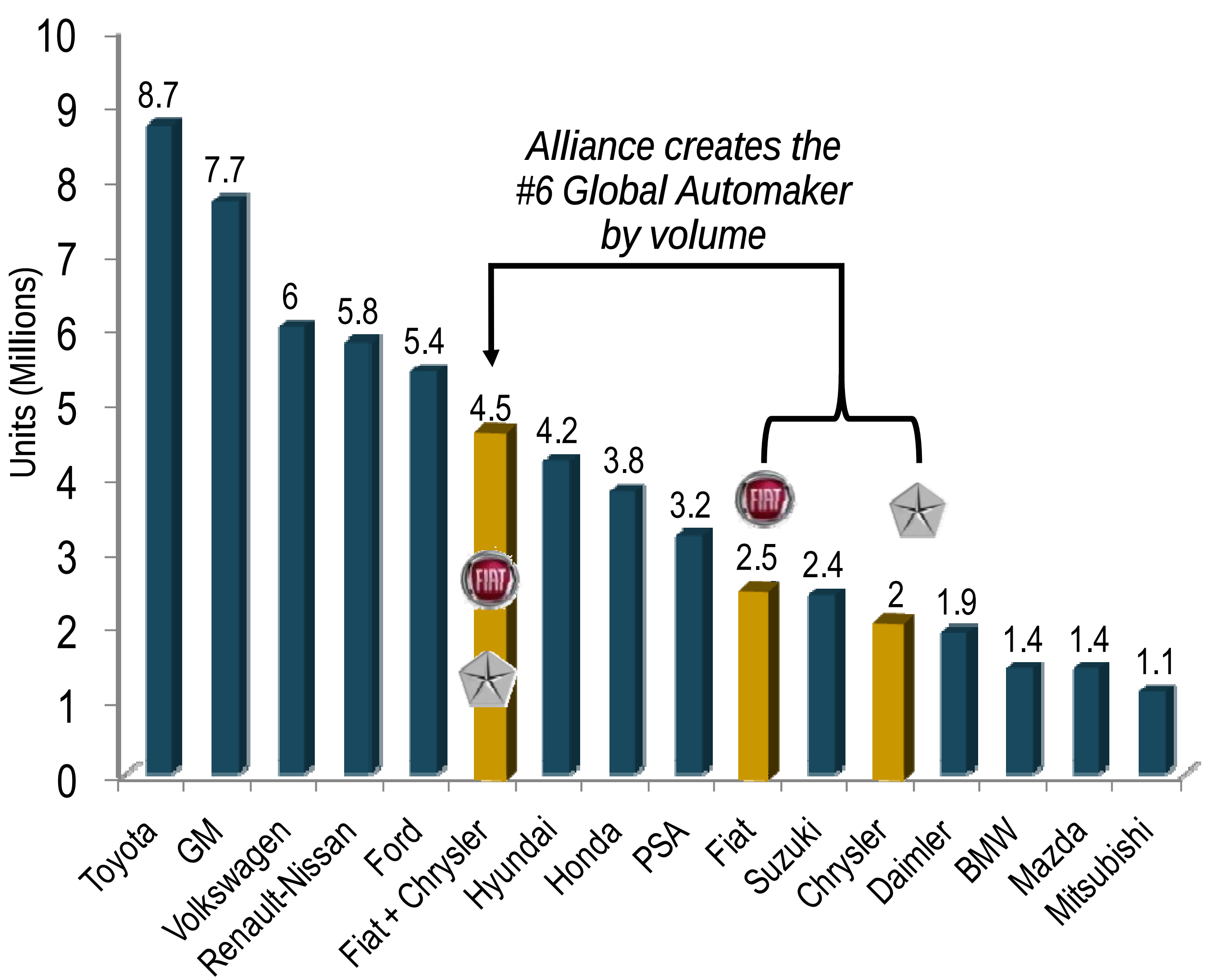

- Fiat contributes strategic assets and management services to Alliance
- Fiat obtains 35% equity with option to acquire 20% based on achieving performance metrics
- Chrysler remains U.S. based company

# Benefits From Global Scale

- While Chrysler's current scale makes it difficult to compete versus global competitors, the Alliance would immediately create the sixth largest global automaker by volume, with combined vehicle sales in excess of 4 million units.
- Larger scale would make the Alliance more competitive with top tier auto manufacturers, since new platform and technological development costs could be amortized over higher volumes.
- The Alliance also would increase R&D and design capabilities by combining two leading technology players.
- Joint development of future global platforms and powertrain solutions, combined with the use of common components, would provide the potential for significant reductions in combined development costs.
- The complementary geographic strengths would provide synergies in sales and service.
- The larger scale would provide savings in procurement as a result of common suppliers on existing platforms and even greater opportunity on future shared platforms.
- The combined direct materials spend would be more than $45 billion annually.

# Benefits From Global Scale

## Top Global Automakers by 2008 Annual Unit Sales




- Achieves scale position required to better compete with top-tier players
- Costs of new platform and technology development can be amortized over higher volumes
- Increased R&D and design capabilities by combining two leading technology players
- Sales and service synergies across geographical regions
- Procurement and other scale-related savings

# Expansion Through Current Geographic Presence

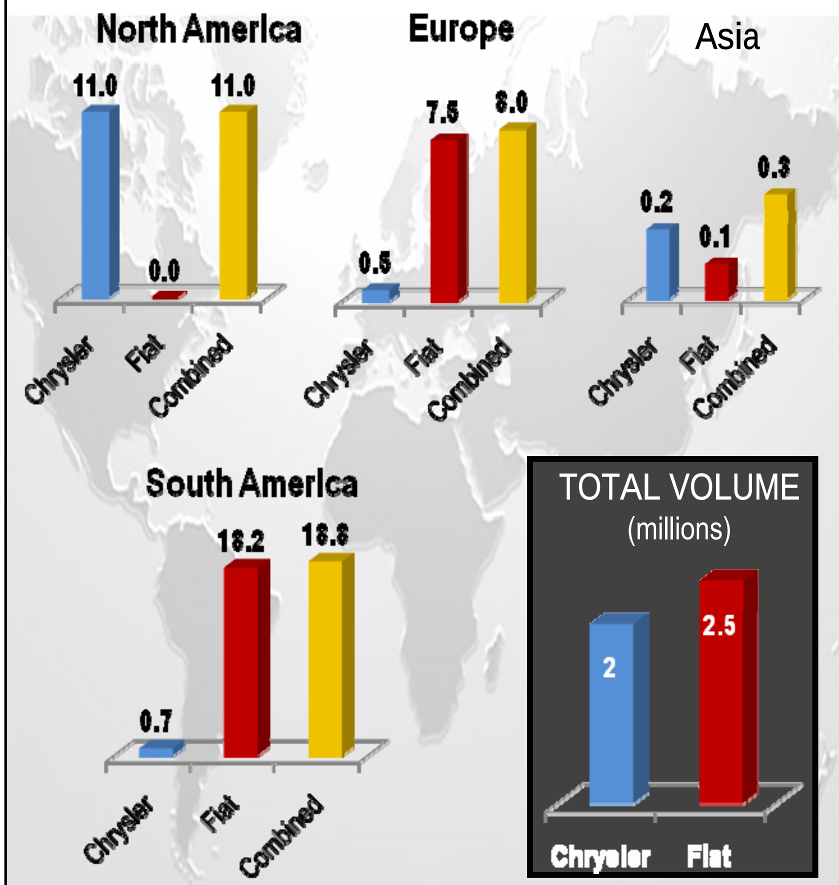
- Geographic balance is another mutual benefit, as the Alliance would take advantage of Fiat's presence in Europe and Latin America and Chrysler's position in North America. Here is how regional market shares currently break down:
  - Europe: Chrysler 0.5 percent share; Fiat 7.5 percent share
  - South America: Chrysler 0.7 percent share; Fiat 18.2 percent share
  - North America: Chrysler 11.0 percent share; Fiat less than 0.1 percent share
- By leveraging Chrysler's and Fiat's complementary strengths in distribution, the Alliance would dramatically enhance the geographic footprint for each company, providing the opportunity to grow combined share.
- An improved geographic balance also would lessen the dependency on any single market for the Alliance.
- In addition, scale in the Americas and in Europe would put the Alliance in better position to penetrate Asian markets from a position of strength.

# Expansion Through Current Geographic Presence

CHRYSLER

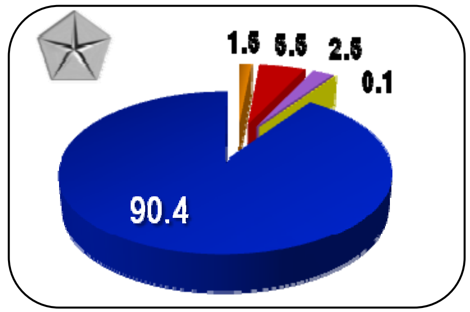
## Fiat's core presence in Europe and South America and Chrysler's in North America

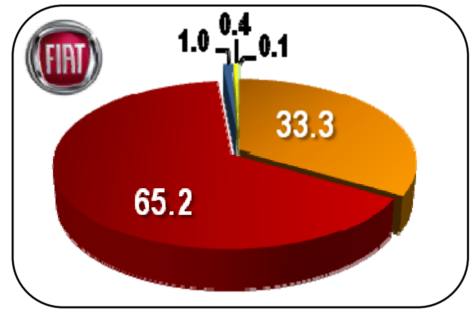
MARKET SHARE BY REGION

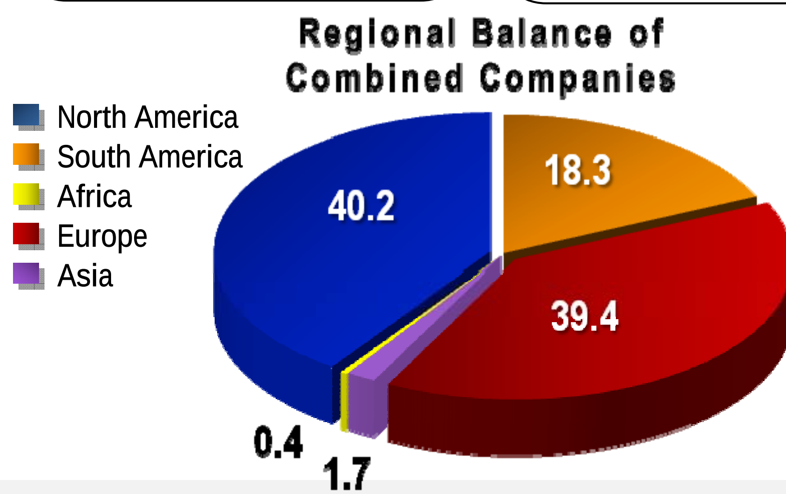



## Alliance provides platform to jointly penetrate Asia from position of strength

% SALES BY REGION




Fiat Financial Services May Provide Significant Benefits For Chrysler International

*Source: Global AutoInsight (January 2009)*

# Benefits From Complementary Products

- Fiat’s product portfolio is predominately mini, small and compact cars which represent almost 60 percent of the company’s global sales.

- Alternatively, Chrysler’s product portfolio is dominated by minivans, mid and large sport utility vehicles, and trucks which represent over 50% of its sales.

- Chrysler would gain immediate access to substantially all of Fiat’s vehicle platforms, including small, fuel-efficient cars for the U.S. market.

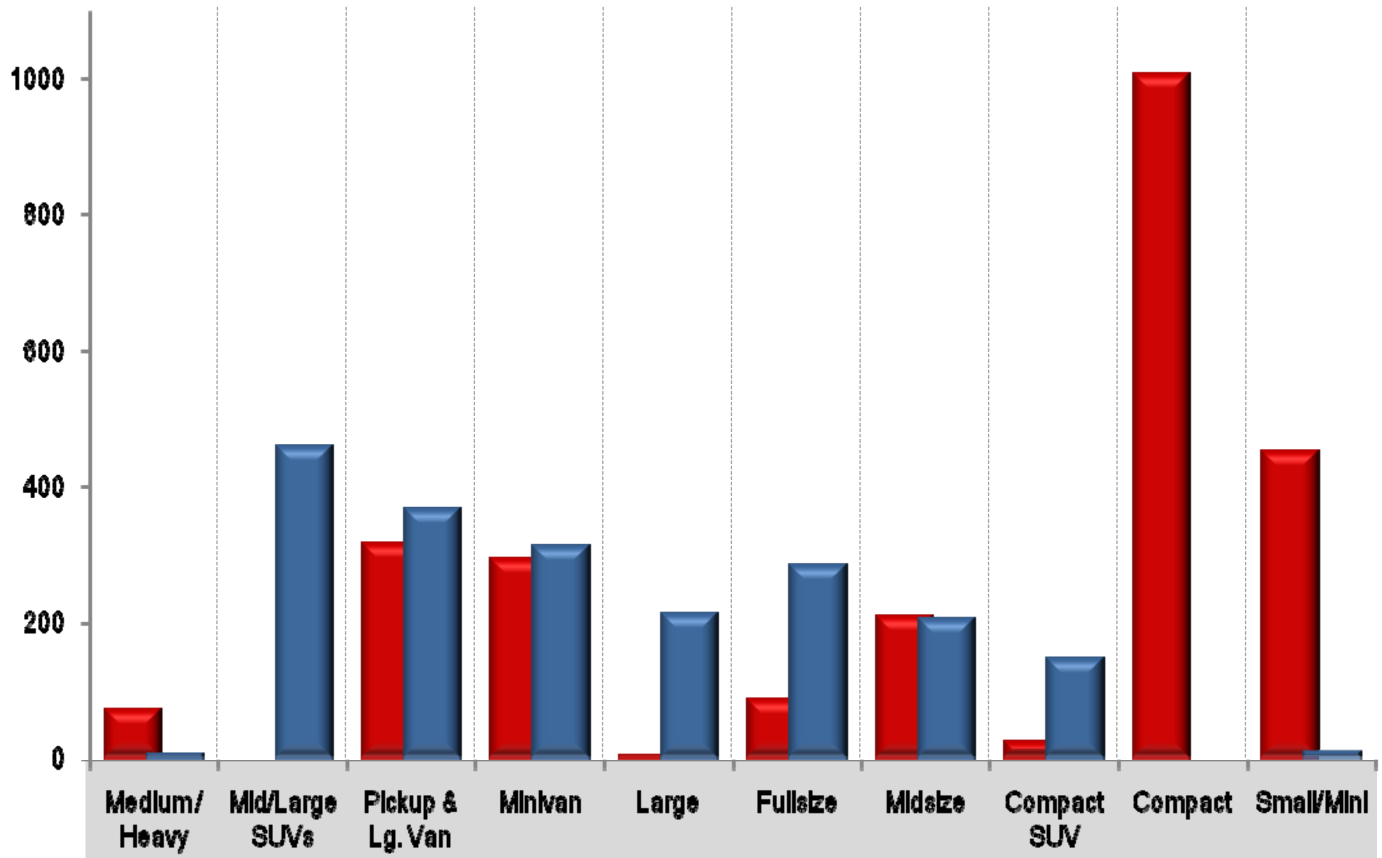
# Benefits From Complementary Products



## Worldwide Vehicle Sales by Segment
Units (000s)

2.5 M Annual Sales

CHRYSLER
2.0 M Annual Sales




*Expanding Product Breadth into New Segments Enhances Customer Choice and Improves Dealer Profitability*

*Source: Global Insight & Co. data. Fiat/ Alfa/ Lancia. Includes LCV. '08E 3Q'08 Co. presentation*

# Benefits From Technology Sharing

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- Technology sharing with Fiat would provide tremendous advantages to Chrysler.
- Fiat is a recognized leader in developing technologies to reduce emissions and increase fuel efficiency. Among the 10 top selling brands in Europe, Fiat brand has the lowest level of CO2 emissions.
- Examples of Fiat advanced technologies available in 2009-2012:
  - Small Gasoline Engine: 1.4-1.8l turbocharged technology to reduce CO2 emissions to less than 100g/km.
  - Multiair: this innovative intake valve electronic control system reduces fuel consumption by up to 6 percent while improving dynamic response of the engine.
  - Multijet 2: advances in direct injection diesel technology enable signficiant reductions in NOx and soot emissions and reduced combustion noise.
  - Tetrafuel: designed for flex-fuel markets like Brazil, it is the first-ever engine capable of being powered by four different fuels – CNG, pure petrol, pure ethanol (E100) and E25 ethanol/gasoline blend.

# Benefits From Technology Sharing

## Innovative Powertrain Technologies

**2-cylinder Gas Engine**
combining Multiair and turbo technology for real downsizing

**Tetra-Fuel Engine**
capable of being powered by four different fuels

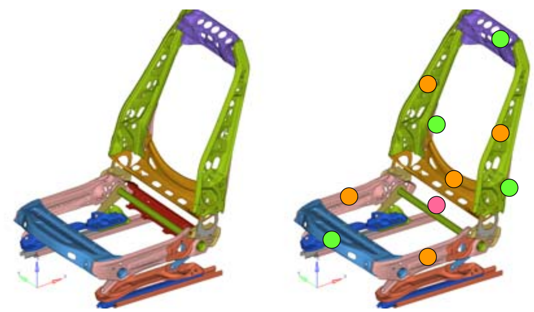
**Dual Dry Clutch Transmission**
10% more efficient than conventional transmission

## Vehicle and Lightweight Technologies

**Electric Power Steering**
to reduce pumping losses for fuel efficiency

**Seat Frame Weight Reduction**

- Material and thickness
- Thickness
- deleted



*Improved Fuel Economy and Emissions*

# A Global Alliance for Chrysler Benefits America

- The proposed Alliance with Fiat would significantly strengthen Chrysler's competitiveness for the long term and would benefit all of Chrysler's constituents.
- The Company's U.S. employees would benefit from the enhanced prospects for Chrysler's long-term viability and by the preservation of manufacturing jobs. A stronger Chrysler also will be in a better position to meet its retiree obligations. Chrysler's partners at the UAW have announced their endorsement of the proposed Alliance.
- Chrysler's dealers and suppliers would benefit from increased production volumes, diversification across geographies and models, and increased financial stability. Suppliers would have an increased opportunity to supply components for Fiat vehicles assembled in the U.S.
- Chrysler's creditors would benefit from a stronger borrower.
- Finally, the U.S. government and taxpayers would benefit because the Alliance would elevate Chrysler into a leading U.S.-based global automotive player; facilitate more rapid repayment of U.S. Treasury indebtedness; and accelerate Chrysler's plans for the introduction of more environmentally friendly vehicles.
- No American taxpayer money would go to Fiat.
- Chrysler would build Fiat models in North American plants with North American labor, just as the Company has previously assembled small pickup trucks for Mitsubishi, now assemble minivans for Volkswagen, and will assemble full-size pickup trucks for Nissan.

# Impact of Alliance Extends Beyond Chrysler and Benefits Other U.S. Constituencies

CHRYSLER

**Dealers & Suppliers**

- More competitive, diverse product lineup
- Volume growth opportunity
- Financial stability

**Government & Public**

- Accelerates achievement of Chrysler's long-term objectives
- Facilitates more rapid repayment of U.S. Treasury indebtedness
- Pulls ahead introduction of more environmentally friendly and fuel efficient vehicles
- Elevates Chrysler into a leading U.S.-based global automotive player


**Employees**

- Chrysler viability enhanced for long-term
- Preserves manufacturing jobs
- Better enables Chrysler to meet its retiree obligations

**Creditors**

- Improves potential for debt repayment and reduces risks

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# VI. Industrial Plan

# Product Leadership Strategy

CHRYSLER

- Chrysler product leadership strategy addresses three major areas:
- Core Programs: Improving quality to attain world-class standards has been a major focus over the past year-and-a-half. Chrysler also has steadfastly addressed ways to improve fuel economy and meet regulatory requirements through a wide range of approaches.
- Market/Segment Requirements: Chrysler understands changing customer requirements and seeks to satisfy those needs in different segments with innovative vehicles and features, improving its portfolio’s relevance to consumers.
- Financial Viability for Chrysler: Two of Chrysler’s most successful, iconic models – Chrysler 300 and Jeep Grand Cherokee – will be completely redesigned and launched in 2010.

