



## Frequently Asked Questions for Dealers

### General Questions

**1. What is the ownership structure of the new company?**

When the transaction is completed, the Voluntary Employee Beneficiary Association (VEBA) will own 55 percent of the new company and the U.S. and Canadian governments will own proportionate shares of a 10 percent stake. Fiat will initially own a 20 percent stake in Chrysler. Fiat will have the right to increase its ownership stake an additional 15 percent in three increments as it meets the following criteria: 5 percent for bringing a 40 mpg vehicle platform to Chrysler to be produced in the U.S.; 5 percent for providing a fuel-efficient engine family to be produced in the U.S. for use in Chrysler vehicles; and 5 percent for providing Chrysler access to its vast global distribution network to facilitate the export of Chrysler vehicles. Fiat cannot become a majority owner until all U.S. Treasury loans have been completely repaid.

**2. What is a Chapter 11, section 363 bankruptcy?**

For the past several months, we have worked tirelessly to reach agreement with key stakeholders on concessions that would allow Chrysler to complete this alliance with Fiat and proceed with its plans without the need for a bankruptcy proceeding. Despite substantial progress on many fronts, Chrysler was not able to obtain the necessary concessions from all of its lenders. As a result, under the direction of the U.S. Treasury, Chrysler LLC and 24 of its wholly owned U.S. subsidiaries filed voluntary petitions under Chapter 11 of the U. S. Bankruptcy Code in order to help ensure the Company and its dealers would be stronger and more profitable going forward.

With this filing, we submitted a motion under Section 363 of the Bankruptcy Code, requesting the swift approval by the Court of the agreement with Fiat and the sale of Chrysler's principal assets to the new company.

The benefit of this type of filing is speed. It should allow a leaner new company to emerge in a matter of 30 to 60 days, well positioned for long-term viability.

Chrysler's Mexican, Canadian and other International operations are not part of any bankruptcy filing.

**3. Is Chrysler still an American car company?**

Chrysler's operations, as now, will remain primarily based in the U.S. Chrysler is, and will continue to be the quintessential American car company. Currently, 73 percent of our sales are in the U.S., 61 percent of our vehicles are produced in the United States, 74 percent of employees work in the U.S., 78 percent of our materials are purchased in the U.S. and 62 percent of our dealers are based in the U.S.

**How many dealers will not continue with the new company as part of the bankruptcy reorganization process?**

As part of the Bankruptcy reorganization process, 789 dealerships were a part of the motion to reject certain dealer agreements.

**4. The motion mentions “assigned” and “rejected” dealers, what does “rejected dealer” mean?**

“Assigned” dealers will have their agreements transferred to the new company and will continue to sell new Chrysler, Dodge and Jeep vehicles and perform authorized warranty work. “Rejected” dealers will not have their agreements transferred to the new company and will not be allowed to sell new Chrysler, Dodge and Jeep vehicles nor perform warranty work.

**5. How many dealerships will you have remaining? How many will be tri-branded/Chrysler, Jeep and Dodge (Project Genesis) dealerships? What is the percentage of tri-branded dealerships? Will there be any single line dealerships?**

If the motions are approved by the court we will have 2,392 dealers, 84 percent as Chrysler, Jeep, Dodge (CJD) tri-branded dealers. Yes, there will still be single line dealerships.

**6. How does cutting dealers actually help your bottom line in bankruptcy?**

Our goal is to create a stronger, more profitable dealership network going forward with dealerships offering our full line portfolio of Dodge, Jeep and Chrysler products for customers. Our current dealer network is highly stressed with too many dealers carrying costs spread over too few sales. Fewer, larger dealers are more viable and profitable and as a result have the ability to better satisfy customers. In addition, our future product offerings will increasingly be calibrated to dealers selling all brands (CJD) from a single integrated location.

**7. How did you determine which dealers to reject/not move forward with? What were the criteria?**

Similar to the criteria used for our on-going Project Genesis, the criteria was data driven and based on a matrix that, took into consideration factors which predict the sales potential and level of customer service. The process was thoroughly vetted and applied to all dealers consistently.

**8. Who determined the dealers to reject?**

It was a data driven matrix whose results were extensively reviewed by a team of people within the company in Auburn Hills.

**9. How did you get to the number? Did you have a target number of dealers?**

Chrysler LLC did not have a specific target number, but rather a range of dealers it needed to be successful that was consistent with its ongoing Project Genesis plan and would ensure the Company and its dealers will be stronger and more profitable going forward.. That number of dealers is driven by market conditions. The overall goal was to improve the landscape of the dealership network to better serve our customers with our full range of products and improve the value of Chrysler franchises.

**10. Does this mean there won't be any single line dealerships?**

No.

**11. How do these actions affect your Canadian, Mexican and International Dealer networks?**

There is no effect on dealer networks outside the United States, the Bankruptcy reorganization is in the United States only and impacts only U.S. dealerships.

**12. What will happen to the vehicle inventory on the dealer lots of the rejected dealers? What about the financing of those vehicles?**

Subject to the approval of the court, we have a plan to assist with the redistribution of as many eligible vehicles as possible, among the dealers remaining in the Chrysler network. All vehicles will be inspected by a third party for equipment, damage and mileage prior to redistribution. Dealers do not have to participate, but we are offering to redistribute the inventory for dealers who will no longer have a Chrysler, Jeep or Dodge franchise.

**13. How long will it take to redistribute the inventory to new dealerships?**

We expect the redistribution to begin within a week of Court approval and run for 90 – 120 days.

**14. I am a dealer moving forward with the company, can I get some of the inventory from dealers that are closing for a much lower cost than when I order them from the company?**

There is a plan to assist with the redistribution of as many eligible vehicles as possible, among the dealers remaining in the Chrysler network. All vehicles will be inspected by a third party for equipment, damage and mileage prior to redistribution. The local business centers will be working with individual dealers to redistribute the inventory.

