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Bankruptcy Court Approves Process for Transaction with Fiat and Creation of a New Chrysler

- Court Sets Process for Submission of Alternative Offers

Auburn Hills, Mich. , May 8, 2009 -

Chrysler LLC announced today that the U.S. Bankruptcy Court has entered an order approving a process for the sale of substantially all of the company's assets.

Chrysler argued in its motions that it is imperative that the process be completed expeditiously in order to secure the maximum value for Chrysler's stakeholders through the Chapter 11 process. Given the stress on all aspects of the automotive industry and the current idling of Chrysler's manufacturing facilities, Chrysler said that key relationships with suppliers, dealers, and other business partners cannot be preserved if the sale process is not concluded quickly.

In addition, Chrysler noted that substantial new financial commitments from the U.S. and Canadian governments require the consummation of a transaction with Fiat within 60 days and make DIP financing available for only that period. The recently announced agreements with the UAW and CAW providing for modifications to the collective bargaining agreement for active employees and for a new schedule of contributions to a VEBA that will provide retiree medical benefits is also conditioned

on the expeditious consummation of the Fiat transaction.

While Chrysler has already conducted discussions with Nissan, GM, Volkswagen, Tata motors, Magna, GAZ, Hyundai, Honda and Toyota and others over an extended period of time, these discussions have not produced any viable alternative to the proposed alliance with Fiat.

Nevertheless, Chrysler provided in its filings for an orderly and fair process, approved by the Court, that will confirm that the Fiat transaction represents the best and highest bid for Chrysler's assets, or promptly identify any other higher and better alternatives. To be successful, an alternative bidder would have to surpass the value of the terms of the agreement with Fiat.

As part of this process, a Sale Notice will be circulated widely, and notice will also be published in major newspapers to provide opportunity for any interested party to emerge. The Court has set May 20 as the deadline for the submission of bids; May 26 as the deadline for the notice of designation of lead bidder; and May 27, 2009 as the date for the Sale Hearing to consider the approval of the proposed sale.

The Chrysler Chapter 11 case was filed on April 30, 2009, in the U.S. Bankruptcy Court, Southern District of New York. The case number is 09-50002, with the Honorable Arthur J. Gonzalez presiding. More information about Chrysler's restructuring is available at www.ChryslerRestructuring.com.

About Chrysler LLC

Chrysler LLC, headquartered in Auburn Hills, Mich., produces Chrysler, Jeep®, Dodge and Mopar® brand vehicles and products. Total sales worldwide in 2008 were 2 million vehicles. Outside of North America, 2008 was the second-best sales year in the last decade and the third-best ever for Chrysler International. Chrysler LLC's product lineup features some of the world's most recognizable vehicles, including the Chrysler 300 and Town & Country, Jeep Wrangler and Grand Cherokee and Dodge Challenger and Ram. Reinforcing a commitment to bring to market a broad array of advanced electric vehicles across all its brands, Chrysler has introduced five electric-drive vehicle prototypes since the fall of 2008. At least one of these vehicles will be produced in 2010 for consumers in North American markets, with European market production later.

The Chrysler Foundation, the company's philanthropic arm, annually supports hundreds of charitable organizations in the United States and throughout the world. In 2008, the Foundation gave approximately \$21 million in charitable donations.

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Additional information and news from Chrysler is available at
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