# Chrysler Product Leadership Strategy Addresses 3 Major Aspects

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Implement Core Programs to

- Improve Quality
- Increase Fuel Economy
- Ensure Compliance With Regulatory Requirements

Establish a More Customer – Relevant Product Portfolio

- Smaller Vehicles
- Electric Vehicles – i.e. Dodge Circuit
- Innovation – Chrysler 200C / Connectivity

Maintain Dominance in Profitable Segments

- New Jeep Grand Cherokee in 2010
- New Chrysler 300 in 2010

# Chrysler Quality Strategy Showing Positive Results

CHRYSLER

- The entire Chrysler organization is committed to achieving a higher level of quality.
- Chrysler recently launched the *Customer Promoter Score* to measure how customers feel about the Company's brands, dealers and vehicles. It measures whether customers are promoters or detractors of Company products by asking one simple question: "Would you recommend the product you bought to a friend or family member?"
- Customers are contacted seven times during their ownership experience. Customer feedback and comments will be available to dealers, engineers, designers - anyone with an interest in customer input. Recent data shows Chrysler is seeing a resurgence of promoters.
- The 2009 Dodge Ram truck was the first vehicle tested under the Customer Promoter Score system. Calls began in December of 2008, and through the end of January more than 700 customer calls were completed, recording a cumulative score of 99.8 percent positive.
- Three aspects of Chrysler's quality process will be highlighted in this presentation:
    - Ordinary Quality: In 2008, the Company achieved the lowest warranty claim rate in its history – a 30 percent improvement compared with the prior year.
    - Regulatory Quality: Among the six major auto manufacturers, Chrysler had the industry's lowest number of recalls in 2008 as reported by NHTSA – a total of 360,000 units, down from 2.2 million units in 2007.
    - Perceived Quality: Chrysler is addressing perception issues with initiatives such as upgraded materials and improvements to fit and finish.

# Chrysler's Overall Quality Strategy

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CPS will predict increased Loyalty/Advocacy leading to growth of the business

*One simple question: "Would the customer recommend Chrysler Products to others?"*

**CPS**
**Customer Promoter Score**

**Ordinary Quality**

*Fixing problems on current products and warranty claims*

Example:
- Power Window Broken

**Regulatory Quality**

*Recalls*

Example:
- Emissions Problem

**Perceived Quality**

*How it looks*

Example:
- Cheap looking interior
- Poor fit and finish

**Dissatisfaction Quality**

*Customer feedback*

Example:
- Cup holders too low
- Confusing Controls

**Performance Quality**

*How it works*

Example:
- Road noise
- MPG

**Service Quality**

*How am I satisfied by dealer/OEM*

Example:
- Not repaired first time

*Chrysler is a Customer Centric Company*

# Ordinary Quality Addresses Fundamental Customer Requirements

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Current Products

- To underscore Chrysler's focus on quality and commitment to customers, in 2007 the Company became the first auto manufacturer to offer a limited lifetime powertrain warranty on most new Chrysler, Jeep and Dodge vehicles.
- In 2008, the Company achieved the lowest warranty claim rate in its history – a 30 percent improvement compared with the prior year.
    - The 30 percent improvement far exceeds the historical average annual improvement rate of 2.4 percent.
    - The 2008 improvement resulted in a $240 million annualized warranty cost reduction.

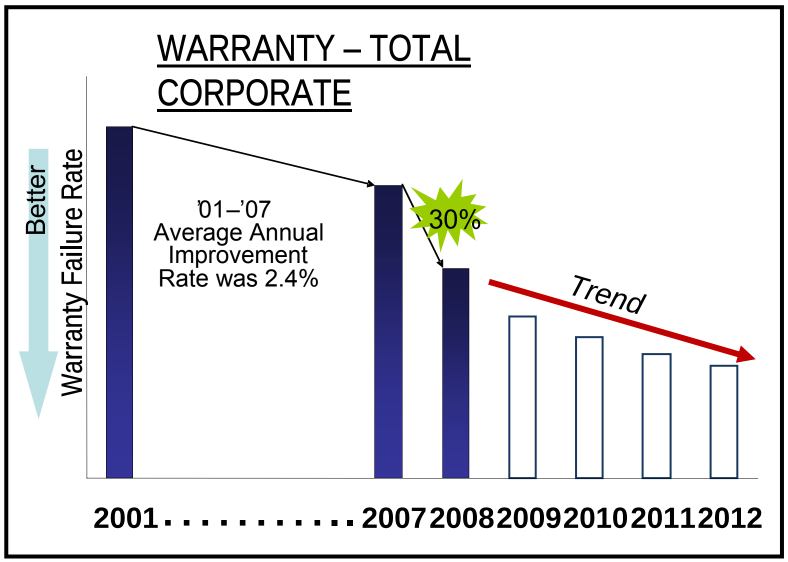
Future Products

- Chrysler has increased its durability target by 50 percent for future products.
- The Company has set a target to achieve a Consumer Reports rating of 40 percent better than the industry average for reliability.

# Ordinary Quality (Warranty)

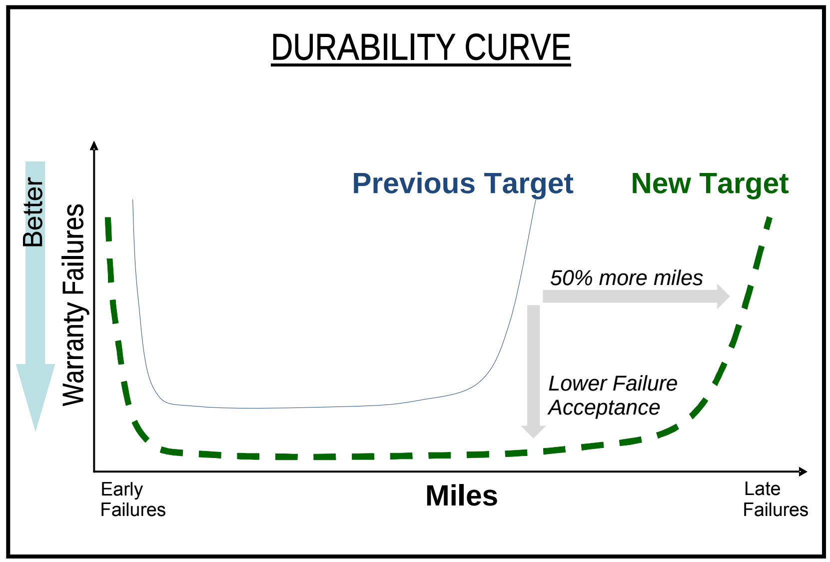
## Current Products

- 30% reduction in customer warranty claims last 12 months (historically 2.4% annual)
- $240 Million annualized warranty cost reduction




## Future Products

- Durability targets increased 50%
- Targeting Consumer Reports rating of 40% better than Industry Average for Reliability



# Regulatory Quality Measures Recall Performance

- Chrysler established the automotive industry's first-ever Chief Customer Officer position in the automotive industry to focus and align the entire organization on quality and on satisfying customers.

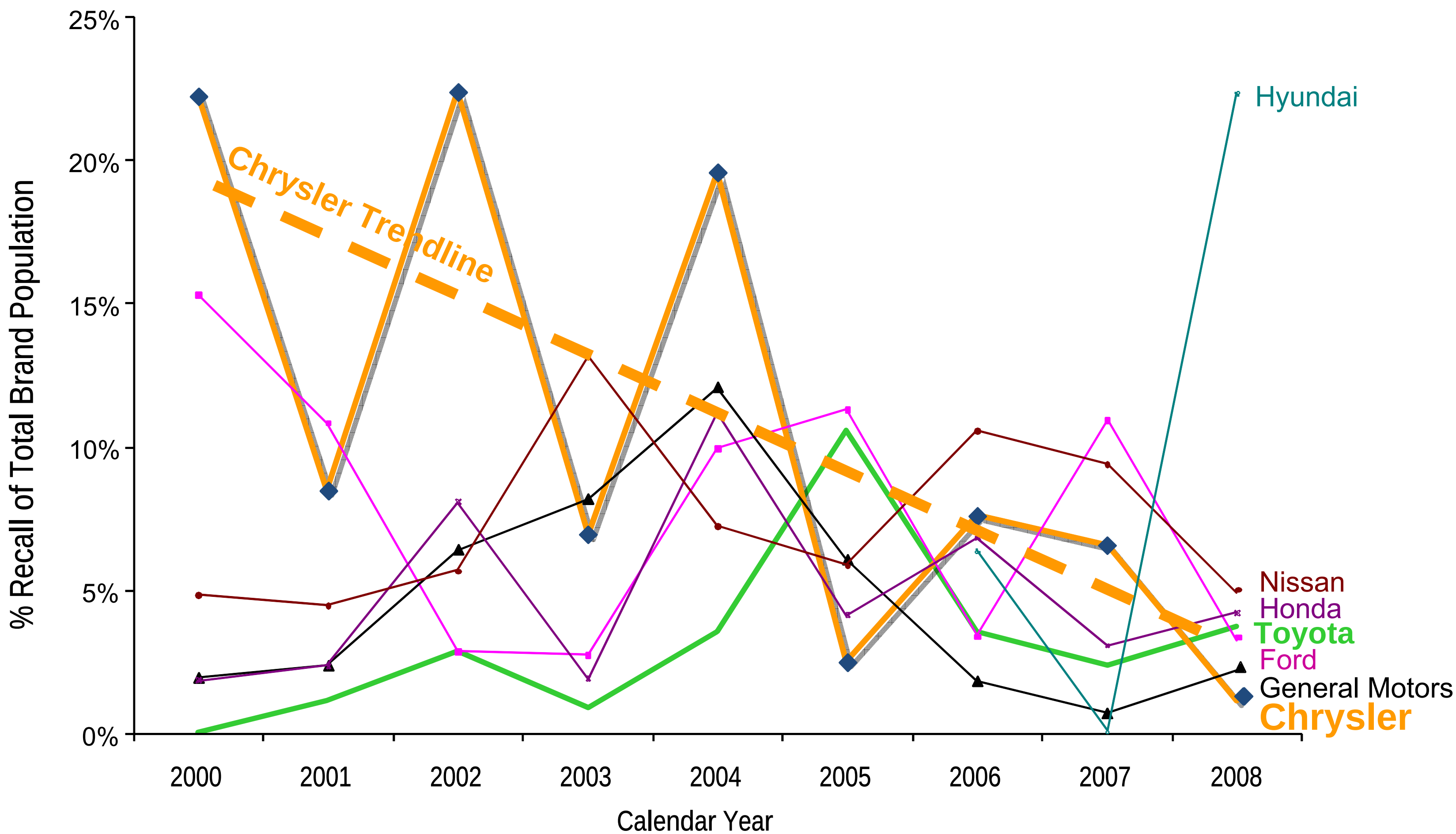
- Among the seven major auto manufacturers, Chrysler had the industry's lowest number of recalls in 2008 as reported by NHTSA – a total of 360,000 units, down from 2.2 million units in 2007.

- Establishing a rigorous review and follow-up process to prevent problems was key to this improvement.

- Chrysler also initiated a program in which top executives personally called customers to discuss quality issues.

# Regulatory Quality (Recalls)

- Achieved lowest Safety Recall among 7 Major OEMs
- Rigorous reoccurrence prevention reviews and follow up




Source: R L POLK (2007). 2008 car parc data estimated with 5% scrappage rate.

# Perceived Quality Initiatives Target Fit and Finish, and Other Perception-Based Product Qualities

CHRYSLER

- Chrysler benchmarked competitors to set benchmarks and determine best practices.
- Chrysler established an Advance Interior Design Studio to improve the quality and fit and finish of all future Chrysler, Dodge and Jeep vehicles.
- Interior designers use state-of-the-art design software and computer modeling to achieve quality and fit and finish objectives faster than ever, allowing more time to engage suppliers and save money that is being put into better materials, even on entry-level models.
- The Company set targets to meet or exceed best in class as exemplified with the all-new 2009 Dodge Ram.
  - "The Ram is in a league of its own here. " — *Truckin'* magazine's "Truck of the Year"
  - "Silverado, pass your torch. Chevy's pickup has been the touchstone of chassis composure among half-tons since it was introduced in 2007, but the 2009 Dodge Ram 1500 changes the pecking order."— *Edmunds "*Inside Line Editors' Most Wanted 2009"
  - "Most judges comment on the hugely improved interior layout and material choices in the Ram, noting this could be the best Chrysler-originated interior ever." — *MotorTrend*
  - "The Dodge Ram has never been better and it now clearly stands apart from its rivals. That's why it's earned *MotorWeek's* '2009 Drivers' Choice Award as Best Pickup'.." — *MotorWeek*
  - *"Dodge Ram gets our Best Buy nod thanks to its composed ride, impressively comfortable and quiet cabin and unique cargo storage features. Ram is also remarkably maneuverable for a large pickup truck." — Consumer Guide Automotive*

# Perceived Quality (Fit & Finish)

## Current Products

- Leveraged benchmarking to find best competitors and practices
- Set targets to meet or exceed best in class

## Future Products

- Established interior design studio late 2006
- Created Perceived Quality Evaluation drive improvement

# Chrysler Product Honored by Industry, Media and Consumers

- The all-new Dodge Ram has picked up 12 key awards since its introduction and was recently chosen by Car and Driver as the best full-size pick-up truck in a head-to-head comparison with its competition.
- Chrysler 300C has become the most awarded car in automotive history since its launch in 2005.
- Celebrating the 25th anniversary of Chrysler minivans this year, loyal owners continue to recognize the Chrysler Town & Country and Dodge Grand Caravan as the best on the road. The Chrysler Town & Country won its eighth consecutive honor in R.L. Polk's Owner Loyalty Awards, and Chrysler minivans took their twelfth win in MotorWeek's Drivers' Choice Awards.
- Dodge Challenger has won seven awards this year, including Popular Mechanics Automotive Design Excellence Award.
- Kelley Blue Book honored the iconic Jeep Wrangler for maintaining the highest resale value among all SUVs.
- Jeep Grand Cherokee owners are the most loyal in the mid-size SUV category, earning the vehicle an award in this year's R.L. Polk Loyalty awards.
- The uconnect Web WiFi system earned Good Housekeeping's seal of approval. The system won the group's very innovative product award for giving passengers of new Chrysler, Jeep and Dodge vehicles the ability to sign up for wireless internet service.

# 2009 Awards

Dodge Ram – 12 Awards
- International Truck of Year

Town and Country – 7 Awards
- Consumer Guide Best Buy

Chrysler 300C
- Consumer Guide Recommended

Dodge Challenger
- Popular Mechanics Automotive Design Excellence

Jeep Wrangler
- Kelly Blue Book Best Resale Value SUV

Jeep Grand Cherokee
- RL Polk Loyalty Award

uconnect Web WiFi System
- Good Housekeeping – Very Innovative Product Award

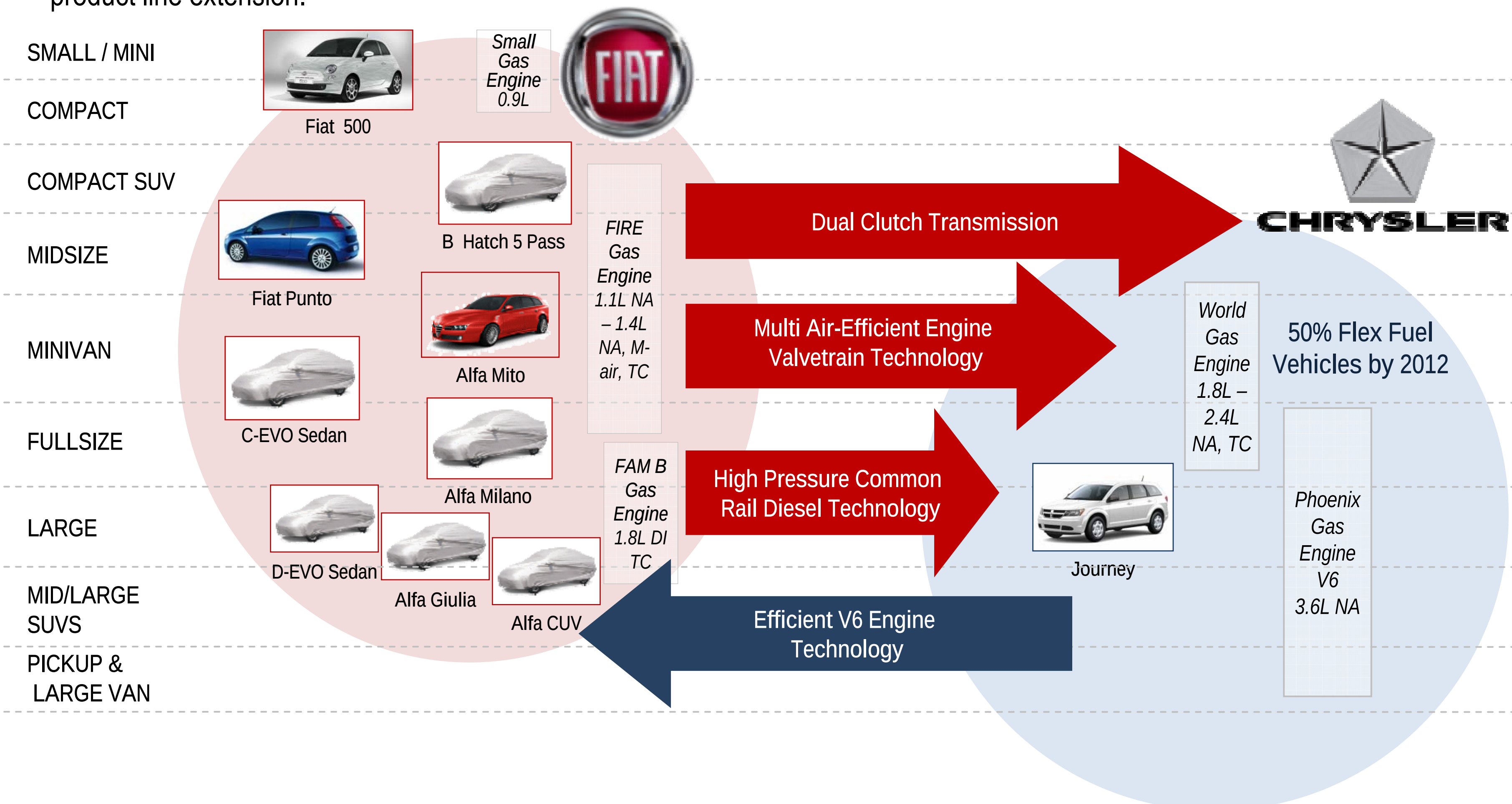
# Fuel Economy Improvements

CHRYSLER

- For the 2009 model year, 73 percent of Chrysler's products offer improved fuel economy compared with 2008 models.
- An all-new family of fuel-efficient V-6 engines will join Chrysler's lineup in 2010.
- Over the past decade, Chrysler has built more than 1.5 million Flexible Fuel Vehicles capable of running on renewable, American-made ethanol fuel, E85. The Company is committed to making 50 percent of our new light-duty vehicles capable of using alternative fuels in 2012.
- In the proposed alliance with Fiat, Chrysler would gain access to Fiat Group vehicle platforms that would complement Chrysler's current product portfolio and would accelerate the company's plans for the introduction of more environmentally friendly vehicles.
- The Company plans on launching additional small, fuel-efficient vehicles as well as a breakthrough family of all-electric and range-extended electric vehicles.

# Improvement of Fuel Economy Using Powertrain and Portfolio Opportunities With FIAT

- Chrysler and FIAT portfolio ranges overlap only in midsize segments
- FIAT small platform technology, small gasoline and diesel engines and light duty dual clutch transmission eliminate need for Chrysler to develop or purchase similar components
- Chrysler 4-cylinder World Gas Engine and Phoenix V6 are powertrains that are attractive to FIAT for potential product line extension.



