Dear Chrysler Employees:

This is a historic day for Chrysler. As a result of the comprehensive restructuring plan agreed to by many of our stakeholders, I am very pleased to report that Chrysler LLC and Fiat S.p.A. have reached an agreement in principle to establish a global strategic alliance. This agreement creates a new, competitive, global car company that will take over a majority of Chrysler's operations. With the completion of this alliance, Chrysler will be repositioned for long-term success, validating the great efforts and sacrifices that you have made to help us get to this momentous point.

In addition to the alliance news today, I announced to Chrysler's Board of Management and our senior leadership as well as the U.S. Treasury that I plan to leave the company and return to Cerberus Capital Management as an advisor. With the U.S. government approval of our viability plan and the completion of an agreement in principle for the alliance, this is an appropriate time to let others take the lead in transformation of Chrysler with Fiat. I will work closely with all of our stakeholders to complete the restructuring and see that this new company swiftly emerges with a successful closing of the alliance.

This alliance will enable Chrysler to move forward as part of a new company with significant strategic advantages, including access to high quality, fuel-efficient small and compact vehicles, as well as platforms, powertrain technologies and components that will be produced at Chrysler manufacturing sites. Together, Chrysler and Fiat will bring a range of exciting, new fuel-efficient vehicles to North American consumers, helping stimulate growth in this segment. The alliance also will allow Chrysler and Fiat to fully optimize our respective manufacturing footprints and global supplier base. Each company will gain access to new markets, including distribution of Chrysler vehicles to areas outside of North America, and potential distribution of Fiat vehicles through Chrysler's dealerships in North America.

As you know, Chrysler initiated discussions with Fiat more than a year ago to develop plans for a global product alliance. Chrysler and many of its stakeholders worked tirelessly to agree upon concessions that will result in a significantly lower cost base and enable fulfillment of a broader strategic alliance. Despite substantial progress on many fronts, we were not able to obtain the necessary concessions from all of our lenders. As a result, under the direction of the U.S. Treasury, Chrysler LLC and 24 of its wholly owned U.S. subsidiaries today filed voluntary petitions under Chapter 11 of the U.S. Bankruptcy Code in U.S. Bankruptcy Court for the Southern District of New York.

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

It's very important to make clear that, because of the amount of work we've already done prior to filing for Chapter 11, this will be a very different kind of process than you may have seen with other companies. With this "structured bankruptcy" filing, we will submit a motion under Section 363 of the Bankruptcy Code requesting the court to swiftly approve the agreement with Fiat and the sale of Chrysler's principal assets to the new company we are forming with Fiat. The benefit of this type of filing is speed. It will allow a leaner new company to emerge in a matter of 30 to 60 days, well positioned for long-term viability. It's also very important to note that Chrysler's Canadian, Mexican and other international operations are not part of any bankruptcy filing.

The substantial majority of Chrysler's assets, operations, plants and people will be transferred to the new company, while assets and liabilities that are not consistent with our business plan will remain with the old company for disposition. Under the supervision of the court, and with the cooperation of the U.S. Treasury, the new company will quickly emerge from bankruptcy as a

restructured and financially healthy organization. The old company and its remaining assets will proceed through a Chapter 11 process during which these assets may be sold or otherwise liquidated. Chrysler is in the process of identifying and finalizing the list of assets that will be disposed of through this process. Once this is complete and we are asked to share it with the court, we also will share it with you.

Chrysler also will file “First Day” motions with the court, seeking relief to honor obligations to pay employees, suppliers and dealers as an essential component of preserving the value of our business in the time period pending the sale. We expect to receive approval for these motions within the next few days, and we will provide you with regular updates.

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

Throughout this time, Chrysler and our dealers will continue to sell and service all vehicles and honor warranties. We will continue to supply parts to our dealers to ensure that vehicles can be serviced without delay. We are committed to serving our customers throughout this process and to producing quality vehicles over the long term under the Jeep®, Dodge, and Chrysler brands, as well as parts under the Mopar® brand. As part of the restructuring and with the backing of the U.S. Treasury, we have reached an agreement in principle with GMAC to become the preferred lender for Chrysler dealer and consumer business. This is very good news as GMAC will be able to offer the best long-term finance options for Chrysler dealers and customers with standard rate installment products.

As a part of the restructuring, most manufacturing operations will be temporarily idled effective Monday, May 4, 2009. Normal production schedules will resume when the transaction is completed, which is anticipated within the next 30 to 60 days. Hourly employees will receive unemployment benefits, as well as supplemental pay that will amount to most of their base wages.

Keep in mind that during the period when facilities are idled, all company-sponsored healthcare and other insurance coverage will continue. All qualified employee pension and 401(k) funds are protected by federal law from Chrysler’s creditors; these funds cannot be used by the company to meet any other obligations. Upon approval of the transaction, the new company is expected to continue relationships with most employees, dealers and suppliers.

There is no question that this process involves deep sacrifices from many Chrysler stakeholders, including the UAW and CAW, employees, dealers and suppliers. We also want to recognize the Administration, U.S. Treasury, The President’s Auto Task Force, as well as Members of Congress and representatives at the state and community level and Canadian Federal and Ontario Provincial governments for their energy and efforts in helping to move our company forward. With the strong support of the Cerberus and Daimler, these stakeholders came together to make concessions that today give us a clear view of a promising future. To be sure, there will be many changes as we move forward to implement our plans. But today, from many great parts, we begin to build a vibrant new company with less debt, a stronger balance sheet, richer product portfolio, supported by a well-positioned finance company.

We understand that you will have many questions throughout this transition process. Further information will be available on a continuing basis at scoop.chrysler.com, www.chryslerrestructuring.com, or by calling our toll-free restructuring information line at 1-877-271-1568 (United States and Canada) or 1-503-597-7708 (International). These sources will be updated regularly to address your ongoing questions.

We are profoundly grateful for the support of the thousands of people across the United States and worldwide who have contributed to our effort to restructure for long-term viability. We take enormous pride in the contributions we have made to our industry, are honored by the trust our customers have placed with us for more than 80 years and look forward to continuing to serve them for many years to come.

Again, I thank you for your years of service and commitment to Chrysler LLC and look forward to working with you through the restructuring to build a stronger new company for the twenty-first century.

Bob