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Chrysler LLC Files Papers to Retain Majority of U.S. Dealer Network as Part of Company's Sales Process

May 13, 2009, Auburn Hills, Mich. - Chrysler LLC today filed a motion with the U.S. Bankruptcy Court seeking to reject certain U.S. dealer agreements, and a list of U.S. dealer agreements to be assigned to the buyer of its business assets. Subject to Court approval, 2,392 Chrysler, Jeep® or Dodge dealers will continue with the new company in a global alliance with Fiat once the sale is complete. This action will help improve the landscape of the Chrysler dealership network following the sale and enhance the full line portfolio of Dodge, Jeep and Chrysler products for customers.

"We are in the process of revitalizing Chrysler's business to succeed as a viable enterprise under new ownership in the future," said Jim Press, Vice Chairman and President. "The unprecedented decline in the industry has had a significant impact on our sales and forced us to reduce production levels to better match the needs of the market. With the downsizing of operations after the sale and reduction of plants and production, similar reductions must be made to the size of the dealer body. We appreciate the support of our dealers and regret this painful action. We wish market conditions made it possible to keep everyone."

Chrysler plans to maintain "business as usual" with all of its dealers through the transition. The Company intends to honor warranty and incentive payments during the period that rejected dealers remain active. Chrysler is committed to working with these dealers to ensure a positive relationship with customers. To ease the burden on dealers whose agreements have not been assumed, Chrysler will work to assist in the redistribution of new vehicles and parts to the remaining dealer network.

"It is with a deep sense of sadness that we must take steps to end some of our Sales and Service Dealer Agreements," said Steven Landry, Executive Vice President, North American Sales and Marketing, Global Service and Parts. "The decision, though difficult, was based on a data-driven matrix that assessed a number of key metrics. In total, 789 dealers, which represents 14 percent of our sales volume, will be rejected and, subject to the court approval, they will discontinue selling Dodge, Chrysler or Jeep vehicles on or about June 9.

"The review was an objective and rigorous process that was both thoughtful and thorough. We plan to work to have an orderly transition. These are extraordinary times, and they call for an extraordinary response. It is important to our dealers and to our customers that these steps be completed quickly and seamlessly as we transition to a new Chrysler," Landry added.

Additionally, on May 12, the Court approved the motion regarding Chrysler LLC's agreement with GMAC Financial Services to provide the automotive financing products and services to the Company's dealers and customers moving forward. GMAC Financial Services will be the preferred lender in North America for Chrysler, Jeep and Dodge dealer and consumer business, including wholesale of new and used vehicles as well as retail. GMAC Financial Services will be able to offer the best long-term finance options for Chrysler dealerships and customers and is established as a bank holding company with access to a variety of funding sources.

While difficult, the actions to restructure its dealer network are a necessary part of Chrysler's viability plan and are central to the proposed sale transaction. These actions will help ensure that both remaining dealers and the new company will be stronger and more profitable going forward.

"A stronger dealer network supported by GMAC's long-term finance options provides an advantage to consumers, and that is what will ultimately drive the creation of a significantly stronger global competitor," said Press.

Additional information, including the motions filed, can be found at www.chryslerrestructuring.com.

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