# Safety, Regulatory, Environmental Requirements

CHRYSLER

- There are a growing number of regulatory requirements regarding both vehicle safety and environmental issues.
- Chrysler will meet or exceed all existing or currently proposed U.S. Federal vehicle regulatory requirements and comparable requirements applicable in key markets outside the U.S.
- For the 2009 model year, over 88 percent of Chrysler's vehicles achieved five stars for frontal crash tests, 86 percent achieved the highest rating for side-impact protection.
- The addition of Fiat vehicles and technologies to Chrysler's portfolio will accelerate the Company's ability to meet regulations.

# Chrysler Is Committed To Safety And The Environment

California Environmental Protection Agency
AIR RESOURCES BOARD

- State CO2 Regulation AB1493
- State Zero Emission Vehicle Mandate (ZEV)
- Low Emission Vehicle Program (LEV)

NHTSA
www.nhtsa.gov

- Federal Safety Regulation
- Federal Fuel Economy Regulation (CAFE)

EPA

- Federal Emissions Standards (including $CO_2$)


## International Standards

*EU Emissions Regulations*

*EU Safety Regulations*

*EU Fuel Economy Regulations*

# Chrysler Complies With Domestic Car And Truck CAFE Requirements

- Chrysler's product plans comply with all current and proposed federal Corporate Average Fuel Economy requirements through MY 2015.

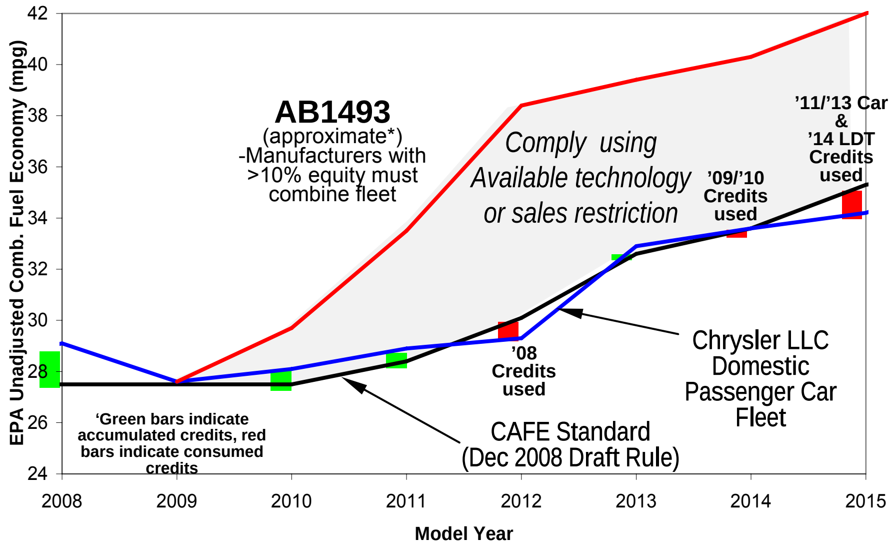
- For example, 73 percent of Chrysler's 2009 product lineup offers improved fuel economy compared with last year's models. Chrysler will continue to improve overall fuel economy with new small car entries, diesel vehicles, electric drive vehicles, and our all-new Phoenix V6 engine.

- California and thirteen other states have adopted greenhouse gas vehicle emissions standards ("AB 1493 standards") that require increases in fuel economy. These states comprise about 50% of the domestic car market.

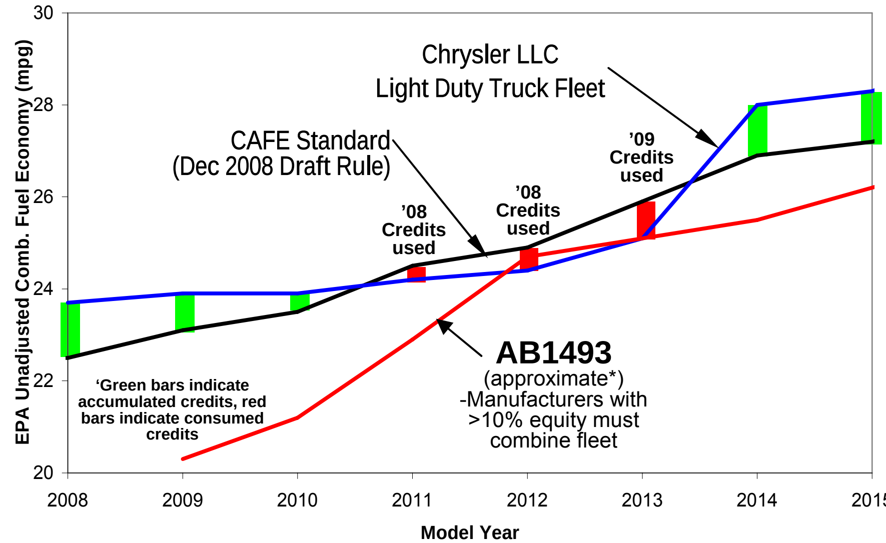
- If the US Environmental Protection Agency allows these states to enforce the AB 1493 standards, Chrysler will try its best to comply using available technology, however as a last resort it may be necessary to restrict sales of certain vehicle models in those states. The ultimate effect of the California standards on Chrysler's product plans depends on a number of developments, as indicated in the Appendix.

# Chrysler Has A Strategy To Comply With Domestic Car And Truck CAFE (December Draft Rule)

## Domestic Passenger Car




## Light Duty Truck




***AB1493 uses different tests methods and fleets – line shows an approximate relationship to CAFE FE**

*Chrysler's Integrated Portfolio and Propulsion Strategy Meets CAFE through 2015 MY*

# Chrysler Has A Strategy To Meet ZEV Compliance Requirements

CHRYSLER

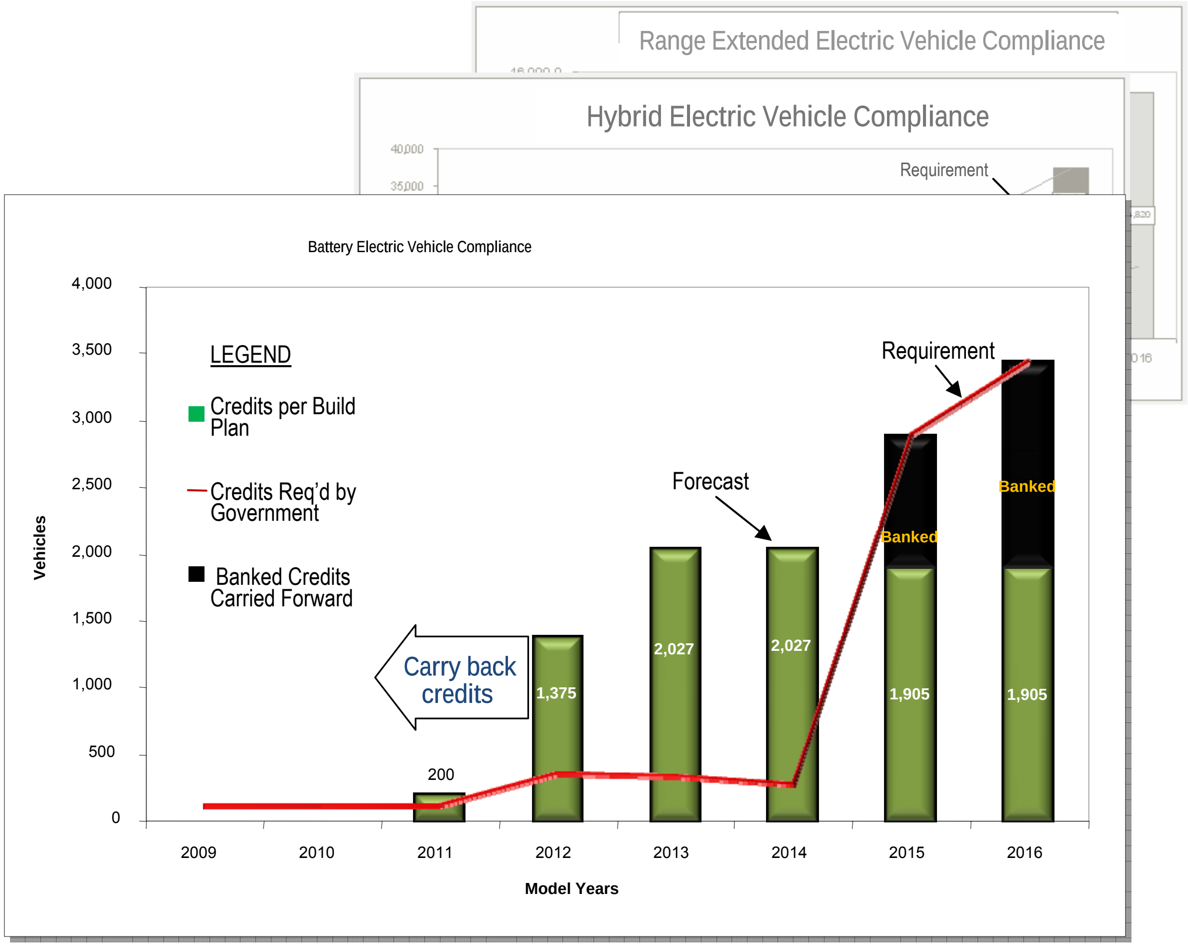
- To satisfy the ZEV Mandate in California and states that have adopted the ZEV rules, Chrysler is required to produce and sell a combination of advanced technology vehicles:
  - Battery Electric Vehicles (Gold credits)
  - Hybrids and/or Plug-in Hybrids (Silver, Silver+ credits)
  - and Partial Zero Emission vehicles (reduced-tailpipe-emission vehicles) known as PZEV's (Bronze credits)
- Recently updated ZEV regulations allow some flexibility to generate and apply Gold and Silver+ credits.
- For the Battery Electric Vehicle requirement, Chrysler has developed the Dodge Circuit all-electric sports car and plans other Battery Electric Vehicles in the coming years.
- We also have plans to offer a Dodge Ram Pickup Hybrid next year, followed later by Range-Extended Electric Vehicles that combine plug-in capability with a small gasoline engine/generator/battery system to further reduce fuel consumption in our mainstream vehicles.
- In combination, Chrysler's EV products will meet the ZEV Mandate, as it is currently defined.

# Chrysler Has A Strategy To Meet California's Zero Emission Vehicle Mandate

Dodge Circuit Electric Vehicle
All Electric

Ram Hybrid

Dodge Circuit Electric Vehicle and Ram Hybrid contribute to meeting the California Zero Emission Vehicle (ZEV) mandate.




***Based on Current Portfolio Assumptions Chrysler Meets California's Zero Emission Vehicle Mandate***

# Chrysler's Commitment to Safety

- Chrysler is committed to designing and building safety into its vehicles.
- For the 2009 model year, more than 88 percent of the Company's vehicles achieved five–star ratings from NHTSA for frontal crash tests and 86 percent achieved the highest rating for side-impact protection.
- Chrysler had the fewest number of safety-related and other recalls of any major auto manufacturer in 2008.
- Chrysler achieves early vehicle phase-in by an average of 18 percent for safety regulations, which equates to a total of nine million vehicles phased-in early.

# Chrysler Is Committed To Safety And To Meeting All NHTSA Regulatory Compliance

CHRYSLER

For every regulation Chrysler achieves early vehicle phase in by an average of 18% per regulation, which equates to a total of 9 million vehicles phased-in early.

## Chrysler NHTSA Regulation Compliance Phase–In (% required / % planned)

| REGULATION / YEAR | 2008 | 2009 | 2010 | 2011 | 2012 | Total Vehicles with Early Complaince |
|---|---|---|---|---|---|---|
| FMVSS 126 - Electronic Stability Control | | 55 / 69 | 75 / 87 | 95 / 98 | ALL | *3.5 Million* |
| FMVSS 202a - Front Row Head Restraints | | | 80 / 86 | ALL | ▶ | *140,000* |
| FMVSS 202a - Rear Head Restraints | | | | 80 / 82 | ▶ | *100,000* |
| FMVSS 208 - Front Impact - 50% Male | 35 / 60 | 65 / 74 | ALL | ▶ | ▶ | *925,000* |
| FMVSS 208 - Front Impact - 5% Female | | | 35 / 64 | 65 / 87 | ▶ | *1.76 Million* |
| FMVSS 208 - Child Seats | | | 50 / 66 | ALL | ▶ | *800,000* |
| FMVSS 214 - Side Impact - Pole | ` | | | 20 / 43 | 40 / 55 | *815,000* |
| FMVSS 214 - Side Impact - Moving Barrier | | | | 20 / 50 | 40 / 72 | *970,000* |
| FMVSS 216 - Roof Strength | | | NHTSA Delayed Rulemaking ... Timing / Requirements Uncertain | | | *TBD Early* |
| FMVSS 301 - Rear Impact - Fuel Integrity | 70 / 95 | ALL | ▶ | ▶ | ▶ | *2.4 Million* |

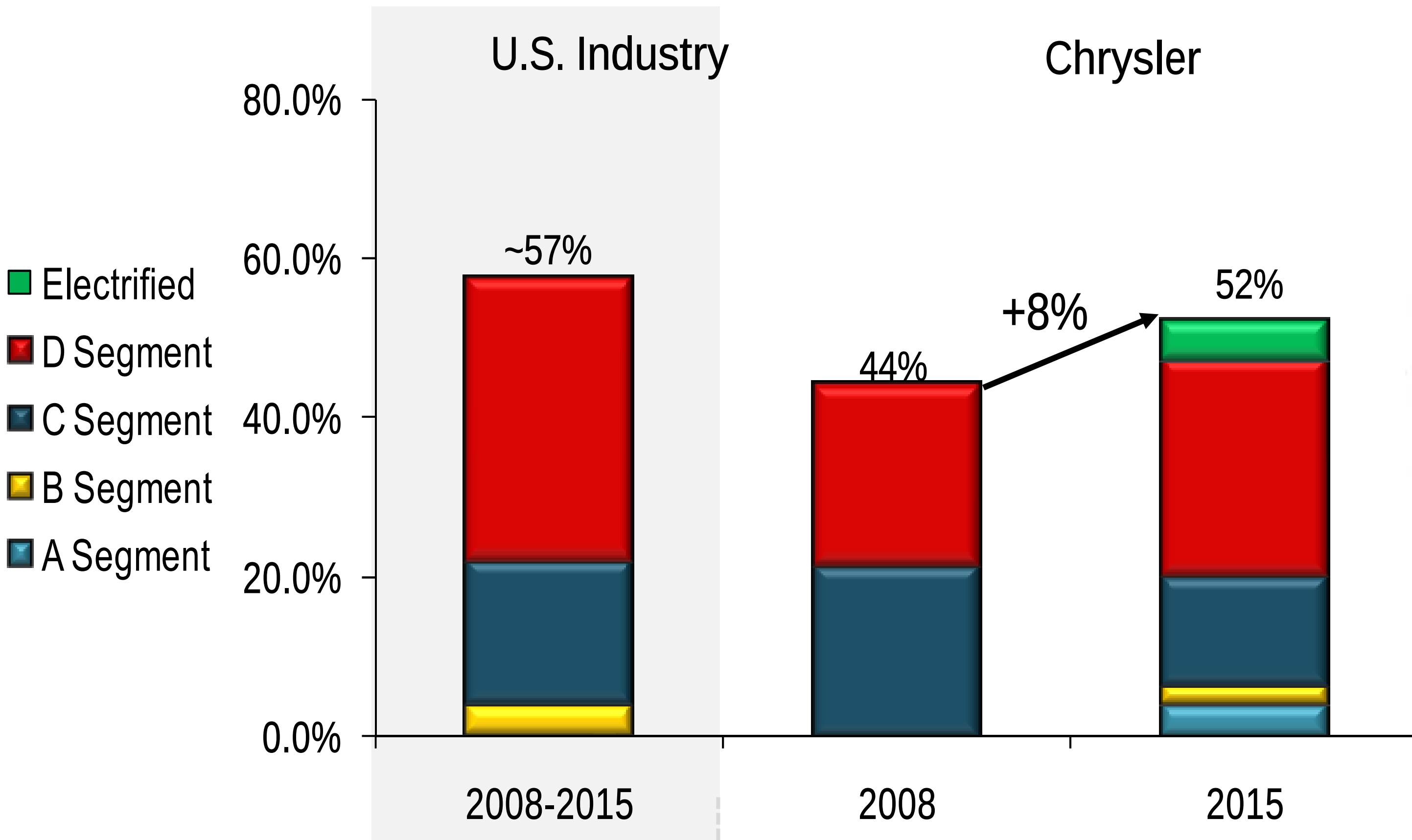
# Aligning Product Portfolio With Market Trends

CHRYSLER

- Chrysler is changing its mix of product offerings to better align with U.S. market trends and demands for smaller, more fuel-efficient vehicles.
- In 2008, Chrysler’s vehicle lineup, on average, included more large vehicles than the industry average.
- The Fiat Alliance will accelerate global share gains across all segments and create a stable of complementary products:
  - Alliance product strength benefits Chrysler in the subcompact (A-segment), compact (B-segment) and midsize (C-segment) vehicle families;
  - Chrysler's product strength benefits the Alliance in the fullsize vehicle, multipurpose vehicle, pickup and minivan segments;
  - New powertrain technologies fill a void for Chrysler in a variety of applications including small gasoline, diesel, natural gas and bioethanol engines.
- Fuel prices at the pump will be a major variable driving change in consumer preference for small, fuel-efficient vehicles.
- The Alliance with Fiat will allow Chrysler to leverage small-car platforms and recognized leadership in developing technologies to reduce emissions and increase fuel efficiency.

# Chrysler Product Portfolio Emphasizes Segments That Better Align With The U.S. Market Trends And Demands

Sales Mix: Small & Midsize Vehicles as Percent of Total




U.S. Industry demand for small cars will remain steady

Fiat Alliance enables Chrysler to more rapidly expand product portfolio to meet current and future market demand

B Hatch 5 Pass

Fiat 500

C – EVO Sedan

# Chrysler Has an Aggressive Vehicle “Electrification” Plan

- Chrysler’s subsidiary, Global Electric Motor Cars LLC (GEM), is the largest producer of electric-drive vehicles in the U.S. today.
- Chrysler’s internal group, known as “ENVI,” has focused on electric drive as a primary path to developing future clean vehicles.
- Chrysler electric-drive technology will be applied to front-wheel-drive, rear-wheel-drive, and body-on-frame four-wheel-drive platforms – across all three brands (Chrysler, Dodge and Jeep®).
- In addition to all-electric vehicles, Chrysler will offer Range-extended Electric Vehicles that combine the drive components of an electric vehicle with an integrated, gasoline auxiliary power unit and generator to power the electric drive when needed.
- The range-extended system provides a total range of about 400 miles, including 40 miles of zero-emissions, all-electric operation.
- Chrysler will have more than 66 ENVI advanced propulsion electric-drive vehicles in fleet service this year.
- The first Chrysler electric-drive vehicle will be available for retail customers in 2010, with additional models in production by 2013.

