

PENSION BENEFIT SECURITY

THE BEST SECURITY IS A HEALTHY, PROFITABLE CHRYSLER BECAUSE RETIREES WOULD CONTINUE TO RECEIVE THEIR FULL PENSION BENEFITS.

IN THE EVENT OF A CHRYSLER BANKRUPTCY, CHRYSLER'S PENSION PLANS WILL LIKELY BE TAKEN OVER BY THE PENSION BENEFIT GUARANTY CORPORATION (PBGC). THE PBGC WILL DETERMINE HOW MUCH OF THE RETIREE'S BENEFIT WILL CONTINUE TO BE PAID BASED ON THE PBGC'S CALCULATION OF THE FUNDED STATUS OF THE PLAN (NOT THE PLAN CALCULATED FUNDED STATUS) AND THE MAXIMUM PBGC GUARANTY AMOUNT APPLICABLE TO THE RETIREE.

THE FIRST STEP THE PBGC TAKES IS TO CATEGORIZE THE PLAN'S ACCRUED BENEFITS AS FOLLOWS:

CATEGORIES 1& 2- BENEFITS PURCHASED WITH EMPLOYEE CONTRIBUTIONS (GENERALLY MINIMAL).

CATEGORY 3- BENEFITS IN PAY STATUS (OR ELIGIBLE FOR PAY STATUS) THREE YEARS PRIOR TO PLAN TERMINATION DATE.

CATEGORY 4- OTHER BASIC BENEFITS THAT DO NOT EXCEED THE PBGC MAXIMUM GUARANTY AMOUNT.

CATEGORY 5- OTHER NONFORFEITABLE BENEFITS.

CATEGORY 6- FORFEITABLE BENEFITS.

THE SECOND STEP IN THE PBGC PROCESS IS TO ALLOCATE THE MARKET VALUE OF THE PLAN ASSETS ON THE PLAN TERMINATION DATE FIRST TO CATEGORY 1 THEN TO CATEGORY 2, ETC. IF THE BENEFITS IN A CATEGORY ARE FULLY FUNDED, THE BENEFITS IN THE CATEGORY ARE PAYABLE IN FULL. IF THE BENEFITS IN A CATEGORY ARE PARTIALLY FUNDED, THE BENEFITS ARE PAYABLE PROPORTIONALLY BASED ON THE CATEGORY'S FUNDED PERCENTAGE.

THE THIRD STEP IN THE PBGC PROCESS IS TO DETERMINE IF ANY OF THE NON-FUNDED BENEFITS ARE COVERED BY THE PBGC GUARANTY BASED ON THE AGE RELATED MAXIMUM GUARANTY TABLE FOR THE YEAR OF PLAN TERMINATION OR THE YEAR OF BANKRUPTCY, IF EARLIER.

PBGC MAXIMUM GUARANTY FOR PLAN TERMINATION OR COMPANY

BANKRUPTCY DATE IN 2018-AMOUNT BASED ON RETIREE'S AGE ON DATE OF SUCH PLAN TERMINATION OR BANKRUPTCY DATE (WHICHEVER OCCURS FIRST)

AMOUNT ALSO BASED ON FORM OF RETIREE'S BENEFIT

AGE	SINGLE LIFE ANNUITY		JOINT ANNUITY WITH 50% TO SURVIVOR *	
	MONTHLY	ANNUAL	MONTHLY	ANNUAL
75	\$16,478	\$197,738	\$14,830	\$177,964
74	14,982	179,785	13,484	161,807
73	13,486	161,833	12,137	145,650
72	11,990	143,880	10,791	129,492
71	10,494	125,928	9,445	113,335
70	8,998	107,971	8,098	97,178
69	8,076	96,918	7,269	87,226
68	7,263	87,161	6,537	78,445
67	6,559	78,705	5,903	70,834
66	5,963	71,550	5,367	64,399
65	5,420	65,045	4,878	58,541
64	5,041	60,492	4,537	54,443
63	4,662	55,939	4,195	50,345
62	4,282	51,386	3,854	46,247
61	3,903	46,833	3,512	42,149
60	3,523	42,279	3,171	38,052
59	3,306	39,678	2,976	35,710
58	3,090	37,076	2,781	33,368
57	2,873	34,474	2,586	31,027
56	2,656	31,872	2,390	28,685
55	2,439	29,270	2,195	26,343

*Since the Chrysler plan's spouse option benefits are more valuable, the PBGC guaranty would be lower

EXAMPLE 1

ASSUMPTIONS:

RETIREE IS AGE 65 WITH \$65,000 OF JOINT & SURVIVOR BENEFITS, ALL IN CATEGORY 3 WHICH IS 75% FUNDED. MAXIMUM PBGC GUARANTY IS \$58,541.