**15. What will happen to the parts inventory of the rejected dealers?**

The Service Parts Organization within Chrysler LLC will work with dealers who will no longer sell and service CJD dealers. We will endeavor to match you with a dealer to consider purchase of your parts. This redistribution will occur among the dealers remaining in the Chrysler network. All agreements and transactions will be between the buying and selling dealers.

**16. How long will the dealerships be open after today?**

Dealers aren't necessarily closing, but they will stop selling new Chrysler, Jeep and Dodge vehicles and performing authorized warranty and Chrysler service contract work. We won't have a firm timeline until the court rules on the motion. Once the court approves the motion, dealers not moving forward with the new company will conclude any Chrysler authorized business on or about June 9, 2009. Dealers can continue to sell other make vehicles, used vehicles and perform non-warranty maintenance service on any vehicles.

**17. What happens after the judge approves the dealers that will not be a part of the new company, do they stop being CJD dealers the day the list is approved or do they have a time period that they can wrap up business in?**

If approved, under the motion filed, rejected dealers will have until on or about June 9, 2009 to complete any new vehicle sales in process, warranty and Chrysler service contract work.

**18. Will the old dealer be paid for the vehicles that are redistributed to the**

**remaining dealers? (Or is Chrysler going to stick the dealer with the cost of the car but then give the car to someone else who will receive the payment for it?)**

If the dealer financed their floor plan with Chrysler Financial, Chrysler Financial and GMAC have an agreement in place to move the financing from Chrysler Financial to GMAC for the outgoing dealer's inventory that is redistributed to dealers moving forward with the new company

**19. If not, how will the dealer pay the floor plan financing he/she had on those vehicles?**

Our dealers are independent business people, the terms of how they financed their floor plan is between the dealer and the financing company/bank they do business with.

**20. If so, how will the price be calculated.**

Sorry, we won't disclose this, its proprietary information between ourselves and our dealers.

**21. Will the resale value of customer's vehicles decrease because of the bankruptcy filing?**

To the extent possible, we will work through the court to mitigate factors that may impact resale value. Resale values are determined by actual transactions in the used car markets.

**22. How will the reorganization affect the availability of service and replacement parts at U.S. dealerships?**

At this time we do not anticipate any issue with the availability of service and replacement parts.

**23. Will there be a difference in the time it takes a dealer to get paid for incentives?**

We have no plans to change the timing of how dealers are paid for incentives due to them.

**24. Will Chrysler still offer consumers incentives on new vehicle purchases that are commensurate with what is going on in the marketplace?**

Yes. On May 6, Chrysler LLC began offering up to \$4,000 Consumer Cash on 2009 model vehicles, \$1,000 Owner Loyalty for current Chrysler LLC vehicle owners that is good towards most 2008 and 2009 Chrysler, Jeep and Dodge vehicles and up to \$1,000 Credit Union Bonus Cash for qualified members who finance their qualified new vehicle purchase through a participating Credit Union. These incentives are valid through June 1, 2009.

**25. How will U.S. dealers get paid for warranty work?**

Our priority is to do what is right for our customers. Dealers will continue to get paid for warranty work, there is no plan to change that process.

**26. How will the bankruptcy filing effect existing CJD vehicle warranties?**

There is no change to existing warranties. All warranties will continue to be in effect and honored.

**27. How does the bankruptcy filing affect the warranty if a customer purchases a new vehicle tomorrow?**

There will be no effect on the warranty of a new vehicle purchased during the reorganization. The warranty will remain valid for the duration of the warranty period. The warranty is guaranteed by the U.S. government if the retail purchase of the vehicle is/was from March 30, 2009 to June 30, 2009. In addition, a possibility exists for a renewal or extension based on mutual agreement.

**28. How does the bankruptcy filing affect the U.S. government backing of Chrysler vehicle warranties?**

There will be no effect on the warranty of a new vehicle purchased during the reorganization. The warranty will remain valid for the duration of the warranty period. The warranty is guaranteed by the U.S. government if the retail purchase of the vehicle is/was from March 30, 2009 to June 30, 2009. In addition, a possibility exists for a renewal or extension based on mutual agreement.

**29. What vehicle warranties are backed by the U.S. government? (Any Chrysler, Jeep or Dodge with a valid warranty, or only vehicles purchased after the announcement of the government backing?)**

As initially announced, the U.S. government said it would back the warranties for retail customers who purchase a new Chrysler, Jeep or Dodge vehicle from March 30, 2009 to June 30, 2009, but the possibility exists for a renewal or extension based on mutual agreement.

**30. Will the timeframe for reimbursement for warranty work change during the reorganization process?**

We have no plans to change the timeframe for reimbursements for warranty work.

**31. How will the bankruptcy filing effect payments to dealers from Chrysler?**

Our plan is it will have no effect on eligible payments to dealers. We have applied for permission, and been granted from the court, interim approval to pay virtually all of our dealers' factory receivables.

**32. Will Mopar continue to exist ?**

Mopar is, and will continue to be, a valuable part of the Chrysler company business.

**33. Will parts for older Chrysler (Mopar) vehicles continue to be available for purchase through a local dealer and for how long:**

Yes, they will continue to be available and the process for how long authorized service and replacement parts are available will not change during the restructuring.

**34. How will dealers get paid for service contract work?**

We plan no changes to how dealers are paid under the terms of the service contract.

**35. Will the resale value of vehicles decrease because of the bankruptcy filing?**

We want to do what is right for our customers and dealer partners. To the extent possible, we will work through the court to mitigate factors that may impact resale

value. Resale values are determined by actual transactions in the used car markets.