# Chrysler Has An Aggressive Vehicle "Electrification" Plan to Respond to a Broad Range Of Customer Demands

CHRYSLER

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|---|
| Battery Electric Vehicle *(NEV, CEV, BEV)* | GEM/Peapod<br>Renewal NEV<br>>200 mpg | ENVI #1<br>BEV<br>>200 mpg | ENVI #2<br>City EV<br>>200 mpg | | | |
| Range-Extended Electric Vehicles *(ReEV)* | | | | ENVI #3<br>ReEV (or HEV)<br>55-65 mpg | *ENVI #4*<br>ReEV<br>*>45 mpg*<br>*alternative*<br>*In DOE Plan*<br><br>ENVI #5<br>ReEV<br>60-70 mpg | ENVI #6<br>ReEV<br>40-50 mpg |
| Hybrid Electric Vehicles *(HEV)* | | Dodge<br>RAM 1500<br>HEV Gen 1<br>25-27 mpg | | | HEV<br>28-30 mpg<br><br>*ENVI #4*<br>HEV<br>40-45 mpg<br><br>Dodge<br>RAM 1500<br>HEV Gen 2<br>26-28 mpg | |

*NOTE: Denotes inclusion in Chrysler's 10Nov2008 ATVM Loan Program Submission to DOE*

**Chrysler's Electrification Plan Includes Addition of a Battery Electric Vehicle (NEV) Starting in 2009 and Continues With Additional BEVs, Range Extended Vehicles, and Hybrids**

# Innovation and Features to Meet Customer Needs

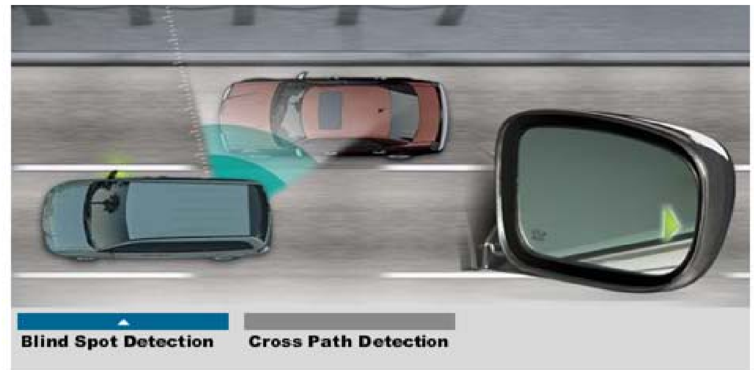
- Chrysler has continuously invested in innovation that meets real customer needs. Here are some examples of current or planned innovations:
- uconnect: this is Chrysler's umbrella for technologies addressing consumer need for connectivity and information.
  - uconnect builds off of Chrysler's hands-free Bluetooth communication system, SIRIUS Backseat TV, and our 30 gigabyte multimedia infotainment system with navigation and real-time traffic monitoring.
  - Dealer-installed Mopar systems now can turn a vehicle into a Wi-Fi hot spot.
  - As an example of a uconnect feature that is coming: a "smart" phone can be programmed to start the vehicle, adjust power windows and locks and set vehicle temperature. In addition, an in-vehicle camera can monitor security of the vehicle. If a vehicle is lost or stolen, the phone can even disable the vehicle and locate it using satellite imaging.
- Blind Spot Monitoring: introduced on 2009 Chrysler Town & Country and Dodge Grand Caravan minivans, this system detects a possible unseen vehicle when changing lanes.
- Active Transfer Case and Front Axle Disconnect System: new on the 2009 Chrysler 300 and Dodge Charger, this system offers the efficiency of a two-wheel drive system and the safety and performance of all-wheel drive when needed.
- Rear Cross Path: this system, available on 2009 minivans, notifies the driver of a car crossing their path when backing up.

# Chrysler Has Continuously Invested In Innovation And Features To Meet Customer Needs

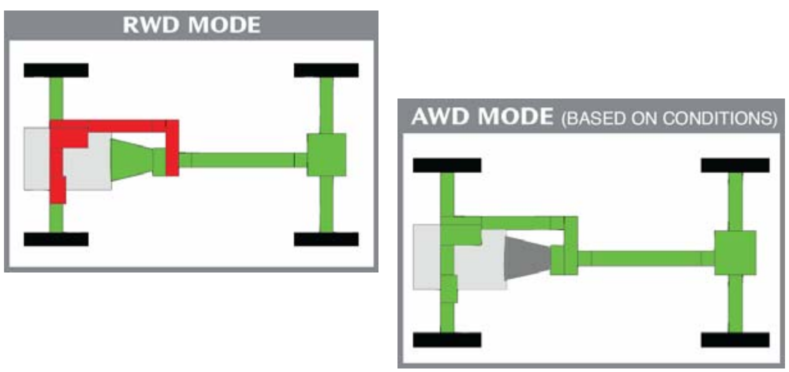
## uconnect is Chrysler's umbrella for technologies addressing the consumer need for connectivity & information


Example: Chrysler only Sirius back-seat TV

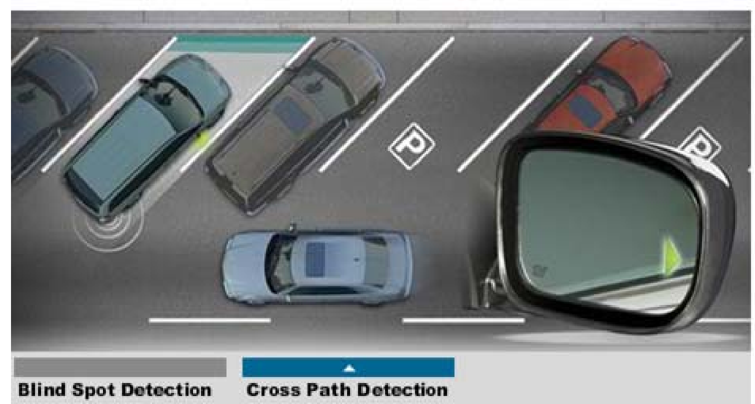
## Blind Spot Monitor alerts the driver of a vehicle in the blind spot to avoid accidents




## Active Transfer Case and Front Axle Disconnect System: Enables improved fuel economy and AWD mode




## Rear Cross Path informs the driver about a vehicle crossing its path (Chrysler first to market in 2009



# Innovation - Chrysler 200C / Connectivity

- Chrysler has set itself apart over the years based on its ability to apply its engineering expertise and spirit of innovation to building emotionally compelling, high-value cars and trucks.

- The Chrysler 200C EV Concept is a Range-extended Electric Vehicle that shows the Chrysler brand's future direction.

- The 200C EV's design evokes a timeless beauty that marries the organic form and language of the Company's design roots with a level of sophistication and technology never before embodied so elegantly in a Chrysler vehicle.

- The vehicle also showcases Chrysler's "uconnect" future – a host of unique, trend-setting innovations that will ultimately provide unprecedented convenience to consumers.

- To cite one example, a "smart" phone can be programmed to start the vehicle, adjust power windows and locks and set vehicle temperature. In addition, an in-vehicle camera can monitor security of the vehicle.

- If the vehicle is lost or stolen, the phone can even disable the vehicle and locate it using satellite imaging.

# Automotive Innovation – Chrysler 200C Presented at 2009 Detroit Autoshow

Showcasing Connectivity Features & Innovative Range-Extended Electric Driving

# Next Generation Jeep Grand Cherokee

- Chrysler's revenue in the near term will get a boost with the debut of a redesigned Jeep Grand Cherokee.

- Jeep is an iconic American brand whose roots go back to World War II, when the U.S. military needed a go-anywhere, do-anything vehicle to support American troops in every theater of the war.

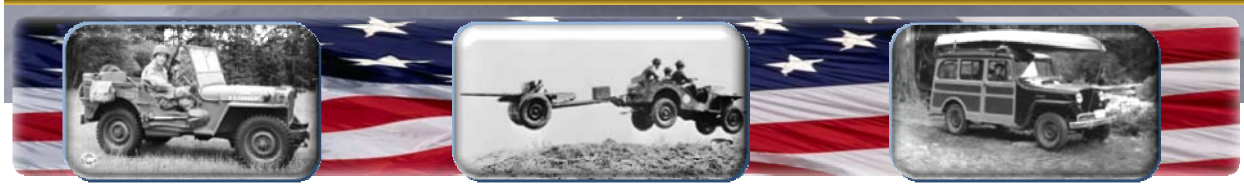
- Today, Jeep is one of the best-known and strongest automotive brands in the world.

- Jeep Grand Cherokee set the trend as the first luxury SUV.

- The new fourth-generation Jeep Grand Cherokee will be built in the United States and will feature improved fuel economy and a best-in-class interior.

# Short-term Revenue Coming From New Grand Cherokee in 2010 ….

CHRYSLER

# All- New Chrysler 300

CHRYSLER

- Chrysler 300 is the Company's flagship sedan.
- The Chrysler 300C has won more awards than any car ever – including North American Car of the Year, Motor Trend Car of the Year, Automobile Magazine's Automobile of the Year, and Car and Driver's Ten Best list.
- The next generation Chrysler 300 will feature stylish new exterior and interior designs, improved fuel efficiency and unprecedented "uconnect" connectivity.
- Powertrain options will include an all-new fuel-efficient six-cylinder engine in addition to the HEMI eight-cylinder engine. The HEMI engine features Chrysler's Multiple Displacement System (MDS) that automatically deactivates engine cylinders for enhanced fuel economy.
- Safety features available on the new Chrysler 300 include:
    - Rear Cross Path and Blind Spot Monitoring systems to warn drivers of unseen vehicles
    - Electronic Stability Control, all speed traction control, and four-wheel anti-lock brakes
    - Energy-absorbing steering column, rear-sill reinforcement and structure, and available side-curtain and seat mounted side air bags.

# …. and the New Chrysler 300 in 2010

CHRYSLER



***Most Awarded New Car in Automotive History!***

# Chrysler LLC Product Launch Cadence

- Chrysler has continued to make substantial investments in new products and technology and will launch 24 new vehicles during the next 48 months – eight of these new products arrive in the next year and a half.

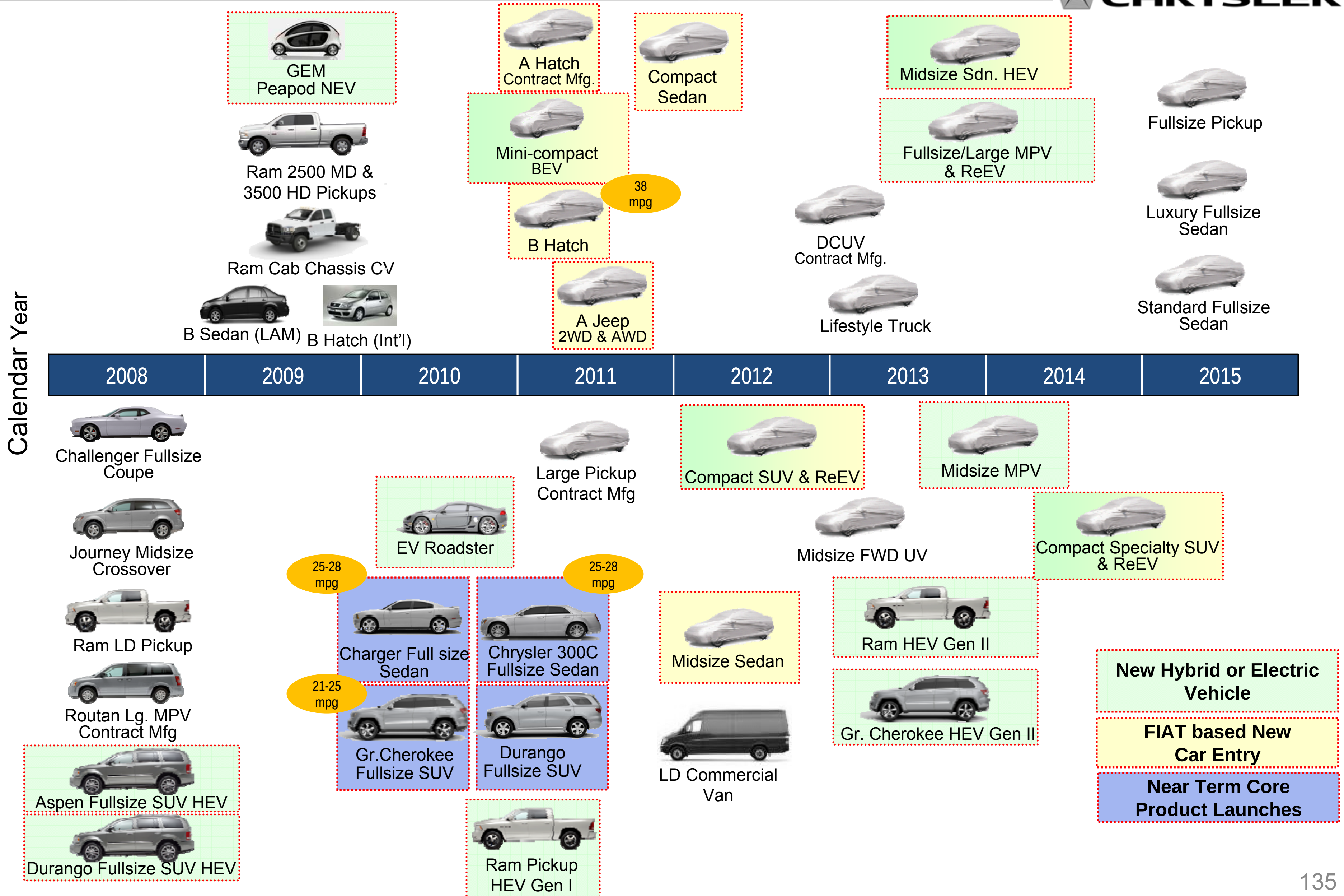
- This means the Company will renew more than 60 percent of its total sales volume in key market segments, with vehicles that include the next-generation Jeep® Grand Cherokee, Dodge Charger, Dodge Durango, Chrysler 300 and several exciting new small cars.

- Electric drive will be a primary path to developing clean vehicles for all Chrysler product lines.

- Led by Chrysler's internal advanced alternative propulsion vehicle development team called "ENVI," the Company is making rapid progress and will have 66 ENVI advanced propulsion electric-drive vehicles in fleet service this year.

- The first Chrysler electric-drive vehicle will be available for retail customers in 2010, with additional models in production by 2013.

# Chrysler Product Launch Cadence With the Addition of Fiat's Vehicles Allows Us to Meet Customer Demands



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# Manufacturing Plan Objectives

- Continue Plant Health & Safety  Improvement Record
- Continue Manufacturing Productivity Leadership
  - Best Manufacturing Hours per Vehicle (HPV) in 2007
  - 2008 not published
  - Competitive hourly labor cost
- Objective of Fiat alliance is to improve U.S. job situation
  – no reduction forecasted
- Add shifts to handle capacity increase
- Capital improvement – new product mix and implementation productivity results in $182M in savings over original submission

# Chrysler Health and Safety
# Record of Continuous Improvement

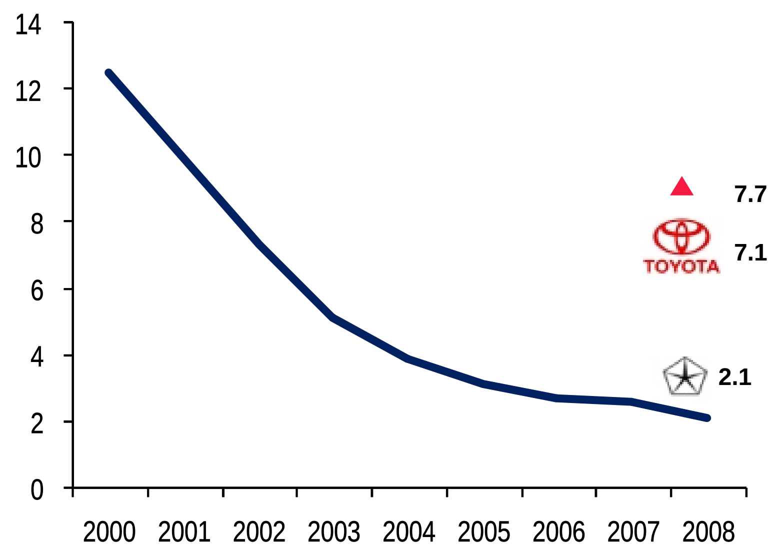
CHRYSLER

- Chrysler incorporates two primary metrics to measures its health and safety record: Lost Work Day Incident Rate (LWDI) and Incident Rate. Both are monitored and measured by federal governing bodies.
- The LWDI is a widely used injury indicator that measures the rate of missed or restricted-activity workdays associated with injury and illness per 100 employees.
- Incident Rate, as defined by OHSA, is the number of incidents resulting in days away from work for each 100 full-time employees per year, based on 2,000 hours worked per employee per year.
- National Safety Council has recognized Chrysler facilities for improved and benchmark health and safety performance for a number of years.
- Excellence in health and safety performance helps stabilize, and even lower Company costs.
- Chrysler's record shows continuous improvement in health and safety.

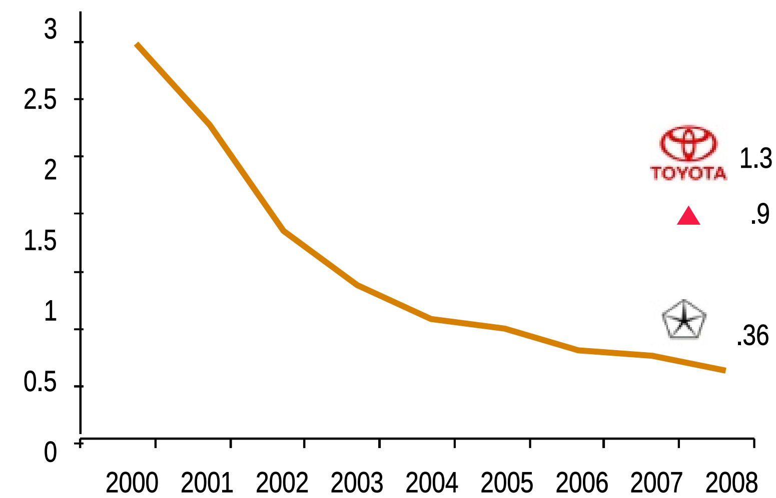
# Chrysler Health and Safety
# Record of Continuous Improvement

CHRYSLER

## U. S. Incident Rate




## U. S. Lost Workday Rate




▲ 2008 Industry Average Rate = GM, Ford, Toyota, Honda & Daimler AG/U.S.

- Occupational Excellence – Lost Work Day Incident (LWDI) 50% SIC (Standard Industrial Classification System) with 32 Qualifying Locations
- Significant Improvement – 20% LWDI with 24 Qualifying Locations
- Perfect Record – Zero LWDI with 10 Qualifying Locations
- Safety Leadership – 5 years Zero LWDI - Memphis PDC
- Million Work Hours – Zero LWDI - Pilot Process Verification Center & Memphis PDC

# Manufacturing Productivity
# Harbour Actual

- Chrysler manufacturing productivity improved by 31.4 percent over the last seven years, taking nearly fourteen hours out of the average time it takes to assemble a vehicle, including its major components.

- In 2007 alone, Chrysler improved 7.7 percent, with total HPV of 30.37, tied in North America productivity with Toyota to become the benchmark.

- Industry productivity data for 2008 are not yet published, however HPV deterioration is expected for the entire industry, due to significant decrease in volumes.

