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Chrysler LLC Submits \$448 Million Plan to the U.S. Department of Energy for the Rapid Development and Manufacturing of Electrified Vehicles

- Chrysler LLC submits three proposals, totaling \$448 million, for two Department of Energy (DOE) initiatives aimed at rapid vehicle electrification — The Transportation Electrification Initiative and Electric Drive Vehicle Battery and Component Manufacturing Initiative
- The 50/50 cost-share opportunity demonstrates how Chrysler LLC, its partners and the DOE can work together to promote technological innovation and energy independence in the United States
- Proposed vehicles to include Dodge Ram 1500 Plug-in Hybrid-electric Vehicles (PHEV), Chrysler Town & Country PHEVs and Chrysler Town & Country Electric Vehicles (EV)

May 25, 2009, Auburn Hills, Mich. - Chrysler LLC today announced the company has submitted three proposals outlining a \$448-million plan to the U.S. Department of Energy (DOE) in order to rapidly bring Electric Vehicles (EV) and Plug-in Hybrid-electric Vehicles (PHEV) to market.

Chrysler LLC applied for two initiatives established by the DOE—the Electric Drive Vehicle Battery and Component Manufacturing Initiative and the Transportation Electrification Initiative. Both are designed to speed up development, demonstration, evaluation and manufacturing of EVs and PHEVs. The programs represent a 50/50 cost-share opportunity with \$224 million from Chrysler LLC and its partners, combined with a matching \$224 million from the DOE. These funds will accelerate the market introduction and penetration of advanced powertrains.

“These initiatives represent how government and the automotive industry are answering the challenge of reaching common goals and demonstrate how rapidly this type of advanced technology can be brought to market in a collaborative environment,” said John Bozzella, Senior Vice President—External Affairs and Public Policy, Chrysler LLC. “Without U.S. innovation and production capacity, we will simply trade batteries for oil in the pursuit of transportation energy.”

If approved, Chrysler LLC plans to use funds to build a demonstration fleet of PHEVs and EVs, as well as create a new-vehicle electrification technology and manufacturing center located in Michigan. The proposal will enable the production of commercially viable products in a shorter time frame. Combined, Chrysler LLC’s proposal will stimulate the economy and help the company achieve its leadership goals in electrified-vehicle development and production.

The Transportation Electrification Initiative

Chrysler LLC’s \$365-million submission for the Transportation Electrification Initiative intends to establish a nationwide demonstration fleet of more than 365 test-fleet vehicles for use by select customers and partners. The Chrysler Town & Country and Dodge Ram 1500 are popular models in their respective segments and as PHEVs can achieve substantial greenhouse-gas reduction. To ensure a robust assessment, Chrysler will demonstrate 100 Chrysler Town & Country PHEV minivans and 100 Dodge Ram PHEV pickup trucks across a range of drive cycles and consumer-usage patterns in diverse geographies and climates throughout the United States. The company has established more than a dozen partnerships with city and local governments, research and development authorities, utility companies and universities to test the PHEVs.

In addition, through a partnership between Chrysler LLC’s ENVI group and the U.S. Postal Service (USPS), Chrysler LLC will deliver 165 Chrysler Town & Country EV cargo minivans for daily mail service in four regions throughout the country. ENVI has created numerous partnerships with energy providers and utility companies in order to develop an electric-vehicle charging infrastructure that will efficiently service its electric-vehicle test fleet.

The Electric Drive Vehicle Battery and Component Manufacturing Initiative

Within the Electric Drive Vehicle Battery and Component Manufacturing Initiative, Chrysler LLC plans to use as much as \$83 million to build a new vehicle electrification technology and manufacturing center in Michigan. This new facility would house development, testing and electric-drive component manufacturing in addition to final assembly of EVs and Range-extended Electric Vehicles (ReEVs). The complex would be functional by 2010 and produce more than 20,000 units per year.

"These proposals present a win-win situation for Chrysler and, most importantly, our customers," said Frank Klegon—Executive Vice President, Product Development, Chrysler LLC. "This plan will accelerate our efforts to develop and manufacture electric and plug-in hybrid-electric vehicles, which will reduce the amount of time it will take to get these vehicles on the road."

Chrysler LLC would utilize both DOE programs as first steps toward the commercialization of "no compromise" electrified vehicle technologies beyond Hybrid-electric Vehicle (HEV) applications currently on the road.

Last month, ENVI, Chrysler LLC's in-house electric vehicle organization, made multiple announcements aimed at accelerating the market introduction of electric-drive vehicles. The company created a lithium-ion battery production partnership with U.S. based A123Systems and facilitated a new lithium-ion battery manufacturing plant in Southeastern Michigan—a joint program with A123Systems and the Michigan Economic Development Corporation. Chrysler also announced its plans to address the future needs of fleet customers, such as the U.S. Postal Service, with a pure-electric Chrysler Town & Country EV Cargo minivan.

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 LLC 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 of its brands, Chrysler has introduced five electric-drive vehicle prototypes and one electric-drive vehicle concept since the fall of 2008. At least one of these vehicles will be produced in 2010 for consumers in North American markets, followed by production for European markets.

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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