

United States Senate

COMMITTEE ON COMMERCE, SCIENCE,
AND TRANSPORTATION

WASHINGTON, DC 20510-6125

June 9, 2009

Mr. James Press
President
Chrysler LLC
1000 Chrysler Drive
Auburn Hills, MI 48326

Dear Mr. Press,

Thank you for your testimony before the Committee on June 3, 2009. As evidenced by the questions during the hearing, there are many concerns about the treatment of Chrysler's dealers in the bankruptcy and restructuring process. We understand the challenges to creating a viable and competitive Chrysler, but we believe that the treatment of your dealers is unwarranted. There are a number of issues that we think are essential for you to address in a manner that recognizes to the greatest extent possible the rights of those affected by the restructuring.

Eliminating State Franchise Protections

While the closing deadline for your alliance with Fiat SpA on June 15, 2009, necessitates swift and decisive actions, certainly Chrysler is not required to force terminated franchises to sell their existing inventories for cents on the dollar to the remaining dealerships. State protections and prior Chrysler policies required the company to repurchase inventories and tools from terminated franchises. Many dealers now facing termination appear to have been pressured by Chrysler to increase their inventories above normal levels. We believe that Chrysler must commit to repurchasing at cost any remaining vehicles, parts and specialized tools inventory that are not redistributed or sold after June 9, 2009.

Dealer Terminations and Market Re-entry

In addition to the testimony delivered at the hearing, we have received numerous accounts of terminations of profitable dealerships where it appears Chrysler intends to establish a new outlet in the same area, but with a different owner. We think — in the interest of fairness — that profitable dealers in this situation should have a right of first refusal for the new dealership when Chrysler returns to that particular market. We ask you to commit to us — and in writing to the dealerships — that these dealers will be given that right.

Establishing a Dealer Appeals Process

We do not believe that the companies should terminate dealer franchise agreements without providing a fair opportunity to show that the decision was reached incorrectly. As you know, GM has allowed dealers to appeal their termination decisions. Fritz

Henderson, the Chief Executive Officer of GM, testified before our Committee that GM has reversed the original termination decision in at least eleven cases based upon the information submitted during the appeal. We urge you to promptly establish an appeals process where dealers can present information to show why Chrysler should reconsider its original decision.

Consumer Protection

We have heightened concerns about Chrysler abandoning its legal obligation to customers who have been injured or killed by one of its defective products. New Chrysler has a continued responsibility to recall and repair vehicles manufactured by Old Chrysler. New Chrysler's request for liability protection creates an unjust and illogical dichotomy in which the company is responsible for removing and repairing a vehicle defect, but would not be responsible for the injuries and deaths caused by that very same defect. The rights and responsibilities Chrysler owes to its customers do not end with an arbitrary date. We believe that the company must fulfill its obligations to injured customers and their families. We request that you consent to assuming the obligations of the Old Chrysler.

Consumer Access to Service in Rural Areas

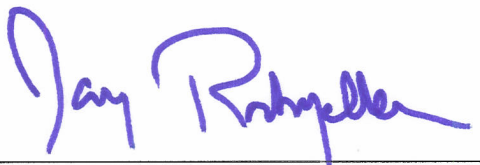
We are very concerned about the access of consumers in rural areas for their vehicles to be serviced under warranty and service contracts. Consumers should not have to travel unreasonable distances just to have their vehicle serviced in a certified service center. We ask that you develop a plan to ensure that consumers, particularly in rural areas, have reasonable access to "Service Only Centers" where their warranties and service contracts will be honored.

Placement Assistance for Chrysler Technicians

As a result of the franchise terminations, there will be Chrysler-specific technicians and mechanics who lose their jobs and have limited opportunities for re-employment. The Committee requests that you develop a plan for the new company to aid the displaced technicians and mechanics to the greatest extent possible.

We appreciate your immediate attention to these important issues. The Committee asks that you respond to these requests by June 12, 2009. We thank you in advance for your efforts to improve the treatment of these dealers in this difficult process.

Sincerely,





Wm. W. W.

John F. Kennedy

Lyndon B. Johnson

Bill Nelson

Martin Luther King

Mark Taper

Angela Klobuchar

Mark R. Warner

Barack Obama

Olympic Smokey

John

Robert Winter

Sam Brownback

Phil Johnson

Frank R. Lautenberg

Gov. McAuliffe

Mark Begich

Von Vdell