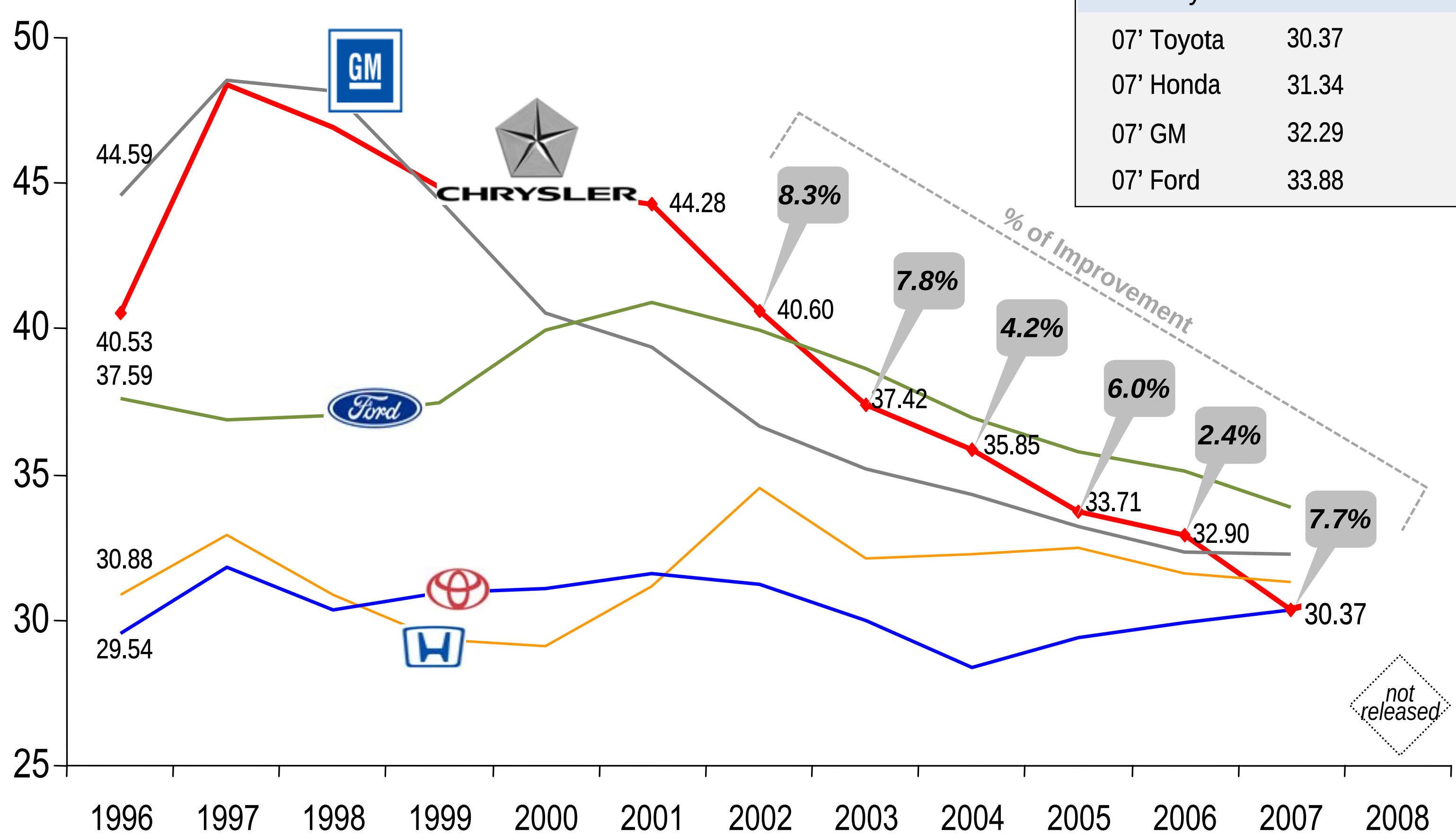
# Manufacturing Productivity
# Harbour Actual

## Hours Per Vehicle

(Assembly, Stamping, Engine & Transmission)

**2007 HARBOUR RESULTS**

| | HPV | Var. to Chrysler |
|---|---|---|
| 07' Chrysler | 30.37 | ------ |
| 07' Toyota | 30.37 | ------ |
| 07' Honda | 31.34 | +0.97 |
| 07' GM | 32.29 | +1.92 |
| 07' Ford | 33.88 | +3.51 |



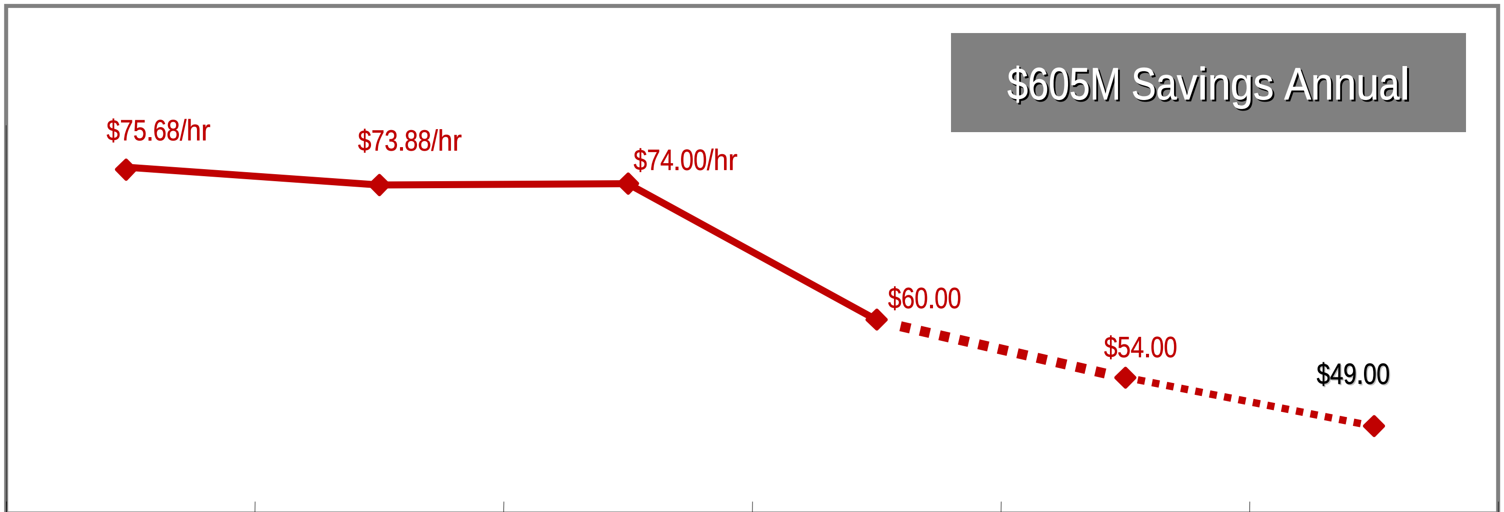

*Chrysler is the Most Efficient Automaker in North America*

# Chrysler Hourly Labor Cost Projection
# Annual and Per-Hour-Worked Basis

- Chrysler UAW hourly wage rates were based upon previous labor agreements and of an industry that had the ability to price vehicles competitively in order to cover operational costs, including labor wages.
- As a result of a landmark labor agreement with the UAW in 2007, Chrysler will see a dramatic decline in the hourly labor cost per employee in two phases:
  - VEBA (Voluntary Employee Beneficiary Association), beginning in 2010.
  - Hiring of employees at the Tier II hourly wage structure, which was permitted in 2008.
- The VEBA shifts a significant cost from current employees and retirees from Chrysler's cost structure to a third-party organization.
- As sales increase and the need to add production/shifts back at Chrysler U.S. plants, a hiring opportunity will include a new Tier II wage structure.

# Chrysler UAW Hourly Labor Cost Projection

(Per Hour Worked Basis)




| | 2006 Actual | 2007 Actual | Current State | Post VEBA | 80%Tier I / 20% Tier II | U.S. Transplant Level |
|---|---|---|---|---|---|---|
| | | | | • VEBA Implemented | • VEBA Implemented | • VEBA Implemented |
| | Existing contract provides for Tier II wages and benefits ($30/hr) for up to 20% of the workforce | | | • Tier II Not Implemented | • 20% Tier II | • 20% Tier II<br>• Contract Modifications |
| *Annual Hours Worked* | *83.2M* | *76M* | *55M* | | | |

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# Procurement Plan

- Background: Purchasing Activity
- Supplier Concessions
- Risks to Plan
- Procurement Summary

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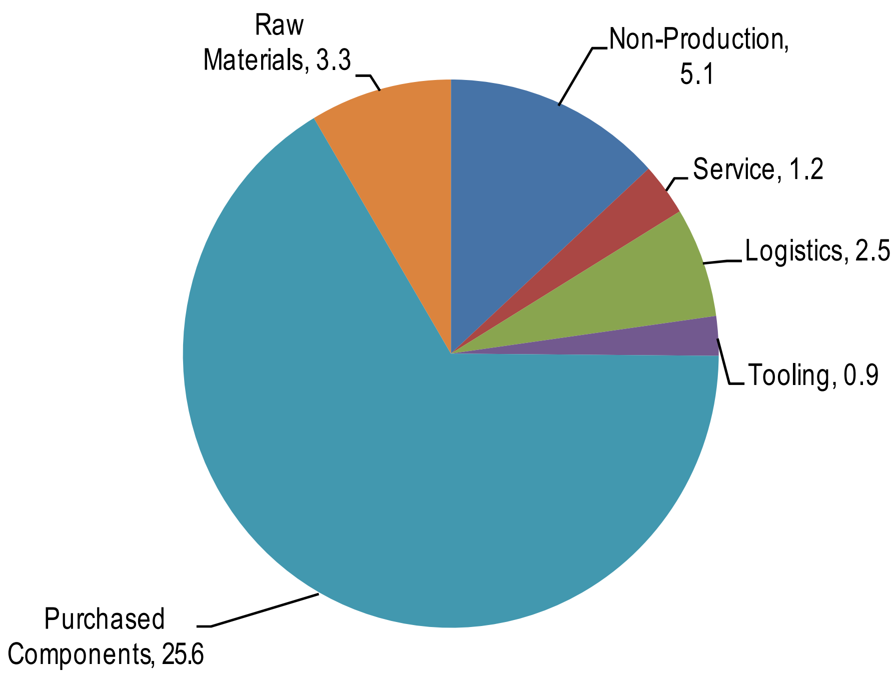
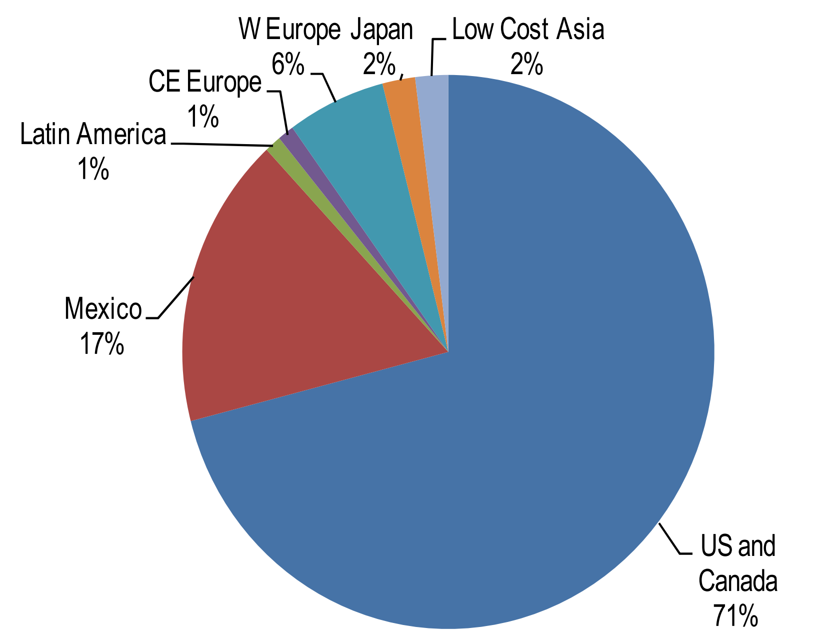
# Procurement Plan –
# Background – Purchasing Activity

($ Millions)

| 2008 Annual Value of Business | 88% of Purchases Are in NAFTA Region |
|---|---|




*Total AVOB: $38.6B*

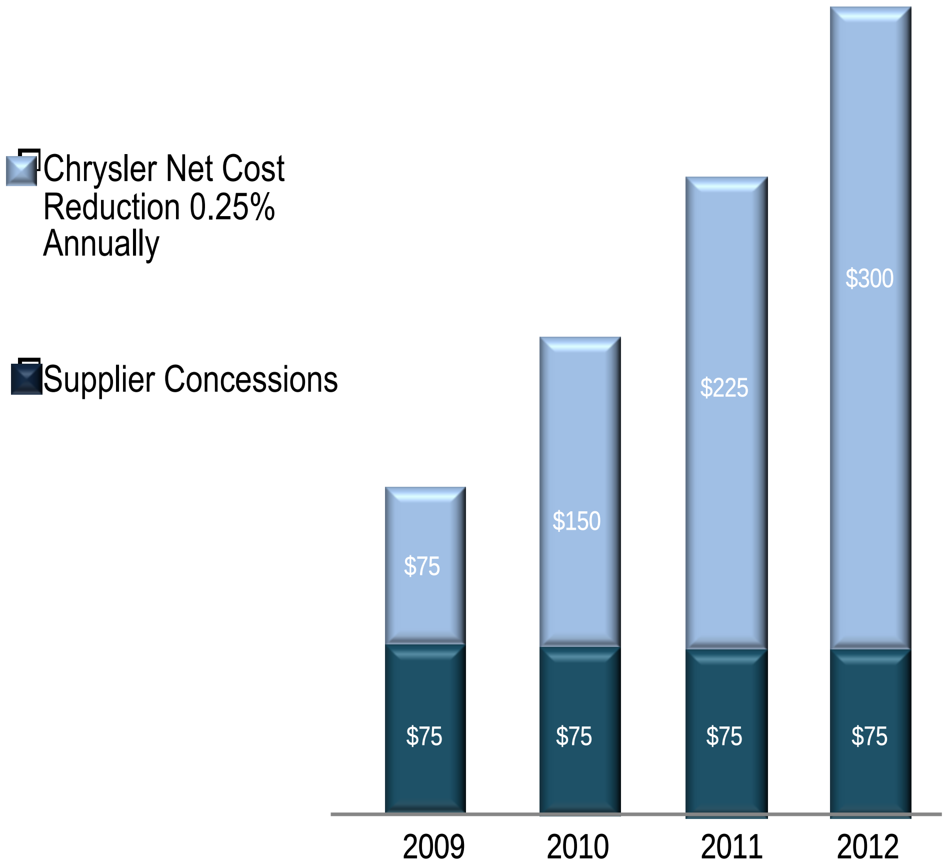
*96% of Chrysler's Top 100 Suppliers (80% of AVOB) Shared with Either GM or Ford*

# Procurement Plan – Supplier Concessions

- Base plan assumes $75M net savings in 2009.
- Concessions:
  - Price reduction effective April 1, 2009
  - No (non contractual) material price increases in 2009
  - Shared savings on supplier generated cost savings ideas
  - 5% reduction continues for non-production material
- Letter to suppliers – January 26, 2009.
- An incremental $75M cost reduction in 2009.

# Procurement Plan – Supplier Concessions
# Chrysler Base Plan

($ Millions)




*Procurement Plan yields*
*$150M net savings in 2009*

CHRYSLER

Scott R. Garberding
Senior Vice President &
Chief Procurement Officer
Global Sourcing

January 26, 2009

Dear Supplier Partner:

As you are no doubt aware, the U.S. Government's bridge loan to Chrysler came with the requirement that we provide the President's designee with a plan to achieve and sustain the long-term viability of our Company. This Viability Plan update is due Feb. 17, 2009, and it requires that all stakeholders, including owners, executives, employees, dealers, lenders and suppliers contribute in a substantial way. In addition to providing the plan, we must also submit regular written certifications detailing the status of our plan implementation. The final review will take place on March 31, 2009, so we need to show tangible progress by that date.

We recognize that the financial crisis which has brought hardship to Chrysler has created similar challenges for all our constituents, including our suppliers. Accordingly, before finalizing this plan, my team and I have had one-on-one discussions with numerous supplier executives and also a roundtable discussion with a subset of our Supplier Advisory Council. We have not taken this responsibility lightly and have tried to the greatest extent possible to balance supplier concerns in creating the plan.

Nonetheless, the task which has been set before us is to achieve overall net cost reductions with our suppliers. Please understand that we are committed to working collaboratively with you to achieve these goals so that we may collectively maintain our mutual and sustained viability for the long-term. The supplier contribution toward our Viability plan is described below:

(1) Effective April 1, 2009, Chrysler will require cost decreases from all production suppliers. We will communicate with you shortly to discuss your contribution toward the overall objective stated above. To the extent you are one of the many suppliers who already have agreements in place committing you to annual price decreases, those contractual decreases will count toward your cost reduction target;

(2) To further enable you to reach your cost target, 90% of the value of any cost reduction ideas presented and implemented, whether through value engineering or otherwise, may be applied toward your target. This is a departure from the 50/50 cost sharing in our current policy. We also commit that the Chrysler process for handling cost reduction proposals will be streamlined substantially in order that we may collectively reach decisions quickly in support of timely change implementation. Our goal is to take cost out of the system, not just price. We will also be working with select suppliers in the near future on longer-term business agreements for current and future programs;

(3) During 2009, we will not grant price increases for raw materials or other factors; and

(4) For all indirect suppliers, the 5% price reduction enacted last year will remain in effect.

The net supply chain cost reduction requirement contained above is one part of the total concessions required to ensure our mutual success. We will also continue to work closely with representatives from groups like OESA and MEMA to support them in formulating strategies to seek government support for the supply base. We look forward to constructive discussions with you in the days and weeks ahead. We can get through this difficult time if we all work together.

Sincerely,

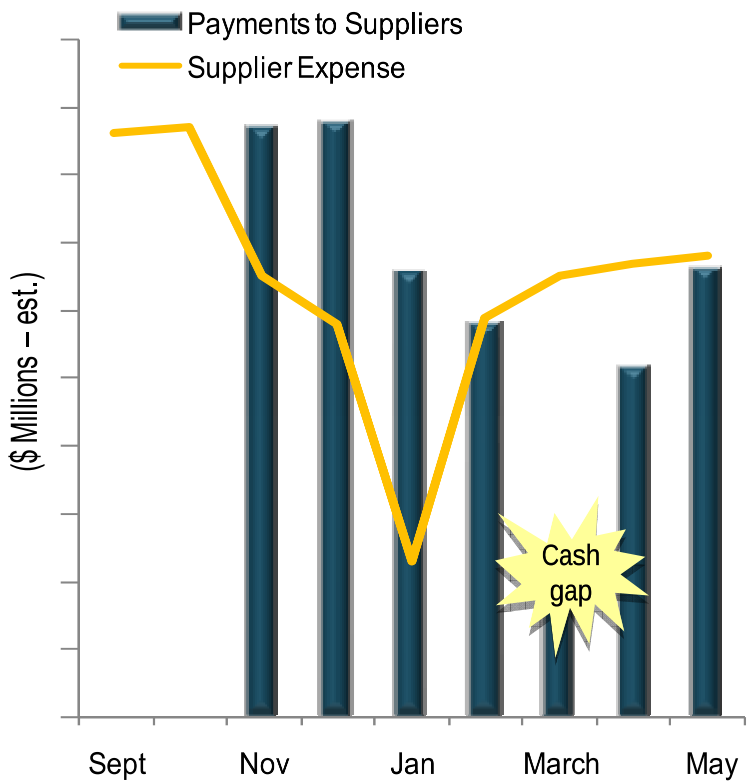
Scott Garberding
Senior Vice President &
Chief Procurement Officer

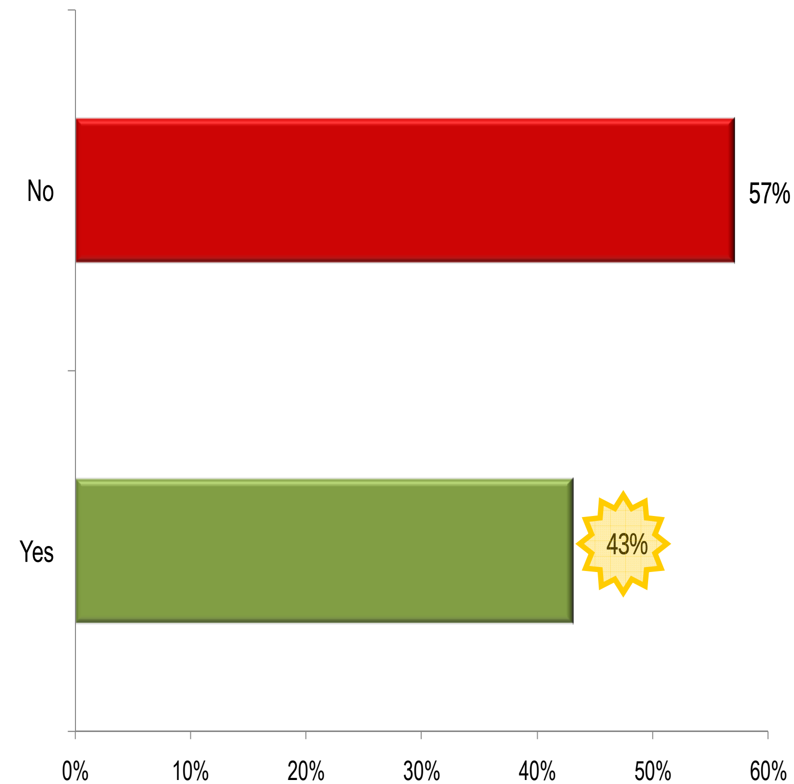
# Procurement Plan – Risks to Plan

CHRYSLER

- U.S. supply base viability is tenuous
- Strong negative pressures on supplier cash flow
  - Significant volume reductions
  - Lack of December & January OEM production creates Accounts Receivable gap for suppliers in February & March while funding is required to support production
  - Sub-tier suppliers aggressively shortening payment terms
  - Financially troubled suppliers continue to grow – now 22% of Chrysler's spend

