

# A Message from Bob Nardelli

Thursday, Apr 16, 2009

To All Chrysler Employees,

I'd like to give you an update as to where we stand in our restructuring process, since we expect the next two weeks to be very busy as we move toward our April 30 deadline. As you know, significant concessions from all Chrysler constituents are a requirement of our government loans and a condition of our alliance with Fiat. President Obama himself acknowledged this in his March 30 address on the auto industry:

“Now, what we're asking for is difficult. It will require hard choices by companies. It will require unions and workers who have already made extraordinarily painful concessions to do more ... It will require efforts from a whole host of other stakeholders, including dealers and suppliers.”

While we have made progress with most constituents, there are significant challenges remaining, and I wanted to provide you with a brief update on where we are in the process.

**UAW:** As required by our U.S. Treasury loan, we submitted a viability plan on Feb. 17 that included tentative agreements with the United Auto Workers union related to modified VEBA terms and hourly wage rates competitive with the transplants. Unfortunately, the Administration reviewed the plan and determined that Chrysler was not viable as a standalone entity, and as noted above, even with an alliance partner, Chrysler must ask for additional sacrifices. The additional concessions we are seeking from the UAW are critical to receiving continued support of the Administration, completing our Fiat alliance and achieving sustained viability.

**CAW:** Chrysler and the Canadian Auto Workers union have held a series of meetings, but unfortunately, have not reached an agreement on concessions as outlined by the Canadian government. The CAW has been unwilling to abide by the terms of the Canadian government loan, which requests that the union meet local transplant all-in labor costs. This issue is also critical. Without a successful resolution, the alliance with Fiat and our continued viability is at risk.

**Canadian government:** The Canadian government has been very supportive of our viability, providing a loan of \$1 billion (CDN \$750 million drawn to date), with an agreement to provide additional support in proportion to the loans received from the U.S. Treasury.

**Creditors:** The U.S. Treasury has been meeting regularly with our creditor group, which has been asked to make significant additional concessions. The U.S. Treasury has extended a concessions proposal to the group, and the creditor group is expected to respond shortly.

**Suppliers:** In these troubled times we have had success with our suppliers, with some being very supportive. Others have become involved in the Federal Automotive Supplier Support Program. To date, Chrysler has approved 150 suppliers for the program.

**Dealers:** Our dealers were among the first constituency groups to meet their concession goals and continue as strong supporters of Chrysler. In spite of the negative perceptions surrounding our industry, our dealers show tremendous enthusiasm for our company, our brands and products in their local communities with their optimism and steadfast support of our customers.

**Chrysler Employees:** As a result of extensive downsizing and de-layering, Chrysler employees continue to do more with less throughout the organization. Significant costs and benefits have been eliminated and all federal guidelines are being met.

**Fiat:** We continue to review the status of all stakeholder discussions with Fiat, as the achievement of concessions is a condition of the alliance. Fiat strongly believes in the mutual benefits the alliance would create for both of our companies, our customers, employees and other constituents.

To help set the record straight in light of recent media speculation, let me share with you a few facts on the alliance. Upon successful completion of the alliance, a board of directors for Chrysler will be appointed by the U.S. government and Fiat. The majority of the directors will be independent (not employees of Chrysler or Fiat). The board will have the responsibility to appoint a chairman. The board also will select a CEO with Fiat's concurrence.

As we enter this crucial period, I want you to know that I appreciate your tireless efforts and dedication to the cause of ensuring Chrysler's future success. I ask you to stay focused on the job at hand, remain positive about our future and keep supporting one another in everything you do.

Thank you again for your continued commitment to Chrysler.

Bob