RESULT- THE FUNDED BENEFIT IS \$48,750 (75% X \$65,000) WHICH IS LESS THAN THE RETIREE'S MAXIMUM PBGC BENEFIT OF \$58,541 SO THE RETIREE RECEIVES A BENEFIT OF \$58,541 (GREATER OF \$48,750 AND \$58,541).

EXAMPLE 2

ASSUMPTIONS:

RETIREE IS AGE 70 WITH \$80,000 OF JOINT & SURVIVOR BENEFITS, ALL IN CATEGORY 3 WHICH IS 75% FUNDED. MAXIMUM PBGC GUARANTY IS \$97,178.

RESULT- THE FUNDED BENEFIT IS \$60,000 (75% X \$80,000) WHICH IS LESS THAN THE RETIREE'S MAXIMUM PBGC BENEFIT OF \$97,178, BUT THE RETIREE'S ACCRUED BENEFIT IS LESS THAN THE PBGC GUARANTY AMOUNT. THEREFORE THE RETIREE RECEIVES A BENEFIT OF \$80,000 (GREATER OF \$60,000 AND \$97,178, LIMITED BY HIS ACCRUED BENEFIT OF \$80,000).

DETERIORATION OF SALARIED PENSION PLANS' FUNDED STATUS

(BASED ON PLAN ANNUAL REPORT- NOT ON TERMINATION BASIS)

YEAR	DISCOUNT RATE	PENSION PLAN	PERCENT FUNDED	
			SERP	ESERP
2007	6.25%	111%	132%	137%
2008	6.25%	88%	101%	100%
2009	5.50%	84%	96%	98%
2010	5.40%	83%	96%	99%
2011	5.00%	77%	92%	94%
2012	4.00%	69%	84%	87%
2013	4.70%	76%	89%	93%
2014*	4.00%	76%	93%	93%
2015*	4.50%	83%	N/A	N/A
2016*	4.40%	84%	N/A	N/A

* AS OF 12/31/2014 THE SERPs WERE MERGED INTO THE PENSION PLAN WITH A FUNDED % OF 85.7%

MINIMUM FUNDING CREDIT BALANCE*

(MAY BE USED TO REDUCE FUTURE FUNDING REQUIREMENTS)

	\$ MILLIONS		
1/1/2008	\$1,088.2	\$419.8	\$312.6
1/1/2009	814.3	347.0	251.6
1/1/2010	895.7	363.6	276.9
1/1/2011	156.4	382.3	302.0
1/1/2012	74.6	308.2	309.6
1/1/2013	32.3	241.1	327.3
1/1/2014	37.1	**	**
1/1/2015	654.7	N/A	N/A
1/1/2016	624.2		

*ASSETS RESULTING FROM PRIOR COMPANY CONTRIBUTIONS IN EXCESS OF MINIMUM FUNDING REQUIREMENTS

** AS OF 12/31/2014 THE SERPs WERE MERGED INTO THE PENSION PLAN .
1/1/2014 SERPs' CREDIT BALANCES NOT PROVIDED BY CHRYSLER

COMPANY CONTRIBUTIONS

	\$ MILLIONS		
2008	\$0.0	\$0.0	\$0.0
2009	23.6	0.0	0.0
2010	0.0	0.0	0.0
2011	4.1	0.0	0.0
2012	2.2	0.0	0.0
2013	1.5	125.0	0.0
2014	25.5	0.0	0.0
2015	5.1	**	**
2016	0.0	**	**

** AS OF 12/31/2014 THE SERPs WERE MERGED INTO THE PENSION PLAN .

NOTE: ABOVE INFORMATION IS THE LATEST AVAILABLE IN THE PLANS' PUBLISHED REPORTS.

1/23/2018