# Procurement Plan – Risks to Plan




*Lack of December and January OEM Production Creates A/R Gap for Suppliers in February and March While Funding is Required to Support Production*

*(illustrative)*
*Payment Estimates: Chrysler, Ford & GM*
*Source: Ducker Worldwide*

*Sub-tier Suppliers Aggressively Shortening Payment; 43% of Tier 1 Suppliers Have Received Requests From Sub-tiers For Payment Term Compression*

*Responses: 95*
*Source: Original Equipment Suppliers Association (OESA) Supplier Barometer January 2009*

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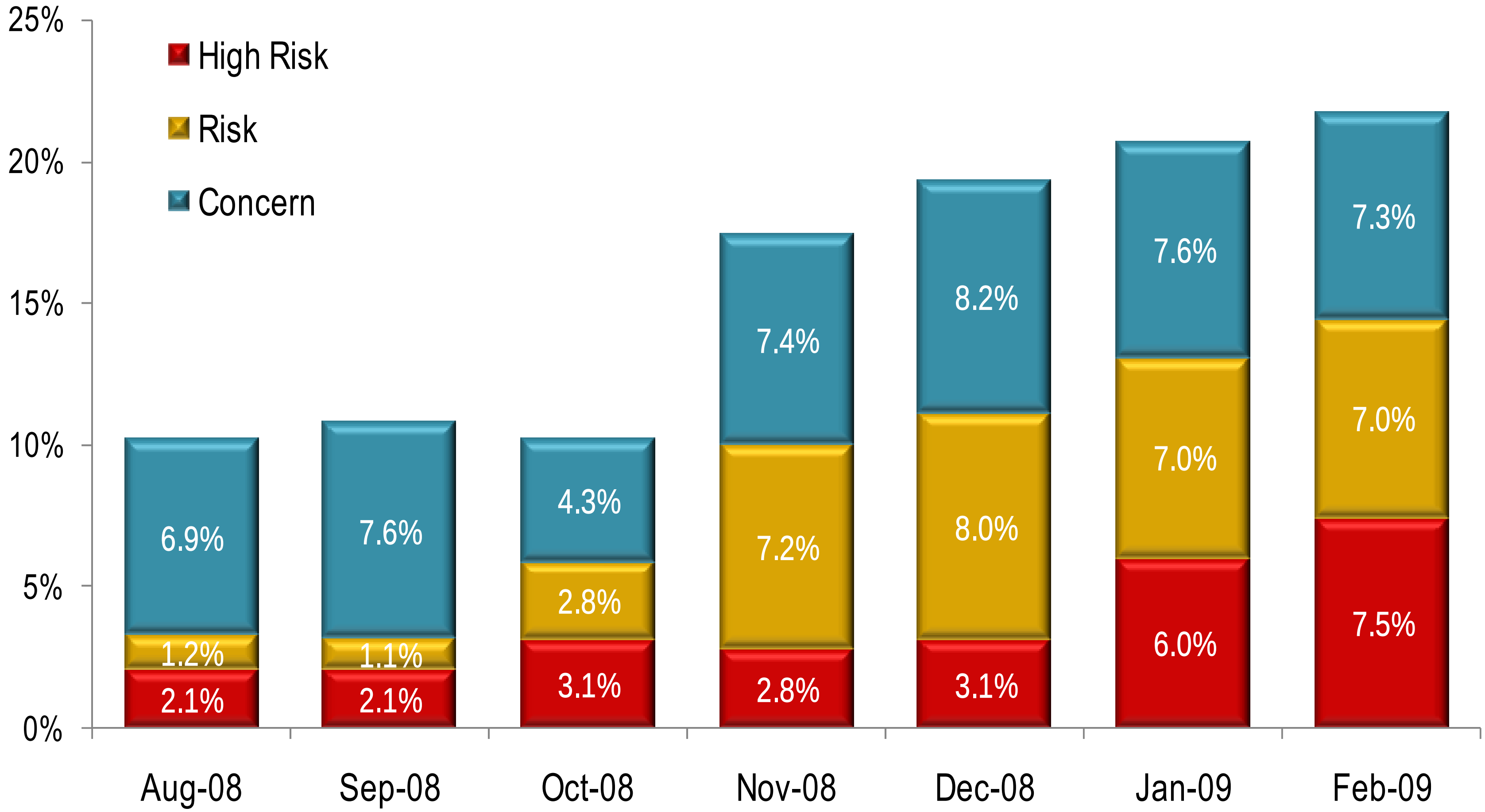
# Procurement Plan – Risks to Plan

CHRYSLER




*Financially Troubled Suppliers Continue to Grow – Now 22% of Chrysler's Spend*

*Note: Data as of 2/6/2009*

# How Government Assistance of Suppliers Helps US

CHRYSLER

- Guarantee of OEM Accounts Payable
  - Enables us to maintain current payment terms for all suppliers versus the demands for payment pull ahead required by certain suppliers who continue to threaten us with “stop ship”, which started in Q4 2008; immediate cash benefit of $166M.
  - Allows and encourages lenders to cooperate with their supplier customers.
- “Quick Pay Program”
  - Allows suppliers to factor receivables if they choose to do so.
  - Allows some suppliers to clear covenant hurdles with their lenders
- Direct Loans
  - Relieves Chrysler from cash burden of funding DIP loan for numerous suppliers.

*Reduces Cash Assistance for Troubled Suppliers by more than $50M*

# Procurement Summary

- Variable cost savings achievable – accretive to Viability Plan
- Industry conditions now force OEMs to fund elements of future programs in advance
- Industry conditions require substantial and coordinated restructuring of supply base:
  - OEMs must concentrate business in “surviving suppliers”
  - The U.S. Government may have to provide liquidity for automotive suppliers to ensure an orderly consolidation

*Availability of Credit is Vital to Orderly Reorganization of Industry*

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# VII. Potential U.S. Industry Consolidation Study

# U.S. Industrial Consolidation Example
## Qualitative Benefits

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- A U.S. Industrial Consolidation would create a company better positioned to compete with Toyota and other non-U.S. automakers.
- Ability to reduce costs results in significant improved competitive positioning throughout the Business Cycle
  - Platform Consolidation and Capacity Rationalization
  - Research and Development Synergies
  - Elimination of Duplicate Corporate and Operational Staff
  - Purchasing Synergies
  - Sales and Marketing Efficiencies
- Cost synergies will release capital which can be deployed for further technological innovation and potentially reduce DOE 136 funding.
  - Green Technologies
  - Next Generation Vehicles
- Combining the Finance Companies would give Chrysler's dealers and customers access to deposit funding.

Source: J.P. Morgan

# U.S. Industrial Consolidation Example
# Estimated Synergy and Benefits

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($Billions)

| Area | Approach | Cash Flow Impact ** Total 09 – 16 | EBITDA Impact ** Total 09 – 16 |
|---|---|---|---|
| Purchasing | Combined Global Sourcing of over $100 billion allowing for supplier consolidation and common parts | $36 * - $54 | $40 * – $58 |
| Product / Platform and Powertrain Sharing | Common platforms and engineering with common powertrains to reduce capital and cost | | |
| Distribution | Global growth through focused brands and international network | | |
| Other Opportunities | Manufacturing, logistics, advanced technology, and overall fixed cost synergies | | |

*Combined Synergies Realized In Aggregate By Both Companies*

Source: J.P. Morgan

* *discounted for lower future industry assumptions*

Blank

# VIII. Orderly Wind Down Scenario

# Rejection of Chrysler's Funding Request Leads to Ultimately Higher Government Outlays

CHRYSLER

Failure to grant incremental Government funding request and concessions would lead to Chapter 11 with DIP financing estimated at $24 billion.

Inability to secure $24 billion of bankruptcy DIP financing leads to liquidation over a 24 to 30 month period with the following consequences:

- 29 manufacturing facilities and 22 parts depots closed immediately.
- 40,000 direct Chrysler U.S. employees lose their jobs.
- 3,300 dealers with 140,000 employees go out of business.
- $7 billion in outstanding auto supplier invoices go unpaid.
- 31 million vehicle owners lose significant value, warranties, parts, and service.

Government would be saddled with enormous social and economic costs:

- Risk of U.S. Auto Industry collapse.
- 2-3 million U.S. jobs lost nationwide.
- $65 billion of personal income taxes lost over first 3 years.
- $55 billion of social security receipts lost over first 3 years.

*Sources: Center for Automotive Research (Nov '08); IRS Data Book (2007); Company Records*

# Loan Request Considerations

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*NO GOVERNMENT SUPPORT*

**CHAPTER 11**
*RESTRUCTURING*

- No $25B DIP Financing Available
- Customers Will Not Buy Vehicles

**CHAPTER 11**
*LIQUIDATION*

Gone:

- 40,000 Chrysler U.S. Jobs
- $35B Annual Supplier Payments
- $20B Healthcare Obligations
- $7B Payables
- $2B Annual Pension Payments

**COMMUNITY DISTRESS**

- 3,300 Dealers Close, resulting in 140,000 Jobs Lost
- $100B Annual Sales Disappear From Local Economies

**INDUSTRY COLLAPSE**

- Supplier Bankruptcies
- Competitor Insolvency
- 2-3 Million Jobs Lost
- $150B Annual Personal Income Lost Nationwide
- 31.4 Million Customer Vehicles Cannot Get Spare Parts / Service

*Domestic Auto Industry Collapse*
*U.S. Government Lost Revenue per U.S. Tax filer*

| | |
|---|---|
| Total | $1,117 |
| *Welfare & Unemployment* | $256 |
| *Lost Social Security Receipts* | $396 |
| *Lost Personal Income Taxes* | $465 |

*WITH GOVERNMENT SUPPORT*

*Chrysler Continued Operations*
*Cost per U.S. Tax filer for Government Loans*

| | |
|---|---|
| *Total ($9B)* | $65 |
| *Current Request ($5B)* | $36 |
| *Dec '08 Loan ($4B)* | $29 |

***Granting Loan Request for $5 Billion is in Best Interest of U.S. Taxpayers***

Sources: *Center for Automotive Research (Nov '08); IRS Data Book (2007); Company Records*
Note: *Total Taxpayers = Estimated 140 Million individual income tax filings; See appendix for detailed calculations*

Blank

# Continuing Production DIP Forecast
# Cash Flow Summary

| (amounts in $ millions) | 4/30/09 | 5/31/09 | 6/30/09 | 7/31/09 | 8/31/09 | 9/30/09 | 10/31/09 | 11/30/09 | 12/31/09 | 1/31/10 | 2/28/10 | 3/31/10 | First 12 Months | Second 12 Months |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **US SAAR (planned)** | 10,700 | 10,700 | 10,700 | 10,900 | 10,900 | 10,900 | 11,200 | 11,200 | 11,200 | 11,500 | 11,500 | 11,500 | 11,075 | 12,000 |
| Chrysler Share (US) | 5.0% | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% | 7.0% | 7.0% | 7.0% | 7.0% | 7.0% | 7.0% | 8.6% | 8.0% |
| Monthly All World Shipments | 63 | 75 | 75 | 76 | 76 | 76 | 92 | 92 | 92 | 94 | 94 | 94 | 999 | 1,346 |
| | | | | | | | | | | | | | | |
| Gross Revenue / Unit | 25,219 | 25,219 | 25,219 | 25,219 | 25,219 | 25,219 | 25,219 | 25,219 | 25,219 | 25,219 | 25,219 | 25,219 | 25,219 | 25,219 |
| MOPAR / Unit | 3,999 | 3,332 | 3,332 | 3,271 | 3,271 | 3,271 | 2,729 | 2,729 | 2,729 | 2,658 | 2,658 | 2,658 | 3,003 | 2,229 |
| Net Revenue / Unit | 23,374 | 22,841 | 22,841 | 22,792 | 22,792 | 22,792 | 22,358 | 22,358 | 22,358 | 22,301 | 22,301 | 22,301 | 22,578 | 23,330 |
| Variable Profit / Unit | 2,568 | 2,981 | 2,981 | 3,019 | 3,019 | 3,019 | 3,355 | 3,355 | 3,355 | 3,399 | 3,399 | 3,399 | 3,185 | 5,037 |
| | | | | | | | | | | | | | | |
| MOPAR / Parts | 250 | 250 | 250 | 250 | 250 | 250 | 250 | 250 | 250 | 250 | 250 | 250 | 3,000 | 3,000 |
| Gross Revenue | 1,577 | 1,892 | 1,892 | 1,927 | 1,927 | 1,927 | 2,310 | 2,310 | 2,310 | 2,372 | 2,372 | 2,372 | 25,190 | 33,948 |
| Discounts / Incentives | (365) | (428) | (428) | (435) | (435) | (435) | (512) | (512) | (512) | (524) | (524) | (524) | (5,638) | (5,542) |
| **Net Revenue** | 1,461 | 1,714 | 1,714 | 1,742 | 1,742 | 1,742 | 2,048 | 2,048 | 2,048 | 2,098 | 2,098 | 2,098 | 22,552 | 31,406 |
| | | | | | | | | | | | | | | |
| Variable Costs | 1,301 | 1,490 | 1,490 | 1,511 | 1,511 | 1,511 | 1,741 | 1,741 | 1,741 | 1,778 | 1,778 | 1,778 | 19,371 | 24,626 |
| **Variable Profit** | 161 | 224 | 224 | 231 | 231 | 231 | 307 | 307 | 307 | 320 | 320 | 320 | 3,181 | 6,780 |
| | | | | | | | | | | | | | | |
| Fixed Costs (Cash) | 652 | 652 | 649 | 652 | 663 | 679 | 649 | 655 | 654 | 657 | 654 | 649 | 7,866 | 7,861 |
| **EBITDA** | (492) | (429) | (426) | (422) | (432) | (449) | (342) | (348) | (346) | (338) | (334) | (329) | (4,685) | (1,081) |
| | | | | | | | | | | | | | | |
| **Recurring Operating Expenditures** | | | | | | | | | | | | | | |
| Capital Expenditures | 170 | 170 | 167 | 136 | 218 | 243 | 118 | 98 | 105 | 202 | 181 | 204 | 2,013 | 2,013 |
| Restructuring Payments | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 33 | 33 | 33 | 461 | 397 |
| Taxes | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 200 | 200 |
| | 227 | 226 | 224 | 193 | 275 | 300 | 175 | 155 | 162 | 251 | 231 | 254 | 2,673 | 2,610 |
| **Cash Flows Related to Bankruptcy** | | | | | | | | | | | | | | |
| Inflows | | | | | | | | | | | | | | |
| Retiree Healthcare | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Rabbi Trust Access | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| FINCO | 500 | - | - | - | - | - | - | - | - | - | - | - | 500 | - |
| | 500 | - | - | - | - | - | - | - | - | - | - | - | 500 | - |
| Outflows | | | | | | | | | | | | | | |
| Adequate Protection (1st Lien Interest) | 37 | 37 | 37 | 37 | 37 | 37 | 37 | 37 | 37 | 37 | 37 | 37 | 449 | 449 |
| DIP Interest | - | - | 29 | 52 | 59 | 66 | 73 | 88 | 93 | 99 | 107 | 113 | 779 | 1,856 |
| DIP Line Fees | 250 | - | - | - | - | - | - | - | - | - | - | - | 250 | - |
| Employee Incentive Plan | - | - | 10 | - | - | - | - | - | - | - | - | - | 10 | 20 |
| New Warranty Fundings | 63 | 75 | 75 | 76 | 76 | 76 | 92 | 92 | 92 | 94 | 94 | 94 | 999 | 1,346 |
| Professional Fees Disbursed | 1 | 11 | 9 | 8 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 109 | 120 |
| Required Vendor Payments | - | 2,400 | - | - | - | - | - | - | - | - | - | - | 2,400 | - |
| Utility Deposits | 65 | - | - | - | - | - | - | - | - | - | - | - | 65 | - |
| Pre-Funding of Trust Taxes | (4) | (4) | (2) | - | - | - | - | - | - | - | - | - | (10) | - |
| | 412 | 2,519 | 158 | 174 | 183 | 190 | 212 | 226 | 232 | 241 | 248 | 255 | 5,051 | 3,790 |
| | | | | | | | | | | | | | | |
| **Working Capital Related Cash Flow** | | | | | | | | | | | | | | |
| Floorplan Financing | 1,240 | 1,544 | 2,142 | 106 | - | - | 1,149 | - | - | 186 | - | - | 6,367 | 1,370 |
| Trade Credit | (457) | (79) | - | (9) | - | - | (96) | - | - | (15) | - | - | (656) | (268) |
| | 783 | 1,465 | 2,142 | 97 | - | - | 1,054 | - | - | 170 | - | - | 5,711 | 1,102 |
| | | | | | | | | | | | | | | |
| **Net Cash Inflows (Outflows)** | (1,413) | (4,639) | (2,950) | (886) | (890) | (939) | (1,783) | (729) | (741) | (1,000) | (813) | (838) | (17,621) | (8,583) |
| | | | | | | | | | | | | | | |
| **Beginning of Month Cash Balance** | 2,446 | 1,033 | - | - | - | - | - | - | - | - | - | - | 2,446 | - |
| | | | | | | | | | | | | | | |
| **Ending (Cash)/DIP Balance*** | **(1,033)** | **3,607** | **6,556** | **7,442** | **8,332** | **9,270** | **11,053** | **11,782** | **12,523** | **13,523** | **14,336** | **15,175** | **15,175** | **23,757** |

* Initial DIP draws are supplemented by starting cash balance of $2.4 billion

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# Liquidation Analysis

($ Millions)

The Liquidation Analysis results in $929 million and $3.2 billion available to pay creditors in the lower recovery and higher recover scenarios, respectively. A summary of the assumed cost of the liquidation and assumed proceeds from asset sales is shown below:

| | Recovery Scenarios | |
|---|---|---|
| | Lower | Higher |
| Forecasted U.S. Cash at Filing (April 1, 2009) | $ 1,340 | $ 1,340 |
| Wind Down Expenses | | |
| Payroll Related Costs | (1,999) | (1,274) |
| Plant Maintenance and Security | (545) | (437) |
| Bankruptcy Related Costs | (195) | (205) |
| Total Liquidation Costs | (2,739) | (1,917) |
| Cash/(deficit) before Asset Sales | (1,399) | (576) |
| Assumed Proceeds from Asset Sales | 2,328 | 3,817 |
| Assumed Proceeds Available for Claimants before Causes of Action | $ 929 | $ 3,241 |

