

To All NCRO Members:

Re: Recent Pension Plan Notification

We know the Annual Funding Notice you recently received from Chrysler has caused some real concern based on the funding level being reflected at only 63%. This is one of two plans you might be involved in...The Pension plan and either SERP or ESERP. The NCRO has done a thorough analysis and would like to clarify some of the information included in the notification.

As of January 1, 2010 the Total Plan Assets for the Pension Plan were \$2.8B and Liabilities were \$3.0B. However, as required by the government for the purposes of this notice, the Total Plan Assets were reduced by deducting the \$.90B Funding Standard Carry-over Balance to establish Net Plan Assets. The Funding Target Attainment Percentage is calculated by dividing the Net Plan Assets by the Liabilities. The result is a 63% funding level.

The Funding Carry-over Balance basically is the amount of contributions the employer made to the plan above the minimum level required by law. Generally, these are counted as "credits" and may be applied in future years toward the minimum level of contributions the employer is required to make by law. Frankly, we're not sure why these assets are required to be reduced.

If you compare the total assets of the Pension Plan with the plan's ERISA liabilities the resulting funding level is 93.02%. This is still not at the level we believe it should be but it is significantly better than the funding level reported. (See attached schedule of page 1 information - 2011 Annual Funding Notices <http://www.ncro.org/pdf/2011%20ANNUAL%20FUNDING%20NOTICES.pdf>).

A more recent and clearer funded status of the plan (as of December 31, 2010) can be found on page 2 of the notice. Not only are the numbers on page 2 more current but the funded status shows a clearer picture because it uses actual December 31, 2010 market value of assets while the assets of plan shown on page 1 are averaged over a number of years. As of December 31, 2010 the fair market value of the assets of the Pension Plan were \$2.79B and the plan's estimated ERISA liabilities were \$3.37B resulting in funding level of 82.72%. (See attached schedule of revised page 2 information – 2011 Annual Funding Notices <http://www.ncro.org/pdf/2011%20ANNUAL%20FUNDING%20NOTICES.pdf>)

Using either of these more realistic funding level calculations the Pension Plan is better funded than what was shown in the notification. While this is positive, as Chrysler continues to improve financially and move toward a successful IPO we believe it is important for them to bring the pension funding to at least the 100% level.

This is the good news. However, there is some "not so good" news in this as well. If you look at the funding levels of the three salaried plans over the last three years on an ERISA basis they have gone from an over-funded position of \$1.58 Billion to an under-funded position of \$.45 Billion or a deterioration of \$2.03 Billion. (See attached schedule detailing plan financial activity for 2007-2010 – Chrysler Salaried Pension Plans <http://www.ncro.org/pdf/PENSION%20FUNDED%20STATUS%202007%20TO%202010-1.pdf>)

The “not so good” news continues when the funded status as of 12/31/2010 is recomputed on a PBGC plan termination basis. This is the basis the PBGC would use to determine the benefits which would be paid to retirees in case of a takeover by the PBGC, as was done in the case of the Delphi bankruptcy, and could have happened during the Chrysler LLC bankruptcy. While the combined plans were underfunded by \$.45 Billion on an ERISA basis, the estimated underfunding on a PBGC basis is \$2.93 Billion. (See attached schedule Funded Status-ERISA vs. PBGC <http://www.ncro.org/pdf/12-31-2010%20PBGC%20FUNDED%20STATUS.pdf>).

We hope this clarifies the current situation with the funding levels of our pension plans. In the very near future we will be sending communication to Sergio Marchionne on several important topics relating to retirees and the need for Chrysler to fully fund our pension plans is key in that communication. We will keep you informed on any progress. Our primary goal is protecting pension and benefits and rest assured the NCRO is working hard on your behalf to ensure that our pensions are fully funded.

Sincerely,

NCRO Board of Directors