Blank

# Liquidation Analysis – 1st Lien Lender's Recovery

($ Millions)

| Recovery to First Lien Lenders | Recovery Scenarios: Lower | Higher |
|---|---|---|
| Total Assumed Proceeds Asset Sales | $ 2,328 | $ 3,817 |
| Less: Proceeds allocated to US Treasury | | |
| Mopar Inventory | (149) | (261) |
| Real Estate | (21) | (43) |
| Total Assumed Proceeds to First Lien Lenders | 2,157 | 3,513 |
| Projected Cash at April 1, 2009 | 1,340 | 1,340 |
| Total Assumed Proceeds to First Lien Lenders | 3,497 | 4,853 |
| Total Wind down Costs | (2,739) | (1,917) |
| Wind down Costs Allocated to US Treasury | 5 | 10 |
| Net Wind down Costs Allocated to First Lien Lenders | (2,734) | (1,907) |
| Net Assumed Proceeds to First Lien Lenders | 763 | 2,947 |
| First Lien Lender Secured Claims at Filing | $ 6,904 | $ 6,904 |
| Percent Recovery to First Lien Lenders | 11% | 43% |
| NPV of Assumed Proceeds to First Lien Lenders (a) | $ 654 | $ 2,605 |
| Percent Recovery to First Lien Lenders | 9% | 38% |

(a) Calculated using a 6.17% annual interest rate

Blank

# Liquidation Analysis – U.S. Treasury Recovery

($ Millions)

| | Recovery Scenarios | |
|---|---|---|
| Recovery to US Treasury | Lower | Higher |
| Assumed Proceeds from Asset Sales | | |
| MOPAR Inventory Liquidation | $ 149 | $ 261 |
| Chrysler Realty Liquidation | 21 | 43 |
| Proceeds from Liquidations | 171 | 304 |
| Wind down Costs Allocated to US Treasury | (5) | (10) |
| Net Assumed Proceeds to US Treasury | 166 | 294 |
| US Treasury Secured Claims at Filing | $ 4,267 | $ 4,267 |
| Percent Recovery to US Treasury | 4% | 7% |
| NPV of Assumed Proceeds to US Treasury (a) | $ 146 | $ 266 |
| Percent Recovery to US Treasury | 3% | 6% |

(a) Calculated using a 5% annual interest rate

Blank

# III. Hypothetical Recovery Analysis

($ Millions)

## Expected Recovery to First Lien Lenders

The previous analysis showed the hypothetical ranges of recoveries assuming low and high recovery scenarios. It is likely that actual recoveries will fall within that range. Assuming that the asset recoveries are at 85% of the High Scenario and expenses are the average of the Lower and Higher Scenarios, the net "likely" recovery would be $2 billion or 29% as follows:

| | | |
|---|---|---|
| Total Assumed Proceeds to First Lien Lenders - Higher Scenario | $ | 3,513 |
| Assumed 85% recovery | $ | 2,986 |
| Cash at April 1, 2009 | | 1,340 |
| Average of Expenses - Lower and Higher Scenario | | (2,320) |
| Net Assumed Proceeds to First Lien Lenders | $ | 2,006 |
| First Lien Lender Secured Claims at Filing | $ | 6,904 |
| Percent Recovery to First Lien Lenders | | 29% |
| NPV of Assumed Proceeds to First Lien Lenders (a) | $ | 1,720 |
| Percent Recovery to First Lien Lenders | | 25% |

(a) Calculated using a 6.17% annual interest rate, based on 30 months

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# IX. Chrysler LLC Request

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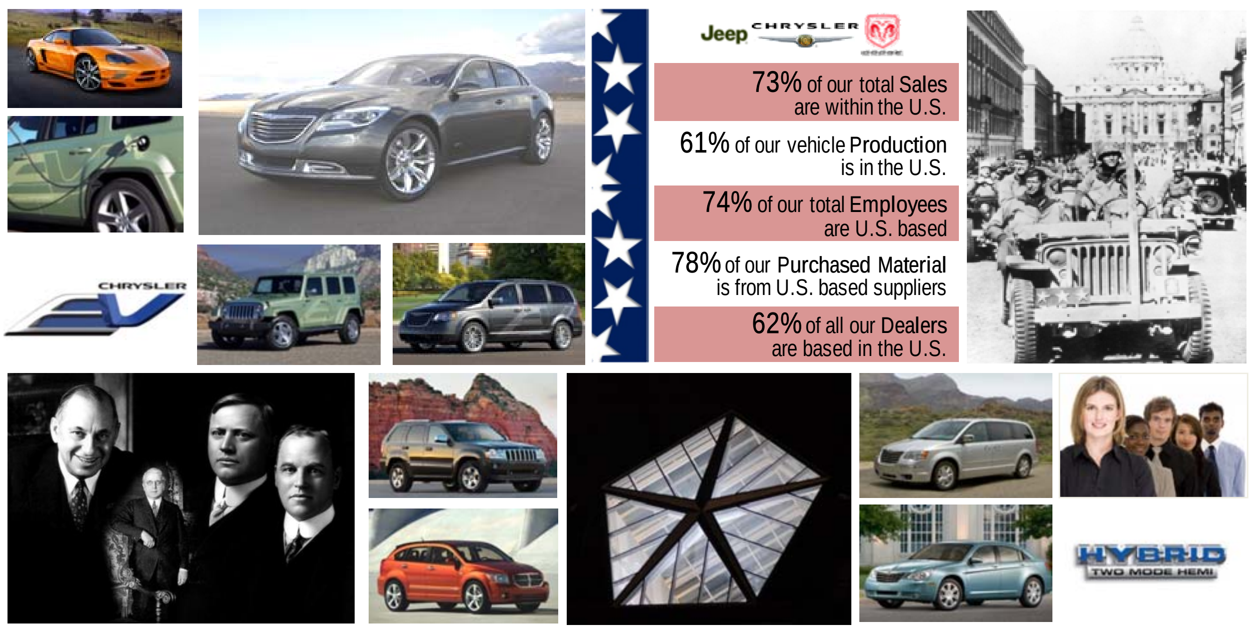
# Chrysler Requests for Funding and Strategic Alliance to Execute Restructuring Plan

CHRYSLER

| $5 Billion Funding | | | Strategic Alliance With Fiat | | |
|---|---|---|---|---|---|
| Request: | | Government loan of $5 billion by March 31, 2009 for working capital and other operating expenses | Request: | | Government approval of Fiat acquiring an ownership interest in Chrysler<br>- initially 35%<br>- option in increase to 55% |
| Reason: | (1) | Unusually severe and swift industry decline in demand for new vehicles has created shortage of cash from sales | Reason: | (1) | Prior approval is required by Loan and Security Agreement |
| | (2) | Money is needed urgently to maintain current operations | | (2) | Accelerates Chrysler's access to key technologies, small fuel efficient vehicles, and new international markets |
| | (3) | Rejection of request would result in insolvency and potentially adverse ripple effects throughout the auto Industry and U.S. economy | | (3) | Rejection of request would result in expensive and time-consuming development of equivalent technology, products, and markets |

CHRYSLER




# Chrysler Restructuring Plan for Long-Term Viability

## Executive Summary

February 17, 2009

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# Chrysler Restructuring Plan for Long-Term Viability

## Introduction

On December 2, 2008, Chrysler LLC ("Chrysler" or "the Company") submitted its Plan for Short-Term and Long-Term Viability to Congress as part of its request for a $7 billion working capital loan from the U.S. government to support its short term restructuring and long term viability. On January 2, 2009, Chrysler received an initial $4 billion loan from the United States Department of the Treasury, the terms of which require the Company to submit a restructuring plan to achieve and sustain long-term viability, international competitiveness and energy efficiency.

The restructuring plan presented demonstrates Chrysler's ability to meet those requirements through its continued focus on implementing cost reductions and modifications to its capital structure to improve its balance sheet, and on developing a fuel-efficient product portfolio that meets customer expectations and governmentally imposed environmental requirements. Chrysler's management believes that this restructuring plan, which assumes achievement of concessions from all constituents, Chrysler Financial maintaining adequate retail and wholesale financing capacity, and incremental funding from the U.S. Treasury can be successfully implemented and will result in the Company's long-term viability, international competitiveness and energy efficiency.

Due to the continued deterioration in the economy which has led to an unprecedented decline in the automotive sector since our December 2$^{nd}$ plan submission, in addition to the $7 billion original request, $4 billion of which has been received, Chrysler is requesting an additional $2 billion, for a total of $9 billion to support ongoing operations.

The availability of credit for automotive customers and dealers is the single most important element of Chrysler's viability. Because of the credit market crisis and subsequent rating agency actions, restrictions were placed on Chrysler Financial's credit conduits. Because of these restrictions, Chrysler Financial was forced to greatly reduce the level of retail and wholesale financing support for customers and dealers in the U.S., Mexico and Canada. Most significant was the complete discontinuation of lease financing in the U.S. and Canada in August 2008, which led directly to reductions in total sales volumes of 20% and 50% for the U.S. and Canada, respectively.

Chrysler Financial received a U.S. Treasury loan of $1.5 billion in mid January, 2009 to support retail financing, and it was estimated that this amount would provide adequate financing capacity through March 31, 2009. However, this is not a long-term solution. Because of the continued lack of liquidity in the credit markets, several follow-on proposals have been submitted by Chrysler Financial to the U.S. government for a long-term solution to ensure its financing capacity. It is critical that these requests be resolved, as adequate retail and wholesale financing capacity for Chrysler Financial is a requirement for Chrysler's viability.

The Company's standalone restructuring plan demonstrates viability which could be further enhanced with a strategic alliance that more effectively utilizes its manufacturing capacity and positions the Company for growth. Chrysler and Fiat S.p.A. have signed a non-binding letter of intent that is conditioned upon Chrysler meeting all restructuring targets set forth in Chrysler's U.S. Treasury Loan Agreement Department. If completed, this partnership would greatly improve Chrysler's long-term viability.

It is essential that Chrysler achieve the concessions and planned balance sheet restructuring identified in its restructuring plan, including the receipt of incremental government funding. If the requisite concessions are not achieved by the government's March 31st funding deadline, management believes the only alternative would be to immediately plan for an orderly wind down of all operations through a court-supervised liquidation. This is clearly not an alternative Chrysler would prefer, but is one that the Company is prepared to implement if required.

Chrysler has had discussions with each of its constituents and believes that it has made substantial progress in seeking concessions from its dealers, suppliers, 2nd lien lenders, shareholders and the UAW. In order to complete its restructuring plan, the Company requires further concessions of $5 billion of additional liability and interest burden relief from its creditor groups[1].

The Company has engaged in discussions with its creditor groups[1] and believes it is possible to reach agreement on the terms and conditions of required concessions. With the continuing participation and diligent effort of all creditor groups[1], and support from the President's Designee and the Presidential Task Force on Autos, Chrysler will be in a position to finalize its restructuring plan and receive additional government funding, by March 31, 2009.

## 1) Restructuring Plan Assumptions and Key Metrics

Due to the continued lack of consumer credit, which has prevented interested customers from purchasing new vehicles and has prevented dealers from securing financing to support continued wholesale orders, Chrysler has revised its Seasonally Adjusted Annual Rate (SAAR) forecast covering the next four years. Chrysler's restructuring plan is based on conservative SAAR assumptions that reflect the reality of a declining automotive industry. The restructuring plan projects, commencing in 2009, a SAAR level of 10.1 million units, and for years 2009 through 2012, an average SAAR level of 10.8 million units. This represents a reduction from the Company's original December 2, 2008 submission to Congress of 7.2 million units, or on average, 1.8 million units annually over the four years.

Table 1 – Revenue Impact of U.S. SAAR Levels (millions)

| | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|
| December Submission | 11.1 | 12.1 | 13.7 | 13.7 |
| Current Restructuring Plan | 10.1 | 10.6 | 11.1 | 11.6 |
| Change | (1.0) | (1.5) | (2.6) | (2.1) |
| Cumulative Change | (1.0) | (2.5) | (5.1) | (7.2) |
| Estimated Revenue Impact on Chrysler (a) | $ (2,500) | $ (6,250) | $ (12,750) | $ (18,000) |
| Estimated Cash Impact | $ (500) | $ (1,250) | $ (2,550) | $ (3,600) |

(a) Based on assumed market share of 10%

Footnote 1: Creditors include the 1st lien lenders, the U.S. Government and the UAW-VEBA

For Chrysler, this represents a sales decline of approximately 720,000 units, assuming a 10% market share, and approximately $18 billion in lost revenue and a $3.6 billion decline in cash inflow over the four years.

As the Company indicated in its December 2nd Congressional testimony, the availability of credit to automotive consumers and dealers is the single most important element of Chrysler's viability. The continued credit market turmoil has resulted in rejection of consumer loan applications and lost sales to dealers, which in turn has led to reduced wholesale orders for Chrysler vehicles and further vehicle production cuts.

This chain of events has created a rapidly declining SAAR trend which directly and immediately reduces cash inflow in a manner that cannot be addressed adequately through even the most aggressive restructuring actions. These softer-than-expected market conditions during the 4th quarter have continued into the 1st quarter of 2009 resulting in an industry-wide decline in automotive sales. As a result, Chrysler now requires an additional $2 billion in cash beyond that anticipated in Chrysler's December submission, bringing its total request to $9 billion.

Table 2 below summarizes Chrysler's initial and current funding request:

Table 2 – Request for Government Loan

| | Funding To Date ($Billions) |
|---|---|
| Funded to Date | $ 4 |
| Remaining | $ 3 |
| Total Original Requested | $ 7 |
| Additional Request | $ 2 |
| TOTAL Funds Requested | $ 9 |

Chrysler proposes to repay the U.S. Treasury Loan with interest, fees and out-of-pocket expenses beginning in 2012. The fees to be paid are in lieu of warrants, given Chrysler is a private company.

Chrysler's restructuring plan includes the benefit of restructuring actions and concessions that management believes will be reached with its core constituents including: the UAW, dealers, suppliers, shareholders, 2nd lien lenders and other creditor groups. These benefits are reflected in the restructuring plan in fixed costs savings, improved EBITDA and improved cash flow.

The restructuring plan shows that the Company will have adequate liquidity throughout the planning period while making significant loan amortization payments. The chart below summarizes the key operating metrics of the restructuring plan on the pro forma basis and reflects what the Company believes to be a conservative outlook.

| | 2008 Unaudited | 2009 Plan | 2010 Plan | 2011 Plan | 2012 Plan | 2013 Plan | 2014 Plan | 2015 Plan | 2016 Plan |
|---|---|---|---|---|---|---|---|---|---|
| U.S. Industry SAAR (Mills) (Light Duty Only) | 13.2 | 10.1 | 10.6 | 11.1 | 11.6 | 12.1 | 12.6 | 13.1 | 13.7 |
| Worldwide Shipments (000 units) | 2,065 | 1,618 | 1,775 | 2,085 | 2,120 | 2,175 | 2,227 | 2,281 | 2,345 |
| U.S. Market Share (Retail & Fleet)* | 10.8% | 10.4% | 10.7% | 10.7% | 10.7% | 10.7% | 10.7% | 10.7% | 10.7% |
| U.S. Dealer Inventory (000 units) | 398 | 355 | 312 | 306 | 306 | 306 | 306 | 306 | 306 |
| Material Cost Savings | (1.1%) | 0.25% | 0.25% | 0.25% | 0.25% | 0.50% | 0.50% | 0.50% | 0.50% |
| Net Pricing | (1.0%) | (0.5%) | (0.5%) | (0.5%) | (0.5%) | (0.25%) | (0.25%) | (0.25%) | (0.25%) |
| Capital Expenditures (Bils) | $2.3 | $2.3 | $2.3 | $2.6 | $2.6 | $2.6 | $2.5 | $2.5 | $2.5 |
| Fixed Cost excluding VEBA (Bils) | $10.9 | $10.2 | $10.2 | $10.2 | $10.2 | $10.1 | $10.1 | $10.1 | $10.1 |
| EBITDA (Bils) | $0.3 | $2.9 | $5.0 | $3.9 | $3.9 | $4.4 | $4.7 | $5.2 | $5.6 |
| Cash - Year End Balance (Bils) | $2.5 | $9.0 | $10.6 | $10.8 | $11.4 | $11.3 | $11.4 | $12.2 | $13.4 |

Table 3 - Key Operating Metrics of the Restructuring Plan

The restructuring plan shows that Chrysler achieves a positive net present value of $17.3 billion after taking into account all existing and projected costs, including repayment of 100% of the U.S. Treasury Loan and implementation of the restructuring plan.

**For the seven years prior to the 2008 industry turn down (2001-2007) Chrysler's market share was flat compared to GM and Ford whose market share declined 17% and 25% respectively*

Table 4 – Net Present Value

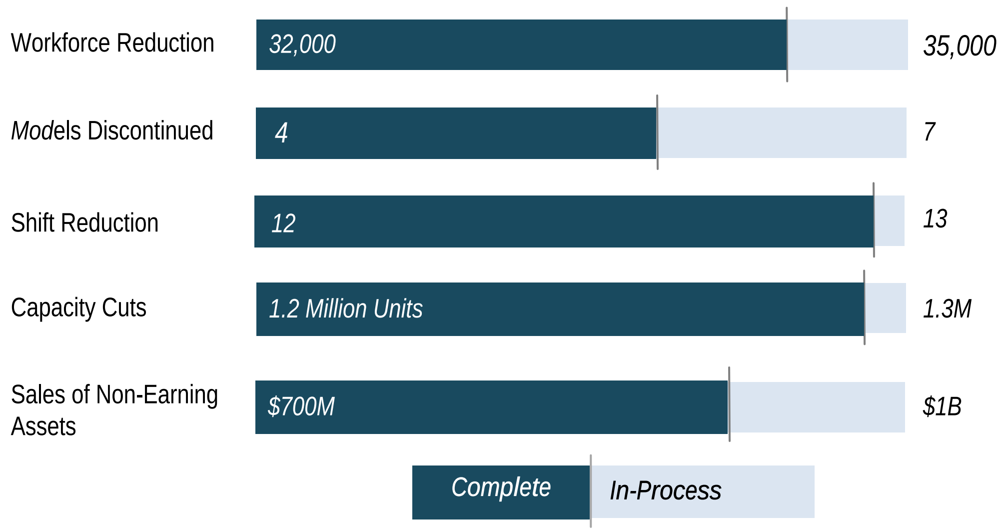
| | | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|---|---|---|
| **Free Cash Flows to Equity** | | $ 6.5 | $ 1.7 | $ 0.1 | $ 0.6 | $ (0.1) | $ 0.1 | $ 0.8 | $ 1.2 |
| **Terminal Value** | | | | | | | | | |
| EBITDA at 2016 | $ 5.6 | | | | | | | | |
| Multiple | 5.0 | | | | | | | | |
| Terminal Value (Before Debt) | $ 28.0 | **NPV Discount Rates** | | | | | | | |
| Less Debt: | (13.7) | 5% | 10% | 15% | 20% | | | | |
| Terminal Value (Net of Debt) | $ 14.3 | $ 9.7 | $ 6.7 | $ 4.7 | $ 3.3 | | | | |
| NPV of Free Cash Flows at 1/1/2009 | | 9.7 | 8.7 | 8.0 | 7.5 | | | | |
| NPV of Net Terminal Value | | 9.7 | 6.7 | 4.7 | 3.3 | | | | |
| NPV of Chrysler Cash Flows | | $ 19.4 | $ 15.4 | $ 12.7 | $ 10.8 | | | | |
| Plus: Cash at 1/1/2009 | | 1.9 | 1.9 | 1.9 | 1.9 | | | | |
| **NPV per Section 7.20 of UST Loan** | | **$ 21.3** | **$ 17.3** | **$ 14.6** | **$ 12.7** | | | | |

## 2) Restructuring Actions

Upon becoming an independent company on August 3, 2007, Chrysler took immediate action to redesign its business model, enhance its product portfolio and create a more competitive cost structure. In response to deteriorating economic conditions, Chrysler initiated additional measures to reduce costs and improve competitiveness which included:

- Workforce reduction of 32,000
- Capacity reduction of 1.2 million units (over 30% of total capacity)
- Reduction of 12 manufacturing shifts
- Discontinuation of 4 models
- Sale of $700 million in non-earning assets

Figure 1: Status of Restructuring Actions (2008 and 2009)




In developing its restructuring plan, Chrysler has worked closely with all key constituents to explore additional concessions. The identified concessions that management believes can be implemented by March 31, 2009 include:

- **Executive/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, performance bonuses, merit increases, and eliminated retiree life insurance benefits.
- **Dealer Concessions –** Chrysler will achieve cost savings and improved cash flow through a number of initiatives including reduced dealer margins, elimination of fuel fill reimbursement, and reduction of service contract margins.
- **Union Concessions –** The term sheets for the Labor Modifications and VEBA modifications fundamentally comply with the requirements of the U.S. Treasury Loan and once realized, will provide Chrysler with a workforce cost structure that is competitive with the transplant automotive manufacturers. The VEBA modifications term sheet however is conditioned on, among other things, further due diligence and satisfactory debt restructuring. Chrysler will continue to work diligently with its labor unions and retirees' class counsel in structuring and negotiating concessions necessary to

the Company's continued viability and look forward to the assistance of the U.S. Treasury in that effort.

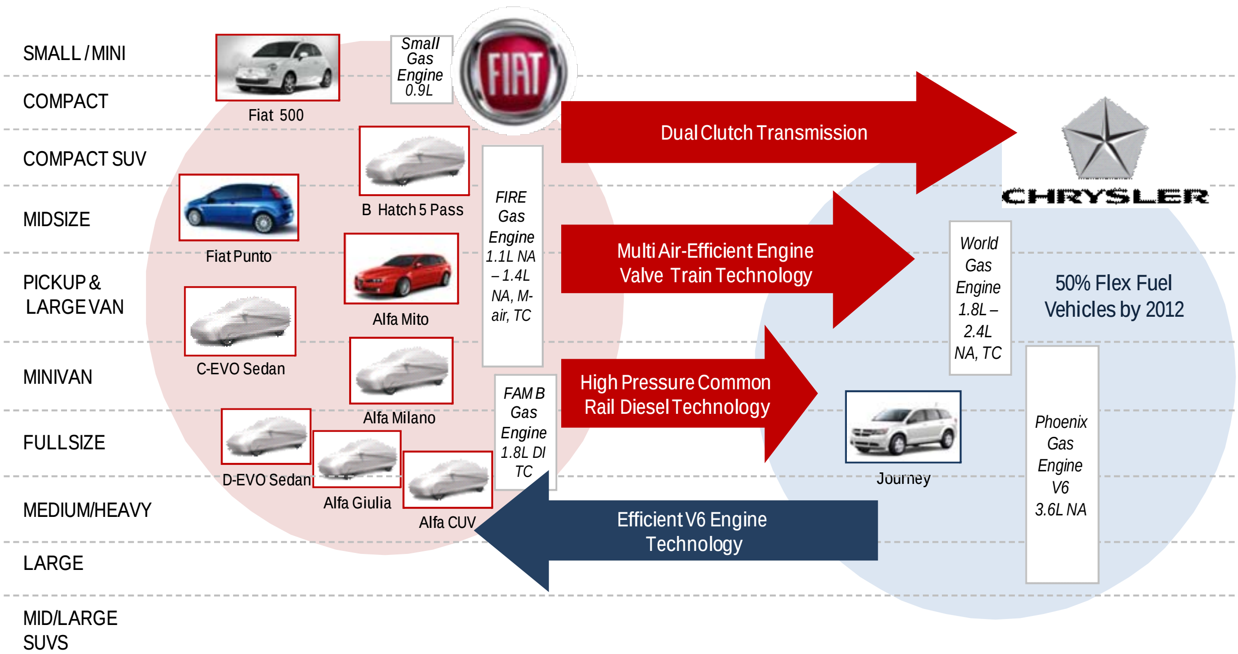
- **Supplier Concessions –** The Company has initiated a dialogue with its suppliers and believes that it will be able to obtain substantial cost reductions from suppliers that will result in achieving targeted savings. Chrysler also supports the supplier associations' proposals which would provide a government guarantee of OEM accounts payables.
- **$2^{nd}$ Lien Debt Holders Concessions –** The holders of the $2^{nd}$ Lien Debt have expressed a willingness to convert 100% of their debt to equity.
- **Shareholders –** Current shareholders have also indicated a willingness to relinquish their current equity position to support Chrysler's viability plan.

Additionally, the viability plan includes a further reduction of outstanding obligations from certain creditor groups 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 - $400 million annually.

## 3) Strategic Alliance

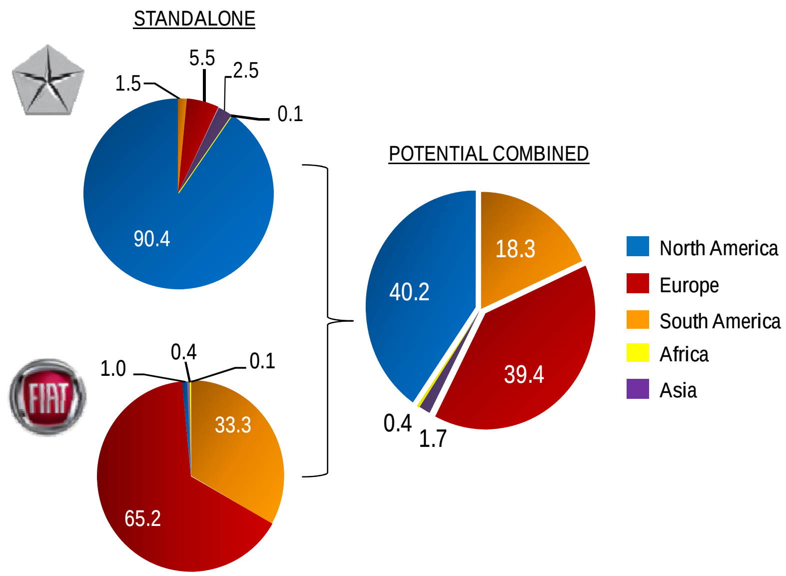
The written and oral testimony Chrysler submitted to the U.S. House and Senate in 2008 stated the Company's intent to seek the benefits of global partnerships and alliances. Chrysler has signed a non-binding agreement to pursue a strategic alliance with Fiat which represents an attractive opportunity for significant strategic and financial benefits.

Figure 2: Improvement of Fuel Economy Using Powertrain and Portfolio Opportunities with Fiat




The proposed Fiat alliance would enhance Chrysler's restructuring plan, provide customers with access to competitive fuel-efficient vehicle platforms, provide Chrysler with substantial cost saving opportunities and provide Chrysler with distribution capabilities in key growth markets. The alliance would also help stabilize the U.S. automotive market and enhance Chrysler's ability to more quickly repay the U.S. Treasury loan.

Figure 3: Expansion through Current Geographic – Percent (%) Sales by Region



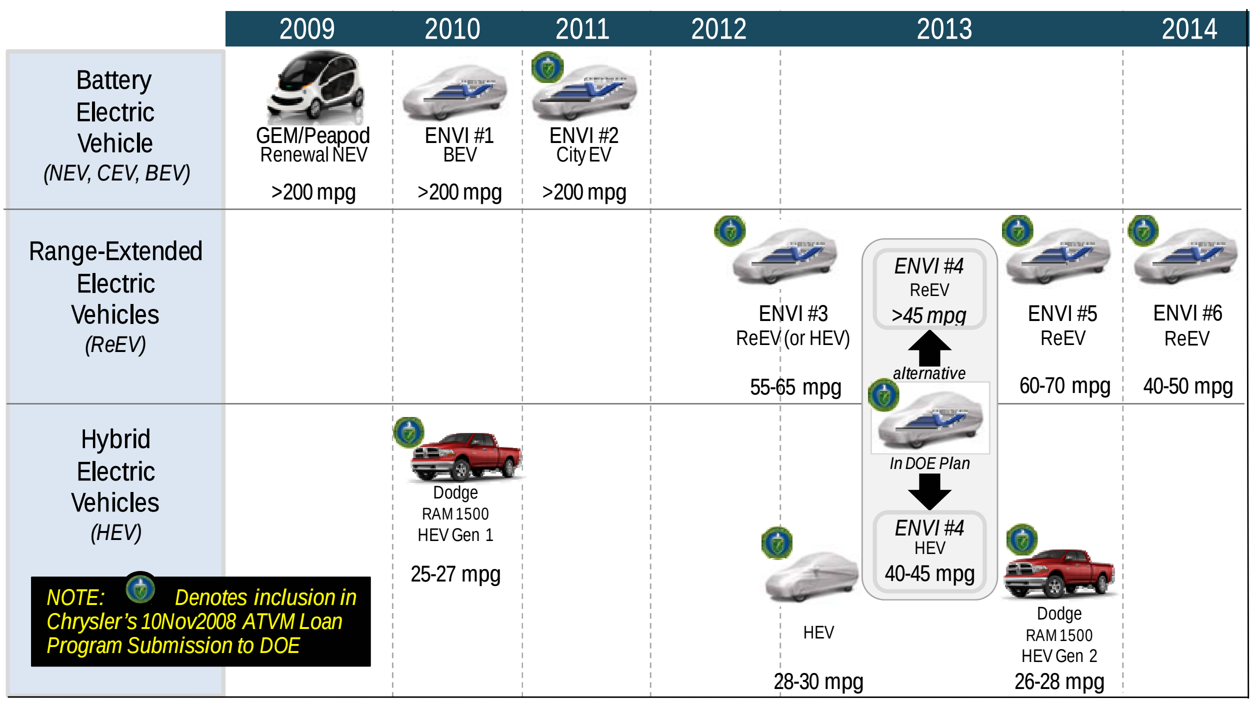

Chrysler's intent is to build on its product alliances or form global alliances to enhance its viability. The Company has proposed that a percentage of its new equity be retained in a trust controlled by the Presidents Designee to facilitate these alliances in the future. This provision will avoid a redistribution and reallocation of Chrysler equity in the future.

## 4) Commitment to Energy Security and Environmental Sustainability

In 2008, Chrysler offered six vehicles with highway fuel economy of 28 miles per gallon or better. The 2009 product lineup offers improved fuel economy with 73% of its vehicles showing 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.  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 order to further reduce fuel consumption and greenhouse gas emissions in Chrysler's mainstream vehicles.

Figure 4:  Chrysler's Electric Vehicle Product Portfolio




The proposed Fiat alliance would further help the Company achieve fuel economy improvements as Chrysler gains access to Fiat's smaller, fuel efficient platforms and powertrain technologies.

This alliance would enable Chrysler to reduce its capital expenditures while supporting the Company's commitment to develop a portfolio of vehicles that meet the country's energy security and environmental objectives.

## 5) Compliance with Fuel Economy Regulations

Chrysler is committed to meeting Federal Corporate Average Fuel Economy (CAFE) requirements. The restructuring plan supports the company's compliance with all federal fuel economy standards 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.

Included in the main report are estimates of Chrysler's required minimum CAFE levels in model years 2008 to 2011, based on a pre-publication draft of the NHTSA Final Rule for model years 2009 to 2015 that became available earlier this year. The Appendix contains a series of charts showing the specific technologies to be used in each vehicle to achieve CAFE compliance, along with the timing of the deployment of the technologies. This description of specific actions demonstrates that Chrysler will comply with the CAFE standards throughout the term of the U.S. Treasury loan and beyond.

Pursuant to California Assembly Bill 1493 ("AB 1493") the California Air Resources Board ("CARB") has also adopted vehicle emissions standards to control greenhouse gas ("GHG") emissions, chiefly carbon dioxide. The GHG standards include sales-weighted fleet average requirements using a formula that requires increases in fuel economy, because the only current available technology to reduce carbon dioxide emissions from gasoline- or diesel-powered vehicles is to reduce fuel consumption. Thirteen other States and the District of Columbia have adopted the California GHG standards. These states comprise approximately 50% of the United States vehicle market during model years 2012-2016.

If the California GHG standards take effect, Chrysler will try its best to comply using available technology, however, as a last resort it may be necessary to restrict the sales of certain vehicle models in order to comply with the GHG fleet average requirements in each jurisdiction that has adopted them and that has decided to enforce the fleet average requirements. The ultimate effect of the California standards on Chrysler's product plan depends on a number of developments as indicated in the Appendix.

## 6) Compliance with Emissions Regulations

The United States EPA and the CARB enforce regulations to control hydrocarbons and nitrogen oxides, the two vehicular air emissions aimed at reducing smog. Chrysler vehicle engine systems and catalytic converters oxidize and reduce these emissions to regulatory levels, and control emissions of other compounds subject to other EPA and CARB regulations. EPA and CARB also enforce "on board diagnostic" ("OBD") regulations governing vehicles onboard computer, which among other things optimize the performance of the catalytic converter and determine if emissions-related components are properly functioning.

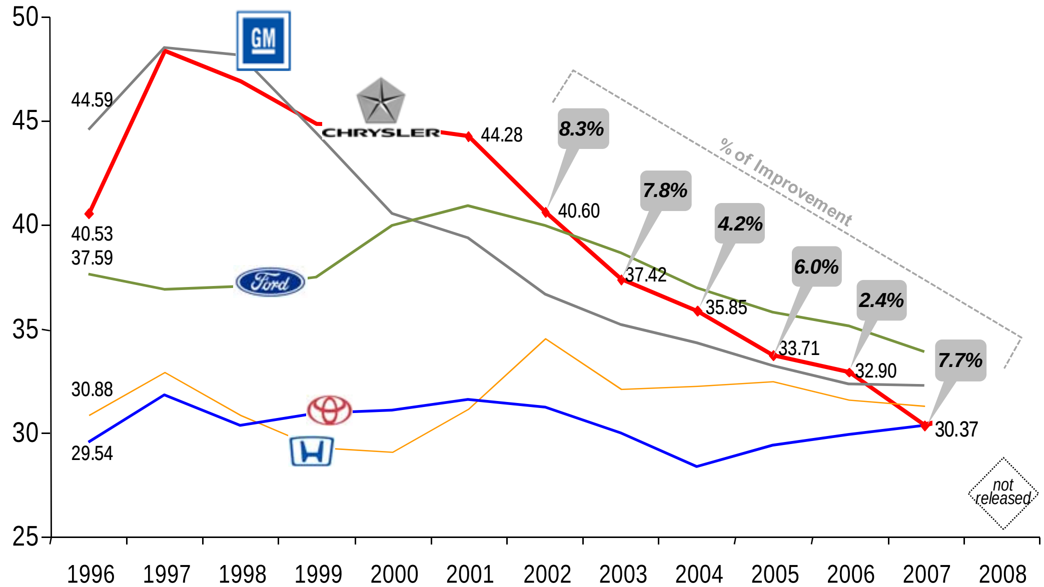
Chrysler pre-production and post-production vehicles must pass rigorous testing, after which vehicle certification to a specific set of EPA and CARB emissions standards is obtained. Chrysler also must warrant that its vehicles will pass such testing when properly maintained and used.

The Appendix includes materials that show that Chrysler will comply with emissions standards as expressed, per the regulations, as a weighted average of the various categories of emissions requirements versus fleet sales volumes for cars and trucks established by EPA and CARB for the time period relevant to the loan agreement. The Appendix also shows Chrysler's compliance with CARB's "zero emission vehicle" ("ZEV") requirements, which are promulgated for model years 2009 through 2010, and Chrysler's best understanding of the as yet unpromulgated ZEV requirements for model years 2011 and later.

## 7) Achieving a Competitive Product Mix and Cost Structure

As noted above, Chrysler has taken a number of actions over the past several years to improve its cost competitiveness. According to the Harbour Report, Chrysler has improved its manufacturing productivity by 32% over the past seven years to equal that of Toyota, making Chrysler and Toyota the most productive automakers in North America in terms of hours of assembly per vehicle.

Figure 5: 2008 Harbour Report (Manufacturing Efficiency)

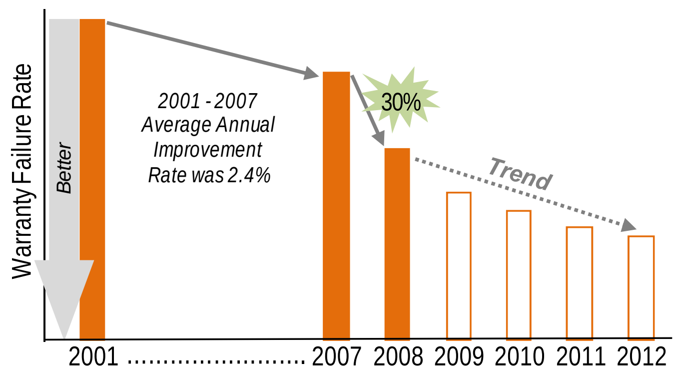



Having achieved world class hours of assembly time per vehicle, assuming the implementation of new wage rates consistent with the government mandated labor modifications, Chrysler will be on par with transplants from a manufacturing cost perspective.

Since becoming a standalone company on August 3, 2007, Chrysler has made quality a major focus. In its first 60 days as an independent automaker, Chrysler management approved more than 260 product enhancements representing an investment of $500 million. Hundreds of additional engineering improvements were made in the following months to enhance the interior quality, fit and finish, and the driving performance of many Chrysler products. In the 2008 J.D.

Power and Associates Initial Quality Survey, the Company's vehicles improved scores by an average of 5 points. In addition, in 2008 Chrysler achieved the lowest warranty claim rate in its history – a 30% improvement compared to the prior year. And, among the seven major auto manufacturers, Chrysler had the lowest number of vehicles recalled in 2008 as measured by NHTSA.

Figure 6: Chrysler Total Quality Improvement




Chrysler was the first company in the industry to appoint a Chief Customer Officer devoted to improving real and perceived quality. As part of this initiative, Chrysler has formed cross-functional customer satisfaction teams that act as problem solvers on new vehicles as they are being developed and launched.

Figure 7: Customer Promoter Score (CPS) Confirms Consumer Appeal of New Dodge Ram

2009 Dodge Ram Truck

- First vehicle tested with customer promoter score system
- First 700 customers contacted
- 99.8% positive comments
- 12 awards received in 2009

Chrysler's product line is a key component to its restructuring plan. Next year Chrysler will launch revisions to four of its previously highly successful platforms: Jeep Grand Cherokee, Dodge Charger, Dodge Durango and Chrysler 300. The Chrysler 300C has become the most awarded car in automotive history since its launch in 2005. This launch will be followed by a new, bolder, more intimidating Dodge Charger and an all new unibody Dodge Durango.

Chrysler will continue to work with its dealer body to rationalize the number of dealerships to enhance the long-term profitability of all dealers. Through Project Genesis, Chrysler is committed to facilitating the ability to offer each of Chrysler's three product brands under one roof, creating an enhanced buying and service experience for the consumer and supporting the viability of Chrysler dealers in communities across the country. The proposed alliance with Fiat would allow Chrysler to broaden its product offerings – bringing the American consumer a broader selection of cars to meet their needs - and providing Chrysler dealers with an expanded product line and opportunity for improved profitability.

## 8) Conclusion

We believe Chrysler's restructuring plan, as approved by its Board of Directors, demonstrates that, with constituent concessions, adequate retail and wholesale capacity for Chrysler Financial, a restructuring of our liabilities resulting in a $5 billion reduction in debt and debt service requirements and additional governmental assistance, Chrysler can achieve and sustain long-term viability, international competitiveness and energy efficiency. The Company's viability can be further enhanced through strategic alliances and partnerships. However, in order to weather the current economic crisis, in addition to the original $7 billion, $4 billion of which has been received, Chrysler is requesting an additional $2 billion, for a total of $9 billion, to support ongoing operations due to the continued deterioration in the economy, which has led to an unprecedented decline in the automotive sector since the Company's December 2nd plan submission.

While this is a substantial investment of taxpayer funds, Chrysler believes the requested loan is the least costly available alternative and will provide an important stimulus to the U.S. economy that will eventually deliver positive returns for the American taxpayer.

Respectfully submitted,

Chrysler LLC